

# Colorado PERA's 2022 Shareholder Votes Fail to Address Climate Change, Discrimination, and Human Rights

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**350 COLORADO**

# Background & Summary

Every year from April to June, publicly traded companies hold their annual shareholder meetings, in which every investor with a financial stake in the company votes on a series of resolutions, many of which are introduced by shareholders themselves. This voting period is known as "Proxy Season."

The number of Environmental, Social, and Governance (ESG) resolutions introduced in 2022 signals a rising level of engagement by shareholders that appears promising; the number of ESG shareholder proposals rose 20% since 2021, for a total of [529 ESG shareholder resolutions filed in 2022](#). Within that, proposals centered on climate change, human rights, and diversity concerns spiked even more. Climate change and sustainability resolutions made up the largest proportion of ESG resolutions introduced in 2022, at 24%. Human rights resolutions made up an additional 15%, and racial equity and diversity resolutions accounted for an additional 14%.

This report analyzes the data on Colorado's Public Employees' Retirement Association's (PERA's) 2022 proxy votes, in an effort to evaluate their shareholder engagement with regard to climate change, human rights, and racial justice concerns. It provides data on the general distribution of PERA's votes across big banks, fossil fuel companies, insurance companies, and the top 100 Fortune 500 companies.

We find PERA's 2022 proxy votes to show a disappointing lack of engagement on climate change, human rights, and racial justice concerns, with PERA voting "No" on ESG resolutions over 60% of the time. While we do find some instances where PERA deviates from management recommendations (which advocate a "No" vote on nearly all ESG resolutions proposed), we conclude that PERA far too often votes against policies to support climate action, human rights, and racial justice.

In light of this report, we call on the PERA board to adopt proxy voting procedures which align their votes with promoting climate action, human rights, and racial justice. While we encourage PERA to use their shareholder power to push the companies in which they invest to behave more ethically, we also acknowledge that shareholder engagement alone falls short as a strategy to tangibly promote these goals. Thus, we urge additional action, by way of removing investments in fossil fuel companies, to ensure that PERA directly addresses the climate and human rights impacts of their investments.

# Introduction

The United Nations Intergovernmental Panel on Climate Change has determined that in order to keep the increase in global average temperature below 1.5 degrees Celsius, global greenhouse gas emissions must decline by 45% by 2030, and reach net zero by 2050. With the [most recent 2023 IPCC report](#), scientists around the world have sent a strong message: climate impacts are already being experienced globally, with the most vulnerable communities being hit the hardest. Due to the disproportionate impacts of the climate crisis on frontline communities, communities of color, low-income communities and communities in the global south, it is critical that we work to ensure that human rights and racial justice are uplifted along with climate goals.

In order to ensure a rapid transition to a net-zero future and uplift human rights and racial justice, the world's major corporations and top financiers of fossil fuels must adopt ethical business practices. This is where shareholder engagement comes in. As a major investor managing more than [\\$66.1 billion in assets on behalf of nearly 650,000 current and former public employees](#), Colorado's PERA has the power to influence businesses to behave more ethically and sustainably. However, the results of this report show a clear failure to engage on climate change, human rights, and racial justice, with PERA voting against 61% of resolutions identified in this study.

Shareholder engagement is an important step in moving banks, insurance companies, and major corporations to align their business practices with climate action, human rights, and racial justice. However, engaging with fossil fuel companies while continuing to invest in those companies is a false solution. A [2021 IEA report](#) defined "no investment in new fossil fuel supply projects, starting today" as critical for reaching net-zero emissions by 2050. Thus, we urge PERA to use their shareholder power to push banks, insurance companies, and major corporations to behave more ethically and sustainably, while also divesting from the fossil fuel companies that are driving the climate crisis.

Every year, PERA directs their staff to cast their shareholder votes in line with the [Proxy Voting Policies](#) outlined by the PERA Board. PERA members are not engaged in this voting process. Despite requests from PERA members, PERA has actively resisted efforts to align their proxy voting procedures with Colorado's greenhouse gas emission reduction targets, assess the financial and climate-related risks of their fossil fuel investments, or remove their investments in fossil fuels. This report spotlights the need for PERA to shift to more ethical and sustainable investment and engagement practices.

