



California Public Employees' Retirement System

**California Public Divest from Iran Act
Legislative Report For the Year Ended**

December 31, 2015



**California Public Employees' Retirement System
Iran Related Investments – Annual Legislative Report
December 31, 2015**

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Executive Summary

1. This Legislative Report is provided by the California Public Employees' Retirement System (CalPERS)¹ pursuant to requirements promulgated by Government Code 7513.7, also known as the California Public Divest from Iran Act (Act), and summarizes related implementation activities undertaken by CalPERS during 2015 (Reporting Period).
2. The Act prohibits the Board from investing public employee retirement funds in companies having specified ties to Iran. The Act requires the Board to identify the companies that fit the specified criteria, notify them that they have been so identified, and enter into a 90-day period of engagement to encourage such companies to sever their ties with Iran. If a company fails to make sufficient progress in this regard, then, to the extent consistent with the Board's fiduciary duties, CalPERS (a) must cease all future investments with such companies and (b) has 18 months in which to divest any existing holdings. The above criteria, *excluding* the fiduciary duty consideration, are referred to herein as the "threshold criteria" for divestment.
3. Any determination that a company has made sufficient progress in severing ties with Iran must be supported by findings adopted by a roll call vote of the Board following a presentation and discussion of the findings in open session. The Board is required, on an annual basis, (a) to review the CalPERS investment portfolio to determine which companies are subject to divestment, and (b) to file a report with the Legislature, to include the findings made in support of any determination that a particular divestment action would be inconsistent with the Board's fiduciary duties.
4. During the Reporting Period, CalPERS identified three companies that met the threshold criteria for divestment (China Oilfield Services Limited, Doosan Corporation, and Indian Oil Corporation). Following identification of, notification to, and attempts to engage with all three such companies, staff determined that they had not demonstrated "substantial action," as defined in the Act, to curtail or end their business operations in Iran. Staff's conclusion is based on each company's lack of response as summarized in Table 1. Staff's findings with respect to these three companies were presented to the CalPERS Investment Committee (Committee), which acts with the full delegated authority of the CalPERS Board on all investment-related matters, and the Committee directed staff to divest. CalPERS staff completed such divestment activities on December 4, 2015.

¹ CalPERS is the largest public pension plan in the United States, responsible for approximately \$300 billion in global assets, which are invested to provide retirement and health benefits for over 1.7 million Californians. The CalPERS Board has sole and exclusive responsibility to administer the System in a manner that will assure prompt delivery of benefits to its participants and their beneficiaries. The assets of the System are trust funds that must be held for the exclusive purpose of providing benefits to participants in the System and their beneficiaries and defraying the reasonable expenses of administering the System.

Table 1 – Staff Analysis & Conclusions

Company	Key Findings	Action Taken
China Oilfield Services Ltd.	<ul style="list-style-type: none"> Identified by the 2015 GAO Report as having insufficient information available to determine if their drilling operations in Iran are active or withdrawn. 	Divestment and block share purchase: <ul style="list-style-type: none"> The company has failed to respond to CalPERS attempts for engagement in relation to the Iran Act.
Doosan Corporation	<ul style="list-style-type: none"> External third party resources have reported the Company has significant presence in Iran's energy sector and potentially supplies automotive products to companies in Iran. 	Divestment and block share purchase: <ul style="list-style-type: none"> The company has failed to respond to CalPERS attempts for engagement in relation to the Iran Act.
Indian Oil Corporation	<ul style="list-style-type: none"> Identified by the 2015 GAO Report as having active business operations in Iran. 	Divestment and block share purchase: <ul style="list-style-type: none"> The company has failed to respond to CalPERS attempts for engagement in relation to the Iran Act.

