

IN PERSON & VIRTUAL BOARD MEETING



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit the above link and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Committee meeting.

Attention: If you have any questions, you may email PublicComment@lacera.com. If you would like to make a public comment during the committee meeting, review the Public Comment instructions.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

AGENDA

A REGULAR MEETING OF THE CORPORATE GOVERNANCE COMMITTEE AND THE BOARD OF INVESTMENTS*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, MAY 8, 2024

This meeting will be conducted by the Corporate Governance Committee and Board of Investments both in person and by teleconference under California Government Code Section 54953(b),(f).

Any person may view the meeting in person at LACERA's offices or online at <https://LACERA.com/leadership/board-meetings>

The Committee may take action on any item on the agenda, and agenda items may be taken out of order.

*Teleconference Location for Trustees and the Public
under California Government Code Section 54953(b)
Mar Monte Hotel – 1111 East Cabrillo Blvd., Santa Barbara, CA 93103*

COMMITTEE TRUSTEES:

Jason Green, Chair
Elizabeth Ginsberg, Vice Chair
Debbie Martin
David Ryu
Patrick Jones, Alternate

- I. CALL TO ORDER
- II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)
 - A. Just Cause
 - B. Action on Emergency Circumstance Requests
 - C. Statement of Persons Present at AB 2449 Teleconference Locations

May 8, 2024

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III. APPROVAL OF MINUTES

- A. Approval of the Minutes of the Corporate Governance Committee Meeting of October 11, 2023

IV. PUBLIC COMMENT

(Members of the public may address the Board orally and in writing. To provide Public Comment, you should visit <https://LACERA.com/leadership/board-meetings> and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Board meeting.

If you select oral comment, we will contact you via email with information and instructions as to how to access the meeting as a speaker. You will have up to 3 minutes to address the Board. Oral comment request will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment or documentation on the above link as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please leave the name field blank in the request form. If you have any questions, you may email PublicComment@lacera.com.)

V. REPORT

A. **Council of Institutional Investors (CII) and Corporate Governance**

Amy Borrus, Executive Director, Council of Institutional Investors
(Presentation)

VI. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agenda item at a future meeting.)

VII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

VIII. GOOD OF THE ORDER

(For information purposes only)

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IX. ADJOURNMENT

****The Board of Investments has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Investments. Members of the Board of Investments who are not members of the Committee may attend and participate in a meeting of a Committee but may not vote, make a motion, or second on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.***

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Investments Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.

MINUTES OF THE REGULAR MEETING OF THE CORPORATE
GOVERNANCE COMMITTEE AND THE BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101
8:00 A.M., WEDNESDAY, OCTOBER 11, 2023

This meeting was conducted by the Corporate Governance Committee and Board of Investments both in person and by teleconference under California Government Code Section 54953(b),(f).

PRESENT: Keith Knox, Chair

Herman Santos, Vice Chair (Teleconference under 54953(b))

Patrick Jones

Onyx Jones

Gina V. Sanchez, Alternate

MEMBERS AT LARGE:

Joseph Kelly

David Green (Joined the meeting at 8:38 a.m.)

STAFF, ADVISORS, PARTICIPANTS:

Jonathan Grabel, Chief Investment Officer

Jude Perez, Deputy Chief Investment Officer

Steven P. Rice, Chief Counsel

Scott Zdrazil, Principal Investment Officer

Dale Johnson, Investment Officer

October 11, 2023

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I. CALL TO ORDER

The meeting was called to order by Chair Knox at 8:00 a.m. in the Board Room of Gateway Plaza.

II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)

A. Just Cause

B. Action on Emergency Circumstance Requests

C. Statement of Persons Present at AB 2449 Teleconference Locations

There was nothing to report. No trustees participated under Section 54953(f).

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of

A motion was made by Trustee P. Jones, seconded by Knox, to approve the Minutes of the Corporate Governance Committee meeting of April 12, 2023. The motion passed by the following roll call vote:

Yes: Knox, O. Jones, Santos, P. Jones

No: None

IV. PUBLIC COMMENT

There were no requests from the public to speak.

V. REPORTS

A. Review of FY2023 Proxy Voting Results and Trends
Scott Zdrazil, Principal Investment Officer
Dale Johnson, Investment Officer
(Memo dated September 13, 2023)

Messrs. Zdrazil and Johnson provided a presentation and answered questions from the Committee.

