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Controller Leads CalSTRS' Climate Change Policy Changes

SACRAMENTO—State Controller Betty T. Yee today led the CalSTRS Investment Committee in a unanimous vote to amend their existing board director attributes in their [Corporate Governance Policy](#) to specifically include expertise and experience in climate change risk management strategies.

“Climate change risks will have a material impact on our pension funds’ returns if not well-managed and addressed,” said Yee, the state’s chief fiscal officer and a member of both CalSTRS and CalPERS. “Due to CalSTRS’ continued focus on global greenhouse gas emission reduction, today’s vote ensures that corporate boards have the expertise and competence to adequately understand and address the challenges and risks imposed by climate change.”

Today’s board action followed jointly written [letters](#) with Treasurer John Chiang urging both CalPERS and CalSTRS to further the goals of COP21 in Paris. CalPERS passed a similar policy under Controller Yee’s leadership in March.

Additionally, Controller Yee strongly advocated for CalSTRS’ move today to mandate a \$2.5 billion investment in a [low carbon index fund](#). As compared to the MSCI ACWI index, the MSCI Low Carbon Target Index achieves a 76 percent reduction in carbon emissions and a 99 percent decrease in fossil fuel reserves. CalSTRS will phase in the implementation of the low carbon investment over time starting with U.S. equity markets, followed by developed markets, and then lastly emerging markets.

“California’s public pension funds are continually at the forefront of tackling greenhouse gas emission issues through investing in climate change solutions. Through stewardship of our investment resources like the mandate approved today, we can limit the funds’ exposure to climate change risk. This gives CalSTRS the opportunity to invest in companies that are focused on the sustainability of our natural resources and the long-term health of our planet,” said Yee.

As the chief fiscal officer of California, Controller Yee is responsible for accountability and disbursement of the state’s financial resources. The Controller also safeguards many types of property until claimed by the rightful owners, and has independent auditing authority over government agencies that spend state funds. She is a member of numerous financing authorities, and fiscal and financial oversight entities including the Franchise Tax Board. She also serves on the boards for the nation’s two largest public pension funds. Elected in 2014, Controller Yee is the tenth woman elected to a statewide office in California’s history. Follow the Controller on Twitter at [@CAController](#) and on Facebook at [California State Controller’s Office](#).

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