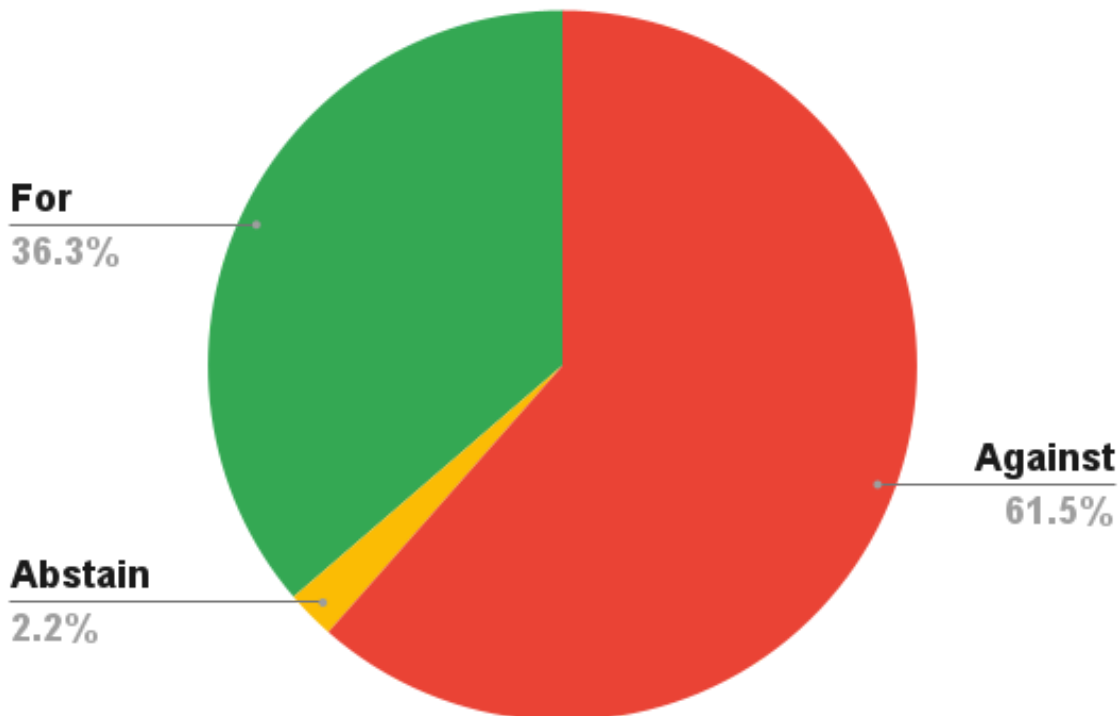
# Overview of PERA's 2022 Votes on ESG Resolutions

Assessing [PERA's publicly available proxy voting record](#) for the 2022 proxy season, we divided PERA's proxy votes into four categories: Banks, Fossil Fuel Companies, Insurance Companies, and the Top 100 Fortune 500 Companies. We identified PERA's votes on 135 shareholder resolutions relating to climate change & sustainability, human rights & workers rights, and racial justice & discrimination.

We find that PERA voted against 61% of ESG resolutions. They abstained from voting 2% of the time, and only voted in favor of ESG resolutions 36% of the time.

These numbers show a failure by PERA to engage to influence the world's most powerful financial institutions and corporations to adopt more ethical and sustainable business practices.

## PERA's 2022 Proxy Votes on ESG Resolutions



Of the 135 ESG resolutions we identified, we found that 57% were related to climate change and sustainability. Racial justice and discrimination resolutions made up the second-largest proportion of ESG resolutions, at 27%. Human rights and worker's rights resolutions made up an additional 13% of resolutions. We also identified four sustainability and ethics-related resolutions that did not fit into the other three categories, making up the remaining 3% of resolutions.

Proportionally, PERA fared the worst with regard to human and workers rights resolutions, voting against them 65% of the time. PERA did only slightly better with regard to climate change and sustainability, voting no 62% of the time. While racial justice and discrimination resolutions received the smallest proportion on "no" votes from PERA, they were still voted down 56% of the time.

<b>Distribution of ESG Resolutions Across Topics</b>					
<b>ESG Topic</b>	<b>Bank Resolutions</b>	<b>Fossil Fuel Resolutions</b>	<b>Insurance Resolutions</b>	<b>Fortune 500 Resolutions</b>	<b>% PERA 'No' Votes</b>
Climate Change & Sustainability	20	31	9	18	62%
Racial Justice & Discrimination	5	1	2	28	56%
Human Rights & Worker's Rights	2	0	0	15	65%
Misc. Sustainability and Ethics	1	0	0	3	100%
<b>Total</b>	<b>28</b>	<b>32</b>	<b>11</b>	<b>64</b>	