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V. REPORTS (Continued)

B. Review of Stewardship and Corporate Governance Engagement Initiatives

Scott Zdrazil, Principal Investment Officer

Dale Johnson, Investment Officer

(Memo dated September 13, 2023)

Messrs. Zdrazil and Johnson provided a presentation and answered questions from the Committee.

VI. ITEMS FOR STAFF REVIEW

There was nothing to report.

VII. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

VIII. GOOD OF THE ORDER
(For information purposes only)

There was nothing to report.

IX. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at approximately at 8:54 a.m.

Background to Council of Institutional Investors (CII) Guest Speaker

Corporate Governance Committee Meeting

May 8, 2024

Introductory Remarks

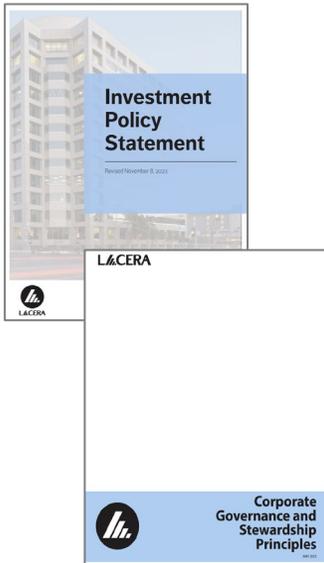


- Brief Background on LACERA Corporate Governance Objectives, Policies, and Strategies
- Background on LACERA's Membership with the Council of Institutional Investors (CII)
- Speaker Biography: Amy Borrus, CII Executive Director

LACERA's Corporate Governance Objectives



LACERA's mission is to produce, protect, and provide the promised benefits to our members



LACERA promotes sound corporate governance practices at the companies in which it invests and prudent financial market policies as part of its efforts to mitigate risks to its investments and to support and safeguard economic value

- Robust investor rights
- Strong corporate governance practices and policies at the firms in which it invests
- Sound public policies governing financial markets

The fundamental objective of corporate governance efforts is to “safeguard and promote the economic interests of the trust”

Board-approved policies guide LACERA's corporate governance initiatives and approach to environmental, social, and governance (ESG) integration

- Explicit component of investment strategy as adopted by the Board in the [Investment Policy Statement](#) (IPS)
- Established [Corporate Governance and Stewardship Principles](#)

Fund Policy on Corporate Governance Practices



LACERA's [Corporate Governance and Stewardship Principles](#) (“Principles”) articulate fund positions on key corporate governance and broader environmental, social, and governance (ESG factors) organized into the five categories below

All adopted Principles aim to create and sustain financial value to position LACERA to fulfill its mission



**Director Elections:
Board Quality and
Accountability**



**Investor Rights and
Protections**



**Executive Compensation:
Aligned Interests and
Pay-for-Performance**



**Financial Reports and
Performance Indicators:
Transparent, Reliable,
Comparable**



**Environmental and Social Factors:
Climate Change / Energy Transition
Human Capital / Labor
Natural Resource Stewardship
Diversity, Equity, Inclusion
Human Rights**

The Principles are approved by the Board, as developed and recommended by staff and the Corporate Governance Committee

The Board-approved Principles assign to staff the responsibility to “represent and communicate” the Principles in dialogues and communication with:

- Portfolio companies
- External asset managers and investment partners
- Other investors and stakeholder
- Related conferences
- Legislators and regulatory agencies
- Other interested parties

Key Proactive Corporate Governance Strategies



- LACERA pursues multiple avenues to operationalize the IPS and Corporate Governance and Stewardship Principles throughout the portfolio
- Using legal rights, investment analysis, and data where available
- Strive for credible, pragmatic, thoughtful approach driven by mission and fiduciary duty



Proxy Voting

Vote at shareholder meetings

- Over 7,500 meetings per year
- More than 60 global markets



Engagement

Focused, defined initiatives at portfolio companies, e.g.:

- Board diversity: Over 350 directors appointed at nearly 300 portfolio companies following constructive engagement
- Climate Action 100+ global initiative to address heaviest emitters on climate risks
- Better availability and quality of material ESG disclosures by supporting IFRS International Sustainability Accounting Standards Board



Policy Advocacy

Engage policymakers such as regulators, standards-setters, and legislators to promote LACERA's *Principles*

- SEC comment letters on investor rights, human capital and climate disclosure proposals, proxy voting regulations



Investment Due Diligence

Upfront diligence for each investment and ongoing monitoring of each mandates process to consider financially material ESG factors

- Upfront ESG DDQ and analysis
- Factor in Manager Scorecard to inform holistic view of manager quality
- Ongoing tracking in quarterly calls, Limited Partner Advisory Committees (LPACs), annual investor meetings, etc.
- Annual update DDQs



