



#### Our Mission

We're working to rapidly reduce climate pollution at scale, starting in California.

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June 23, 2023

Chair Tina McKinnor  
Committee on Public Employment and Retirement  
State Capitol, Room 2114  
Sacramento, CA 95814

Vice Chair Tom Lackey  
Committee on Public Employment and Retirement  
State Capitol, Room 2114  
Sacramento, CA 95814

### **RE: Senate Bill 252 (Gonzalez) - Divestment from Fossil Fuel Companies - SUPPORT**

Dear Chair McKinnor and Vice Chair Lackey,

I am writing to express my strong support for SB 252, introduced by Senator Lena Gonzalez, on behalf of The Climate Center. This bill plays a crucial role in aligning the investment practices of the Public Employees' Retirement System (CalPERS) and the State Teachers' Retirement System (CalSTRS) with our urgent need to address the climate crisis by divesting from fossil fuel companies.

The Climate Center is a California nonprofit 501(c)(3) organization founded in 2001 with a mission to deliver rapid greenhouse gas (GHG) reductions at scale, starting in California. Our strategic goal is to enact the bold policies required by science to put California on the path to net-negative emissions by 2030, catalyzing the nation and the world into accelerated climate action.

Existing law restricts CalPERS and CalSTRS from making new investments or renewing existing investments in coal companies used for electricity generation. SB 252 builds upon this important foundation and expands the scope of divestment to include fossil fuel companies. The bill defines fossil fuel

companies as the 200 largest publicly traded entities with significant proven oil, gas, and coal reserves.

SB 252 would prohibit CalPERS and CalSTRS from making new investments in these fossil fuel companies, recognizing the imperative to transition away from carbon-intensive industries. By divesting from fossil fuel companies, California would send a powerful signal that we are committed to tackling climate change and investing in a sustainable future.

The bill also mandates the liquidation of existing investments in fossil fuel companies by July 1, 2030. This timeline provides a reasonable and responsible transition period while ensuring that our retirement systems move away from investments that contribute to the climate crisis.

Furthermore, SB 252 requires the boards of CalPERS and CalSTRS to file an annual report with the Legislature and the Governor, starting from February 1, 2025. This report will contain essential information, including a list of fossil fuel companies from which the boards have liquidated their investments. Transparency and accountability are vital to ensuring the successful implementation of divestment strategies.

Divesting from fossil fuel companies not only aligns our investment practices with our climate goals but also protects our retirement funds from potential financial risks associated with stranded fossil fuel assets. It is a responsible and forward-thinking approach that acknowledges the urgency of addressing climate change and supports the transition to a clean energy future.

Therefore, I urge you to support SB 252 and recommend its passage in the Committee on Public Employment and Retirement. By divesting from fossil fuel companies, California can take a significant step towards a more sustainable and resilient future while protecting the long-term financial interests of public employees and teachers.

Thank you for your attention to this matter. I trust that you will consider the merits of SB 252 and take necessary action to advance divestment from fossil fuel companies.

Sincerely,

Nicole Rivera  
Government Relations Director  
The Climate Center