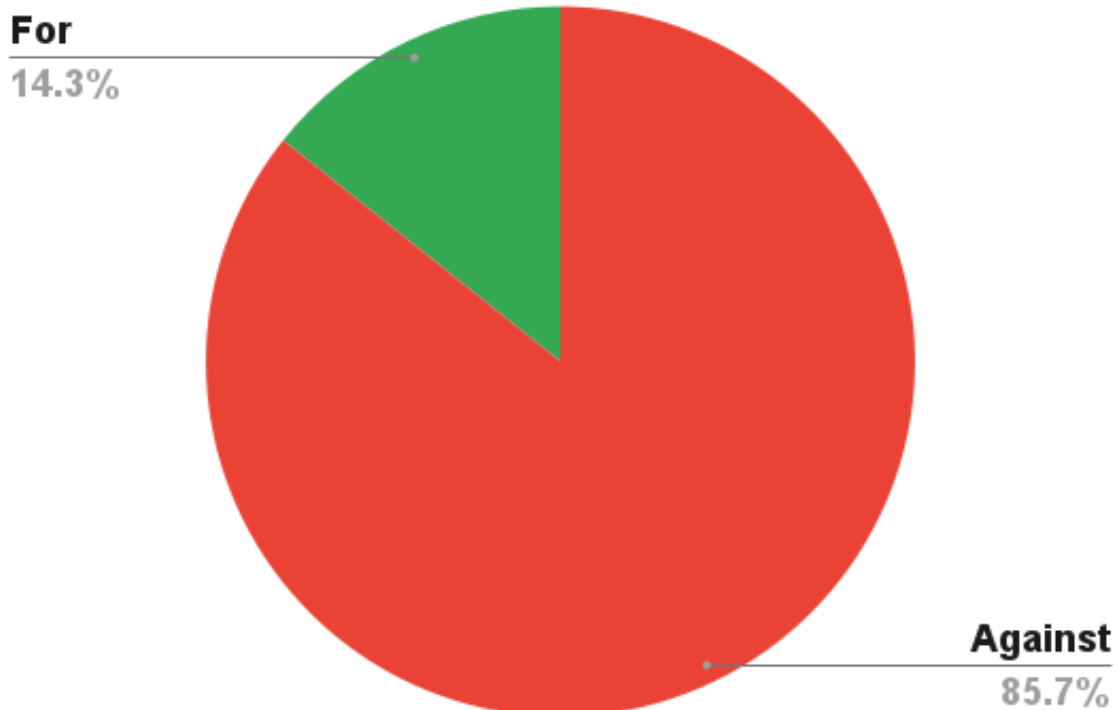


# PERA Votes on Bank Resolutions

Since the 2016 Paris Climate Agreement, the [world's 60 largest banks have financed fossil fuel companies to the tune of \\$4.6 trillion](#). Drawing from the [Rainforest Action Network Banking on Climate Chaos](#) list of the top 60 banks financing fossil fuel companies globally, we identified 28 ESG resolutions at 16 banks for which PERA submitted proxy votes in 2022. These resolutions include proposals to align business strategies with the 2016 Paris Climate Agreement, update fossil fuel financing policies, report on human rights standards for Indigenous peoples, conduct racial equity and non-discrimination audits, and more.

**We find that PERA voted against 85.7% of ESG resolutions at major banks, demonstrating a lack of regard for climate, human rights, and racial justice concerns in PERA's voting practices when engaging with the world's most powerful financial institutions.**

## PERA's 2022 Proxy Votes on Bank Resolutions



# PERA's Votes on Bank Resolutions

Bank	Resolution	Mgmt. Rec.:	PERA Vote:
Bank Of America Corp.	Shareholder Proposal Regarding Racial Equity Audit Shareholder Proposal Regarding Fossil Fuel Financing Policy	Against Against	Against Against
Bank of Montreal	Shareholder Proposal Regarding Say on Climate Shareholder Proposal Regarding Fossil Fuel Financing Policy	Against Against	Against Against
Barclays Plc	Approval of Climate Strategy, Targets and Progress 2022	For	For
Citigroup Inc.	Shareholder Proposal Regarding Report on Human Rights Standards for Indigenous Peoples Shareholder Proposal Regarding Fossil Fuel Financing Policy Shareholder Proposal Regarding Non-discrimination Audit	Against Against Against	Against Against Against
Commonwealth Bank of Australia	Shareholder Proposal Regarding Report on Fossil Fuel Exposure	Against	Against
Danske Bank AS	Shareholder Proposal Regarding Aligning Business Strategy With the Paris Agreement	Against	Against
Goldman Sachs Group, Inc.	Shareholder Proposal Regarding Fossil Fuel Financing Policy	Against	Against
JPMorgan Chase & Co.	Shareholder Proposal Regarding Fossil Fuel Financing Policy Shareholder Proposal Regarding Board Diversity Shareholder Proposal Regarding Aligning GHG Reductions with UNEP FI Recommendations	Against Against Against	Against Against Against
Morgan Stanley	Shareholder Proposal Regarding Fossil Fuel Underwriting Policy	Against	Against
NatWest Group Plc	Management Proposal Regarding Approval of the Company's Climate Strategy	For	For
PNC Financial Services Group	Proposal Regarding Report on Risks Associated with Nuclear Weapons Financing	Against	Against
Royal Bank Of Canada	Shareholder Proposal Regarding Sustainable Financing Shareholder Proposal Regarding Say on Climate	Against Against	Against Against
Bank Of Nova Scotia	Shareholder Proposal Regarding Say on Climate Shareholder Proposal Regarding Formation of a Climate Change and Environment Committee	Against Against	Against Against
Standard Chartered plc	Shareholder Proposal Regarding Fossil Fuel Financing Endorsement of Pathway to Net Zero	Against For	Against For
Wells Fargo & Co.	Shareholder Proposal Regarding Board Diversity Report Shareholder Proposal Regarding Report on Human Rights Standards for Indigenous Peoples Shareholder Proposal Regarding Fossil Fuel Financing Policy Shareholder Proposal Regarding Racial Equity Audit	Against Against Against Against	Against Against Against For
Westpac Banking Corp - Australia	Shareholder Proposal Regarding Fossil Fuel Exposure	Against	Against



