



California Public Employees' Retirement System

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The Honorable Robert Menendez
United States Senate
528 Hart Senate Office Bldg.
Washington, DC 20510

September 6, 2023

Subject: S. 2007, the “Improving Corporate Governance Through Diversity Act of 2023”

Dear Senator Menendez,

On behalf of the California Public Employees' Retirement System, I write to express support for S. 2007, the “Improving Corporate Governance Through Diversity Act of 2023,” which requires public companies to annually disclose the voluntary, self-identified racial, ethnic, gender, and veteran status of their board of directors, nominees, and senior executives, and establishes an advisory group to recommend strategies to increase diversity in these leadership positions.

As the largest public pension fund in the United States, we manage approximately \$460 billion in global assets on behalf of more than 2 million members. As a global institutional investor, we believe that long-term value creation requires the effective management of three forms of capital – financial, physical, and human. Consequently, we advocate for reform that promotes fair, orderly, and effectively regulated financial markets, and for initiatives that promote talent diversity – including a broad range of education, experience, thoughts, perspectives, and competencies to help enable effective board leadership.

We believe board diversity should be thought of in terms of skill sets, gender, age, nationality, race, sexual orientation, gender identity, disability and historically underrepresented groups.¹ Requiring public companies to annually disclose the self-identified racial, ethnic, gender, and veteran status of their board of directors, nominees, and senior executives is an important step toward challenging “group think” in corporate boardrooms and C-suites, which can severely limit companies’ ability to innovate and effectively engage with shareowners and other stakeholders.

¹ [California Public Employees’ Retirement System Total Fund Investment Policy](#)

Furthermore, establishing a Diversity Advisory Group to identify strategies that can be used to increase diversity supports effectively regulated markets by highlighting the importance of board quality. The advisory group's work would also encourage corporate boards to maintain openness to new ideas, a willingness to reexamine the status quo, and the ability to exercise sound judgment that is in the best interests of public companies and their shareowners.

I applaud you for your continuing leadership on this important issue. Please do not hesitate to contact me directly at (916) 795-3829, or your staff can contact Danny Brown, Chief of our Legislative Affairs Division, at (916) 795-2565, if we can be of any assistance.

Sincerely,

Marcie Frost
Chief Executive Officer