For Immediate Release

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*****PRESS RELEASE*****

New Study Shows Oil, Coal and Gas Investments Drove Over $19 Billion in Losses for Major Pension Funds

Report highlights increasing financial risk of climate-damaging investments as the transition to clean energy accelerates.

California Teachers demand strategy for protecting state retirement fund from future losses

Summary

As the climate crisis worsens, and with President Trump poised to withdraw the US from the Paris Climate Accord, a new study shows that three major state pension funds in California and Colorado (CalSTRS, CalPERS and PERA), collectively lost over $19 billion in retirement savings for teachers, state troopers and other public workers by continuing to invest in fossil fuels.

The study performed by media and analysis firm Corporate Knights calls into question the rationale for investing in the risky oil, coal, and gas industries, whose stocks damage both the portfolios' profits and the planet's life support systems. Members of California's State Teachers' Retirement System plan to attend that fund's Investment Committee meeting on Wednesday, November 6, demanding answers about why the fund continues to lose money on fossil fuels.

The Report: Full Findings & Background

Corporate Knights retrieved the funds' stock holdings, weights, and valuations for each of the past ten years, and then used public information to compare those actual investment returns with a similar, but fossil fuel-free version.

In this analysis, over ten years, California's $238 billion state teachers retirement fund (CalSTRS) would have gained $5.5 billion without fossil fuels. The $380 billion public employees retirement fund (CalPERS) would have generated an additional $11.9 billion. Similarly, Colorado's $45 billion state pension fund (PERA) would have generated an estimated additional $1.77 billion in value without fossil fuels.

The reports, which were commissioned and funded by non-profit coalitions calling on the Boards of CalSTRS, CalPERS, and PERA to divest from fossil fuels, also highlight that large fossil fuel companies pulled down overall performance – while technology, healthcare, retail and entertainment boosted performance.

Link to Full Report: The full reports and data files are available here.
(http://bit.ly/corporate-knights-pers-strs)

A Losing Strategy for Retirement Savings — and the Planet

These findings help show that fossil fuel companies are no longer wise long-term investment choices, and everyday Americans are feeling the sting.

In California, CalSTRS serves over 900,000 members, mostly public school teachers. CalPERS, the nation's largest public pension fund, serves more than 1.9 million members in its retirement system, including former educators, police officers, firefighters, municipal workers and state employees. In Colorado, PERA serves 600,000 current and former teachers, state troopers, snowplow drivers, corrections officers, and other public employees.

The ten years these funds were invested in fossil fuels translates to a loss of $5,572 per member for CalSTRS; a loss of $6,072 per member for CalPERS; and a loss of $2,900 per member for PERA.

Quote Deck:

"These findings should put an end to the myth that divestment from the fossil fuel industry harms the financial well-being of our public pension funds. Quite the opposite is true -- STRS would have earned $5.5B more in profits if we had divested ten years ago. California's public school teachers deserve to have their investments removed from this financially underperforming sector before it causes even more harm." **Fiona Ma, CPA, California State Treasurer and Board Member, CalPERS and CalSTRS**

"We knew CalPERS' fossil fuel investments did environmental damage to us all. It turns out the damage was fiscal too - CalPERS took an $11.9 billion portfolio hit by persisting in dead-end investments in fossil fuels." **Wynne Furth, Former City Attorney, CalPERS Retiree**

"This report confirms what we have been predicting for years, based on the testimony of financial experts like Bevis Longstreth, former commissioner to the SEC: CalSTRS would be

billions of dollars ahead if it had divested years ago. We can only hope that the fund will now divest its fossil fuel holdings to avoid further and larger losses." **Jane Vosburg, CalSTRS Retiree; FFCA, Divest CalSTRS Campaign Lead**

"Now's the time for CalSTRS to make the morally right decision to divest. They can come out financially ahead and help curb deadly carbon emissions by eliminating fossil fuels from our portfolio." - **Lynne Nittler, retired teacher and CalSTRS member**

"As long as PERA's money remains invested in the fossil fuel industry, that investment supports an industry that has willfully denied its role in climate change, accelerating today's climate crisis in favor of profits. For the sake of drowned Pacific islands, migrants fleeing drought, and future generations' lives, PERA must divest from fossil fuels. The Corporate Knights study makes that easier by showing they have billions of dollars to gain as well." **- Devon Reynolds, Colorado PERA member**

"PERA owes the same fiduciary duty to members retired today and members retiring 30 years from now. What this new information makes clear is that everyone's interests are aligned when it comes to fossil fuel investments. It's time to move our money to safer investments, both for better returns today and a viable future for PERA members of my generation and beyond." **- Bobbie Mooney, Fossil Free PERA Spokesperson & Colorado PERA member**

"Energy is the worst-performing sector of the S&P 500 over the past decade. Since 2007, the sector has generated bond-like returns with equity risk. Our clients at the SRI Wealth Management Group represent a growing segment of investors expressing concern with climate change. As a result of this concern, many are choosing to shift their investments away from fossil fuel companies and into renewable energy. The collective impact these investors are having on share price for companies across the industry and on the broader environment is significant." - **Thomas Van Dyck, Managing Director—Financial Advisor, RBC Wealth Management**