- During the Reporting Period, CalPERS also identified four companies (Heidelberg Druckmaschinen, Hitachi Zosen, Nexans SA, and Toyota Tsusho Corporation) as no longer meeting the threshold criteria for potential divestment. Following further attempts to engage with these four companies, staff determined that they had either demonstrated “substantial action,” as defined in the Act, to curtail or end their business operations in Iran or otherwise failed to meet the threshold criteria for divestment. Staff’s conclusion is based on each company’s response as summarized in Table 2. CalPERS staff presented these four companies to the Committee on November 16, 2015 and, after discussion and a roll call vote, the Committee found these four companies to have taken substantial action and to therefore be no longer subject to the divestment provisions of the Act.

Table 2: Summary of Key Findings

	Company	Summary of Key Findings – Company Status
1	Heidelberg Druckmaschinen (Germany)	On November 26, 2014, the Company stated: <ul style="list-style-type: none"> • It is not engaging in activities in Iran covered by the Iran Act; • It is not operating in or involved with the Energy, Defense, Nuclear, Petroleum or Natural Gas Resources sectors.
2	Hitachi Zosen Corporation (Japan)	On January 13, 2015, the Company stated: <ul style="list-style-type: none"> • It is in compliance with all laws and regulations; • It does not engage in business activities specified in the Iran Act.
3	Nexans SA (France)	On September 30, 2015, the Company stated: <ul style="list-style-type: none"> • Its activities in Iran have ceased; • It does not carry out any commercial or industrial activities and ensures its operating subsidiaries comply with the export control and trade sanctions which they are subject to.
4	Toyota Tsusho Corporation (Japan)	On December 15, 2014, the Company stated: <ul style="list-style-type: none"> • Its business operations do not meet the criteria defined by the Iran Act; • The U.S. State Department granted a waiver to Japan under section 1245(d)(4)(D)(i) of the National Defense Authorization Act.

6. CalPERS continues to identify companies potentially subject to the Act, to notify them of the law’s provisions, and call for them to take “substantial action” as defined in the Act.
7. Since the enactment of the Act, CalPERS has divested from seven companies operating in Iran that failed to take substantial action as defined by the Act: China BlueChemical Ltd., China Oilfield Services Ltd., CNOOC Ltd., Daelim Industrial Co., Doosan Corporation, Indian Oil Corporation and Oil India Ltd. New investments in these companies have been blocked as well.

Requirements of the Act

The Act sets out a number of requirements, as follows:

• Identification

CalPERS must annually identify companies with “business operations” in Iran and identify those that meet either of the following criteria:

1. The company (a) is invested in, or engaged in “business operations” with, entities in the defense or nuclear sectors of Iran, or (b) has an investment of \$20 million or more in the energy sector of Iran, including in a company that provides oil or liquefied natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquefied natural gas, for the energy sector of Iran, and that company is subject to sanctions under Public Law 104-172.
2. The company has demonstrated complicity with an Iranian organization that has been labeled as a terrorist organization by the United States government.

CalPERS uses the U.S. Government Accountability Office (GAO) report on Iran sanctions for the initial identification of companies potentially subject to the Act. In addition, CalPERS coordinates in this regard with the California Department of General Service Office of Policies Procedures and Legislation (DGS) and the California State Teachers’ Retirement System (CalSTRS).

CalPERS reviews a variety of information sources to identify the companies in its portfolio that may potentially meet the threshold criteria for divestment (“Subject Companies”). There may be instances in which CalPERS has not engaged a company that was identified by DGS and CalSTRS as potentially satisfying the initial criteria specified in the Act. Reasons for this include, but are not limited to:

- a. Timing: CalPERS frequently coordinates its engagement efforts with CalSTRS; however differences may occur due to the timing of each respective organization’s engagement with individual companies.
- b. CalPERS Portfolio Holdings: The companies identified by DGS and/or CalSTRS might not be held in the CalPERS portfolio.

• Notification

Once identified, CalPERS provides prompt notification to each Subject Company, setting out the provisions of the Act, and seeks a response that can be properly assessed. Such notifications are sent via courier to the most senior board member of each company and in many cases to the Chairman, CEO, or President. When necessary, CalPERS will engage with the Subject Company’s parent directly and use translating services to ensure clear communication.

