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October 14, 2010

Via Email: stewardshipcode@frc.org.uk

Financial Reporting Council
5th Floor
Aldwych House
71-91 Aldwych
London WC2B 4HN

Re: Financial Reporting Council UK Stewardship Code

I am writing on behalf of the California Public Employees' Retirement System (CalPERS), the largest public pension fund in the United States with approximately \$213 billion in global assets and equity holdings in over 9,000 companies. CalPERS provides retirement benefits to over 1.5 million public employees, retirees, and their families and beneficiaries.

The Financial Reporting Council (FRC) is to be commended for its leadership and development of the UK Stewardship Code (Code) released in July 2010. CalPERS believes recognition of the role institutional investors perform in the capital markets, and their attendant responsibilities and obligations, is vital. While institutional investors support greater shareholder rights they must also recognize the responsibility which comes with such rights and their need to stay vigilant in the capital markets. For this very reason, CalPERS has implemented a long standing corporate governance program that underpins the high quality dialogue needed for successful shareowner-issuer communication.

CalPERS views the Code as fully aligned with our Global Principles of Accountable Corporate Governance. We appreciate the FRC's leadership in this field and look forward to supporting the FRC's continued good work. The Code is an example which we hope will inspire imitation in other markets, as much of the progress we need to make in capital markets reform and corporate governance rests upon shareholders behaving as owners.

Through this letter, CalPERS is communicating its compliance with a number of the principles of the Code, including:

- Publicly discloses CalPERS policy on how stewardship responsibilities are discharged.

- Public discloses robust policies on managing conflicts of interest in relation to stewardship.
- Monitors our portfolio holding companies.
- Establishes guidelines on when and how CalPERS will escalate engagement activities as a method of protecting and enhancing shareholder value.
- Willingness to act collectively with other investors where appropriate.
- Publicly disclosing a clear policy on voting and voting activity.
- Reports periodically on CalPERS stewardship and voting activities.

For detailed information on CalPERS publicly disclosed investment policies, please go to:

<http://www.calpers.ca.gov/index.jsp?bc=/investments/policies/home.xml>

For detailed information on CalPERS corporate governance program, please go to:

<http://www.calpers-governance.org/>

Thank you again for your leadership and advocacy to build a critical mass of investors committed to the high quality dialogue with companies needed to enable good governance. Should you, or your staff, have any questions; please do not hesitate to contact me at 1 (916) 795-9672 or at anne_simpson@calpers.ca.gov.

Sincerely,



ANNE SIMPSON
Senior Portfolio Manager
Global Equity

cc: Joseph A. Dear, Chief Investment Officer – CalPERS
Eric Baggesen, Senior Investment Officer – CalPERS