

**California Public Employees' Retirement System**  
2022 California Public Divest from Iran Act  
Legislative Report

# CalPERS 2022 California Public Divest from Iran Act Legislative Report

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## CalPERS 2022 California Public Divest from Iran Act Legislative Report

### Executive Summary

This report is provided by the California Public Employees' Retirement System (CalPERS) pursuant to the requirements of California Government Code (G.C.) §7513.7, also known as the "California Public Divest from Iran Act" (Act)

The Act requires the CalPERS Board of Administration (Board), consistent with its fiduciary responsibilities, to identify, engage, and potentially divest from companies meeting the criteria specified in the Act. Further, the Act requires ongoing annual reporting by CalPERS to the California Legislature until the sunset provision has been satisfied.

For the 2022 reporting period:

1. CalPERS screened for companies potentially meeting the criteria for consideration under the Act that may be held in the Public Employees' Retirement Fund.
2. No new companies were added for further review under the California Public Divest from Iran Act.
3. It has been confirmed there are no related holdings within CalPERS' private equity portfolio, based on the latest available holdings information available at the time of this report (as of August 31,2022).
4. No new companies have been proposed for divestment.
5. CalPERS has ceased monitoring a number of companies that do not meet the Act's threshold criteria. Additional information on those companies is available in Table 5 of this report.

All holdings information is as of August 31,2022 unless otherwise noted.

### Background Information – Inception of the Act

In 2007, Assembly Bill 221 (California Public Divest from Iran Act) was enacted to prohibit CalPERS and CalSTRS from investing in companies with specified business activities in Iran, subject to the fiduciary duties of the Board as described in Section 17 of Article XVI of the California Constitution. In October 2011, Assembly Bill 1151 was passed, amending AB 221 to its current form.

### CalPERS Compliance with the Act

Among other things, the Act requires CalPERS to use publicly available information to identify public portfolio companies that may be subject to the Act and to make a good faith effort to identify potential private equity exposures.

CalPERS reviews a variety of information sources to identify the companies in its portfolio that may potentially meet the threshold criteria for divestment. There may be instances in which CalPERS has not engaged a company that was identified by other agencies. Reasons for this may include, but are not limited to:

- Portfolio holdings – Companies identified by other sources may not be held in the CalPERS Public Employees' Retirement Fund (PERF) during the reporting period.
- Timing – Differences may occur due to the timing of each respective organization's engagement with individual companies.

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- Firm not identified by third party vendor used to screen for this Act

Additional information on CalPERS' compliance with the specific reporting requirements of the Act is included in the sections below.

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### CalPERS 2022 Report – G.C. 7513.7 (California Public Divest From Iran Act)

CalPERS groups companies into several categories for G.C. §7513.7(i):

1. **Divested/Restricted** – These are companies that were determined to have satisfied the threshold criteria for divestment defined by §7513.7 as to which the CalPERS Board determined divestment would be consistent with its fiduciary obligations.
  - This category addresses requirements §7513.7(i)(1),(2),(3), and (4) should divestment of a company be in progress with restrictions on new purchases
2. **Under Review** – These are companies that have been identified as possibly subject to the Act that are 1) undergoing review to affirm whether they do or do not meet threshold criteria for consideration under the act, or 2) are undergoing the engagement and communication cycle specified by the Act, or 3) are being considered for divestment in accordance with CalPERS policies.
  - This category addresses the requirements of §7513.7(i)(1), (2), and (5)
3. **Monitoring** – These are companies that CalPERS' initial screening determined as not meeting the threshold criteria for further consideration under §7513.7, which CalPERS continues to monitor for possible changes in status relevant to the Act.
  - This category addresses the requirements of §7513.7(i)(1), (2), and (5)
4. **Other** – This category is used to capture other required reporting components not captured in the other categories.
  - §7513.7(f), as part of §7513.7(i)(6), in which an economically equivalent alternative fund or account was established with PERF assets transferred therein
  - §7513.7(j) any investments in a company with business operations in Iran (as defined in the Act), that the board voluntarily sold or transferred
  - §7513.7(i)(7) the annual economic impact of the divestment mandate on the PERF

These elements are included in Tables 1 through 4, by category, on the following pages. The “market value” may include public equity, depository receipts, and debt assets.

