



Consent

Agenda Item 4b

February 17, 2015

ITEM NAME: Report to the California Legislature – Holocaust Era and Northern Ireland

PROGRAM: Global Governance

ITEM TYPE: Total Fund – Consent Action

RECOMMENDATION

Approve the Holocaust Era and Northern Ireland Reports for transmittal to the California Legislature.

EXECUTIVE SUMMARY

This agenda item seeks approval to submit the annual Holocaust Era and Northern Ireland reporting to the California Legislature and forward letters to companies identified as having unresolved claims or as not adhering to the principles of non-discrimination.

STRATEGIC PLAN

This agenda item supports statutory requirements and does not directly support CalPERS' Strategic Plan.

INVESTMENT BELIEFS

This agenda item supports statutory requirements and does not directly support CalPERS' Investment Beliefs.

BACKGROUND

In 1999 the California Legislature enacted a statute (SB 1245, Chapter 216) that requires CalPERS to monitor and annually report on investment holdings in companies that do business in California and that owe compensation to victims of slave or forced labor during World War II. The Holocaust Era Holdings Report is provided as Attachment 1.

CalPERS is also required to investigate and report to the Legislature (SB 105, Chapter 341) on whether any corporations operating in Northern Ireland, in which assets of CalPERS are invested, are not in compliance with laws applicable in Northern Ireland. These laws in particular, adhere to the principles of non-discrimination in employment and freedom of workplace opportunities. The Northern Ireland Holdings Report is provided as Attachment 2.

ANALYSIS

The 2014 MSCI Holocaust Era Report (Attachment 3) identifies six companies that are facing lawsuits in Japan or China over the use of forced or slave labor during World War II. These companies are Mitsubishi Corporation, Mitsubishi Materials Corporation, Mitsubishi Heavy Industries, Showa Denko, Sumitomo Heavy Industries, and Nippon Steel & Sumitomo Metal.

The 2014 MSCI Northern Ireland Report (Attachment 4) includes twenty-seven non-U.S. (Table 1) companies with operations in Northern Ireland that may not adhere to the MacBride Principles of Nondiscrimination. CalPERS will be writing to each of the companies identified below informing them of the findings within the MSCI report.

Non-U.S. Holdings – Table 1

3I GROUP PLC	DEUTSCHE POST AG	INDUSTRIA DE DISENO TEXTIL	RENTOKIL INITIAL PLC
BANCO SANTANDER, S.A.	DIAGEO PLC	JAPAN TOBACCO INC.	TELEPERFORMANCE S.A.
BANK OF IRELAND	FIDESSA GROUP	KERRY GROUP PUBLIC LIMITED COMPANY	TESCO PLC
BOUYGUES S.A.	FUJITSU LIMITED	KUEHNE & NAGEL	THYSSENKRUPP
CAPITA PLC	GLAXOSMITHKLINE PLC	LADBROKES PLC	WILLIAM HILL PLC
COMPAGNIE GENERALE MICHELIN	H & M HENNES & MAURITZ AB	NORTEL NETWORKS	WOLSELEY PLC
DANSKE BANK A/S	HCL TECHNOLOGIES LIMITED	PREMIER FOODS PLC	

BUDGET AND FISCAL IMPACTS

Not applicable

BENEFITS/RISKS

Failure to comply with the statutory requirements of Holocaust Era and Northern Ireland reporting could result in legal and reputational risk for CalPERS.

ATTACHMENTS

Attachment 1 – CalPERS 2014 Holocaust Era Holdings Report

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- Attachment 2 – CalPERS 2014 Northern Ireland Holdings Report
- Attachment 3 – 2014 MSCI Holocaust Era Report Executive Summary and
Legislature Holocaust Letter
- Attachment 4 – 2014 MSCI Northern Ireland Report and Legislature Ireland Letter

ANNE SIMPSON
Senior Portfolio Manager
Director of Global Governance

THEODORE ELIOPOULOS
Chief Investment Officer