



California Public Employees' Retirement System  
Investment Office

[www.calpers.ca.gov](http://www.calpers.ca.gov)

September 28, 2015

Corporate Communications Department  
Hong Kong Exchanges & Clearing Limited  
12/F, One International Finance Centre  
1, Harbour View Street  
Central, Hong Kong

**RE: CalPERS' Comments on Consultation Paper on Review of the Environmental, Social and Governance Reporting Guide ("the Consultation")**

Dear Corporate Communications Department:

On behalf of the California Public Employees' Retirement System (CalPERS), thank you for the opportunity to provide our comments on the Consultation. CalPERS is the largest public pension fund in the United States with over USD\$290 billion in global assets and equity holdings in over 9,000 companies. We provide retirement benefits to more than 1.6 million public workers, retirees and beneficiaries, and we rely on the quality and integrity of market information to allocate capital on behalf of our beneficiaries.

As a founding member of the Asian Corporate Governance Association (ACGA), we are long-term investors in the Hong Kong equity markets with about USD\$5 billion invested in over 500 companies.

First, we would like to share CalPERS' perspective as a fiduciary. Our view is grounded in our 10 Investment Beliefs adopted by the CalPERS Board of Administration in September 2013: <https://www.calpers.ca.gov/docs/forms-publications/calpers-beliefs.pdf>.

We consider our shared goal to be responsible stewardship of the three forms of capital: financial, physical and human capital. Moreover, we believe that strong governance, along with effective management of environmental and human capital factors, increases the likelihood that companies will perform over the long-term and manage risk effectively.

We fully support the ACGA's comments on the Consultation. However, we want to share our high-level perspective.

We believe that "non-financial" issues are material and that improved transparency is important to ensure that investors can give adequate consideration to environmental, social and governance (ESG) performance. Furthermore, we see the proposed comply or explain disclosure and initial environmental KPIs as a positive step for market efficiency and transparency.

As a matter of reference, you should know that we support the Sustainable Stock Exchange Initiative (SSE) found at <http://www.sseinitiative.org/>. We would encourage the HKEx to join the SSE as a Partner Stock Exchange.

As a large international investor, we view high quality global reporting standards to be critically important. We see the concept of integrated reporting as the next step in the evolution of corporate reporting. We recognize that HKEx has a similar perspective and we are pleased that you are taking the concept under consideration. As a reference, the International Integrated Reporting Counsel (IIRC) is a useful resource to help promote the alignment of capital allocation and corporate behavior through integrated reporting.

Thank you for your consideration. If you have any questions, please do not hesitate to contact me at [REDACTED]

Sincerely,

[REDACTED]  
CRAIG RHINES  
Investment Officer  
Head of Corporate Engagement