

California Public Employees' Retirement System

2018 California Public Divest from Iran Act and Sudan Act Legislative Report

Prepared: November 30, 2018

CalPERS 2018 California Public Divest from Iran Act and Sudan Act Legislative Report

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Executive Summary

This report is provided by the California Public Employees' Retirement System (CalPERS) pursuant to the requirements of California Government Code (G.C.) § 7513.6, also known as the Sudan Act, and §7513.7, also known as the "California Public Divest from Iran Act."

The Acts require the CalPERS Board of Administration (Board), consistent with its fiduciary responsibilities, to identify, engage, and potentially divest from companies meeting the conditions specified in the Acts. Further, the Acts require ongoing annual reporting by CalPERS to the California Legislature until the respective sunset provisions have been satisfied.

For the 2018 reporting period:

1. The Public Employees' Retirement Fund has been screened for companies potentially meeting the criteria for consideration under the Acts
 - a. A number of companies held within the public asset class portfolios have been identified for further review, particularly in regard to G.C. §7513.7 and the temporary lifting of sanctions due to the Joint Comprehensive Plan of Action (JCPoA)¹. With the subsequent U.S. withdrawal from the JCPoA and re-imposition of sanctions staff expects further changes to this category.
 - b. It has been confirmed there are no related holdings within the private equity portfolios, based on the latest available holdings information available at the time of this report (as of June 30, 2018).
2. No new companies have been proposed for divestment.
3. CalPERS' determined 13 companies did not meet the threshold criteria for consideration under the Acts. Additional information on those companies is available in Table 11 of this report, and in Agenda Item 6a presented at the September 24, 2018 CalPERS Investment Committee meeting².
4. CalPERS has ceased reviewing a number of companies because CalPERS has no portfolio holdings. Additional information on those companies is available in Table 12 of this report.

Unless otherwise noted all holdings information is as of September 30, 2018.

Background Information – Inception of the Acts

In 2007, Assembly Bill 221 (California Public Divest from Iran Act) and Assembly Bill 2941 (the Sudan Act) were enacted to prohibit CalPERS and CalSTRS from investing in companies with specified business activities in Iran and Sudan, respectively, subject to the fiduciary duties of the

¹ On July 14, 2015, Iran and an international coalition of countries consisting of China, France, Germany, Russia, the United Kingdom, the U.S., and the European Union reached agreement on a Joint Comprehensive Plan of Action (JCPoA) regarding Iran's nuclear program. The JCPoA went into effect on October 18, 2015 and the participants began taking steps necessary to implement their respective JCPoA commitments. Additional information on the U.S. withdrawal from the JCPoA is available in the [August 13, 2018 CalPERS Board Meeting Archives, Agenda item 8c.](#)

² [CalPERS Board Meeting Archives, September 24, 2018, Agenda Item 6a, California Public Divest from Iran Act and Sudan Act – Adoption of Findings.](#)

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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 Acts

Among other things, the Acts require CalPERS to utilize publicly available information to identify portfolio companies that may be subject to the Acts 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, such as the California Department of General Services (DGS) or the California State Teachers' Retirement System (CalSTRS) as potentially satisfying the criteria specified in the Acts. 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. It has been CalPERS' general policy to engage only where the System has holdings.
- Timing – CalPERS coordinates its engagement efforts with CalSTRS; however difference may occur due to the timing of each respective organization's engagement with individual companies.

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

In CalPERS review of publicly available information and engagement with companies, it may be confirmed that a company does not meet the threshold criteria for consideration under the Acts. Reasons for this may be varied, such as that the company's activities are confirmed as not related to those activities targeted by the Acts, or that public reports of the company's involvement were erroneous, etc. In the interest of transparency CalPERS has included a listing of the companies that were reviewed and determined not to meet the threshold criteria for consideration under the Acts for the reporting period. These companies are outlined in Table 11.

