



Retirement News Highlights

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California bills call for CalPERS, CalSTRS to divest fossil fuels, company climate disclosure

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California lawmakers introduced a package of bills in the state Senate that would require the state's public pension funds to divest from fossil fuels and force large companies operating in California to disclose more climate-related information.

The climate accountability package is made up of three bills introduced Monday by three Democratic state senators in California, according to a tweet from Sen. Scott Wiener.

One bill, introduced by Sen. Lena Gonzales, would require California's state pension funds to divest from fossil fuels — the \$456.6 billion California Public Employees' Retirement System and the \$302.1 billion California State Teachers' Retirement System.

Ms. Gonzales' bill originally made waves in the California Legislature last year, but died after an Assembly member blocked it from being heard in his committee.

CalPERS CIO Nicole Musicco recently told Pensions & Investments that if the pension fund divested from all its energy-related assets, the total would be \$160 billion.

"I wouldn't feel great delivering to my members the message that for the purpose of feeling good about not engaging but divesting, that we would be willing to forgo \$160 billion of assets," Ms. Musicco said.

However, CalPERS CEO Marcie Frost said the pension fund is advocating for more transparency on how the companies they invest in manage ESG-related risks.

Mr. Wiener's bill, reintroduced this session after it failed in the California Assembly last year, would require corporations operating in California that make at least \$1 billion in annual revenue to disclose their greenhouse gas emissions. Another bill, introduced by Sen. Henry Stern, would require corporations operating in California that earn more than \$500 million in annual revenue to prepare climate-related financial risk reports.

The bills are similar in nature to the SEC's proposed rule on climate disclosure, which would require public companies to disclose a host of climate-related information in their registration statements and periodic reports. However, the bills would apply to both public and private companies that fall within the respective revenue thresholds, which goes beyond the companies included in the SEC rule proposal.

"With the federal government on the verge of requiring climate disclosure for public companies, these California bills demonstrate the growing momentum for mandatory climate disclosure. And they show

that states can play a key role by broadening disclosure about this critical financial risk across their own economies," said Steven Rothstein, managing director for the Ceres Accelerator for Sustainable Capital Markets, a center working to influence policy governing capital markets in order to reduce the effects of climate change, in a statement Monday.

In his Twitter thread Monday, Mr. Wiener said his bill would "help end corporate greenwashing" and that the package, overall, would move California closer toward combating climate change.

"California has long been a leader in many aspects of climate action & last year we took several big steps in partnership with the Governor," Mr. Wiener said in a tweet. "It's time to take the next step — much stronger corporate accountability, transparency, and alignment with our climate goals. Onward!"

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