

March 21, 2018

This is intended as a guide for the Committee Chair. Other than the motions, this need not be read verbatim. The Chair may add context/comment as appropriate.

The Investment Committee met on March 19, 2018.

The Committee approved the following:

- AGENDA ITEM 5a
To recommend, for consideration by the Board of Administration, that the current Investment Committee delegation remain in place with no changes and
- AGENDA ITEM 5b
To approve the proposed Revision of Real Assets Program Policy - Second Reading

The Committee received reports on the following topics:

- Consultant review of ESG Integration
- The ESG Strategic Plan Update
- An update on the Governance and Sustainability Principles, and
- The Corporate Governance Update on Proxy Voting, Shareowner Campaigns and Corporate Engagement

The Chair directed staff to do the following:

- To bring back a review of the gun manufacturers and retailers with options for divestment, scheduled to be taken up in 2019
- To bring back a discussion of pros and cons of corporate board diversity, quota percentage versus our principle based system at a future meeting
- To bring an update in April on staff research on nonvoting shares and benchmarks and the timeline for review the procedures, and
- To bring back a proposed revision of the Governance & Sustainability Principles, for human capital management practices regarding effective policies for sexual harassment, discrimination, and retaliation in April

The Committee heard public comment on:

- Support of Wilshire's recommendations and staff work on ESG integration
- Support of the Governance and Sustainability Principles, including geopolitical risk, and
- Fiduciary responsibility of sustainable investments

At this time, I would like to share some highlights of what to expect at the April Investment Committee meeting:

- Review and Proposed Policy Revisions to the Supplemental Income Plans Asset Allocation, and
- The first reading of the Revision to the Total Fund Policy

The next meeting of the Investment Committee is scheduled for April 16, 2018, in Sacramento, California.