• **Determination of Substantial Action**

Following the communication with identified companies, staff analyzes each company's response, if any, to assess whether the company is taking "substantial action" (or making progress thereon) as defined by the Act in Iran.

• **CalPERS Policies Relating to Divestment**

In February 2009, the Committee adopted the Statement of Investment Policy for Divestment. In March 2015, the Committee approved the CalPERS Total Fund Investment Policy, which incorporated the Statement of Investment Policy for Divestment (Policy). The Policy provides that CalPERS will undertake constructive engagement in support of Divestment Initiatives (as defined in the Policy) to the extent the Committee determines such engagement to be constructive or as required by law, and will divest where (a) retaining the investment is imprudent and inconsistent with fiduciary duties, or (b) to the extent divestment is both required by law and consistent with fiduciary duties.

• **CalPERS Decision to Divest**

If a company fails to make sufficient progress as determined by statute, then, to the extent consistent with the Board's fiduciary duties,² CalPERS (a) must cease all future investments with such companies and (b) has 18 months in which to divest any existing holdings.

In October 2015, the three portfolio companies identified in Table 1, above, were thoroughly reviewed by the CalPERS Global Equity staff to ensure inclusion of the most recent portfolio information. Estimated potential transaction costs were identified, including trading commissions, price spread, and market impact, and were provided for the Committee's information as a key input to the decision whether to divest. At the November 16, 2015 meeting of the Committee, the Committee, acting with the delegated authority of the CalPERS Board, directed staff to divest from these three companies.

• **Liquidation**

The Act requires the sale of any investments in companies subject to divestment within an 18-month time period from the point of such determination. CalPERS staff completed all divestment activities related to the three companies listed in Table 1, above, on December 4, 2015.

² The Act does not "require the board to take action as described...unless the board determines, in good faith, that the action...is consistent with the fiduciary responsibilities of the board as described in Section 17 of Article XVI of the California Constitution." (Gov. Code §7513.7(k).)

• **Additional Reporting Requirements Under the Act**

Section 7513.7(i)(3) – Whether the Board has Reduced its Investments in any Companies Described in Section 7513.7(b)

As of December 31, 2015, CalPERS has divested from seven companies that continue to have business activities in Iran or have been unresponsive to attempts at engagement by CalPERS staff: China BlueChemical Ltd., China Oilfield Services Limited, CNOOC Ltd., Daelim Industrial Co., Ltd., Doosan Corporation, Indian Oil Corporation, and Oil India Limited. No new investments in these companies have occurred.

Section 7513.7(i)(6) – Detailed Summary of Investments Transferred to Funds or Accounts Devoid of Companies with Business Operations in Iran as Described in Section 7513.7(f)

No such transfers have been identified by CalPERS.

Section 7513.7(i)(7) – Annual calculation of any costs or investment losses or other financial results incurred

CalPERS staff identified transaction costs totaling \$363,000, including trading commissions, price spread, and market impact, relating to divestment activities with respect to the securities listed in Table 1 above, with an expected impact on portfolio tracking error relative to the Global Equity benchmark of within one basis point.

Annually, the Board's general pension consultant, Wilshire Associates, provides calculations of the historical impact of Iran- and Sudan-related divestment activities.³ In an October 2015 report provided to the Board's Investment Committee, Wilshire stated, "the impact of the Iran/Sudan Exclusion over the three and a half years it has been in place has cost the fund between \$46.89 million and \$50.14 million by the end of 2014, depending on the methodology used."⁴

• **Recent Iran-Related Events**

On July 14, 2015, the United States, United Kingdom, France, Germany, China, Russia, and Iran, known as the P5+1, established the "Joint Comprehensive Plan of Action" (JCPOA)⁵ on the Iran nuclear issue. October 18, 2015, marked "Adoption Day," which put the JCPOA into effect, at which time the participants began to take the necessary steps for implementing their respective JCPOA commitments. JCPOA will be monitored by the International Atomic Energy

³ Wilshire has only provided the aggregate impact for both Iran and Sudan divestment activities.

