



# California State Treasurer Phil Angelides' *Green Wave Initiative*

California State Treasurer Phil Angelides launched the *Green Wave* environmental investment initiative in February 2004, calling on the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) to implement a four-pronged investment strategy to bolster their financial returns, create jobs, clean up the environment, and combat global warming. Treasurer Angelides' *Green Wave* urged the pension funds to invest \$1.5 billion in cutting-edge technologies and environmentally responsible companies; to prod companies to address the financial risks posed by environmental liabilities and global warming; and to reduce energy consumption by their massive real estate holdings.

The following is a chronology of actions CalPERS and CalSTRS have taken to move forward on each prong of Treasurer Angelides' *Green Wave* initiative:

## **Demand Environmental Accountability and Disclosure**

Calling for a new era of shareholder activism to address the growing threats of global warming and corporate environmental liabilities, Treasurer Angelides asked the pension funds to use their financial clout in the marketplace to push corporations to improve their environmental operations, to combat global warming, and to provide meaningful, consistent and robust reporting of their environmental risks and liabilities.

- July 7, 2004 - CalSTRS votes to make its Environmental Disclosure Initiative a top priority for the coming year. In February 2005, CalSTRS moves forward with a plan to support or co-support shareholder proposals on global warming in 2005, continuing to push companies in which the fund invests to disclose their environmental liabilities, with specific attention to the auto and utilities industries.
- February 14, 2005 - As the Kyoto Protocol took effect, Angelides wins CalPERS' approval of a new corporate environmental accountability initiative. Under this new initiative, CalPERS will prod companies to improve their environmental practices, while at the same time improving the bottom line for investors by reducing companies' environmental liabilities.

### **Target Private Investment in Environmental Technologies**

Treasurer Angelides urged CalPERS and CalSTRS to invest a combined \$500 million in private equity investments, venture capital, and project financing to develop clean technologies that can provide the pension funds with positive, long-term returns and create jobs and economic growth in California in the years ahead.

- March 15, 2004 - Angelides wins CalPERS' approval of an innovative clean technologies investment program, with CalPERS pledging to make an initial investment of up to \$200 million in environmental technology such as renewable energy, fuel cells and waste recycling.
- June 2, 2004 - CalSTRS approves the Treasurer's clean technology investment proposal, committing to make an initial investment of up to \$250 million in the clean energy and technology sectors.

### **Invest in Stocks of Environmentally Responsible Companies**

With research showing that many environmentally screened funds have matched or outperformed their non-screened counterparts, Treasurer Angelides called on CalPERS and CalSTRS to invest a combined \$1 billion of their stock portfolios into environmentally screened funds through leading investment managers with proven track records.

- April 19, 2004 - Treasurer Angelides wins CalPERS' approval of an initiative to invest in environmentally responsible companies. The fund agreed to invest up to \$500 million in environmentally screened, sustainable stock funds.
- December 7, 2005 - CalSTRS agrees to launch a new effort to invest in the stocks of environmentally responsible companies.

### **Reduce Energy Consumption in Pension Fund Real Estate Portfolios**

To implement the final piece of the *Green Wave* initiative, Treasurer Angelides proposed a landmark energy savings plan for the pension funds' real estate portfolios in November 2004. The new energy efficiency initiative called on the pension funds to invest an estimated \$200 million combined to retrofit their real estate holdings to reduce energy consumption by 20% within five years. The retrofit investment will allow the funds to capture an estimated \$40 million annually in energy savings, while at the same time creating approximately 4,300 jobs and reducing annual energy demand by 72 megawatts - enough power to supply over 50,000 homes annually.

- December 2, 2004 - CalSTRS approves Treasurer Angelides' new energy efficiency goal for its \$4.3 billion, 57.5 million square-foot core real estate portfolio.
- December 13, 2004 - CalPERS adopts the Treasurer's 20% energy reduction goal for its \$7.9 billion, 144 million square-foot real estate portfolio.