Fund Analytics

Data insights and portfolio analytics to identify, assess, track identifiable exposures and model related investment risks and opportunities

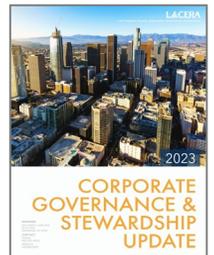
- Energy transition / carbon footprinting and analyses
- “Climate-aware” strategic asset allocation, using scenario analyses and stress testing of physical and transition risks and energy transition opportunities
- Company research and exposure analytics



Transparency

Communicate approach, key initiatives, and progress

- [lacera.com](https://www.lacera.com) updates
- Annual stewardship report



LACERA's Membership with CII



- LACERA joined [CII](#) in 2001
- Membership enables LACERA to amplify its voice on common objectives
- Nonprofit, nonpartisan association of public, corporate, and union benefit plans, as well as asset managers, representing about \$65 trillion in assets
- Aim to advance effective corporate governance, strong shareowner rights, and sensible financial regulations that foster fair, vibrant capital markets

Defining Best Practices for Publicly-Listed Companies

- CII's "Policies on Corporate Governance" developed with member input and voted on by members to establish investor expectations for "best practices"
- Often going above minimum regulatory requirements or stock exchange listing standards

Public Policy Advocacy

- LACERA supports CII efforts to advocate regulatory and legislative measures in line with LACERA Principles and CII best practices
 - Investor rights
 - Proxy voting "plumbing" mechanics
 - Executive compensation (e.g., clawbacks, pay for performance)
 - Corporate reporting requirements
 - Accounting integrity

Leadership

- LACERA has been active in CII
 - Trustee roundtables
 - Current U.S. Asset Owner Advisory Committee
 - Immediate past CII Board Chair
 - Past Board Treasurer roles

Speaker Biography



Amy Borrus
Executive Director
Council of Institutional Investors

Amy Borrus became executive director of the Council of Institutional Investors (CII) in July 2020. She joined CII in 2006 as deputy director and was interim executive director in 2015-2016. She serves on the boards of the CII Research and Education Fund and the Sinai Assisted Housing Foundation. She also serves on the Oversight Committee of the Best Practice Principles Group, the governing body that reviews and monitors public reporting by proxy advisory firm signatories to the principles. Prior to CII, she was a correspondent for BusinessWeek magazine for more than 20 years. Her journalism career included multi-year assignments in London, Tokyo and Washington, D.C. She earned an MSc. in International Relations from the London School of Economics and a B.A. in History and English from the University of Pennsylvania.



CII and Corporate Governance

Presentation to the Corporate Governance Committee
Board of Investments
Los Angeles County Employees Retirement Association

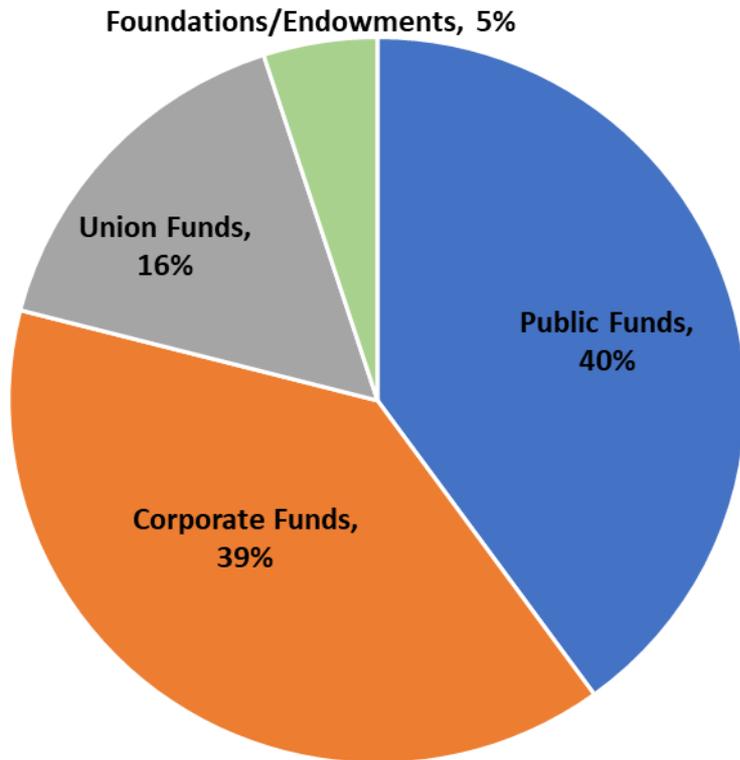
Amy Borrus
Executive Director, Council of Institutional Investors
May 8, 2024

What is CII?