⁴ See <https://www.calpers.ca.gov/docs/board-agendas/201510/invest/item07a-01.pdf> at 14.

⁵ U.S. Department of Treasury: http://www.treasury.gov/resource-center/sanctions/Programs/Pages/jcpoa_archive.aspx

Agency (IAEA). The JCPOA is designed to ensure all participants carry out their Iran-related commitments.

The Act contains sunset provisions that are triggered 30 days after the President of the United States certifies to Congress that Iran (a) has ceased providing support for acts of terrorism and (b) has ceased the pursuit, acquisition and development of, and has verifiably dismantled, its nuclear, biological, and chemical weapons and ballistic missiles and associated technology. While the JCPOA is a long-term plan designed to provide a peaceful solution to the Iranian nuclear issue, the California legislation remains in full force and effect until such time that the President makes the foregoing certifications. Thus, CalPERS continues to diligently implement the requirements of the Act.

CalPERS will continue to monitor the progress of the JCPOA and related developments.

• **Progress on Company Withdrawal from Iran**

Tables 3 and 4 below set forth the System's current holdings in the non-US companies that have been identified as having business operations in Iran, as defined by the legislation.

The progress on company withdrawal from Iran or exemption from the Act is as follows:

1. (Table 3) 2 Companies Under Engagement by CalPERS.
2. (Table 4) 9 Companies Being Monitored by CalPERS.
3. (Table 5) 7 Companies Restricted from Ownership by CalPERS Pursuant to the Act.

• **Conclusion**

CalPERS has diligently and comprehensively implemented the requirements of the Act during the Reporting Period. CalPERS has monitored significant progress in company withdrawal and reduction of activity in Iran. The CalPERS Board, senior management, and staff continue to devote significant time and attention to ensuring that the provisions of the Act are fully implemented.

TABLE 3: 2 Companies Under Engagement by CalPERS				
<i>Company Name (Domicile)</i>	<i>Summary of Ties to Iran</i>	<i>Summary of Changes From 2014</i>	<i>Shares Held by CalPERS 10/31/2015</i>	<i>Market Value (\$) of Shares Held by CalPERS 10/31/2015</i>
MISC Berhad (Malaysia)	MISC Berhad is the leading international shipping line of Malaysia. MISC Berhad operates a fleet of over 100 vessels, specializing in the shipping of energy products such as liquefied natural gas and petroleum (Company Website). MISC Berhad ships cargo to the Iranian port of Bandar Abbas, and describes its specific shipping policy for the port on its website. The company lists three other ports of call in Iran on its website.	In 2015, CalPERS established a position in MISC and has re-engaged the Company to determine its business operations status in Iran.	1,487,000	\$3,125,607.54
Legrand SA (France)	Legrand SA has been identified as potentially having ties in Iran.	CalPERS has initiated engagement with Legrand SA.	1,279,309	\$70,574,651.66
Category Total:				\$73,700,259.20

TABLE 4: 9 Companies Being Monitored by CalPERS				
<i>Company Name (Domicile)</i>	<i>Summary of Ties to Iran</i>	<i>Summary of Changes From 2014</i>	<i>Shares Held by CalPERS 10/31/2015</i>	<i>Market Value (\$) of Shares Held by CalPERS 10/31/2015</i>
Alfa Laval AB (Sweden)	Alfa Laval sells its products in Iran through an Iranian website, in addition to maintaining an office in Tehran. Through this site, Alfa Laval makes available many products that have a known application in the nuclear energy industry. For example, Alfa Laval advertises the benefits of installing its plate heat exchangers in nuclear power plants.	In correspondence with Alfa Laval AB, the Company confirmed it was making best efforts to comply with local, UN and EU regulations with their activities in Iran. CalPERS is following up with the Company to determine the current status of their Iran operations.	1,136,624	\$20,119,608.19
Heidelberg Druckmaschinen (Germany)	Heidelberg Druckmaschinen develops and produces printing presses, plate setters, post-press, equipment and software. The Company works in Iran through Iran Rotative Co. Ltd.	In correspondence with Heidelberg Druckmaschinen dated November 26, 2014, the Company confirmed it was not engaged in business operations defined by the Iran Act nor does it operate in the Energy, Defense, Nuclear, Petroleum or Natural Gas Resource sectors.	1,193,604	\$3,447,916.25

