

# CONTROLLER JOHN CHIANG

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## CalPERS Adopts Chiang's Board Diversity and Climate Disclosure Proposals

**SACRAMENTO** – State Controller John Chiang today issued the following statement in response to the California Public Employees' Retirement System (CalPERS) Investment Committee's vote to elevate the importance of corporate board diversity and to further address disclosure of environmental risk within its corporate governance principles at the Controller's request:

“Diversity is a solid business proposition that fosters good corporate governance by ensuring a wider range of talents, ideas, experiences, and viewpoints for corporate boards across the nation. The faces of companies' shareholders are rapidly changing, and to tap into a broad range of talents and ideas, corporate boardrooms should reflect the changing diversity to help us maintain a competitive edge in today's global markets.

“CalPERS is a leader in corporate governance, and I am pleased CalPERS will help lead an effort to increase women and minority representation on corporate boards, and explore ways to ensure boards contain a wide range of talent and expertise.

“As institutional investors, we need solid information about a company's environmental risks and opportunities so that we can grow our bottom line while shrinking our carbon footprint.

“The two environmental actions adopted by CalPERS will provide us with better information about the climate risks and opportunities in our portfolio. Our Board will be the first fund to engage companies and investment managers on these particular steps, and we will lead the way for other institutional investors to follow. These two steps will significantly impact the way analysts, managers and companies evaluate climate risks, will improve the transparency of climate risks, and will encourage more consistency in how companies disclose their responses to climate risks.

“I applaud CalPERS for its continued leadership in corporate governance and look forward to continuing to work with the Board to move these important initiatives forward.”

In February, Chiang recommended CalPERS and the California State Teachers' Retirement System (CalSTRS) consider amending their corporate governance policies to address diversity when the funds nominate directors, establish best practices for corporations to follow in seeking

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diversity, and actively engage companies on the issue of diversity, including filing shareowner proposals that address diversity when appropriate.

The Investment Committee today voted to include board diversity as an engagement topic when placing companies on its Focus List for poor corporate governance or performance, encourage proxy voting firms to adopt CalPERS board diversity principles, and develop best practices for corporations to follow when seeking diverse board candidates.

Also in February, Chiang asked CalPERS and CalSTRS to survey investment managers in their portfolios on their ability to evaluate climate risks and opportunities and consider adopting a [checklist](#) used by the Ceres-led Investor Network on Climate Risk (INCR) to evaluate best practices of corporate governance regarding climate risks and disclosures.

The CalPERS Investment Committee today voted to adopt the Controller's recommendations to amend the Corporate Responsibility section of the Global Principles of Accountable Corporate Governance to include reference to the 14-point checklist and to work with other INCR investors to develop a survey of public equity investment managers. Once Ceres completes its analysis of the survey results, CalPERS staff will bring the best practices of asset managers back to the Board for consideration.

As California's Controller, Chiang is a board member of both CalPERS and CalSTRS, the nation's two largest public pension funds with more than \$400 billion in combined assets.

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