

October 18, 2023

Mr. David Miller
Chair of the Investment Committee
California Public Employees' Retirement System
400 P Street
Sacramento, CA 95814

Re: Revisions to the Total Fund Policy: Governance and Sustainability Principles

Dear Mr. Miller:

As the Board's consultant, Wilshire reviewed Staff's proposed expansion of the Governance & Sustainability Principles.

The primary edit is to add the CalPERS' Labor Principles to the Governance & Sustainability Principles document, as Appendix A. Wilshire has been involved in discussions with Staff on the topic and believes that the inclusion of the Labor Principles within the Governance & Sustainability Principles is appropriate and additive to the Total Fund Policy.

The purpose of the Governance & Sustainability Principles is to create the framework for considerations that must be taken into account when CalPERS participates in any of the following actions:

- Execute shareowner proxy voting responsibilities
- Engage investee companies to achieve long-term sustainable risk-adjusted returns
- Request internal and external managers of CalPERS' capital to make investment decisions on CalPERS' behalf
- Advocate with policy-makers and international organizations on financial market reform.

Similarly, the CalPERS' Labor Principles address core labor views, of which managers will be made aware and will be required to provide periodic attestations. Adding the CalPERS' Labor Principles to the Governance & Sustainability Principles, consolidates core labor views into a prominent place in policy, encourages social responsibility, and promotes accountability, all in alignment with the organization's Core Values.

Wilshire agrees that the proposed changes are additive and have been incorporated into policy appropriately.

Best regards,



Lauren Gellhaus, CAIA
Vice President, Wilshire Advisors