**TABLE 4:
9 Companies Being Monitored by CalPERS**

<i>Company Name (Domicile)</i>	<i>Summary of Ties to Iran</i>	<i>Summary of Changes From 2014</i>	<i>Shares Held by CalPERS 10/31/2015</i>	<i>Market Value (\$) of Shares Held by CalPERS 10/31/2015</i>
		<p>At the November 2015, Investment Committee CalPERS Board approved Heidelberg Druckmaschinen was not subject to the divestment provisions of the Iran Act.</p>		
<p>Hitachi Zosen Corporation (Japan)</p>	<p>Hitachi Zosen produces shield tunneling machines in its steel structures and construction machinery division: "We have delivered a number of shield tunneling machines to the United States, China, Korea, Republic of China, Singapore and Thailand including 4 machines for undersea tunnel across the Bosphorus straits in Istanbul, Turkey". A Hitachi Zosen subsidiary lists Iran as a main exporting country for spare parts.</p>	<p>In correspondence with Hitachi Zosen Corporation, dated January 13, 2015, the Company confirmed it was in not engaged in business activities defined by the Iran Act. Additionally, the Company confirmed they were compliant with all laws and regulations.</p> <p>At the November 2015, Investment Committee CalPERS Board approved Hitachi Zosen was not subject to the divestment provisions of the Iran Act.</p>	<p>656,888</p>	<p>\$3,619,892.43</p>
<p>KunLun Energy (Formerly CNPC Hong Kong) (Hong Kong)</p>	<p>CNPC Hong Kong announced its name change in KunLun Energy Company Limited (Kunlun) in February 2010. Kunlun is a publicly traded subsidiary of the state-owned China National Petroleum Corporation (Sinopec), which holds a 52.7 percent interest. It is assessed as tied to Iran because of its parent company's ties. Sinopec is deeply involved in Iran through oil exploration contracts and interests, refining, and commercialization of gas processing products. Kunlun has had a service contract for the Masjed Soleiman oilfields in Iran and has previously participated in the development of Block 11 of the South Pars gas field. Also, Kunlun is negotiating a seven-year contract to develop Block 14 of the South Pars gas field, which would give CNPC access to the estimated 370 billion cubic meters of gas reserves.</p> <p>In late July 2008, the Iranian government reached a USD100-billion-worth agreement with Sinopec, in which the firm agreed to purchase Iranian natural gas and help develop one of Iran's largest oil</p>	<p>There are no changes since 2014.</p> <p>CalPERS has no current investment position in KunLun Energy.</p>	<p>0</p>	<p>\$0</p>