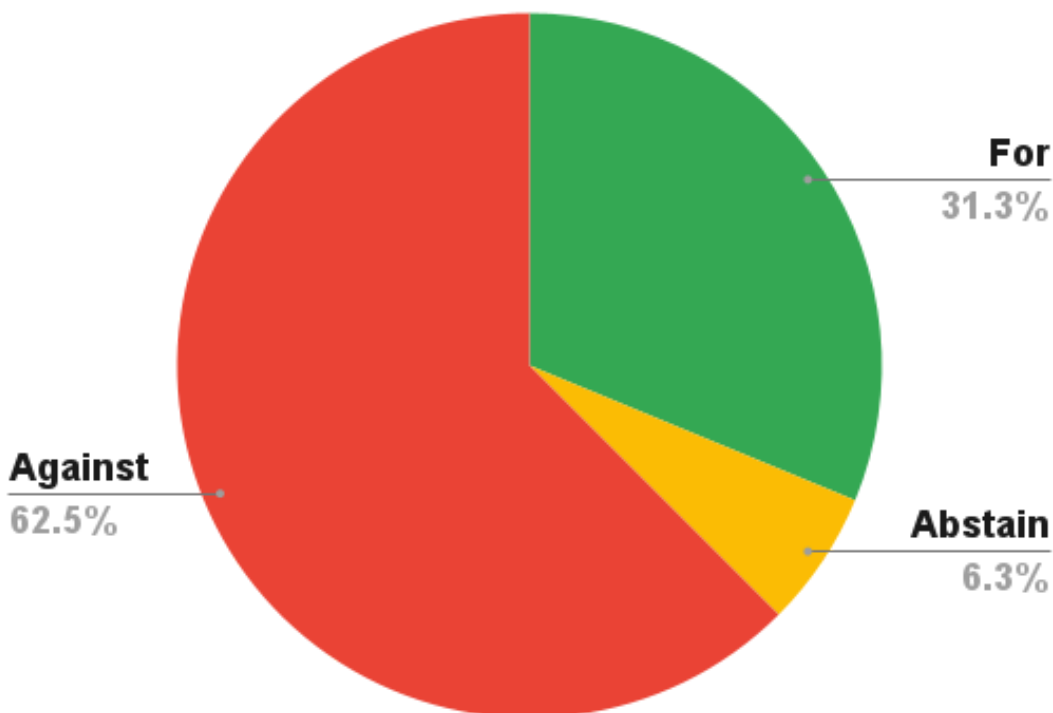
# PERA Votes on Fossil Fuel Resolutions

PERA holds [\\$2.2 billion](#) in investments in over 400 fossil fuel companies. These include companies involved directly in the production, exploration, refining, and transportation of fossil fuels, as well as utility companies and companies with direct fossil fuel interests. We identified PERA's votes on 32 ESG resolutions across 21 companies. The companies we assessed specifically include fossil fuel production and exploration companies, as well as oilfield services & equipment companies, refiners, pipeline and other midstream companies.

**We find that PERA voted against ESG resolutions at fossil fuel companies 62.5% of the time.**

Furthermore, we find that out of the 216 fossil fuel companies we assessed, only 21 had any shareholder proposals related to climate change or human rights concerns. Thus, the argument that shareholder engagement is a viable strategy move fossil fuel companies in a more ethical and sustainable direction falls short, and we urge PERA to divest from these companies.

## PERA's 2022 Proxy Votes on Fossil Fuel Resolutions





# PERA's Votes on Fossil Fuel Resolutions

Company	Resolution	Mgmt. Rec.:	PERA Vote:
Anglo American PLC, UK	Advisory Vote on Climate Change Report	For	For
APA Group, Aus.	Approval of Climate Transition Plan	For	For
BHP Group Ltd,	Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement Shareholder Proposal Regarding Audited Climate Sensitivity Analysis	Against Against	Against Against
BP Plc U.K.	Shareholder Proposal Regarding Reporting and Reducing Greenhouse Gas Emissions	Against	Against
BP Plc U.S.	Shareholder Proposal Regarding Reporting and Reducing Greenhouse Gas Emissions	Against	Against
Chevron Corp. U.S.	Shareholder Proposal Regarding Report on GHG Targets and Alignment with Paris Agreement Proposal Regarding Audited Report on Net Zero Emissions by 2050 Scenario Analysis Shareholder Proposal Regarding Methane Emission Disclosures Shareholder Proposal Regarding Racial Equity Audit	Against Against For Against	For For For For
Conoco Phillips	Shareholder Proposal Regarding Report on GHG Targets and Alignment with Paris Agreement	Against	Against
Enbridge Inc	Shareholder Proposal Regarding Science-Based Net Zero Target	Against	Against
Exxon Mobil Corp. U.S.	Shareholder Proposal Regarding GHG Targets and Alignment with Paris Agreement Proposal Regarding Audited Report on Net Zero Emissions 2050 Scenario Analysis Shareholder Proposal Regarding Addressing Virgin Plastic Demand	Against Against Against	Against For For
Glencore Plc	Approval of Climate Progress Report	For	Against
Imperial Oil LTD	Shareholder Proposal Regarding Oil and Gas Capital Expenditures Policy	Against	Against
Marathon Petroleum Corp.	Shareholder Proposal Regarding Just Transition Reporting	Against	Against
New Hope Corp. Ltd	Shareholder Proposal Regarding Alignment of Capital Expenditure with the Paris Agreement	Against	Against
Occidental Petroleum Corp.	Shareholder Proposal Regarding Report on GHG Targets and Alignment with Paris Agreement	Against	Against
Phillips 66	Shareholder Proposal Regarding Aligning GHG Reductions with Paris Agreement Shareholder Proposal Regarding Report on Plastics	Against Against	Against Against
Santos Ltd, Australia	Shareholder Proposal Regarding Disclosure of Capital Allocation Alignment With a Net Zero by 2050 Scenario	Against	Against
Shell Plc United Kingdom	Approval of the Energy Transition Strategy Shareholder Proposal Regarding GHG Reduction Targets	For Against	Abstain Against
TotalEnergies SE - France	Opinion on 2022 Sustainability and Climate Progress Report	For	For