"Institutional investors literally have the power to make or break the future. Money lies behind every decision to expand or contract the fossil fuel industry, to slow or accelerate the clean energy transition," said **Clara Vondrich, Director of Divest Invest**. *"There is no more time for shareholder engagement with the fossil fuel industry that is digging and burning us past climate tipping points of no return. It's time to divest. What side of history are you on?"*

How Fossil Fuel Investments Directly Impact the Planet

Climate change experts agree that to avoid the most catastrophic effects of the climate crisis — including sea level rise, extreme weather events, the spread of diseases, massive agricultural loss, and mass extinction of species — 80 percent of fossil fuel reserves must stay in the ground. But fossil fuel companies have refused to change, doubling down instead on a core business of extracting and burning that destabilizes the Earth's climate. The only thing these companies appear to care about is (short term) financial profits.

Profits depend on investment - and investment requires social license and capital. Climate activists argue that divestment effectively removes both of these supports for the fossil fuel industry. And this strategy appears to be working. **At their annual conference in October, CEO's of major oil companies asked, "What more does the industry need to do on the PR front to combat the growing fossil fuel divestment movement?"**

A New Investment Trend Offers Hope

Divestment from fossil fuels is a clear and emerging trend. In September of this year, more institutions like churches, universities, and private equity funds pledged to divest. The total of managed assets pledged to divestment has leapt from $52 billion in 2014 to more than **$11.5 trillion** today — a stunning 22,000 % increase.

Over 1,110 institutions have now committed to policies black-listing some combination of coal, oil and gas investments. These institutions include sovereign wealth funds, banks, global asset managers and insurance companies, cities, pension funds, health care organizations, universities, faith groups, foundations, and the entire country of Ireland.

In Denver, Mayor Michael Hancock announced this past spring that the city was divesting its $6 billion General Funds' portfolio from fossil fuels. The University of California also recently announced divestment of its $83 billion pension and endowment funds, for "purely financial reasons."

Remaining Questions

In light of the Corporate Knights study findings, key questions for these funds and fund managers remain:

- **Why would any fund manager continue to invest in fossil fuels?** Risky, harmful to our planet and shared future, and less profitable than many other investment opportunities, fossil fuel investments are a lose-lose choice. Why are these major funds still investing in them?

- **Who will protect public employees' retirement in California and Colorado?** Retirees and other members of CalPERS, CalSTRS, and Colorado's PERA might ask: "Now that the fund managers know these fossil fuel investments are losing us money, what are they going to do about it?”

- **What role do the oil, gas and coal industries play?** These studies are being released in the midst of the groundbreaking two week trial of *New York v. ExxonMobil*, which alleges the corporation defrauded shareholders by not reporting accurately on the impacts of climate change on its business. The California and Colorado pension funds collectively hold over $1.2 billion in Exxon stock. Do these fund managers believe the underperformance of this sector was a result of fraudulent misrepresentation by industry? What responsibility does the industry have for these losses?

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**For a full list of institutions that have committed to divest from fossil fuels [click here.]()*

**Full reports provided upon request.*

Corporate Knights Study Methodology Notes:

Based on quarterly data retrieval of each funds’ equity portfolio as disclosed in security filings (security names, identifiers, number of shares and market value) provided by S&P Capital IQ from July 1, 2009 to June 30, 2019. Two scenarios were plotted using public data: one calculated the performance of the regular portfolio including fossil fuel stocks and the other calculated the performance of the fossil free portfolio, which excluded all stocks in the GICS Sector = Energy and other stocks generating 10% or more revenue from from extracting, refining, burning or transporting thermal coal, oil or gas. The value of the fossil fuel stocks was re-invested in the remaining stocks proportionate to their market value. The performance comparison period ran for 40 quarters from July 1, 2009 to June 30, 2019. Returns were compounded daily by S&P Capital IQ and portfolios were re-balanced each quarter according to public filings accounting for fund inflows and outflows. Note: the calculations were based solely on equities disclosed through security filings, and likely understate the true opportunity cost of not divesting fossil fuel stocks for the entire equity portfolios.

Notes on Exxon Holdings, Oct 16th from Corporate Knights:

As of Oct. 16th according to S&P Capital IQ, CalPERS has $591.9 million Exxon stock. CalSTRS has $526.0 million and ColPERA has $166.0 million

Other examples of those who have divested:

Highlights include institutions as diverse as Norway’s sovereign wealth fund, the Catholic Bishops’ Conference of the Philippines, the Rockefeller Brothers Fund, the British Medical Association, Amundi Asset Management, Caisse des Dépôts (the French public financial institution), New York City, the City of Cape Town, KfW Group (Germany’s development bank), Stockholm University, the Tate museums in the U.K., Allianz insurance, and St Mary’s Episcopal Cathedral, Edinburgh - the first cathedral in the world to divest.