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**Table 1 – Divested/Restricted Companies (\$7513.7)**

Divested/Restricted Company	Summary of Ties to Iran	Summary of Status Changes from 2021 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
China BlueChemical Ltd.	<p>The company was identified as a subsidiary of China National Offshore Oil Corporation (CNOOC). The parent company, CNOOC, has made statements that it and its affiliates and subsidiaries may be involved in countries under U.S. sanctions. Further, CNOOC has been identified as having drilling and other related operations in Iran.</p> <p>In May of 2011 the CalPERS Investment Committee approved divestment from the company.</p>	No change	0	\$0
China Oilfield Services Ltd.	<p>The company was identified as having drilling operations in Iran and as a subsidiary of CNOOC. The parent company has made statements that the company is involved in drilling and other related services in Iran. The parent company has made statements that it and its affiliates and subsidiaries may be involved in countries under U.S. sanctions.</p> <p>In November of 2015 the CalPERS Investment Committee approved divestment from the company.</p>	No change	0	\$0
CNOOC Ltd.	<p>The company was identified as a subsidiary of China National Offshore Oil Corporation (CNOOC). The company and its parent company have made statements that it and its affiliates and subsidiaries may be involved in countries under U.S. sanctions. Further, CNOOC has been identified as having drilling and other related operations in Iran.</p> <p>In May of 2011 the CalPERS Investment Committee approved divestment from the company.</p>	No change	0	\$0

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Divested/Restricted Company	Summary of Ties to Iran	Summary of Status Changes from 2021 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
Doosan Corporation	<p>In 2014 the company was identified as supplying automotive products to companies in Iran.</p> <p>In November of 2015 the CalPERS Investment Committee approved divestment from the company.</p>	No change	0	\$0
India Oil Corporation	<p>The company was identified as having ties to the energy sector of Iran, with further exposure through a majority-stake in an Iranian company with possible links to the Iranian Revolutionary Guard Corps, an entity subject to U.S. sanctions.</p> <p>In November of 2015 the CalPERS Investment Committee approved divestment from the company.</p>	No change	0	\$0
Oil India Limited	<p>In 2009 through 2010 the company was identified as having oil exploration contracts and oilfield interests in Iran.</p> <p>In October 2012 the CalPERS Investment Committee approved divestment from the company.</p>	No change	0	\$0

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**Table 2 – Companies Under Review (§7513.7)**

Under Review Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2021 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
No new companies.				

**Table 3 – Monitored Companies (§7513.7)**

The total market value of CalPERS' holdings for this category is approximately \$386.4<sup>a</sup> Million.

Monitored Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2021 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
Bharat Petroleum Corporation Ltd.	The company was reported as potentially purchasing Iranian crude.	In 2018 CalPERS designated the company as under review. In 2019 CalPERS changed the designation to "being monitored" because CalPERS' initial screening has not identified the company as having involvement in the regions and/or activities targeted by the Act. CalPERS has maintained the company in "monitor" status for 2022. CalPERS continues to monitor the company for possible changes in status relevant to the Act.	4,404,145	\$16,710,604
Gazprom	The company was reported as potentially having signed MOUs with Iranian petroleum authorities regarding petrochemical development opportunities.	In 2018 CalPERS designated the company as under review. In 2019 CalPERS changed the designation to "being monitored" because CalPERS' initial screening has not identified the company as having involvement in the regions and/or activities targeted by the Act. CalPERS has maintained the company in "monitor" status for 2022. CalPERS continues to monitor the company for possible changes in status relevant to the Act.	24,407,938 <sup>a</sup>	\$0