# PERA's Votes on Fossil Fuel Resolutions

Company	Resolution	Mgmt. Rec.:	PERA Vote:
Valero Energy Corp.	Shareholder Proposal Regarding Report on GHG Targets and Alignment with Paris Agreement	Against	For
Whitehaven Coal Ltd	Proposal Regarding Alignment of Capital Expenditure with a Net Zero by 2050 Scenario	Against	Against
Woodside Petroleum Australia	Approval of Climate Report Proposal Re: Disclosure of Capital Allocation Alignment With a Net Zero by 2050 Scenario Shareholder Proposal Regarding Lobbying Activity Alignment with 1.5 Degree Scenarios Shareholder Proposal Regarding Decommissioning Oil and Gas Infrastructure	For Against Against Against	Abstain Against Against Against



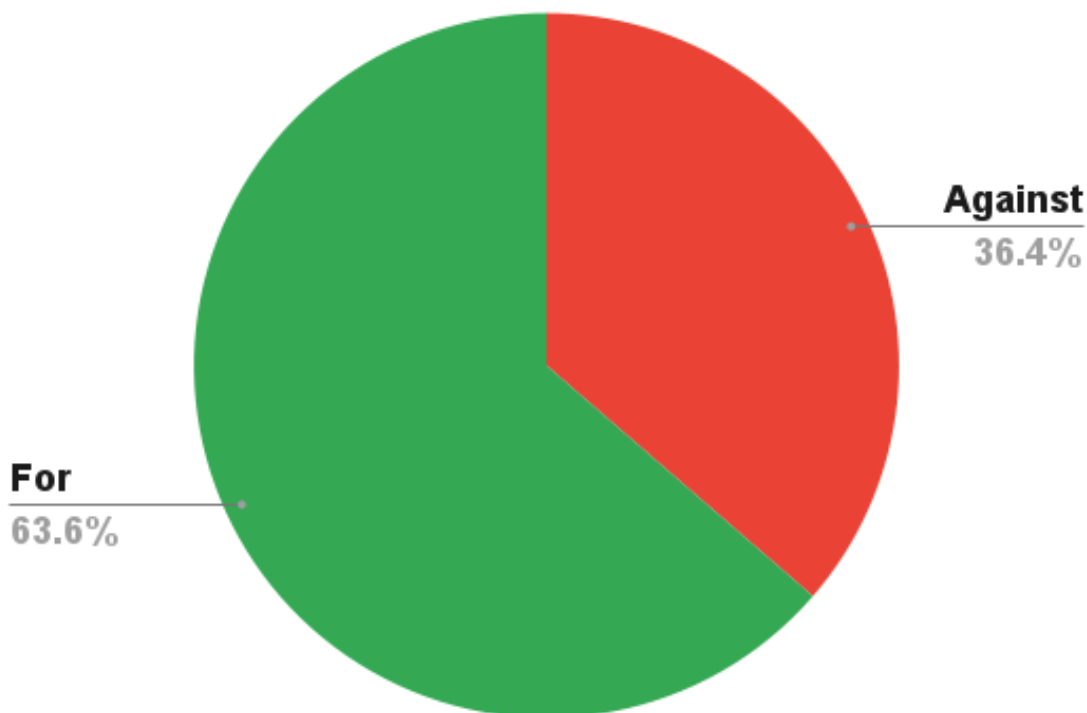
# PERA Votes on Insurance Resolutions

Insurance companies play a key role in promoting the expansion of fossil fuels. Without insurance, fossil fuel companies would be unable to operate, yet insurance companies continue to underwrite risky fossil fuel projects, as well as investing billions of dollars in fossil fuel companies. While many [major insurance companies have now ruled out insuring new coal, oil and gas, and tar sands projects](#), too many insurance companies continue to promote business as usual.

