



CASE CLIMATE ACTION COMMITTEE

CALIFORNIA ATTORNEYS, ADMINISTRATIVE LAW JUDGES
AND HEARING OFFICERS IN STATE EMPLOYMENT

January 16, 2026

Dear CASE Board Members,

The Climate Action Committee recommends and requests that the CASE Board pass a resolution in support of CalPERS divestment from fossil fuels. Fossil fuel divestment is an important part of an effective strategy to safeguard our retirement funds while creating livable communities and futures.

Fossil Fuel Divestment Protects our Pensions

CASE should pass a resolution in support of divestment because divesting from fossil fuels protects our pensions. CalPERS is mandated to get us the best financial returns, and divesting from fossil fuels is the way to do that. In the past, fossil fuels were a major part of investment portfolios. However, investors are increasingly re-evaluating investments in fossil fuels due to “disruption and destabilization in fossil fuel commodity markets, competition from renewable energy, and growing investor consciousness of climate change’s financial risks,” among other factors.¹

CalPERS has historically resisted divestment on the basis that divestment results in a less diversified portfolio more exposed to market vulnerability and that divestment could reduce portfolio value.² While conventional wisdom for passive investment strategies holds that any restriction on diversification inevitably limits potential returns, in the case of fossil fuels, the financial history and outlook of fossil fuels shows that the opposite is true for three key reasons.³ *First*, the fossil fuel sector has significantly underperformed markets for the last decade.⁴ As of early 2025, fossil fuels had underperformed the stock market in 7 out of the last 10 years and were dead last among sectors in 5 of those years.⁵ This pattern reflects the larger trend that fossil fuels are a decreasing share of the stock market. In 1980, fossil fuel companies were nearly 30% of the stock market; now, they are approximately 3%.⁶ *Second*, fossil fuels are volatile investments subject to geopolitical disruptions which results in unstable profits.⁷ *And third*, fossil fuel producers do not have a credible business plan for the future. Sustainable and green energies are now competitive with fossil fuels.⁸ Fossil fuel producers are not well-positioned to compete with and have not made meaningful plans to transition to sustainable energy.⁹ In 2024, fossil fuel producers made reinvestments into their businesses that directed only 3.5% of expenditures into low-carbon energy. This amount made up only 1.4% of investment into global clean energies that year.¹⁰

Divestment from fossil fuel stocks fulfills CalPERS' fiduciary duty.¹¹ According to a study by Corporate Knights, if CalPERS had divested in 2009 and proportionally invested the funds across the rest of the portfolio, they would have generated an additional \$11.9 billion in value.¹² More generally, studies by investment advisors BlackRock and Meketa have found that investment funds experienced no negative financial impacts from divesting from fossil fuels and in fact found evidence that funds experienced modest improvements in returns.¹³

Divestment is Necessary for CalPERS to Fulfill its Commitment to Sustainable Investments

Opponents to pension divestment assert that a pension fund's opportunity to engage in shareholder advocacy is a more effective way to push for change than divestment. While stakeholder engagement can be effective in certain contexts, there is little precedent for stakeholders achieving an industry-wide business model shift—exactly what would be necessary for fossil fuel producers to become sustainable investments.¹⁴ CalPERS' engagement strategy with fossil fuel producers has not been successful at reducing emissions among fossil fuel producers or securing business strategies for phasing out fossil fuel production or transitioning the company to producing carbon-free energy.¹⁵ At this point, divestment is the only viable option for CalPERS to fulfill its pledge to decarbonize its portfolio by 2050 and to protect the finances of the CalPERS fund.¹⁶

Divestment not only Protects our Pensions, but Protects our Futures by Mitigating Climate Impacts

Fossil fuels are the primary cause of climate change.¹⁷ For decades, fossil fuel producers have known about the destructive impacts of fossil fuels on the climate and deliberately deceived the public about climate change.¹⁸ The impacts of climate change will be devastating: climate change is expected to cause approximately 250,000 deaths per year between 2030 and 2050.¹⁹ Therefore, divestment not only protects our pensions—it helps protect life on earth.