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Monitored Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2021 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
Larsen & Tourbro Ltd.	The company was reported as potentially having a stake in an Iran-based joint venture.	In 2018 CalPERS designated the company as under review. In 2019 CalPERS changed the designation to “being monitored” because CalPERS’ initial screening has not identified the company as having involvement in the regions and/or activities targeted by the Act. CalPERS has maintained the company in “monitor” status for 2022. CalPERS continues to monitor the company for possible changes in status relevant to the Act.	2,931,644	\$70,931,498
Lukoil OAO	The company was reported as potentially seeking hydrocarbon-related business in Iran.	In 2018 CalPERS designated the company as under review. In 2019 CalPERS changed the designation to “being monitored” because CalPERS’ initial screening has not identified the company as having involvement in the regions and/or activities targeted by the Act. CalPERS has maintained the company in “monitor” status for 2022. CalPERS continues to monitor the company for possible changes in status relevant to the Act.	1,053,720 <sup>a</sup>	\$0
Schneider Electric SE	The company has been identified as potentially having business operations in Iran.	In 2019 CalPERS designated the company as under review. In 2020 CalPERS changed the designation to “being monitored” because CalPERS’ initial screening has not identified the company as having involvement in the regions and/or activities targeted by the Act. CalPERS has maintained the company in “monitor” status for 2022. CalPERS continues to monitor the company for possible changes in status relevant to the Act.	1,121,064	\$133,898,970

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Monitored Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2021 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
Siemens AG	The company was reported as potentially involved in power and transportation projects in Iran.	In 2018 CalPERS designated the company as under review. In 2019 CalPERS changed the designation to “being monitored” because CalPERS’ initial screening has not identified the company as having involvement in the regions and/or activities targeted by the Act. CalPERS has maintained the company in “monitor” status for 2022. CalPERS continues to monitor the company for possible changes in status relevant to the Act.	1,615,450	\$164,195,883
Sinopec Oilfield Services	The company was previously identified as having acquired Sinopec Yizheng Chemical Fibre Company (Yizheng Company) in a reverse merger. The Yizheng Company was previously identified by CalPERS as potentially having ties to Iran through a parent company.	CalPERS moved the company into “monitor” status in 2018. CalPERS has maintained the company in “monitor” status for 2022. CalPERS continues to monitor the company for possible changes in status relevant to the Act.	6,984,200 <sup>a</sup>	\$681,588 <sup>a</sup>

<sup>a</sup> Updated in November 2023 to reflect revised amount.

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Table 4 – Other (§7513.7)

Component	Summary of Possible Ties to Iran	Summary of Status Changes from 2021 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
§7513.7(i)(6) and §7513.7 (j)	<p>CalPERS has no items to report per</p> <ul style="list-style-type: none"> <li>• §7513.7(f), as part of §7513.7(i)(6), in which an economically equivalent alternative fund or account was established with PERF assets transferred therein; and/or</li> <li>• §7513.7(j) any investments in a company with business operations in Iran (as defined in the Act), that the board voluntarily sold or transferred</li> </ul>	No change	N/A	N/A
§7513.7(i)(7)	§7513.7(i)(7) requires reporting of the economic impact to the PERF of the Act. The Iran- related divestments were estimated to have had an additive effect, \$256 million in present value, for the PERF since inception of the divestment mandates through June 30, 2022.	N/A	N/A	N/A

Table 5 – Companies Removed from Consideration Due to Not Meeting Threshold Criteria

Company	Removed from consideration under Government Code §:
ABB Ltd.	7513.7
ArcelorMittal	7513.7
China Railway Group	7513.7
Cosco Shipping Holding Co. Ltd.	7513.7
Doosan Bobcat Corporation	7513.7
Doosan Heavy Industry	7513.7
Ecolab	7513.7
Enel SpA	7513.7
FLSmidth & Co. A/S	7513.7
Formosa Petrochemical Corp	7513.7
Groupe Bruxelles Lambert	7513.7

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Company	Removed from consideration under Government Code §:
Hindustan Petroleum	7513.7
Hyundai Heavy Industries Holding	7513.7
JGC Corporation	7513.7
Kamigumi Co.	7513.7
Mitsubishi Corp	7513.7
Nokia	7513.7
Power Construction Corporation of China Ltd.	7513.7
Reliance Industries Ltd.	7513.7
Royal Dutch Shell	7513.7
Saipem SPA	7513.7
Sika AG	7513.7
SKF AB	7513.7
Sojitz	7513.7
Sulzer AG	7513.7
Tata Steel	7513.7
Telefonaktiebolaget LM Ericsson	7513.7
Telenor ASA	7513.7
TotalEnergies SE (f.k.a. Total SE) (France)	7513.7
Toyota Tsusho Corp	7513.7
Unicredit SpA	7513.7
Unilever PLC	7513.7
Woori Financial Group	7513.7