



March 9, 2015

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

Harry Keiley  
Chair  
CalSTRS Teachers' Retirement Board  
100 Waterfront Place  
West Sacramento, CA 95605

Dear Mr. Feckner and Mr. Keiley:

Equality California (EQCA) is pleased 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, Treasurer Chiang called upon the California Public Employees' Retirement System and the California State Teachers Retirement System to take more steps to encourage change. EQCA is the largest statewide lesbian, gay, bisexual, and transgender (LGBT) advocacy organization in California.

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.

Of particular importance to EQCA, 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.”



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A 2008 report by the Alliance for Board Diversity found only 28 percent of board seats on Fortune 100 companies were held by women and minorities. A 2014 update of the report finds that as of 2012, the ranks of women and minorities in Fortune 100 board positions has improved by only two percentage points to approximately 30 percent.

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.

EQCA stands with Treasurer John Chiang on this important issue, and we know the LGBT community shares our strong belief that there is strength in diversity.

Sincerely,

A handwritten signature in blue ink that reads "Rick Zbur".

Rick Zbur  
Executive Director