Except in the case of review and engagement with previously divested companies, CalPERS' practice is to engage companies only when CalPERS has holdings. Companies in which CalPERS does not have holdings as of September 30, 2018 have been removed from CalPERS' consideration under the Acts and are shown in Table 12.

CalPERS 2018 Report – G.C. 7513.6 (Sudan Act)

In consideration of the requirements of the Act, the potentially lengthy discovery and confirmation process, and ease of presentation, CalPERS will group companies into several categories:

1. **Divested/Restricted** – These are companies that were determined to have satisfied the threshold criteria for divestment defined by §7513.6, and as to which the CalPERS Board determined divestment would be consistent with its fiduciary obligations.

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- This category addresses requirements §7513.6(i)(3) and (i)(4) should liquidation 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 they 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 requirements §7513.6(i)(1) and (2)
3. **Monitoring** – These are companies that were initially identified for possible consideration under the Act, but then confirmed as *not*, in fact, meeting the threshold criteria for consideration under §7513.6, which CalPERS continues to monitor for possible changes in status relevant to the Act.
- This category addresses requirements §7513.6(i)(5)
4. **Exempted** – These are companies that were identified, and confirmed as meeting the threshold criteria for divestment, but that the CalPERS Board has elected to exempt from divestment.
- This category addresses the requirements of §7513.6(i)(4) for companies exempted from divestment on fiduciary grounds, and of §7513.6(i)(6) where the “Sudan-free” alternative fund or account has been deemed not financially equivalent to an unconstrained fund/account such that the Board elected not to transfer assets therein (component §7513.6(f)(2)). This category also addresses §7513.6(i)(6), component §7513.6 (f)(3), should the Board elect not to divest from a private equity exposure in a company confirmed to have met the threshold criteria for divestment.
5. **Other** – This category is used to capture other required reporting components not captured in the other four categories.
- §7513.6(f), as part of §7513.6(i)(6), in which an economically equivalent alternative fund or account was established with PERF assets transferred therein.
 - §7513.6(j) any investments in a company with business operations in Sudan (as defined in the Act), that the board voluntarily sold or transferred.

These elements are included in Tables 1 through 5, by category, on the following pages. All holdings information is as of September 30, 2018 unless otherwise noted. Additionally, “market value” may include public equity, depository receipts, and debt assets.

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Table 1 – Divested/Restricted Companies (\$7513.6)

Table 1					
Ref #	Company	Summary of Ties to Sudan	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
1.	Dongfeng Motor Group Company Ltd.	The company has reportedly supplied military vehicles to the Sudanese government. CalPERS Investment Committee approved divestment from the company in May 2011.	No change	0	\$0
2.	El Sewedy Electric Company	The company reportedly provides support to Sudan's electricity generating infrastructure, including ownership and operations of a power transmission cable production plant in Sudan. CalPERS Investment Committee approved divestment from the company in May 2011.	No change	0	\$0
3.	Oil & Natural Gas Company (India)	In March of 2006 the company was identified by the UC Regents as potentially providing monetary or military support to the Sudanese government. In May of 2006, having no holdings to divest, CalPERS' Investment Committee took action to restrict future investments in the company.	No change	0	\$0
4.	Mangalore Refinery & Petrochemical Ltd. (India)	In March of 2006 the company was identified by the UC Regents as potentially providing monetary or military support to the Sudanese government. In May of 2006, having no holdings to divest, CalPERS' Investment Committee took action to restrict future investments in the company.	No change	0	\$0
5.	Bharat Heavy Electrical Limited	In March of 2006 the company was identified by the UC Regents as potentially providing monetary or military support to the Sudanese government. In May of 2006, having no holdings to divest, CalPERS' Investment Committee took action to restrict future investments in the company.	No change	0	\$0