Drawing from the [Insure Our Future](#) list of the top 30 global fossil fuel insurers, we identified PERA's votes on 11 ESG resolutions at 6 insurance companies. These resolutions include approving climate-related financial disclosures, reducing investments and underwriting exposure to fossil fuel assets, aligning greenhouse gas reductions with the Paris Agreement, and more.

Out of the four classifications of companies we assessed, **we find that PERA fared by far the best with regard to insurance company engagement.** However, they still **voted against insurance ESG resolutions over 1/3 of the time.**

## PERA's 2022 Proxy Votes on Insurance Resolutions



# PERA's Votes on Insurance Resolutions

Company	Resolution	Mgmt. Rec.:	PERA Vote:
Aviva	Approval of the Company's Climate-Related Financial Disclosure	For	For
QBE	Shareholder Proposal Regarding Disclosure Concerning Reducing Investments and Underwriting Exposure to Fossil Fuel Assets	Against	Against
The Hartford	Shareholder Proposal Regarding Fossil Fuel Underwriting Policy	Against	Against
Travelers	Shareholder Proposal Regarding Aligning GHG Reductions with Paris Agreement Shareholder Proposal Regarding Fossil Fuel Underwriting Policy Shareholder Proposal Regarding Racial Equity Audit	Against Against Against	For Against For
Chubb Ltd.	Shareholder Proposal Regarding Fossil Fuel Underwriting Policy Shareholder Proposal Regarding Aligning GHG Reductions with Paris Agreement	Against Against	Against For
Berkshire Hathaway	Shareholder Proposal Regarding Climate Report Shareholder Proposal Regarding Aligning GHG Reductions with Paris Agreement Shareholder Proposal Regarding Diversity and Inclusion Reports	Against Against Against	For For For



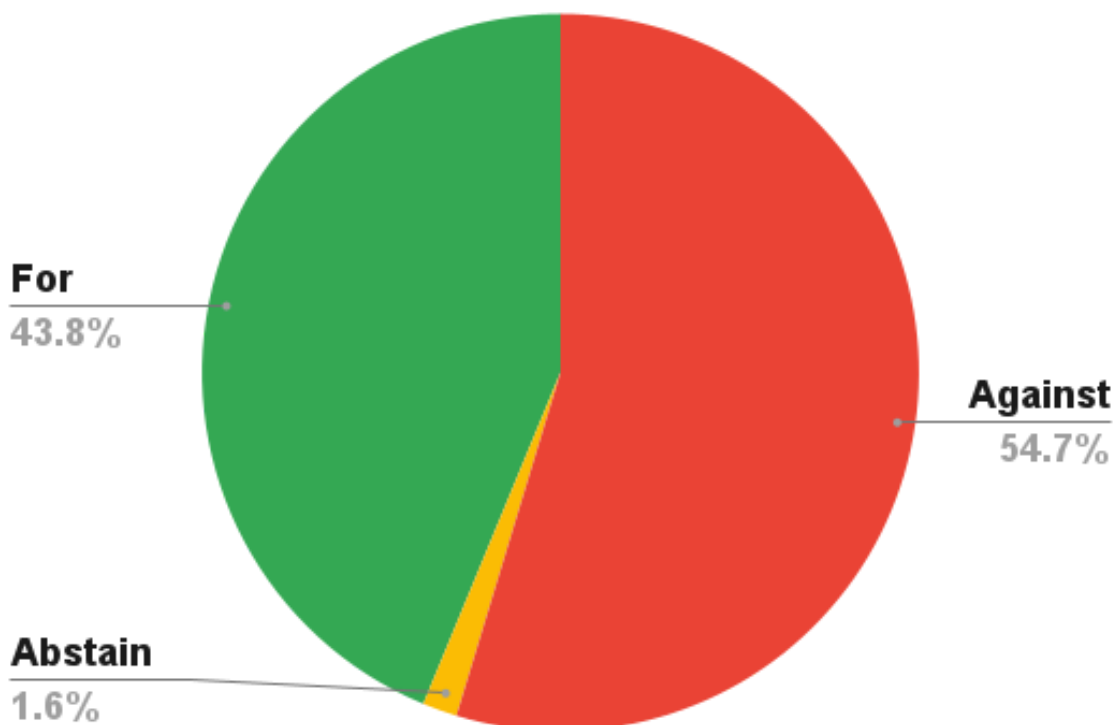
# PERA Votes on Fortune 500 Resolutions

With a [combined annual revenue of \\$38 trillion](#) and a [carbon footprint comprising 27% of global emissions](#), Fortune 500 companies will play a deciding role in whether or not we achieve a net-zero future. In addition to the direct carbon emissions associated with their business operations, Fortune 500 companies also hold influence over the business practices of their suppliers and guide trends in the global market. With a combined workforce of [over 70 million people](#) globally, Fortune 500 companies also have a moral responsibility to adopt policies to strengthen and guarantee worker's rights. Over the years, many of the world's largest companies have been plagued with controversy for their [neglect of human rights](#).