Climate change is already harming Californians by causing severe weather and disasters, more extreme heat events, air pollution, wildfires and smoke, and conditions that further spread infectious diseases, all of which contribute to rising rates of death, illness and heat stroke, respiratory and cardiovascular problems, injuries, displacement, mental health strain, and additional adverse outcomes.²⁰ These impacts fall disproportionately on communities already facing social and health inequities, including low-income residents, older adults, children, people with disabilities, outdoor workers, immigrants, historically marginalized communities, and those living in high-risk or

under-resourced areas.²¹ Climate change also increases costs to households (with the highest impacts on vulnerable households) and businesses, disrupts employment and wages, and increases costs of healthcare and insurance.²² Harms and costs imposed by climate change will continue to escalate unless significant action is taken to limit fossil fuels.

By Supporting Divestment, CASE Would Join other Unions to Prioritize the Health and Lives of Workers

Unions have a long and increasingly visible history of advocating for pension fund divestment from the fossil fuel industry. Since approximately 2010, a fossil fuel divestment movement has taken shape. The national American Federation of Teachers has passed a resolution in favor of divestment.²³ In California, the California Faculty Association, AFSCME California, California Federation of Teachers, the California Nurses Association, and Service Employees International Union Local 1021 have already endorsed fossil fuel divestment.²⁴

CASE Should Call on CalPERS to Join a Growing Movement of Pension Funds Divesting from Fossil Fuels.

Other pension funds have divested from, or have committed to divesting from, investments in the fossil fuel industry. These pension funds include those for the Netherlands (ABP),²⁵ the Church of England,²⁶ the University of California,²⁷ the City of Baltimore,²⁸ the City of San Diego,²⁹ New York City,³⁰ the New York State Common Retirement Fund,³¹ and many more. The New York State Common Retirement Fund decided to divest after years of attempting to engage fossil fuel producers and after a systematic review of fossil fuel producers' sustainability plans.³² CalPERS should reach the same decision.

As the representative of state workers in Bargaining Unit 2, CASE has a responsibility to advocate for the financial wellbeing of its members and the ability of its members to live and work safely in California. Climate change is a risk to our pension, to our safety, and to our future. We ask CASE to pass a resolution in support of fossil fuel divestment from CalPERS. The time for action is now.

Sincerely,

Climate Action Committee

Rebecca Bon, Angel Braach, Dan Fuchs, Matt Gauger, Hannah Goldsmith, Bryan Kimura, Michael Knapp, Kate Kriozere, Alexandria Sadler, David Sandoval, and Margaret Tides

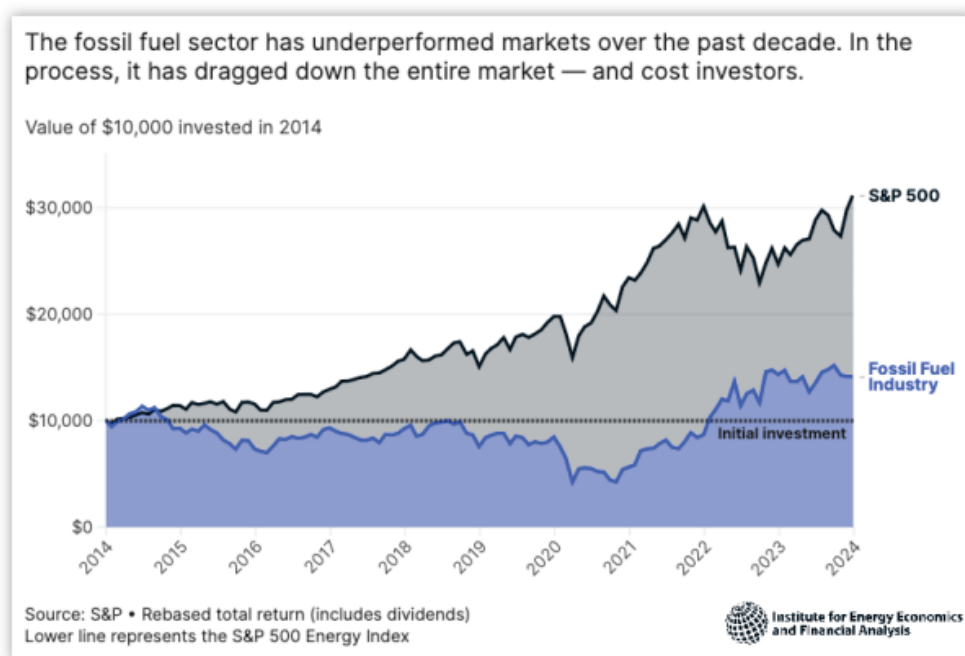
¹ Institute for Energy Economics and Financial Analysis (IEEFA), “Passive investing in a warming world,” Connor Chung and Dan Cohn, February 8, 2024, available at: <https://ieefa.org/resources/passive-investing-warming-world>.

