



California Public Employees' Retirement System
Office of the Board President
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3829 | Fax: (916) 795-3410
888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

The Honorable Gavin Newsom
Governor of the State of California
State Capitol
Sacramento, CA 95814

March 2, 2022

Dear Governor Newsom,

On behalf of the CalPERS Board of Administration, I am pleased to respond to your letter dated February 28, 2022 about CalPERS' investments in Russia and provide our response to the evolving crisis and the long-term impacts on our investment portfolio.

First and foremost, the CalPERS Board and organization stand in solidarity with the citizens and country of Ukraine. As you said in your letter, we have an obligation to address Russia's aggression, support Ukraine, and protect our members' assets. The actions of Russia have left an indelible mark on the world and have created instability in the global financial markets.

Addressing CalPERS' investments in Russia is a top priority for our investment team. We have no holdings in Russian government debt. The valuations of our Russian investments are changing quickly. As of March 2, we own approximately \$420 million of public stocks and \$345 million in illiquid real estate assets. Our investments in Russia represent about 0.17% of CalPERS total investment portfolio.

We have taken the following actions in response to the crisis and subsequent impacts in the global financial markets:

- CalPERS has ceased all transactions in Russian publicly traded equity and has stopped the flow of any new investments into the country.
- CalPERS is actively assessing its real estate investments and determining a path forward.
- CalPERS is reviewing all its investments in emerging markets, including Russia, due to the impacts the crisis has had on all financial markets.
- CalPERS is following all regulatory requirements promulgated by U.S. Office of Foreign Assets Control and the sanctions that are in place.

It is important to note that current sanctions, market restrictions, and closure of local stock exchanges have placed significant constraints on CalPERS' ability to liquidate its holdings. We are working closely with our custodian, State Street Bank, which is also required to comply with many of the sanction requirements. Finally, we continue to monitor evolving sanctions and federal actions, which can have direct or indirect impacts on our investment activities.

Once again, we welcome the opportunity to respond to your requests. We are doing everything in our power and fiduciary duty to protect our members' assets, support the Ukrainian people, and join California's response to this assault on democracy.

Sincerely,

A handwritten signature in black ink, appearing to read "Theresa Taylor". The signature is fluid and cursive, with a large initial "T" and "T".

Theresa Taylor, President
CalPERS Board of Administration

cc: CalPERS Board of Administration