

Global Equity Corporate Governance Program Update

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2017 Global Proxy Voting Work Plan

Proxy Voting Outlook for 2017:

- CalPERS casts votes at approximately 11,000 company meetings annually
- During April, May, and June staff will cast votes at approximately 7,300 meetings or 66% of the annual total
- Votes are cast in line with the CalPERS Global Governance Principles. Staff will vote management and shareowner proposals consistent with our principles on:
 - Investor Rights
 - Board Quality: Diversity, Independence and Competence
 - Compensation
 - Corporate Reporting
 - Environmental and Social Issues
- 2017 Shareowner Proposal Activity: Staff expects an active year with respect to shareowner proposal filings and related voting activity centered around the following issues:
 - Proxy Access
 - Environmental Disclosure (climate risk)
 - Executive Compensation
 - Independent Board Chairman
 - Reporting on Political Contributions/Lobbying Activities
 - Board Diversity/Composition

2017 Shareowner Campaigns Work Plan

Proxy Access Campaign:

- CalPERS re-filed the request for proxy access at Old Republic International Corporation
- CalPERS will continue to assist NYC Funds to get companies to adopt proxy access. Similar to prior years, approximately 70 companies will be selected on the core themes of:
 - Climate change
 - Diversity
 - Governance

Majority Vote for Director Elections Campaign:

- Staff has begun engagements at 50 companies regarding the adoption of majority voting
- To date 9 companies have agreed to adopt our request
- 10 shareowner proposals are currently filed

Climate Risk Reporting Campaign:

- CalPERS has co-filed climate risk proposals at three U.S. companies
- On a limited basis, staff will identify opportunities to run proxy solicitation campaigns on proposals requesting climate risk reporting consistent with CalPERS Global Governance Principles

2017 Corporate Engagement Work Plan

Montreal Pledge Climate Risk Engagements:

- Develop engagement agenda and objectives to engage Montreal Pledge companies
- Identify engagement partners for collaboration
- Identify the first cohort of companies to engage
- Secure necessary company and industry level research for engagement

Diversity & Inclusion Engagements:

- Continue to engage remaining S&P 500 companies that lack board diversity
- Evaluate future engagement opportunities and identify new cohort of companies to engage

Enhanced Focus List Program Engagements:

- Continue engagements as needed to accomplish desired governance reforms
- Evaluate Focus List screen to consider the appropriate strategy for future company engagements