



FIONA MA, CPA
TREASURER
STATE OF CALIFORNIA

April 10, 2019

Dear Municipal Treasurers,

I am asking that you join me and Trustees United, a new group of pension fund leaders, to promote worker safety. Far too many employees, especially women, have been victims of horrific workplace violence documented in numerous media reports, including the PBS documentary "Rape on the Night Shift."

Every employee deserves to work in a safe, respectful environment where they can reach their full potential without worrying about predatory behavior or a corrosive work environment. Hostile and unsafe workplaces can poison employee morale, sap productivity, and increase turnover

We have a special duty, as public officials entrusted with investing in companies to fund pensions and government services, to stop sexual harassment, sexual violence, and misconduct in the work place.

Misconduct creates material risks. Sexual misconduct allegations against former Wynn Casinos Chairman Steve Wynn caused Wynn Casinos stock to drop from \$200 per share to a low of \$90 and prompted the Nevada Gaming Commission to fine the company \$20 million. During a one-year period after the allegations became public, the stock lost 32 percent of its value, creating losses for the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS), which both invest in the company.

Numerous allegations against Harvey Weinstein uncovered a corporate culture that tolerated sexual abuse and predatory behavior, and led to the Weinstein Company's bankruptcy.

Short term losses, dramatic drops in stock prices, and bankruptcies are only part of the story. Companies that tolerate sexual misconduct may harm their ability to create long-term prosperity and value.



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As fiduciaries, we can no longer ignore risks posed by sexual misconduct and inappropriate handling of misconduct claims. Please join me, a trustee of two of the largest pension funds in the nation, CalPERS and CalSTRS, in adopting four principles developed by Trustees United to protect workers and improve corporate disclosure of misconduct incidents.

These principles, found at www.trusteesunited.com are:

- 1) Create a safe work environment. This requires supporting the rights of all employees, including temporary workers and subcontractors, to safely bring forward claims of sexual harassment and violence and to publicly share the process for responding to these claims.
- 2) Phase out or eliminate non-disclosure agreements and forced arbitration. Non-disclosure agreements perpetuate a culture of secrecy that hides risks that sexual misconduct creates. Arbitration often favors employers, casting doubt about whether corporations are treating employees and their claims fairly. This year a new California law bans nondisclosure provisions in settlements involving claims of sexual assault, harassment or discrimination based on sex.
- 3) Seek diversity. Place a priority on creating a diverse board of directors, executive team and workforce. Diversity helps companies thrive and helps them be more aware of misconduct, and discrimination.
- 4) Protect workers' rights. Policies or bargaining agreements should provide clear processes for handling claims of abuse and misconduct, thus helping to mitigate imbalances in power that can give rise to misconduct.



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If you decide to endorse these principles, please let my office know so we can add your name, title, and jurisdiction to the powerful coalition we are building. You can contact Rita Clark Rita.Clark@treasurer.ca.gov.

Together we can change corporate cultures, promote fairness, and good public policy. It's good business and it is our business.

In Peace and Friendship,

A handwritten signature in black ink, appearing to be "Fiona Ma". The signature is stylized with a large, sweeping initial "F" and a horizontal line extending to the right.

FIONA MA, CPA

California State Treasurer