**TABLE 4:
9 Companies Being Monitored by CalPERS**

<i>Company Name (Domicile)</i>	<i>Summary of Ties to Iran</i>	<i>Summary of Changes From 2014</i>	<i>Shares Held by CalPERS 10/31/2015</i>	<i>Market Value (\$) of Shares Held by CalPERS 10/31/2015</i>
	fields, according to an editorial in the Washington Times newspaper. In exchange, Tehran agreed to export 150,000 barrels of oil per day to China at "market prices." According to a ChinaDaily.com report in December 2007, the Iranian Oil Ministry awarded a USD2-billion contract for engineering services at the Yadavaran oilfield to Sinopec, along with 51 percent ownership of the project. This will be carried out in two subsequent phases of four and three years, respectively.			
Nexans SA (France)	On its Company Website, Nexans lists "Noble Inc." and "Persian Meraat Co." as its partners in Iran. According to Persian Meraat Co.'s company website, the Tehran-based company is the "registered official agent of Nexans France to operating in Iran region."	In correspondence with Nexans SA dated September 30, 2015, the Company confirmed it was not engaged nor invested in any business operations defined by the Iran Act. At the November 2015, Investment Committee CalPERS Board approved Nexans SA was not subject to the divestment provisions of the Iran Act.	129,234	\$5,168,566.27
PetroChina (China)	According to Iranian news media dated September 4, 2011, PetroChina will invest \$8.4 billion to develop the Azadegan oilfield.	There are no changes since 2014. CalPERS has no current investment position in PetroChina.	0	\$0
Petronas (Malaysia)	In a statement issued October 5, 2010, Datuk Shamsul Azhar Abbas CEO of Petroliam Nasional Bhd (Petronas) said that the company has no intention of leaving Iran's market at the present time despite U.S. threats to punish companies continuing trade with the country.	There are no changes since 2014. CalPERS has no current investment position in Petronas.	0	\$0
Sinopec Yizheng Chemical (China)	Sinopec, the parent company, has been linked to having potential ties to Iran.	There are no changes since 2014. CalPERS has no investment position in Sinopec Corporation or subsidiary Sinopec Yizheng Chemical.	0	\$0
Toyota Tsusho Corporation	It has been reported that Toyota Tsusho has been also lifting Iranian crude since April for the top two buyers, the sources	In correspondence with Toyota Tsusho SA dated December 15, 2014, the	1,805,567	\$41,654,845.89

TABLE 4: 9 Companies Being Monitored by CalPERS				
<i>Company Name (Domicile)</i>	<i>Summary of Ties to Iran</i>	<i>Summary of Changes From 2014</i>	<i>Shares Held by CalPERS 10/31/2015</i>	<i>Market Value (\$) of Shares Held by CalPERS 10/31/2015</i>
(Japan)	added. In 2009, Iran exported about 421,000 bpd of crude to Japan. It was overtaken by Qatar, however, as Japan's third-largest crude supplier.	<p>Company confirmed it was not engaged in any business operations defined by the Iran Act. Additionally, the Company informed us the US State Department granted a waiver to Japan under section 1245(d)(4)(D)(i) of the National Defense Authorization Act.</p> <p>At the November 2015, Investment Committee CalPERS Board approved Toyota Tsusho Corporation was not subject to the divestment provisions of the Iran Act.</p>		
		Category Total:		\$74,010,829.03

TABLE 5: 7 Companies Restricted from Ownership by CalPERS Pursuant to the Act				
<i>Company Name (Domicile)</i>	<i>Summary of Ties to Iran</i>	<i>Summary of Changes From 2014</i>	<i>Shares Held by CalPERS 10/31/2015</i>	<i>Market Value (\$) of Shares Held by CalPERS 10/31/2015</i>
China BlueChemical Ltd. (China)	China BlueChem is a subsidiary that engages in production of mineral fertilisers, methanol and related chemicals under the parent company, China National Offshore Oil Corporation ("CNOOC"), which is the third largest petroleum company in China.	<p>There are no changes since 2014.</p> <p>In November 2014, the CalPERS Investment Committee approved divestment of China BlueChemical Ltd. The Company has been unresponsive to take substantial action or curtailing business operations in Iran.</p>	0	\$0
China Oilfield Services Ltd. (China)	GAO: Open sources published during the period of the GAO current review reported that the firm has ongoing drilling operations in Iran.	In November 2015, the CalPERS Investment Committee approved divestment of China Oilfield Services Limited. The Company has been unresponsive to CalPERS engagements.	0	\$0

