

# CalPERS Northern Ireland Portfolio Screening Report

## Executive Summary

### Non-U.S. and U.S. Companies and Fair Employment in Northern Ireland:

#### Synopsis of Survey and Findings

##### Non-U.S. Companies

Starting in November 2014, MSCI ESG Research sent its annual *Survey on Operations in Northern Ireland* to corporate officials at 200 non-U.S. companies, asking them to file a response for each separate subsidiary or affiliate operating in Northern Ireland. The companies surveyed were previously identified by MSCI ESG Research as having operations in Northern Ireland. In all, the 2015 CalPERS Northern Ireland Report covers 163 non-U.S. parent companies and their Northern Ireland operations.

##### U.S. Companies

In addition, MSCI ESG Research surveyed 101 U.S. parent companies.

##### Survey Responses

MSCI ESG Research received complete or partial replies for 18 non-U.S. parent companies and 16 U.S. parent companies with Northern Ireland operations, a response rate of approximately 11.3 percent. A number of companies replied saying that they would not respond this year, and some no longer had operations in Northern Ireland. Several of the surveyed companies have fewer than 25 employees, in which case they are not required to monitor their workforce.

Approximately 9.8 percent of non-U.S. companies in CalPERS' portfolio responded to MSCI ESG Research's Northern Ireland survey in 2013.

MSCI ESG Research has updated its universe of companies with operations in Northern Ireland, in part with information available from the Equality Commission in Northern Ireland's 2013 Monitoring Report published in December 2014.

##### 2014 Study Findings

- 21.6 percent of CalPERS non-U.S. portfolio companies with operations in Northern Ireland are in compliance with the MacBride principles, slightly above par with the 2013 performance of portfolio companies (20.9 percent compliance).
- 32 percent of U.S. companies with operations in Northern Ireland are in compliance with the MacBride principles.
- For non-U.S. companies in CalPERS' portfolio whose workforce composition is available, Catholic employees amount to approximately 42 percent of the workforce, less than the current overall religious breakdown for Northern Ireland employers monitored by the Equality Commission. The difference between overall Catholic representation in Northern Ireland, and Catholic representation at companies in CalPERS' non-U.S. portfolio has remained at approximately 5 percent.

- There is more evidence of Catholic underrepresentation at non-U.S. companies in CalPERS' portfolio relative to Protestant underrepresentation (14.7 percent of the companies in the portfolio have underrepresentation of Protestants, whereas 31.9 percent have underrepresentation of Catholics).
- Companies that responded to the survey reported using—for the most part—a full range of affirmative action measures prescribed by Northern Ireland's fair employment law, including the use of goals and timetables. Affirmative actions are undertaken by a minority of companies (approximately 17.8 percent of non-U.S. companies in CalPERS' portfolio). Largely, information on affirmative action steps is not available unless companies respond to MSCI ESG Research's survey. In cases where there is no underrepresentation, it is possible that affirmative action measures are not warranted.

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The company's flagship product offerings are: the MSCI indexes with over USD 9 trillion estimated to be benchmarked to them on a worldwide basis<sup>1</sup>; Barra multi-asset class factor models, portfolio risk and performance analytics; RiskMetrics multi-asset class market and credit risk analytics; IPD real estate information, indexes and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; and FEA valuation models and risk management software for the energy and commodities markets. MSCI is headquartered in New York, with research and commercial offices around the world.

<sup>1</sup>As of March 31, 2014, as reported on June 25, 2014, by eVestment, Lipper and Bloomberg



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Date [upon approval of transmission by IC]

E. Dotson Wilson  
California State Assembly, Office of the Chief Clerk  
State Capitol, Room 3196  
Sacramento, CA 95814

Dear Mr. Wilson:

In accordance with Chapter 341, Statutes of 1999, the California Public Employees Retirement System (CalPERS) is submitting to the Legislature the attached report on companies operating in Northern Ireland. The report provides information on CalPERS portfolio companies with operations in Northern Ireland, related to workforce composition, fair employment policies and practices (including MacBride Principles), and about formal discrimination complaints.

At the direction of the CalPERS Investment Committee, CalPERS staff will contact companies included in the report that have been identified as participating in or allowing discriminatory practices in the workplace. Our letter both notifies the company that we are posting the Northern Ireland report on our website and encourages the company to resolve these issues.

Enclosed you will find a complete copy of the 2014 Northern Ireland Report. Please contact Anne Simpson at (916) 795-9672 should you have any questions regarding the report.

Sincerely,

ANNE SIMPSON  
Senior Portfolio Manager  
Director of Global Governance

Enclosure:

cc: Anne Stausboll  
Theodore Eliopoulos  
Danny Brown