Looking at the top 100 [Fortune 500 companies in 2022](#), excluding banks, insurance companies, and fossil fuel companies, we identified PERA's votes on 64 ESG resolutions across 25 companies.

**We find that PERA voted against 54.7% of Fortune 500 Company ESG resolutions.**

## PERA's 2022 Proxy Votes on Fortune 500 Resolutions



# PERA's Votes on Fortune 500 Resolutions

Company	Resolution	Mgmt. Rec.:	PERA Vote:
Walmart	Shareholder Proposal Regarding Animal Welfare Practices Proposal Regarding Report on Alignment of Racial Justice Goals with Starting Pay Shareholder Proposal Regarding Civil Rights Audit	Against Against Against	Against For Against
Amazon	Shareholder Proposal Re: Aligning Climate Goals with Employee Retirement Plan Options Shareholder Report on Plastic Packaging Shareholder Proposal Regarding Report on Worker Health and Safety Disparities Shareholder Proposal Regarding Report on Working Conditions Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report Shareholder Proposal Regarding Diversity and Equity Audit Shareholder Proposal Regarding the Human Rights Impacts of Facial Recognition Technology	Against Against Against Against Against Against Against	Against For Against For Against Abstain For
Apple	Shareholder Proposal Regarding Civil Rights Audit Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Against Against	Against Against
CVS Health	Shareholder Proposal Regarding Civil Rights Audit Shareholder Proposal Regarding Paid Sick Leave	Against Against	Against Against
Alphabet	Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement Shareholder Proposal Regarding Report on Physical Risks of Climate Change Shareholder Proposal Regarding Report on Water Management Risks Shareholder Proposal Regarding Racial Equity Audit Shareholder Proposal Re: Report on Siting in Countries of Significant Human Rights Concern Shareholder Proposal Regarding Human Rights Impact Assessment Report Shareholder Proposal Regarding Report on Board Diversity Shareholder Proposal Regarding Formation of Environmental Sustainability Committee	Against Against Against Against Against Against Against Against	For For For For Against For Against Against
Cigna	Shareholder Proposal Regarding Median Gender Pay Equity Report	Against	Against
AT&T	Shareholder Proposal Regarding Racial Equity Audit	Against	Against
Microsoft	Shareholder Proposal Regarding Managing Climate Risk in Employee Retirement Options Shareholder Proposal Regarding Risks of Developing Military Weapons Shareholder Proposal Re: Cost Benefit Analysis of Global Diversity and Inclusion Efforts	Against Against Against	Against Against Against
Home Depot	Shareholder Proposal Regarding Board Diversity Shareholder Proposal Regarding Deforestation Report Shareholder Proposal Regarding Racial Equity Audit	Against Against Against	Against Against For
Kroger	Shareholder Proposal Regarding Report on Plastic Packaging Shareholder Proposal Regarding Human Rights Reporting	Against Against	Against Against
Meta Platforms	Shareholder Proposal Regarding Human Rights Impact Assessment Shareholder Proposal Regarding Report on Online Child Exploitation Shareholder Proposal Regarding Non-Discrimination Audit	Against Against Against	For For Against
Comcast	Shareholder Proposal Regarding a Racial Equity Audit Shareholder Proposal Re: Report on Effectiveness of Workplace Sexual Harassment and Discrimination Policies Shareholder Proposal Regarding Aligning Climate Goals With Employee Retirement Options	Against Against Against	For For Against

# PERA's Votes on Fortune 500 Resolutions

Company	Resolution	Mgmt. Rec.:	PERA Vote:
UPS	Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement Proposal Re: Report on Science-Based GHG Targets and Alignment with Paris Agreement Proposal Regarding Reporting on Balancing Climate Measures and Financial Returns Shareholder Proposal Regarding Diversity and Inclusion Report	Against Against Against Against	For For Against For
Lowe's	Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report Shareholder Proposal Regarding Civil Rights Audit	Against Against	For Against
Johnson & Johnson	Shareholder Proposal Regarding Racial Equity Audit Shareholder Proposal Regarding Racial Impact Audit Shareholder Proposal Re:Lobbying Activities Alignment with Universal Health Coverage	Against Against Against	Against For For
Archer Daniels Midland	Shareholder Proposal Regarding Pesticide Reporting	Against	Against
FedEx	Shareholder Proposal Regarding Report on Racism in Company Culture Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement	Against Against	Against For
Intel	Shareholder Proposal Regarding Report on Racism in Company Culture	Against	Against
Lockheed Martin	Shareholder Proposal Regarding Report on Human Rights Impact Assessments	Against	Against
Boeing	Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report	Against Against	For For
Tesla	Proposal Re: Report on Effectiveness of Workplace Sexual Harassment & Discrimination Policies Proposal Re: Board Diversity Aligned with Customer Base and Regional Operations Shareholder Proposal Regarding Lobbying Activity Alignment with the Paris Agreement Shareholder Proposal Regarding Report on Ending Child Labor	Against Against Against Against	For Against For Against
Sysco	Shareholder Proposal Regarding Civil Rights Audit Shareholder Proposal Regarding Report on Plastic Packaging	Against N/A	For For
Caterpillar	Shareholder Proposal Regarding Report on GHG Targets and Alignment with Paris Agreement	For	For
TJX	Shareholder Proposal Regarding Report on Human Rights Risks from Supply Chain Employee Misclassification Shareholder Proposal Regarding Paid Sick Leave	Against Against	Against Against
General Dynamics	Shareholder Proposal Regarding Human Rights Due Diligence Process Report	Against	Against

