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Assembly California Legislature



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April 3, 2015

Rob Feckner
Board President
CalPERS Board of Administration
P.O. Box 942701
Sacramento, CA 94229-2701

Harry Keiley
Chair
Ca!STRS Teachers' Retirement Board
100 Waterfront Place
West Sacramento, CA 95605

Dear Mr. Feckner and Mr. Keiley:

I am writing to stand with State Treasurer John Chiang on his renewed call for more diversity in corporate board rooms. Citing studies that show little progress toward increasing the number of women and minorities on such boards, Chiang called upon the California Public Employees' Retirement System and the California State Teachers Retirement System to take more steps to encourage change.

Treasurer Chiang, in a letter addressed to the presidents of both systems, acknowledged the groundbreaking efforts pursued by the nation's two largest pension funds over the past six years, but pointed to bottom-line results showing that corporate boards have largely preserved the status quo. He called for the two pension funds to further innovate and re-double their efforts. Specifically, he asked them to examine:

- how the use of proxy access (i.e., providing shareowners with means of nominating their own candidates) can help shape the composition of a board;
- what is a reasonable length of tenure for a board member to serve; and
- how qualified diverse candidates can become more visible to corporate boards during search and recruitment efforts.

Importantly, the Treasurer also called for the broadening of the definition of "diversity" to include sexual orientation and gender identity. CalSTRS currently limits the

definition to “skills, background, experience, age, gender, cultural and ethnic composition. Similarly, CalPERS’s definition narrowly reads, “skill sets, gender, age, nationality, race, and historically under-represented groups.”

A diverse board makeup improves employee morale and productivity and sends a message to employees throughout the organization that a company is committed to the advancement of women and minorities. In addition, this diversity enhances a company’s reputation and attractiveness at a time when many investors are increasingly using a variety of nonfinancial metrics, such as board diversity, as criteria in investment decision-making.

I stand with Treasurer John Chiang on this important issue, and I know my colleagues share my strong belief that there is strength in diversity.

Sincerely,



Luis A. Alejo
Assemblymember 30th District
Chairman, California Latino Legislative Caucus

cc: CalPERS Board
Anne Stausboll, Chief Executive Officer, CalPERS
Ted Eliopoulos, Chief Investment Officer, CalPERS
CalSTRS Board
Jack Ehnes, Chief Executive Officer, CalSTRS
Chris Ailman, Chief Investment Officer, CalSTRS
The Honorable John Chiang, California State Treasurer