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Table 1					
Ref #	Company	Summary of Ties to Sudan	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
6.	PECD Bhd.	In March of 2006 the company was identified by the UC Regents as potentially providing monetary or military support to the Sudanese government. In May of 2006, having no holdings to divest, CalPERS' Investment Committee took action to restrict future investments in the company.	No change	0	\$0
7.	PetroChina	In March of 2006 the company was identified by the UC Regents as potentially providing monetary or military support to the Sudanese government. In May of 2006, having no holdings to divest, CalPERS' Investment Committee took action to restrict future investments in the company.	No change	0	\$0
8.	Sudan Telecom (aka "Sudatel")	In March of 2006 the company was identified by the UC Regents as potentially providing monetary or military support to the Sudanese government. In May of 2006, having no holdings to divest, CalPERS' Investment Committee took action to restrict future investments in the company.	No change	0	\$0
9.	China Petroleum and Chemical Corp (aka "Sinopec Corp")	In March of 2006 the company was identified by the UC Regents as potentially providing monetary or military support to the Sudanese government. In May of 2006, having no holdings to divest, CalPERS' Investment Committee took action to restrict future investments in the company.	No change	0	\$0
10.	Nam Fatt Co Bhd	In March of 2006 the company was identified by the UC Regents as potentially providing monetary or military support to the Sudanese government. In May of 2006, having no holdings to divest, CalPERS' Investment Committee took action to restrict future investments in the company.	No change	0	\$0

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Table 2 – Companies Under Review (\$7513.6)

The total market value of CalPERS' holdings for this category is approximately \$636 million.

Table 2					
Ref #	Company	Summary of Possible Ties to Sudan	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
1.	China Communications Construction Company Limited	The company was reported as having involvement in several infrastructure projects in Sudan	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	14,904,051	\$15,237,563
2.	China Railway Group	The company was reported as having contracts in Sudan related to railway maintenance.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	10,015,210	\$9,932,143
3.	Emirates Telecommunication Group	The company has been reported as possibly providing telecommunication services in Sudan.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	5,886,006	\$26,761,493
4.	Fuji Electric Co. Ltd.	The company has been identified as potentially providing heavy equipment in Sudan.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	235,994	\$9,453,489
5.	LafargeHolcim Ltd.	The company was identified as potentially conducting business in Sudan.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	892,800	\$44,283,538
6.	Larsen & Tourbro Ltd.	The company was identified as potentially providing consulting services to the government of Sudan.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	484,471	\$8,501,801

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Table 2					
Ref #	Company	Summary of Possible Ties to Sudan	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
7.	Makita Corp	The company was identified as potentially providing products and equipment in Sudan.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	957,398	\$47,960,511
8.	Malayan Banking Bhd.	The company was identified as potentially providing banking services in Sudan.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	20,115,556	\$47,585,186
9.	MTN Group Limited	The company was identified as possibly providing telecommunications services in Sudan.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	2,964,586	\$18,347,386
10.	Nokia Corp	The company was identified as potentially providing telecommunication services in Sudan.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	26,438,756	\$146,888,963
11.	Nordea Bank	The company was identified as potentially providing banking services in Sudan.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	8,712,094	\$249,218,991
12.	Sapura Energy Bhd.	The company has been reported as having oil drilling ties to Sudan.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	5,289,245	\$524,004
13.	Ultratech Cement	The company has been identified as possibly having a	CalPERS has commenced the review process to determine whether the company meets the	206,350	\$11,557,052

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Table 2					
Ref #	Company	Summary of Possible Ties to Sudan	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
		subsidiary with operations in Sudan.	threshold criteria for consideration under the Act.		

Table 3 – Monitored Companies (§7513.6)

The total market value of CalPERS' holdings for this category is approximately \$49 million.