# Conclusion



Big banks, fossil fuel companies, insurance companies, and Fortune 500 companies are the global institutional drivers of the climate crisis, and the business decisions they make in the coming decades will play a determining role in whether or not we keep global warming below 1.5°C and avert the worst of the climate crisis. Around the world, communities are already experiencing life-altering and deadly impacts from extreme weather patterns, and those least responsible for the climate crisis are being hit the hardest. Many of the communities at the frontlines of these climate disasters are also disproportionately impacted by human rights violations and discrimination. In order to ensure a safe and equitable world for all, and for generations to come, the world's most powerful institutions and investors must adopt policies to phase out fossil fuels and ensure that the world's most vulnerable communities are not left behind.

Shareholders play a key role in determining the business practices of the companies in which they invest. As investors, they also have the power to remove their funds from the companies which are the most directly responsible for the climate crisis. Big banks, insurance companies, and Fortune 500 companies have the potential to be a part of the solution, but are unlikely to act without immense pressure from shareholders.

Fossil fuel companies, on the other hand, have proven for decades that they are unwilling to shift their business models to align with a fossil-free future, and have actively worked to undermine climate action. Thus, maintaining investments in fossil fuel companies under the guise of shareholder engagement is a false solution that will only delay the global transition to sustainable energy.





The results of this PERA proxy voting study demonstrate a high rejection rate for ESG resolutions across a variety of sectors, and reflect a clear lack of regard for climate change, human rights, and equity concerns in PERA's proxy voting procedures.

According to [PERA's proxy voting policies](#), "the goal of PERA's proxy voting activities is to exercise shareholder rights to encourage the alignment of corporate interests with long-term investor interests. The objectives of our proxy voting activities are aligned with our fiduciary duty and PERA's investment objectives."

Year after year, PERA's leadership has worked to undermine efforts to move PERA to align their proxy voting procedures with Colorado's greenhouse gas emission reduction goals, acknowledge the climate risks associated with their fossil fuel investments, or remove their investments in fossil fuels.

While PERA emphasizes their fiduciary responsibility to maximize returns for PERA members, they fail to acknowledge that climate risk is financial risk.

Coloradans, including PERA members, are already experiencing grave losses due to climate change. The 2021 Marshall Fire destroyed over 1000 homes, with the estimated cost of damage totaling over \$513 million. Colorado has already lost [\\$37 billion](#) since 1980 due to natural disasters, \$16 billion of which are attributed to disasters in the past 5 years.

PERA is also losing money by holding on to their fossil fuel investments. A [recent report](#) conducted by Corporate Knights and commissioned by Boulder County found that PERA lost \$2.7 billion by not divesting from fossil fuels in the last decade.

We call on PERA to acknowledge the climate impacts of their investments and proxy votes, and adopt policies to align their voting and investment decisions with climate, human rights, and racial justice concerns, to ensure the long-term interests of PERA members, Coloradans, and the global community.

# Recommendations

1

## Assess the risks that climate change and fossil fuel investments pose to PERA's long-term profitability

The climate crisis is already having grave impacts on supply chains worldwide, and climate impacts threaten a wide range of industries in which PERA invests. PERA must also acknowledge the risks associated with their fossil fuel investments: as the world takes action to decarbonize, fossil fuel holdings could rapidly become stranded assets. In order to uphold their fiduciary duty, PERA must assess the risks that the climate crisis poses to the long-term financial stability of their investment portfolio, and outline a clear action plan to avoid and mitigate these risks.

2

## Remove all investments in fossil fuel companies

[Research shows](#) that PERA has already lost billions of dollars by investing fossil fuels, and they stand to lose billions more if they maintain these investments. Research also shows that [investors are not financially harmed by fossil fuel divestment](#), and that divestment may actually improve fund returns. Fossil fuel divestment should be understood as a defensive financial strategy, in order to avoid stranded asset risk before it is too late. The global commitment to divest fossil fuel assets has now topped \$40.43 trillion by over 1500 institutions, and this number is growing every year.

3

## Update proxy voting procedures to align with climate action, human rights, and racial justice

The 2023 Proxy Season is now well underway, and a number of key climate and human rights resolutions are being introduced at major banks, insurance companies, and Fortune 500 companies. PERA has important voting power and influence over the companies in which they invest, and it is imperative that they use this leverage to eliminate system-wide financial risk and ensure the livability of our planet as a whole. See [this letter submitted to PERA by Stand.Earth and 350 Colorado](#) for more information on our 2023 proxy voting recommendations. Additionally, we urge the PERA board to adopt proxy voting policies which uplift climate action, human rights, and racial justice.

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