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PRESS RELEASE

CalPERS Expands Environmental, Diversity Corporate Governance Guidelines

Supports State Legislation on Climate Change

SACRAMENTO, CA – The CalPERS Board today signaled the importance of environmental disclosure and diversity of corporate boards by expanding corporate governance guidelines for portfolio companies.

The new guidelines will be added to the System's Global Principles of Accountable Corporate Governance. These principles are used by CalPERS to vote proxies, engage management and boards of equity companies, and implement initiatives.

"Today we are making these important additions to our corporate governance program. Corporate governance is about aligning companies and investors to generate sustained, long-term share value," said Rob Feckner, CalPERS Board President. "Achieving sustained performance must include company actions to respond to environmental risks. Companies also should ensure that they have the best mix of directors possible, maximizing diversity of backgrounds, perspectives and skills."

Both guidelines were proposed by State Controller John Chiang, a member of the CalPERS Board of Administration.

The environmental guidelines are aimed at getting companies to disclose and act upon climate risks like carbon emissions that, if unaddressed, could diminish investment returns. The guidelines reference the 14-point "Corporate Governance Checklist" developed by Ceres, a coalition of investors, environmental groups and investment funds.

CalPERS also will work with the Investor Network on Climate Risk to survey public equities' investment managers regarding their ability to evaluate climate risks and opportunities of the companies in which they invest. Survey results might be used to help investors identify best practices that they could incorporate into their review process for current and prospective managers.

Many companies already have begun to improve their disclosure of environmental data using the "Global Framework for Climate Risk Disclosure," a more general reporting mechanism that would be augmented in CalPERS guidelines by the proposed checklist.

To stay in step with changes in the marketplace, the pension fund's Board adopted new corporate board diversity guidelines which will create best practices, including the practice of requiring that diversity be included among factors used to assess corporate board nominees. Also adopted was an action to develop a white paper on the topic of diversity and corporate boards to document the current profile of corporate boards and identify the best strategies for ensuring diversity of boards.

"The global economy is becoming much more complex and diverse, and the mix of director attributes, experiences, perspectives, and skill sets should reflect this evolving economy – as well as what is most appropriate for the company," said George Diehr, CalPERS Investment Committee Chair. "We will include board diversity as a standard in engaging underperforming companies in our annual Focus List program, and will advocate this diversity standard to proxy advisors and vendors."

In a related action, CalPERS today endorsed California Senate Bill 1550 by Senator Dean Florez, D-Shafter. It would require the Secretary of State to establish investor-based climate change disclosure standards for publicly held companies doing business in California. The six standards, which are in the Global Framework, propose that companies voluntarily publish statements on greenhouse gas emissions, climate change, emissions management, and corporate governance actions related to climate change and climate risk; issue a comprehensive assessment of physical risks, and an analysis of regulatory risks to aid economic forecasting.

CalPERS is the nation's largest public pension fund with assets totaling approximately \$240 billion. It provides retirement and health benefits to some

1.5 million State and local public employees and their families. For more about CalPERS, visit www.calpers.ca.gov.

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