**TABLE 5:
7 Companies Restricted from Ownership by CalPERS Pursuant to the Act**

<i>Company Name (Domicile)</i>	<i>Summary of Ties to Iran</i>	<i>Summary of Changes From 2014</i>	<i>Shares Held by CalPERS 10/31/2015</i>	<i>Market Value (\$) of Shares Held by CalPERS 10/31/2015</i>
<p>CNOOC Ltd. (Hong Kong)</p>	<p>CNOOC Ltd. is a listed subsidiary of China National Offshore Oil Corp. (CNOOC) which is 70-percent owned by the Government of the People's Republic of China. CNOOC Ltd. itself does not have operations in Iran. Parent company CNOOC has stated that its affiliates or subsidiaries can be involved in restricted countries by the United States Sanctions Acts and State-level legislations.</p> <p>In March 2009, Iran's oil ministry stated that CNOOC had reached a deal to develop the North Pars gas field in the Persian Gulf (NP). CNOOC is reportedly expected to invest USD5 billion in upstream gas projects, and USD11 billion in gas liquefaction (downstream) facilities, until 2012. Iran and CNOOC had already signed a Memorandum of Understanding in 2006 for gas supply from Iran to China. In July 2009, CNOOC was reported by the Iranian Offshore Oil Company's managing director to have signed a cooperation agreement with Malaysia-based Amona for the development of Resalat oilfield.</p> <p>In its 2009 form 20-F, issued in April 2010, CNOOC Ltd. stated that the company is possibly subject to United States sanctions, as a result of "current or future activities by CNOOC Ltd. or its affiliates in countries that are the subject of U.S. sanctions as Iran and Sudan."</p>	<p>There are no changes since 2014.</p> <p>In May 2011, the CalPERS Investment Committee approved divestment of shares in CNOOC Ltd. The Company, through its parent, has failed to take substantial action to curtail business operations in Iran.</p>	<p>0</p>	<p>\$0</p>
<p>Daelim Industrial Co. (Korea)</p>	<p>Daelim Industrial Co.'s website lists several offices in Iran, where the company is active. Currently, Daelim Industrial is collaborating with Iranian companies to upgrade the Esfahan refinery in Iran. In addition, it has secured a deal to build liquefied natural gas and liquefied petroleum gas tanks in Tombak, located in southern Iran. The Esfahan refinery project, which is to be completed in 2011, aims to give Iran more refining ability so that it no longer needs to import fuel. In 2009, it was reported that Daelim has secured a deal to build storage tanks, provide a fully integrated communication solution to equipment for an onshore gas plant and three offshore platforms of the</p>	<p>There are no changes since 2014.</p> <p>In May 2011, the CalPERS Investment Committee approved divestment of shares in Daelim Industrial. The Company has been unresponsive to CalPERS request to take substantial action to curtail business operations in Iran.</p>	<p>0</p>	<p>\$0</p>

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<i>Company Name (Domicile)</i>	<i>Summary of Ties to Iran</i>	<i>Summary of Changes From 2014</i>	<i>Shares Held by CalPERS 10/31/2015</i>	<i>Market Value (\$) of Shares Held by CalPERS 10/31/2015</i>
	<p>South Pars gas field in Iran, and construct a gas refinery and an ethyl benzene plant in Iran.</p> <p>The company's 2008 Annual Report listed the following projects in progress in Iran: LNG & LPG Tank (2007-2011), Esfahan Refinery Upgrading Project (2007-2012) and AKPC LDPE Project (2005-2009). Daelim is carrying out the construction of a total of five LNG and LPG storage tanks on a turnkey basis in association with local contractor Ghorb Nooh. The client is National Iranian Oil Company, and the work is valued at USD 320 million.</p> <p>The company's 2008 Annual Report lists the following projects in progress in Iran: LNG & LPG Tank (2007-2011), Esfahan Refinery Upgrading Project (2007-2012) and AKPC LDPE Project (2005-2009). Daelim is carrying out the construction of a total of five LNG and LPG storage tanks on a turnkey basis in association with local contractor Ghorb Nooh. The client is National Iranian Oil Company, and the work is valued at USD 320 million. Three of the LNG tanks are to have capacities of 140,000 metric tons each and two capacities of 30,000 metric tons each in Tombak, southern Iran.</p> <p>Daelim awarded a contract to Metito, a wastewater treatment company, to install a major industrial system for phases 6, 7 and 8 of the gas field development in Iran. Daelim Industrial won contracts as part of a consortium to construct a gas refinery and an ethyl benzene plant.</p>			
<p>Doosan Corporation (South Korea)</p>	<p>Doosan Corporation is the parent company of the construction equipment brand Bobcat, which also does business in Iran. Doosan has a significant presence in Iran's energy sector, having constructed at least nine power plants in Iran. (Doosan Heavy Industries Website. "Major Projects"). In total, all Doosan companies have received more than \$100 million from the U.S. Government in federal contracts since 2000.</p>	<p>In November 2015, the CalPERS Investment Committee approved divestment of Doosan Corporation. The Company has been unresponsive to CalPERS engagements.</p>	<p>0</p>	<p>\$0</p>
<p>Indian Oil Corporation</p>	<p>It has been reported that India imported 13.5 percent more Iranian oil in May</p>	<p>In November 2015, the CalPERS Investment</p>	<p>0</p>	<p>\$0</p>

