



CALIFORNIA STATE TREASURER JOHN CHIANG

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Contact: John Wark
news@sto.ca.gov
916-653-2995

Treasurer Chiang Applauds Adoption of Policy to End Investments of Teachers' Retirement Money in Companies Selling Banned Military-Style Assault Weapons

CalSTRS becomes first state pension fund to adopt gun divestment policy focused on retailers and wholesalers of weapons used in mass shootings

SACRAMENTO – California State Treasurer John Chiang today applauded the California State Teachers' Retirement System for becoming the first state pension fund in the nation to adopt a policy that seeks to end pension investments in companies profiting from the proliferation of banned military-style assault weapons.

“At a pivotal moment in the national debate about gun violence safety, America’s largest teacher pension fund has voted to use the power of its purse strings to prevent more of our school yards, work sites, and places of worship from becoming killing fields,” said Chiang. “It was time to stop using taxpayer and teacher pension dollars to support the proliferation of outlawed weapons that would earn prison time for any Californian caught possessing them.”

The unanimous vote establishes a three-step process for the board and its staff to follow, ending with divestment if prior steps of engagement and proxy voting are not successful in persuading companies to stop selling assault weapons already banned in California.

In a clear sign of its strong support for the new policy, CalSTRS plans to create two new positions, one in corporate governance and one in communications. The additional staff would help implement the new policy and provide CalSTRS' investment committee with regular progress updates.

Before the investment board's vote Wednesday, Treasurer Chiang introduced legislation, Senate Bill 459, with State Senator Anthony Portantino and Assembly members Eloise Gómez Reyes and Mike A. Gipson that would statutorily require the adoption of a nearly identical

process for disposing of banned firearms investments made by both the California State Teachers' Retirement System and the California Public Employees' Retirement System.

Similar to the policy just adopted by CalSTRS, the legislation specifically requires California's two largest pension funds to use the following progressive three-step process that ends in divestment if assault weapons dealers refuse to cooperate:

1. Engagement, for a limited period of time, with wholesale and retail sellers of assault weapons banned in California to persuade them to end such sales.
2. If sales continue or a company declines to engage, the pension systems will use their respective shareholder proxy powers to cast votes against retaining the company's entire board of directors.
3. And, should proxy voting prove unsuccessful in persuading the company to cease in the sale of banned weapons, the pension systems will adopt an action to divest from the weapons dealer.

With today's board action, CalSTRS has eliminated the need for the proposed legislation to govern its future investment activities.

"I am glad to be joining our State Treasurer for this important issue. California needs to continue our leadership for sensible gun control and to send a message that we should not be profiting from gun sales. We must respect the students in Florida for their efforts and make sure young people in California are safe when they leave home for school. By divesting from gun investments in our portfolio we are sending a message that we are serious in our efforts to stop senseless gun violence," said Senator Portantino.

"If we are going to make progress on reducing the availability of dangerous weapons we must use our state's investment power to compel positive behavior," said Assemblymember Reyes. "The hard earned retirement dollars of our teachers should not be invested in companies that continue to sell high powered assault rifles and that refuse to take responsibility for the role they have in the perpetuation of this problem."

"In my community, gun violence is very real and unfortunately it seems to be an everyday occurrence. As we continue to advance policies on weapons bans and gun control, it makes no sense for us to be investing in the very industry that produces these tools of destruction," said Assemblymember Gipson. "Taxpayers expect us to invest money in a way that is consistent with our values and we must always value human life over financial profits."

The Treasurer has for months been calling on the nation's largest investors to stop putting their dollars in purveyors of banned assault weapons designed only for killing people and to send a clear message to gun manufacturers, gun sellers and the markets that weapons capable of wholesale killing have no place in our communities.

“If Congress and statehouses are stuck on stupid while Americans are burying their children, spouses, and siblings, then I call upon the nation’s largest institutional investors to end the mother’s milk of investments, financing, and cash flow to the manufacturers and dealers of military-grade assault weapons,” Chiang said.

Since his call to action, investors such as BlackRock and Citigroup, as well as such companies as Dick’s Sporting Goods, Kroger, and Walmart, have taken action and come to the realization that such sales are not supportable, morally or financially.

CalPERS, however, has dragged its heels in response to the growing public calls for divestment in sellers of banned assault weapons. CalPERS refused to hear the issue at its March 19 meeting, despite the strongest urging from Treasurer Chiang, emotional appeals from family members of victims of gun violence, and the well-reasoned arguments of national and state gun safety advocates.

Those wishing to support the divestment movement can use #DivestForOurLives on social media and write letters to CalPERS at the following addresses:

CalPERS

California Public Employees’ Retirement System
Board of Administration
P.O. Box 942701
Sacramento, CA 94229-2701

Email: board@calpers.ca.gov

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