

Andrew Junkin, CFA, CAIA
Managing Director & Principal

May 5, 2014

Mr. Henry Jones
Chair of the Investment Committee
California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95814

Re: Changes to the Global Principles for Accountable Corporate Governance

Dear Mr. Jones:

You requested Wilshire's opinion with respect to the proposed changes to the Global Principles for Accountable Corporate Governance (the Principles).

Opinion

Wilshire has reviewed the proposed changes and believe that they represent appropriate and logical changes to the Principles. Wilshire recommends that the Investment Committee approve the proposed changes.

Background

Staff is proposing a number of changes to the Principles. These include points about Board Membership Tenure (balancing the need for institutional knowledge with fresh eyes and thoughts); Board Responsibilities (overall strategic direction of the company); Equity Ownership and Hedging (aligning the ownership interests of management and shareowners); Risk Oversight (adding cybersecurity to the list of risks that companies face and should proactively manage); and a Universal Proxy (fairness in shareowner voting by design of the proxy itself). Wilshire and Staff discussed certain language that raised concerns within the Board Responsibilities section, which was subsequently adjusted. Therefore, Wilshire recommends that the Investment Committee adopt the proposed changes.

Conclusion

CalPERS has long been regarded as a leading advocate for accountable corporate governance and appropriate shareowner rights. We believe these changes to the

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Principles demonstrate CalPERS' ongoing leadership in this area. Wilshire understands that the Principles can and will be updated on an ongoing basis and that, where appropriate, a holistic set of Principles that governs CalPERS actions is an ideal outcome. As the effort to broaden the Principles to include all CalPERS activities continues, we anticipate an active role in the process.

Should you require anything further or have any questions, please do not hesitate to contact us.

Best regards,

A handwritten signature in black ink, appearing to read "Ann Jinn". The signature is written in a cursive, flowing style.