



California Public Employees' Retirement System
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April 6, 2015

Via E-Mail: rule-comments@sec.gov

Brent J. Fields, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File No. 4-681, Proxy Voting Roundtable – Request for Comment

Dear Mr. Fields:

I write on behalf of the California Public Employees' Retirement System ("CalPERS") as a supplement to the Proxy Voting Roundtable hosted by the Securities and Exchange Commission ("SEC" or "Commission") on Thursday, February 19, 2015.

CalPERS is the largest public pension fund in the United States with approximately \$299 billion in global assets.¹ We manage these assets on behalf of more than 1.7 million public employees, retirees, and beneficiaries. We have been a long-time proponent of good corporate governance and believe proxy voting rights not only provide shareowners with the ability to hold accountable the stewards of their capital but also enhance the efficiency of global capital markets.

Each year, we vote our proxies in line with our Investment Beliefs, Global Principles of Accountable Corporate Governance and internal policies. During fiscal year 2013-14, we voted at over 10,000 company meetings in 47 markets, casting votes for over 100,000 individual proposals. Given the number of companies in our portfolio, we need a proxy voting process that efficiently allows us to vote.

We strongly believe that shareowners should have the ability to vote for any combination of director candidates in contested elections. Unfortunately, the current proxy voting process does not provide shareowners with an efficient and cost-effective way to exercise this right. We capture this belief in the following statement from our Global Governance Principles: "To facilitate the shareowner voting process in contested elections - opposing sides engaged in the contest should utilize a proxy card naming all management nominees and all dissident nominees, providing each nominee equal prominence on the proxy card."²

We believe that achieving this ideal requires the Commission to adopt necessary technical fixes to the bona fide nominee rule and adopt a mandatory universal proxy card. Shareowners need a proxy voting system that works without the need of physical presence to vote for the full slate of director candidates. Universal proxy ballots would "level the playing field" and ensure shareowners voting by proxy have the same rights as if they had attended the meeting.

¹ CalPERS investment fund values as of market close on April 1, 2015, <http://www.calpers.ca.gov/index.jsp?bc=/investments/assets/mvs.xml>

² CalPERS *Global Governance Principles*, California Public Employees' Retirement System, Updated March 16, 2015, Section 7.3, page 29. <http://www.calpers-governance.org/>

We are confident that the Commission can address this issue in the system without creating undue burden on companies. The timing requirements can be easily met given that most corporations have already adopted early notification bylaws requiring shareowners to give notice of their intention to wage a proxy contest months before a meeting. Additionally, the voting process is already separate from the nomination process; it is not plausible investors would elect unqualified candidates to represent their interests.

We believe that the company and shareowner proponent ballot used in the 2012 Canadian Pacific Railway provides an example of a step in the right direction for universal proxy ballots in the U.S. In this election, both the management and shareowner proponent nominees were listed in the same ballot, and shareowners were able to pick and choose nominees from either slate. As a shareowner in this company, we appreciated the opportunity to vote for the mix of candidates that we believed best positioned the company to continue to create long-term value. However, should universal proxy ballots be adopted in the U.S., we support a single ballot that ensures uniform presentation of all nominees.

Being able to support a mix of director candidates for a company board that we believe best represents our interests as a shareowner is a fundamental investor right. To remain an effective fiduciary for our beneficiaries, CalPERS depends on this, and other, fundamental investor rights to promote competent, diverse and independent boards that foster long-term value creation. We welcome the SEC's intention to facilitate the exercise of shareowner rights. We are confident that universal proxy ballots can be successfully used in the U.S. and would improve our system of electing directors by providing an opportunity for all shareowners to choose from among all candidates. Therefore, we strongly encourage the Commission to move forward with adopting universal proxy ballots and making any technical fixes necessary to ensure efficient voting.

If you have any questions, please do not hesitate to contact me at (916) 795-9058, james_andrus@calpers.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "James Andrus", with a stylized, flowing script.

JAMES ANDRUS
Portfolio Manager, Global Governance, Investment Office
California Public Employees' Retirement System (CalPERS)

Attachment: Sample Universal Proxy Ballots – Canadian Pacific Railway, Ltd.