**TABLE 5:
7 Companies Restricted from Ownership by CalPERS Pursuant to the Act**

<i>Company Name (Domicile)</i>	<i>Summary of Ties to Iran</i>	<i>Summary of Changes From 2014</i>	<i>Shares Held by CalPERS 10/31/2015</i>	<i>Market Value (\$) of Shares Held by CalPERS 10/31/2015</i>
(India)	compared with April as the country's biggest refiner Indian Oil Corp bought crude from Tehran after a three-month break, tanker data obtained from trade sources showed. India's intake of Iranian oil in January-May rose about 38 percent from the previous year as refiners ramped up imports in the first quarter to meet a target of buying 220,000 bpd crude from Tehran in the fiscal year that ended March 31, 2014. IOC took one very large crude carrier, or 2 million barrels of Iranian oil last month, after not making any purchase from Tehran since January.	Committee approved divestment of Indian Oil Corporation. The Company has been unresponsive to CalPERS engagements.		
Oil India Ltd. (India)	According to the company's 2009 annual report, Oil India has an exploration service contract in the Farsi Oil Block. The company, along with its partners ONGC Videsh (OVL) and Oil India Corporation (OIC) holds interest in the Farsi oil field. The US administration had in May 2010 named Oil India Ltd among the 41 firms worldwide having energy ties with Iran, an act for which it may impose sanctions on them." (Economic Times, "Oil PSUs to seek legal opinion of impact of sanctions on Iran," July 22, 2010).	There are no changes since 2014. In October 2012, the CalPERS Investment Committee approved a block in future share purchase in Oil India. The company did not demonstrate that they are taking substantial action or curtailing business operations in Iran.	0	\$0
		Category Total:		\$0

Appendix A:

Definitions

“Board” – The Board of Administration of the California Public Employees’ Retirement System.

“Business operations” – Maintaining, selling, or leasing equipment, facilities, personnel, or any other apparatus of business or commerce in Iran, including the ownership or possession of real or personal property located in Iran.

“Substantial action” – A boycott of the government of Iran, curtailing business in Iran (until such time that the President of the United States certifies to Congress that Iran (a) has ceased providing support for acts of terrorism and (b) has ceased the pursuit, acquisition and development of, and has verifiably dismantled, its nuclear, biological, and chemical weapons and ballistic missiles and associated technology) or selling company assets, equipment, or real and personal property located in Iran.

Appendix B:

Requirements of the Act

The implementation steps and requirements specified within the Act are:

1. Identification of companies, through publicly available information, with activities in the specified areas.
2. Notification to such companies that their activities may make them subject to divestment unless they take “substantial action” within 90 days.
3. Annual determination of which companies may be subject to “divestment” due to lack of “substantial action” or progress toward it.
4. Monitoring and reviewing that companies are making sufficient progress toward “substantial action” for up to 12 months from the initial notification.
5. Upon determination that a company is subject to “divestment”, making no further investments in such company.
6. Determination that actions to be taken are consistent with the Board’s fiduciary responsibilities as established in the California Constitution, article 16, section 17.
7. Liquidation within 18 months of investments determined to be subject to “divestment.”
8. Report annually to the California Legislature regarding the status of CalPERS compliance with the Act.