² CalPERS, “Divestment is Political, CalPERS’ Fiduciary Duty is Not,” August 2015, available at <https://www.calpers.ca.gov/sites/default/files/spf/docs/forms-publications/calpers-and-divestment.pdf> (PDF).

³ IEEFA, “Passive investing in a warming world,” Connor Chung and Dan Cohn, February 8, 2024, available at: <https://ieefa.org/resources/passive-investing-warming-world>; See IEEFA, “Two economies collide: Competition, conflict, and the financial case for fossil fuel divestment,” Report, October 13, 2022, page 98, by Tom Sanzillo, Dan Cohn, and Connor Chung, available at <https://ieefa.org/resources/two-economies-collide-competition-conflict-and-financial-case-fossil-fuel-divestment>.

⁴ IEEFA, “Engagement and Divestment: Shareholders Transcend a False Binary,” Connor Chung and Dan Cohn, September 2024, available at https://ieefa.org/sites/default/files/2024-09/091124_REVISION_ET_Engage%20Divest%20Briefing%20Note_13841.pdf, fig. 1;

Figure 1: Fossil Fuel Stocks Harm Investment Returns



see also MSCI, MSCI ACWI ex Fossil Fuels (USD), Index Factsheet, December 31, 2025, available at <https://www.msci.com/documents/10199/d6f6d375-cadc-472f-9066-131321681404>.

⁵ IEEFA, “Another bad year – and decade – for fossil fuel stocks,” Connor Chung and Dan Cohn, January 27, 2025, available at <https://ieefa.org/articles/another-bad-year-and-decade-fossil-fuel-stocks>; IEEFA, “Passive investing in a warming world,” Connor Chung and Dan Cohn, February 8, 2024, available at <https://ieefa.org/resources/passive-investing-warming-world>.

⁶ IEEFA, “Another bad year – and decade – for fossil fuel stocks,” Connor Chung and Dan Cohn, January 27, 2025, available at <https://ieefa.org/articles/another-bad-year-and-decade-fossil-fuel-stocks>.

⁷ See IEEFA, “Two economies collide: Competition, conflict, and the financial case for fossil fuel divestment,” Report, October 13, 2022, pages 34 and 96, Tom Sanzillo, Dan Cohn, and Connor Chung, available at <https://ieefa.org/resources/two-economies-collide-competition-conflict-and-financial-case-fossil-fuel-divestment>.

⁸ See IEEFA, “Two economies collide: Competition, conflict, and the financial case for fossil fuel divestment,” Executive Summary, October 13, 2022, Tom Sanzillo, Dan Cohn, and Connor Chung,

available at <https://ieefa.org/resources/two-economies-collide-competition-conflict-and-financial-case-fossil-fuel-divestment>; U.S. Energy Information Administration, “Levelized Costs of New Generation Resources in the Annual Energy Outlook 2025,” April 2025, available at https://www.eia.gov/outlooks/aeo/electricity_generation/pdf/AEO2025_LCOE_report.pdf; American Public Power Association, “What Will It Cost to Generate Electricity?,” February 9, 2024, available at <https://www.publicpower.org/periodical/article/what-will-it-cost-generate-electricity>.

⁹ See IEEFA, “Two economies collide: Competition, conflict, and the financial case for fossil fuel divestment,” October 13, 2022, Tom Sanzillo, Dan Cohn, and Connor Chung, available at <https://ieefa.org/resources/two-economies-collide-competition-conflict-and-financial-case-fossil-fuel-divestment>.

¹⁰ Dan Cohn, IEEFA, calculations based on IEA World Energy Investment 2024 Report; IEA World Energy Investment Report, June 6, 2024, available at <https://www.iea.org/reports/world-energy-investment-2024>.