Table 3					
Ref #	Company	Monitored Companies	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
1.	Andritz AG	The company has been identified as potentially providing industrial machinery in Sudan.	CalPERS has moved the company into "monitor" status while staff conducts further review of the company's activities in consideration of the requirements of the Act.	292,946	\$17,097,896
2.	Commercial Bank QSC	The company was identified as potentially providing banking services in Sudan.	CalPERS has moved the company into "monitor" status while staff conducts further review of the company's activities in consideration of the requirements of the Act.	649,957	\$7,210,837
3.	CRRC Corp	The company was identified as potentially providing locomotives to entities associated with the government of Sudan.	CalPERS has moved the company into "monitor" status while staff conducts further review of the company's activities in consideration of the requirements of the Act.	7,854,175	\$7,176,750
4.	M1 Ltd.	The company was identified as potentially providing telecommunications services in Sudan.	CalPERS has moved the company into "monitor" status while staff conducts further review of the company's activities in consideration of the requirements of the Act.	995,138	\$1,536,752
5.	Qatar Islamic Bank	The company was identified as potentially providing banking services in Sudan.	CalPERS has moved the company into "monitor" status while staff conducts further review of the company's activities in consideration of the requirements of the Act.	381,934	\$14,683,718

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Table 3					
Ref #	Company	Monitored Companies	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
6.	Shanghai Electric Group	The company has been identified as possibly having power transmission contracts in Sudan.	CalPERS has moved the company into "monitor" status while staff conducts further review of the company's activities in consideration of the requirements of the Act.	4,426,223	\$1,578,188

Table 4 – Exempted Companies (§7513.6)

Table 4					
Ref #	Company	Exempted	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
1.	No items to report	CalPERS has not exempted any companies confirmed as meeting the threshold criteria for divestment consideration under the act as noted in §7513.6(i)(4) and §7513.6(i)(6).	No change	0	\$0

Table 5 – Other (§7513.6)

Table 5					
Ref #	Component	Exempted	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
1.	§7513.6(i)(6) and §7513.6(j)	CalPERS has no items to report per <ul style="list-style-type: none"> • §7513.6(f), as part of §7513.6(i)(6), in which an economically equivalent alternative fund or account was established with PERF assets transferred therein; and/or 	No change	N/A	N/A

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Table 5					
Ref #	Component	Exempted	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
		<ul style="list-style-type: none"> • §7513.6(j) any investments in a company with business operations in Sudan (as defined in the Act), that the board voluntarily sold or transferred 			

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CalPERS 2018 Report – G.C. 7513.7 (California Public Divest From Iran Act)

Similarly to the reporting for G.C. §7513.6(i), CalPERS will group 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 liquidation 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 they 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 requirements §7513.7(i)(1), (2), and (5)

3. **Monitoring** – This category has been split into two portions:
 - “Monitoring with Holdings” are companies that were initially identified, then confirmed as not meeting the threshold criteria for consideration under §7513.7, but that CalPERS continues to monitor for possible changes in status relevant to the Act.
 - This category addresses requirements §7513.7(i)(1),(2), and (5)

4. **Exempted** – These are companies that were identified, confirmed as meeting the threshold criteria for divestment, and ultimately exempted from divestment by the CalPERS Board
 - This category addresses requirements §7513.7(i)(4) should the company have been exempted from divestment on fiduciary grounds, and §7513.7(i)(6) should the “Iran-free” alternative fund or account have been deemed not financially equivalent to an unconstrained fund/account (component §7513.7(f)(2)). This category also addresses §7513.7(i)(6) component deriving from §7513.7 (f)(3), should the Board elect not to divest from a private equity exposure in a company confirmed to have met the threshold criteria for divestment.

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5. **Other** – This category is used to capture other required reporting components not captured in the other four 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 6 through 10, by category, on the following pages. All holdings information is as of September 30, 2018 unless otherwise noted. Additionally the “market value of CalPERS exposure” column may include both public equity and debt assets.

