



*Julia Bonafede, CFA
President of Wilshire Consulting*

February 24, 2015

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

Re: Proposed Establishment of the Statement of Investment Policy for Global Governance and Integration of Existing Policies – Second Review

Dear Mr. Jones:

As reviewed during the February Investment Committee (IC) meeting, and in conjunction with the ongoing project to streamline all of CalPERS' investment policies, staff is proposing the enhancement and consolidation of existing investment policies for Global Proxy Voting, Corporate Governance Director Nominations and Emerging Equity Markets Principles into a single investment policy for Global Governance.

The goal is to better align the policies with the CalPERS' Investment Beliefs and provide consistency with the Total Fund Policy and current global governance activities. In addition, the revised and combined policy provides an updated set of Global Governance Principles as a rubric for the total portfolio investment process.

Wilshire agrees with the proposed consolidation of policies into a single policy. The goal of achieving simplicity, consistency and clarity across all policies within the Statement of Investment Policy for the Total Fund will create more opportunity for additional alignment and incorporation of the Investment Beliefs and create a clearer path for the establishment of portfolio priorities.

It should be noted that the revised Statement of Investment Policy for Global Governance requires the IC to approve the Global Governance Principles which include the Council of Institutional Investors (CII) Corporate Governance Policies and the International Corporate Governance Network (ICGN) Global Governance Principles. The CII and ICGN documents are inserted directly into or serve as an appendix to CalPERS Global Governance Principles. CalPERS is represented by staff on the CII and ICGN and therefore has input on any additions



or revisions to the CII Corporate Governance Policies and ICGN Global Governance Principles documents; however this places an additional responsibility for review on IC members.

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

Best regards,

A handwritten signature in blue ink that reads "Julieak Bromfield".