¹¹ See IEEFA, “Two economies collide: Competition, conflict, and the financial case for fossil fuel divestment,” Executive Summary, October 13, 2022, Tom Sanzillo, Dan Cohn, and Connor Chung, available at <https://ieefa.org/resources/two-economies-collide-competition-conflict-and-financial-case-fossil-fuel-divestment> (“While the impact of climate change is societal, the argument for divestment is also financial. Weak economic performance and an unstable future for fossil fuels have made it clear that divestment can be achieved without financial harm to any individual investment fund. Divestment is a defensive tool employed to protect investors from the loss of value—losses as certain as climate change’s global reach.”); Center for International Environmental Law (CIEL), “Trillion Dollar Transformation: Fiduciary Duty, Divestment, and Fossil Fuels in an Era of Climate Risk,” December 2016, available at <https://www.ciel.org/wp-content/uploads/2016/12/Trillion-Dollar-Transformation-CIEL.pdf>.

¹² Corporate Knights, “California Public Employees’ Retirement System (CalPERS) Pays High Cost for Holding on to Fossil Fuel Stocks: A Corporate Knights Analysis,” Presentation, available at <https://drive.google.com/file/d/1k27W2oTzagueEZrvit4RLfve6pvakqMI/view?pli=1>; Fossil Free California, “CalPERS Corporate Knights Report,” Press Release, August 22, 2019, available at <https://newsite.fossilfreeca.org/calpers-corporate-knight-report/>.

¹³ See IEEFA, “Major investment advisors BlackRock and Meketa provide a fiduciary path through the energy transition,” Tom Sanzillo, March 22, 2021, available at <https://ieefa.org/resources/major-investment-advisors-blackrock-and-meketa-provide-fiduciary-path-through-energy>.

¹⁴ See IEEFA, “Engagement and Divestment: Shareholders Transcend a False Binary,” Connor Chung and Dan Cohn, page 6, September 2024, available at https://ieefa.org/sites/default/files/2024-09/091124_REVISION_ET_Engage%20Divest%20Briefing%20Note_13841.pdf.

¹⁵ Dr. Clair Brown (Professor of Economics, UC Berkeley), Sindre Carlsen (Undergraduate Research Apprentice Program, UC Berkeley), and Sandy Emerson (Fossil Free California), “Promises, Promises: Evaluating CalPERS’ Climate Engagements,” November 2022, page 5, available at <https://fossilfreeca.org/wp-content/uploads/2025/09/Promises-Promises-%E2%80%94Evaluating-CalPERS-Climate-Engagements.pdf>.

¹⁶ Id.; CalPERS, CalPERS’ Climate Report and Response to Senate Bill 964, November 2025, available at <https://www.calpers.ca.gov/documents/climate-related-financial-disclosure-2025/download?inline>; CalPERS, CalPERS’ Sustainable Investments, 2030 Strategy Presentation and Discussion, July 17, 2023, slide 23, available at <https://www.calpers.ca.gov/documents/202307-full-day-1-calpers-sustainable-investments-2030-strategy/download?inline>; see IEEFA, “Engagement and Divestment: Shareholders Transcend a False Binary,” Connor Chung and Dan Cohn, September 2024, page 2, available at https://ieefa.org/sites/default/files/2024-09/091124_REVISION_ET_Engage%20Divest%20Briefing%20Note_13841.pdf.

¹⁷ United Nations: Climate Action, “Causes and Effects of Climate Change,” available at <https://www.un.org/en/climatechange/science/causes-effects-climate-change> (last accessed January 12, 2026).

¹⁸ Union of Concerned Scientists, “Decades of Deceit: The Case Against Major Fossil Fuel Companies for Climate Fraud and Damages,” Delta Merner, Kathy Mulvey, Laura Peterson, and Seth Shulman, May 14, 2025, available at <https://www.ucs.org/resources/decades-deceit>.

¹⁹ World Health Organization, Climate Change Fact Sheet (2003), available at <https://www.who.int/news-room/fact-sheets/detail/climate-change-and-health> (last accessed January 13, 2026).

²⁰ See, e.g., California Department of Public Health, Climate Change and Health Equity, last updated March 18, 2025, available at <https://www.cdph.ca.gov/Programs/OHE/Pages/Climate-Health-Equity/Health-Impacts.aspx>; Legislative Analyst's Office, Climate Change Impacts Across California: Health, Gabriel Petek, April 2022, available at <https://lao.ca.gov/reports/2022/4580/Climate-Change-Impacts-Health-040522.pdf>; Public Policy Institute of California, Extreme Heat Takes a Toll on Californians' Health, Gokce Sencan, May 20, 2024, available at <https://www.ppic.org/blog/extreme-heat-takes-a-toll-on-californians-health/>.