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Table 6 – Divested/Restricted Companies (\$7513.7)

Table 6					
Ref #	Company	Summary of Ties to Iran	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
1.	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
2.	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
3.	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>	No change	0	\$0

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Table 6					
Ref #	Company	Summary of Ties to Iran	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
		In May of 2011 the CalPERS Investment Committee approved divestment from the company.			
4.	Daelim Industrial Co. (see also table 7 number 26)	Beginning in 2009 the company was identified as having involvement with natural gas-related projects in Iran. In May of 2011 the CalPERS Investment Committee approved divestment from the company.	Following correspondence dated 10/31/18 from the company, CalPERS has initiated a new review of the company in consideration of the Act. The company will remain restricted while the review is ongoing.	0	\$0
5.	Doosan Corporation	In 2014 the company was identified as supplying automotive products to companies in Iran. In November of 2015 the CalPERS Investment Committee approved divestment from the company.	No change	0	\$0
6.	India Oil Corporation	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. In November of 2015 the CalPERS Investment Committee approved divestment from the company.	No change	0	\$0
7.	Oil India Limited	In 2009 through 2010 the company was identified as having oil exploration contracts and oilfield interests in Iran.	No change	0	\$0

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Table 6					
Ref #	Company	Summary of Ties to Iran	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
		In October 2012 the CalPERS Investment Committee approved divestment from the company.			

Table 7 – Companies Under Review (\$7513.7)

The total market value of CalPERS' holdings for this category is approximately \$2.7 billion.

Table 7					
Ref #	Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2017 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
1.	ABB Ltd.	The company has been identified as possibly seeking business opportunities in Iran	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	3,877,369	\$92,051,789
2.	Bharat Petroleum Corporation Ltd.	The company has been reported as potentially purchasing Iranian crude.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	3,074,821	\$15,870,386
3.	DMG Mori AG	The company has been identified as potentially selling automation and production machinery in Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	48,922	\$2,508,730
4.	Ecolab	The company has been identified as potentially having a subsidiary with ties to petrochemical production in Iran.	CalPERS has commenced the review process to determine whether the company meets the	904,368	\$148,502,685

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Table 7					
Ref #	Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2017 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
			threshold criteria for consideration under the Act.		
5.	Enel SpA	The company has been reported to have entered into an agreement to purchase natural gas from Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	32,160,874	\$164,809,556
6.	Formosa Petrochemical Corp	The company has been identified as potentially providing services for oil shipping terminals in Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	5,837,380	\$28,295,033
7.	Gazprom	The company has signed MOUs with Iranian petroleum authorities regarding petrochemical development opportunities	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	26,542,711	\$129,956,751
8.	Groupe Bruxelles Lambert	A subsidiary of the company has been reported as potentially providing oil and gas testing services in Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	277,982	\$29,155,700
9.	Hexagon Composites	The company has been identified as potentially providing lightweight composite cylinders which may be used for the storage of gases.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	755,402	\$44,254,536
10.	JGC Corporation	The company has been reported as potentially providing engineering services for power and gas processing plants in Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	623,156	\$14,297,174

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Table 7					
Ref #	Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2017 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
11.	Larsen & Tourbro Ltd.	The company has been identified as potentially having a stake in an Iran-based joint venture.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	484,471	\$8,501,801
12.	Lukoil OAO	The company has been identified as potentially seeking hydrocarbon-related business in Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	3,165,286	\$242,777,436
13.	Mitsubishi Corp	The company has been identified as potentially purchasing Iranian crude.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	4,250,866	\$131,023,303
14.	OMV	The company has been identified as signing an MOU to develop the Band Karkheh oilfield.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	447,942	\$25,176,563
15.	Polskie Gornictwo Naftowe I Gazownictwo	The company has been identified as potentially signing an MOU to work on the Lavan Island and Soumar oilfields.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	4,539,028	\$7,967,096
16.	Reliance Industries Ltd.	The company has been identified as potentially purchasing Iranian crude.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	6,013,851	\$104,360,931
17.	Royal Dutch Shell	The company has been identified as potentially seeking oilfield development opportunities in Iran.	CalPERS has commenced the review process to determine	24,156,883	\$897,830,629