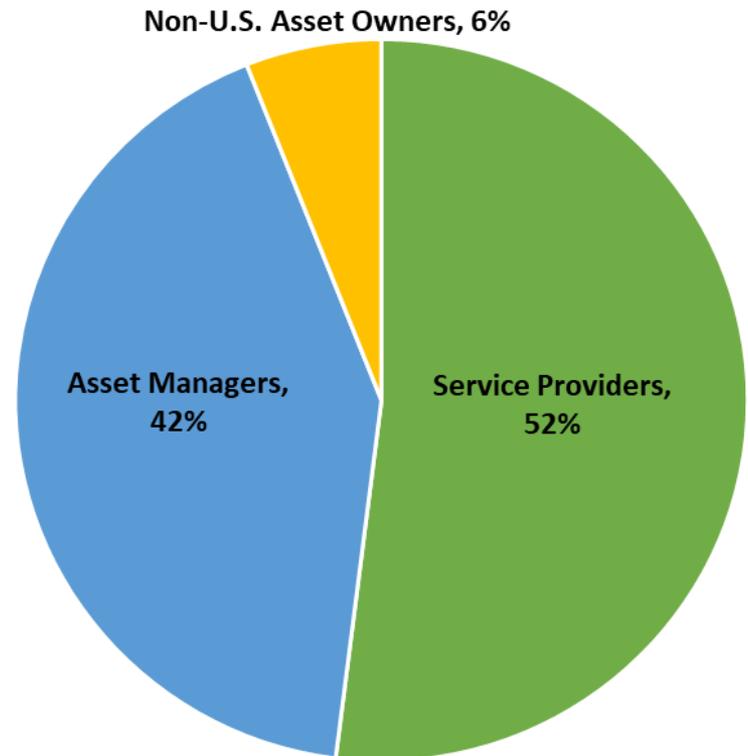
- CII promotes policies that enhance long-term value for shareowners
- A leading voice for
 - ❑ good corporate governance
 - ❑ strong shareholder rights and
 - ❑ sensible financial rules that foster fair, vibrant capital markets
- Nonprofit, nonpartisan association of U.S. asset owners (\$5 tn in assets), founded in 1985 by public pension fund leaders who believed institutional investors should use their collective voice at U.S. public companies and with market regulators
- Associate members include non-U.S. asset owners (\$4.8 tn in assets) and asset managers (\$55 tn in AUM)

Membership

U.S. Asset Owners



Associate Members



What We Do

➤ Educate

- ❑ Webinars, podcasts, reports, guides, weekly e-newsletter, Corporate Governance Bootcamp in partnership with NYU Law School

➤ Advocate

- ❑ Comment letters to & meetings with regulators and lawmakers, testimony, coalitions and multi-stakeholder working groups

➤ Connect

- ❑ Semi-annual conferences, advisory councils, trustee events, Proxy Voter Group, Engagement Exchange

Key Achievements-Market Reforms

- After a torrent of corporate financial frauds, from Enron to WorldCom, CII channeled pension fund input to advocate effectively for the **Sarbanes-Oxley Act of 2002**. This sweeping reform law strengthened oversight of financial reporting and the audit profession.
 - ❑ Financial restatements by U.S. large-cap companies plummeted nearly 20% two years after Sarbanes-Oxley took effect.

- When the Global Financial Crisis ravaged markets in 2008, CII teamed with CFA Institute to ensure investors were at the table as policymakers overhauled the U.S. system of financial regulation in the landmark **Dodd-Frank Act of 2010**.
 - ❑ CII and CFA created the Investors' Working Group, an independent panel of experts that recommended a slew of reforms to fill gaps in federal oversight of derivatives, hedge funds and other then-dark corners of the financial markets, and to improve the governance of U.S. public companies. Many of its recommendations were adopted.