²¹ California Department of Public Health, Climate Change and Health Equity, last updated March 18, 2025, available at <https://www.cdph.ca.gov/Programs/OHE/Pages/Climate-Health-Equity/Health-Impacts.aspx>; See Intergovernmental Panel on Climate Change, "Climate Change 2023: Synthesis Report," Summary for Policymakers, page 5, available at https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf.

²² Next 10 and Center for Law, Energy & Environment at the University of California, Berkeley, "Costs of Climate Change: Financial and Economic Impacts on California and U.S. Households, September 2025, pages 2-5, 8-9, available at <https://www.next10.org/publications/costs-of-climate-change>.

²³ American Federation of Teachers, AFT Resolution: Divest from Fossil Fuels and Reinvest in Workers and Communities, July 16, 2022, available at <https://www.aft.org/resolution/divest-fossil-fuels-and-reinvest-workers-and-communities>.

²⁴ Fossil Free California, Unions Support Divestment to Protect California State Worker Pensions," January 26, 2024, available at <https://fossilfreeca.org/unions-divestment/>; SEIU Local 1021 Resolution on Divestment from the Occupation and Genocide in Palestine, June 22, 2024, available at https://www.seiu1021.org/sites/main/files/file-attachments/seiu_local_1021_resolution_on_divestment_from_the_occupation_and_genocide_in_palestine_presented_at_the_june_ebd.pdf.

²⁵ The Guardian, "One of the world's biggest pension funds to stop investing in fossil fuels," Daniel Boffey, October 26, 2021, available at <https://theguardian.com/environment/2021/oct/26/abp-pension-fund-to-stop-investing-in-fossil-fuels-amid-climate-fears>; European Pensions, "The Netherlands' largest pension fund sells all its liquid fossil fuel investments," Jack Gray, May 30, 2024, available at <https://www.europeanpensions.net/ep/The-Netherlands-largest-pension-fund-sells-all-its-liquid-fossil-fuel-investments.php>.

²⁶ Net Zero Investor, "Laura Hillis: How the church faced the 'ultimate escalation' of oil and gas divestment," Christopher Merchant, September 8, 2023, available at <https://www.netzeroinvestor.net/news-and-views/laura-hillis-how-the-church-faced-the-ultimate-escalation-of-oil-and-gas-divestment>.

²⁷ Chief Investment Officer, "University of California Endowment, Pension to Divest All Fossil Fuels," Chris Butera, September 19, 2019, available at <https://www.ai-cio.com/news/university-california-endowment-pension-divest-fossil-fuels/>.

²⁸ Maryland Matters, "Baltimore Mayor Signs Bill Mandating City Pension funds Divest from Fossil Fuels," Josh Kurtz, October 5, 2021, available at <https://marylandmatters.org/2021/10/05/baltimore-mayor-signs-bill-mandating-city-pension-funds-divest-from-fossil-fuels/>.

²⁹ San Diego Surfrider, "San Diego Divestment from Fossil Fuel Investments," November 15, 2021, available at <https://sandiego.surfrider.org/victories/San%20Diego%20Divestment%20from%20Fossil%20Fuel%20Investments>.

³⁰ New York City Comptroller, "Mayor de Blasio, Comptroller Stringer, and Trustees Announce Estimated \$4 Billion Divestment from Fossil Fuels," January 25, 2021, available at <https://comptroller.nyc.gov/newsroom/mayor-de-blasio-comptroller-stringer-and-trustees-announce-estimated-4-billion-divestment-from-fossil-fuels/>.

³¹ Office of the New York State Comptroller, "NY Common Retirement Fund Announces New Measures to Protect State Pension Fund from Climate Risk and Invest in Climate Solutions," February 15, 2024,

available at <https://www.osc.ny.gov/press/releases/2024/02/ny-common-retirement-fund-announces-new-measures-protect-state-pension-fund-climate-risk-and-invest>.

³² IEFFA, “Engagement and Divestment: Shareholders Transcend a False Binary,” Connor Chung and Dan Cohn, September 2024, page 3, available at https://ieefa.org/sites/default/files/2024-09/091124_REVISION_ET_Engage%20Divest%20Briefing%20Note_13841.pdf.