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Table 7					
Ref #	Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2017 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
			whether the company meets the threshold criteria for consideration under the Act.		
18.	Saipem SPA	The company has been identified as potentially seeking development opportunities for the Toos Gas Field.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	1,215,294	\$7,492,579
19.	Siemens AG	The company has been identified as potentially involved in power and transportation projects in Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	2,332,497	\$298,932,488
20.	SKF AB	The company has been identified as potentially providing bearing and lubrication products in Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	1,434,344	\$28,281,408
21.	Sojitz	The company has been identified as potentially seeking steel and petrochemical plan renovation opportunities in Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	4,549,038	\$16,420,351
22.	Sulzer AG	The company has been identified as potentially selling pump products in Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	31,903	\$3,850,700
23.	Toyo Engineering	The company has reportedly signed an agreement to develop the Salman field in Iran.	CalPERS has commenced the review process to determine whether the company meets the	68,900	\$549,574

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Table 7					
Ref #	Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2017 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
			threshold criteria for consideration under the Act.		
24.	Toyota Tsusho Corp	While identified by CalPERS in 2015 as not meeting threshold criteria for consideration under the Act, in 2017 the company was identified as potentially having operational trade business in Iran which helps coordinate various types of businesses between Japanese and Iranian companies.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	1,905,941	\$71,985,622
25.	Unicredit SpA	The company has been reported as potentially providing financial services in Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	4,409,976	\$66,404,008
26.	Daelim Industrial Co. (see also table 6 number 4)	Beginning in 2009 the company was identified as having involvement with natural gas-related projects in Iran. In May of 2011 the CalPERS Investment Committee approved divestment from the company.	In a letter dated October 31, 2018 Daelim Industrial Co. Ltd. has indicated that it has ceased operations in Iran and plans to refrain from all activities subject to U.S. and state sanctions. CalPERS has initiated the review process.	0	\$0
27.	Andritz AG	The company has been reported as potentially providing hydropower equipment in Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	292,946	\$17,097,896
28.	ArcelorMittal	The company has been reported as potentially selling steel to Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	1,540,876	\$47,964,677

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Table 7					
Ref #	Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2017 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
29.	Kamigumi Co.	The company has been identified as potentially providing logistical services in Iran.	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	554,060	\$12,214,344
30.	Sika AG	The company has been identified as potentially providing building products and automotive services in Iran	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	383,256	\$56,068,061
31.	Tata Steel	The company has a subsidiary that reportedly provides steel to Iran	CalPERS has commenced the review process to determine whether the company meets the threshold criteria for consideration under the Act.	523,048	\$4,193,981

Table 8 – Monitored Companies (\$7513.7)

The total market value of CalPERS' holdings for this category is approximately \$506 million.

Table 8					
Ref #	Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2017 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
1.	Doosan Heavy Industry	The company has been identified as potentially having exposure to Iran through a parent company, Doosan Corp.	In a letter dated November 29, 2017 the company stated it has no business activities in Iran. In 2018 CalPERS determined to maintain the company in "monitor" status for possible changes in status relevant to the Act.	159,526	\$2,142,833
2.	Doosan Bobcat Corporation	The company has been identified as potentially having exposure to Iran	In a letter dated November 6, 2017 the company stated it is not engaged in any type	48,195	\$1,755,310

