

Congress of the United States
House of Representatives
Washington, DC 20515-0533

March 29, 2016

Anne Stausboll
Chief Executive Officer
California Public Employees' Retirement System
Lincoln Plaza North
400 Q Street, Room 4340
Sacramento, CA 95811

Dear Ms. Stausboll:

Thank you for your leadership at the California Public Employees' Retirement System (CalPERS). We thank you for strengthening ethics, transparency and internal controls at CalPERS, and for growing CalPERS' assets.¹ In light of a number of recent and notable divestments from the fossil fuels industry, we respectfully request that CalPERS divest from ExxonMobil.

In September 2015, the University of California system sold a reported \$200 million of holdings in its endowment and pension fund related to coal and oil sands companies in response to both environmental concerns and rising financial risk in the hydrocarbon industry. With Governor Brown's recent signature on SB 185 (DeLeon), which mandates that CalPERS divest from the coal industry, more must be done to ensure that California continues to be a leader in ensuring that its energy sector investments are both financially and environmentally sustainable.

Notably, the Rockefeller Family Fund recently announced its decision to divest from ExxonMobil noting that the company's deception on climate issues to be "morally reprehensible," and stated that with the threat posed to the survival of human and natural ecosystems, "there is no sane rationale for companies to continue to explore for new sources of hydrocarbons."² Significantly, the Rockefeller Family Fund was founded by descendants of John D. Rockefeller, who made his fortune from Standard Oil, a precursor to ExxonMobil. We request CalPERS follow the Rockefeller Family Fund's example and divest from ExxonMobil.

Investigations by the *Los Angeles Times* and *Inside Climate News* have documented that ExxonMobil confirmed climate change was occurring in the 1970s due, in part, to the burning of

¹ CalPERS Press Release, January 21, 2016.

² Terry Wade and Anna Driver, "Rockefeller Family Fund hits Exxon, divests from fossil fuels," Reuters, March 24, 2016.

fossil fuels.³ Instead of disclosing this critical information, ExxonMobil engaged in a campaign of deception while privately planning for the effects of climate change.⁴ As Members of the House Oversight & Government Reform Committee, we have called for investigations into ExxonMobil's unethical and potentially illegal conduct. We are pleased that several state Attorneys General have confirmed they are investigating ExxonMobil.

We commend CalPERS for its focus on ethics, and we believe that in the case of ExxonMobil, it is morally suspect for CalPERS to invest in a company that engaged in morally reprehensible conduct on one of the most important issues facing humanity: our climate.

We appreciate that CalPERS has tried to put pressure on ExxonMobil to address concerns about climate change and their business model. In 2006, CalPERS requested that ExxonMobil address global warming.⁵ In 2008, CalPERS again tried to pressure ExxonMobil to address climate change.⁶ Last year, CalPERS tried again to push environmental and social governance measures on ExxonMobil.⁷

Unfortunately, ExxonMobil continues to oppose efforts to change its business model, and strongly opposed landmark efforts like California's SB 350 (DeLeon) and federal efforts to mitigate global warming. ExxonMobil continues to push bullish projections of demand for its oil and opposes disclosing climate risks in its documents.⁸ We now know from various investigations that ExxonMobil has misled CalPERS, federal and state policymakers, and the American public for decades on what its own scientists knew about climate change.

We have seen no discernable evidence that CalPERS' efforts to engage ExxonMobil have resulted in any significant change in the way the company operates when it comes to taking action on climate change. CalPERS' view that it "can have more of an impact by retaining ownership and pushing companies to transform their businesses"⁹ no longer appears to hold true in the case of ExxonMobil.

CalPERS' investment in a fossil fuel company that routinely opposes state and federal governmental efforts to address climate change—and has misled the public about climate science—is inconsistent with California's landmark leadership in fighting climate change. We commend CalPERS for trying to get ExxonMobil to take action on climate change. Those

³ See, e.g., Neela Banerjee et al., "Exxon's own research confirmed fossil fuels' role in global warming decades ago," *Inside Climate News*, September 16, 2015; Sara Jerving et al., "What Exxon knew about the Earth's Melting Arctic," *Los Angeles Times*, Oct 9, 2015; Amy Lieberman and Susanne Rust, "Big Oil braced for global warming while it fought regulations," *Los Angeles Times*, December 31, 2015.

⁴ *Id.*

⁵ Bloomberg, "CalPERS Steps Up Pressure On Exxon," *Los Angeles Times*, May 18, 2006.

⁶ "CalPERS, CalSTRS put pressure on ExxonMobil," *Sacramento Business Journal*, May 21, 2008.

⁷ Richard Valdmanis, "CalPERS says to engage more companies on climate change," *Reuters*, Dec 4, 2015.

⁸ "ExxonMobil clashes with shareholders over climate question," *Climate Home*, February 24, 2016.

⁹ Richard Valdmanis, "CalPERS says to engage more companies in climate change," *Reuters*, Dec 4, 2015.

efforts have largely failed. It is now time for CalPERS to take action and divest from ExxonMobil.

Thank you for your attention to this serious issue.

Sincerely,



Ted W. Lieu
Member of Congress



Mark DeSaulnier
Member of Congress

cc:

The Honorable Jerry Brown, Governor of the State of California

The Honorable Kevin de León, Senate President pro Tempore

The Honorable Anthony Rendon, Speaker, State Assembly

The Honorable Jason Chaffetz, Chairman, House Committee on Oversight and Government Reform

The Honorable Elijah Cummings, Ranking Member, House Committee on Oversight and Government Reform