CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
POLICY FOR REVIEWING ALLEGATIONS OF BOARD MEMBER HARASSMENT

This policy ("Policy") sets forth the procedures to be followed when an allegation is made that a member of the Board has violated the CalPERS Harassment, Discrimination, and Retaliation Prevention Policy ("Harassment Prevention Policy"). It also sets forth potential sanctions.

I. Purpose

CalPERS' Harassment Prevention Policy establishes and memorializes that there is zero tolerance at CalPERS for harassment and discrimination of any kind based on any protected characteristic. This Policy relies upon and incorporates the Harassment Prevention Policy as a foundational document, and sets forth the procedures and sanctions that will apply when a member of the Board has been accused of violating the Harassment Prevention Policy.

II. Application and Scope

This policy applies to the 13 members of the Board of Administration (and any Board member's designee) respecting an allegation that the Board member has engaged in conduct constituting harassment, sexual harassment, or retaliation (as those terms are defined in the Harassment Prevention Policy) in connection with service on the Board. Allegations that a Board member has violated other policies are outside the scope of this Policy and those allegations continue to be governed by applicable provisions of the Board's Governance Policy.

III. Procedures for Investigation of Allegations and Imposition of Sanctions

In carrying out its duties under this policy, an investigator shall be advised by a panel ("Review Panel") consisting of two Board members appointed by the Board President. In the event that the President is alleged to have violated the Harassment Prevention Policy, the Board Vice President shall appoint the two Review Panel members. If both the President and Vice President are the subject of the allegations or otherwise cannot serve, the matter shall be referred to the Board Governance Committee, excluding the President and Vice President, to appoint the two Review Panel members.

a. Preliminary Investigation

Board members who become aware of allegations that a fellow Board member has violated the Harassment Prevention Policy shall notify the Office of the General Counsel. Upon receipt of a complaint or allegation that a Board member has violated the Harassment Prevention Policy, the Office of the General

Counsel shall notify the Board President (or where appropriate, the Vice President or Board Governance Committee) that a complaint or allegation has been received. After it has been appointed, the Review Panel shall appoint an investigator ("Investigator"), who shall not be a CalPERS employee, to conduct a preliminary confidential investigation. The Investigator shall notify the accused Board member that a complaint or allegation has been received.

The Investigator shall, with the concurrence of the Review Panel, initiate a formal investigation if, on the basis of its preliminary investigation, it finds (a) the allegations are plausible and not frivolous, and (b) the alleged conduct, if substantiated, would constitute a violation of the Harassment Prevention Policy. If the preliminary investigation determines that these criteria are not satisfied or it is otherwise determined that it is not possible, based on the reasonable investigative methods available to the Investigator, to reach a conclusion, no further action shall be taken. The underlying records and results of the preliminary investigation shall be treated as privileged and confidential to the extent permitted by law. Where appropriate, the Investigator shall provide a copy of the Harassment Prevention Policy to the complainant.

b. Formal Investigation

Upon determining that a formal investigation is warranted, the Investigator shall, consulting as appropriate with the Review Panel, (1) gather information relevant to the allegations; (2) afford the accused Board member an opportunity to respond to the allegations; and (3) make a written report of its review, findings, and recommendation ("Investigator's Report") within 90 days from the date of appointment, unless the Review Panel determines that a longer period is warranted. The underlying records and Investigator's Report shall be treated as privileged and confidential to the extent permitted by law.

c. Opportunity to Respond to the Investigator's Findings

Prior to finding a violation of the Harassment Prevention Policy, the Investigator shall notify the accused Board member in writing of their intention to do so and the reasons therefor, and shall invite the Board member to respond. Said notification will be delivered to the residence of the accused Board member by registered mail, or by any other mutually agreed upon delivery method. The Board member may respond, either in writing or in a personal conference, or both. Such response shall be within 14 days of receipt of the notice. If there is a

personal conference, the Board member and Investigator shall each be entitled to bring a representative of their choice, including an attorney, to the conference.

Any written response by the accused Board member shall become part of the formal record and shall be appended to the Investigator's Report.

d. Determination of Appropriate Sanctions

The Investigator shall submit the Investigator's Report, upon completion, to the Office of the General Counsel and the Review Panel.

If the Investigator has determined by a preponderance of the evidence that the Board member violated the Harassment Prevention Policy, the Office of the General Counsel shall forward the Investigator's Report to each member of the Board. If the Investigator has concluded that the preponderance of the evidence standard is not met, no further action will be taken.

e. Board Action

Upon receiving from the Office of the General Counsel the Investigator's Report, and unless the matter is resolved informally, the Board shall, at either a regularly or specially set meeting, vote on an appropriate sanction. The accused Board member shall not participate in the discussion or the vote.

f. Confidentiality

Consistent with the Harassment Prevention Policy, the Office of the General Counsel, Review Panel, and Investigator will proceed with the utmost sensitivity to the privacy and other legitimate interests of both the complainant and the subject of the complaint. This includes maintaining confidentiality concerning complaints, allegations, and investigations to the extent possible. Information will be handled as sensitively as possible and will not be disclosed to others except on a need-to-know basis. All individuals affected by the investigation shall be accorded confidential treatment to the maximum extent permitted by law.

g. Required Communications

If the investigation leads CalPERS to conclude that a crime has probably been committed, the results of the investigation shall be reported to the District Attorney or other appropriate law enforcement agency.

IV. Types of Sanctions

The types of sanctions that may be imposed on a Board member include, but are not limited to, admonishment, formal censure, the requirement of additional training, removal or suspension from a committee assignment, removal or suspension from leadership roles on committees, or revocation of Board member privileges.

More than one type of sanction may be imposed for a violation of the Harassment Prevention Policy, for example, formal censure and termination of travel privileges. The severity and type of sanction selected for a particular offense must be appropriately related to the nature and circumstances of the violation, and no sanction may be imposed that would make it impossible for Board members to comply with their fiduciary duties.