



**California Public Employees' Retirement System**

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Ms. Vanessa A. Countryman, Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

September 29, 2022

**Subject: SEC Strategic Plan 2022-2026**

Dear Secretary Countryman,

On behalf of the California Public Employees' Retirement System (CalPERS), I am writing in response to the Securities and Exchange Commission's (SEC or Commission) request for comment on its draft 2022-2026 Strategic Plan (Strategic Plan).<sup>1</sup> Thank you for the opportunity to comment on the Strategic Plan. We write to express our strong support for the Strategic Plan and its three goals that advance the Commission's mission to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation.

CalPERS is the largest public defined benefit pension fund in the United States. CalPERS manages approximately \$440 billion in global assets on behalf of more than 2 million members. We seek long-term, sustainable, risk-adjusted returns through efficient capital allocation and stewardship in line with our fiduciary duty. We are guided by CalPERS' Investment Beliefs<sup>2</sup>, which recognize that "long-term value creation requires effective management of three forms of capital - Financial, Physical, and Human."<sup>3</sup> Accordingly, we expect fair, accurate, timely, and assured reporting about how companies manage their financial, physical, and human capital to generate sustainable returns, and how they identify, monitor, and mitigate risks to those three forms of capital.

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<sup>1</sup> U.S. Securities and Exchange Commission, Strategic Plan: Fiscal Years 2022-2026 (Aug. 24, 2022), available at [https://www.sec.gov/files/sec\\_strategic\\_plan\\_fy22-fy26\\_draft.pdf](https://www.sec.gov/files/sec_strategic_plan_fy22-fy26_draft.pdf).

<sup>2</sup> CalPERS' Investment Beliefs are available at <https://www.calpers.ca.gov/page/about/organization/calpers-story/our-mission-vision#investment-beliefs>.

<sup>3</sup> CalPERS, Governance & Sustainability Principles (Sept. 2019), available at <https://www.calpers.ca.gov/docs/forms-publications/governance-and-sustainability-principles.pdf>.

We support the first goal of the Strategic Plan, which focuses on protecting working families against fraud, manipulation, and misconduct. Since our members and beneficiaries are in the market themselves, programs that seek to reduce fraud are directly beneficial for our constituents.

In addition, we support the second goal of the Strategic Plan, which focuses on developing and implementing a robust regulatory framework to keep pace with evolving markets, business models, and technologies. An enhanced regulatory framework is not only directly relevant to the SEC's three-part mission but would also enhance our ability to fulfill our fiduciary duty, especially as a long-term investor.

Overall, greater transparency is in line with our efforts to advocate and actively engage with policymakers on regulatory and legislative reforms as we believe that regulations that promote disclosure protect CalPERS and other investors from harmful externalities; help to maintain fairness, order, and efficiency in our financial markets; and facilitate capital formation. Accordingly, we support the Commission's efforts to provide meaningful, uniform, and comparable disclosures through a robust disclosure regime as it will provide investors with a more comprehensive accounting of companies' financial, physical, and human capital.

Lastly, we support the third goal of the Strategic Plan, which focuses on supporting a skilled workforce that is diverse, equitable, inclusive, and fully equipped to advance the Commission's objectives. This effort is both timely and relevant as the Commission and its staff work to both achieve the specific goals of the Strategic Plan and continue to implement "the core principles the [Commission] has applied for the past 88 years to carry out [its] mission," including, in particular, the principle to use examination and enforcement resources to bolster the "heightened responsibilities" applicable to key market participants in order to protect investors.<sup>4</sup> While this third goal primarily focuses on the Commission's staff, we believe that it is appropriate for this goal to be a focus for the broader markets as well, particularly the efforts to promote diversity, equity and inclusion among employees to better facilitate innovation and excellence.

As markets continue to evolve, there is growing recognition regarding the materiality of sustainability factors that impact a company's long-term performance, including whether the management of such company's climate-related financial risks is effective; whether the management of such company's workforce (*i.e.*, its human capital) is effective; and whether such company has a holistic view of its business model and financial conditions, which would allow it to make more informed investment decisions, better engage with investors and other stakeholders, and apply accountability measures through proxy votes.

We are prepared to support the Commission as it works through executing the goals of the Strategic Plan in its oversight of the securities markets and its participants. We appreciate the opportunity to share our feedback and welcome the opportunity to engage with the Commission. Please contact James Andrus, Interim Managing Investment Director, at

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<sup>4</sup> U.S. Securities and Exchange Commission, Strategic Plan, *supra* note 1, at 7.

[REDACTED], or at [REDACTED], if you have any questions or would like to discuss our response.

Sincerely,

Marcie Frost  
Chief Executive Officer