Advancing Corporate Governance

- **CII has worked to enhance accountability of corporate boards to shareowners through changes in rules and best practices:**
 - ❑ Majority voting for directors in uncontested elections
 - ❑ Annual election of directors
 - ❑ Right to choose among all director nominees in contests for board seats

- **CII has pressed for executive compensation that aligns with company performance by successfully championing:**
 - ❑ Clawbacks of unearned executive compensation
 - ❑ Advisory shareholder votes on CEO pay (“Say-on-Pay”)
 - ❑ Rules to police executive trades in company stock

Recent CII Priority Issues

➤ Investor Rights and Protections

- ❑ Equal voting rights, “sunset” provisions” and improved disclosure for multi-class stock structures
- ❑ Investor protections from false and misleading IPO prospectuses
- ❑ Right of investors to express their voice via shareholder proposals

➤ Corporate Disclosure

- ❑ Decision-useful climate risk and key workforce metrics
- ❑ Disclosure of board and senior executive diversity
- ❑ Improved reporting by Special Purpose Acquisition Companies (SPACs)

➤ Market Structure and Integrity

- ❑ End-to-end confirmation that proxy votes were cast accurately
- ❑ Audit and accounting standards that are useful to investors

Unequal voting and time-based sunsets at newly public U.S. companies

% of companies, Jan.-Dec. 2023

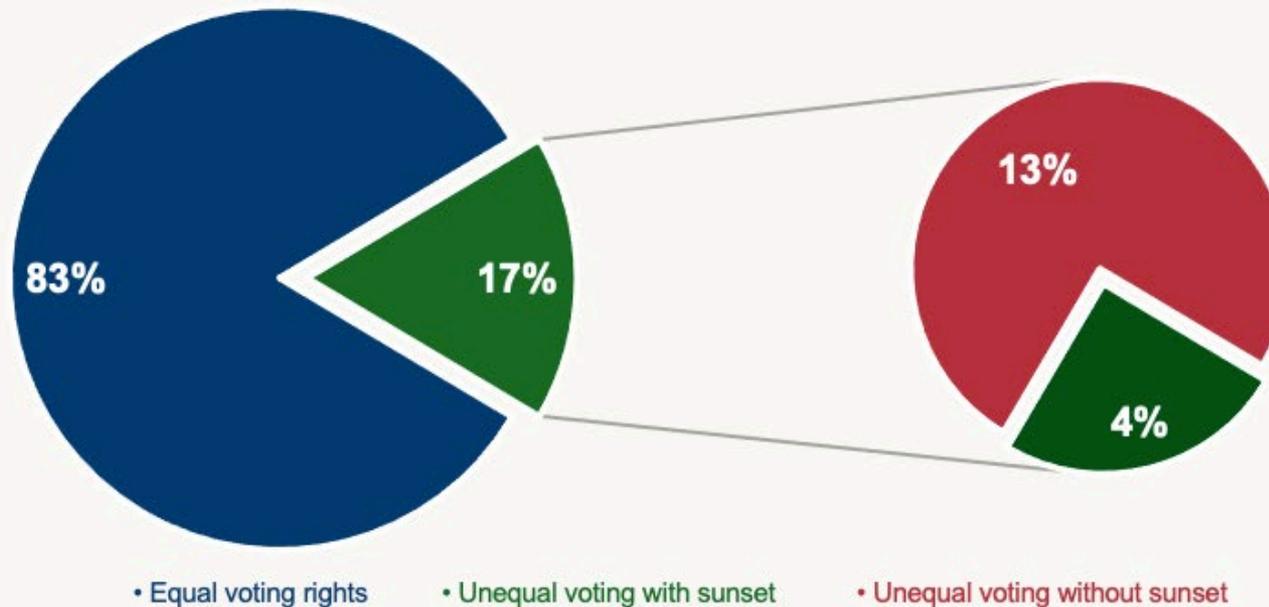


Figure 2. Newly public companies with the following shareowner voting structures, represented as a percentage of all companies tracked by CII in 2023: equal voting rights (blue); unequal voting rights with time-based sunset (green); unequal voting rights without time-based sunset (red).

Source: CII analysis of StockAnalysis.com, SPAC Track, SEC filings via BamSEC

What We're Watching

➤ **Board Risk Oversight in a Complex Business Environment**

- ❑ With geopolitics, cybersecurity, AI, human capital and more now on the board's plate, how can investors know if boards have the right skill sets and experiences?
- ❑ Are corporate governance practices robust enough to ensure smooth succession planning for boards and management?

➤ **Safeguarding Investor Rights**

- ❑ Challenges to shareholders' rights to file and vote on proposals at company annual meetings
- ❑ Ensuring equal votes as founders embrace super-voting rights
- ❑ Increasing access to "pass-through" proxy voting from asset managers

➤ **Challenges to Decision-useful Reporting**

- ❑ Climate risks and opportunities