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Table 8					
Ref #	Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2017 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
		through a parent company, Doosan Corp.	of business activity targeted by the Act. CalPERS continues to monitor the company for possible changes in status relevant to the Act.		
3.	Total SA (France)	The company has been identified as proceeding with energy-related business opportunities in Iran.	In a letter dated January 3, 2018 the company stated it continually monitors its activities to ensure full compliance with applicable laws and regulations, including international economic sanctions. In a press release dated May 16, 2018, following announcement of the U.S. withdrawal from the JCPoA and planned re-imposition of sanctions, the company stated it is withdrawing from business activities in Iran. CalPERS continues to monitor the company for possible changes in status relevant to the Act.	7,324,971	\$475,031,843
4.	Sinopec Oilfield Services	The company has been 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 has moved the company into "monitor" status while staff conducts further review of the company's activities in consideration of the requirements of the Act.	4,036,000	\$551,895
5.	Aker Solutions	The company has been identified as potentially being involved in "state-of-the-art" technology transfers with Iran.	CalPERS has moved the company into "monitor" status while staff conducts further review of the company's activities in consideration of the requirements of the Act.	366,988	\$2,609,336
6.	China Railway Group	The company has been identified as potentially engaging in an investment venture including construction	CalPERS has moved the company into "monitor" status while staff conducts further review of the company's activities in consideration of the requirements of the Act.	10,015,210	\$9,932,143

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Table 8					
Ref #	Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2017 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
		projects for power generation and smelting operations.			
7.	Hindustan Petroleum	The company has been identified as potentially contracting for Iranian oil procurement.	CalPERS has moved the company into "monitor" status while staff conducts further review of the company's activities in consideration of the requirements of the Act.	1,413,139	\$4,901,832
8.	MMC Corp	The company has been identified as possibly providing consulting on Iranian energy projects.	CalPERS has moved the company into "monitor" status while staff conducts further review of the company's activities in consideration of the requirements of the Act.	824,100	\$272,808
9.	Hyundai Heavy Industries	The company has been identified as potentially having entered into a contract to build ships for an Iranian state-owned shipping company. News reports in 2018 cite a source at the company as confirming no ships have been delivered under the contract, and that "it is impossible for [the company] to deliver the ships with U.S. sanctions back in position."	CalPERS has moved the company into "monitor" status while staff conducts further review of the company's activities in consideration of the requirements of the Act.	75,041	\$9,098,954

Table 9 – Exempted Companies (§7513.7)

Table 9					
Ref #	Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2017 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
1.	No items to report	CalPERS has not exempted any companies confirmed as meeting the threshold criteria for divestment consideration under the act as noted in §7513.7(i)(4) and §7513.7(i)(6).	No change	N/A	N/A

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Table 10 – Other (§7513.7)

Table 10					
Ref #	Component	Summary of Possible Ties to Iran	Summary of Status Changes from 2017 Report	Public Equity Shares held by CalPERS	Market Value of CalPERS Exposure
1.	§7513.7(i)(6) and §7513.7 (j)	<p>CalPERS has not items to report per</p> <ul style="list-style-type: none"> • §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 • §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 	No change	N/A	N/A
2.	§7513.7(i)(7)	§7513.7(i)(7) requires reporting of the economic impact to the PERF of the Act. In Wilshire Associates' December 2018 report to the CalPERS Investment Committee, the Iran- related divestments were estimated to have had an additive effect, \$139 million in present value, for the PERF since inception of the divestment mandates through June 30, 2018.	N/A	N/A	N/A

Table 11 – Companies Confirmed as Not Meeting Threshold Criteria for Further Consideration

Table 11		
Ref #	Company	Removed from consideration under Government Code §:
1.	Bilfinger SE	7513.7
2.	BT Group	7513.7
3.	General Electric Co.	7513.7
4.	Honeywell International	7513.7
5.	Linde AG	7513.7
6.	Raiffeisen Bank International	7513.7
7.	S&P Global	7513.7

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Table 11		
Ref #	Company	Removed from consideration under Government Code §:
8.	Ascom AG	7513.6
9.	Dubai Islamic Bank	7513.6
10.	ENGIE SA	7513.6
11.	ICICI Bank	7513.6
12.	Old Mutual PLC	7513.6
13.	MISC Berhad	7513.6

Table 12 – Companies Removed from Consideration due to Lack of Holdings

Table 12		
Ref #	Company	Removed from consideration under Government Code §:
1.	Japan Drilling Company	7513.7
2.	Sinopec Yizheng Chemical Company Limited	7513.7
3.	Sinopec Corporation	7513.7 (divested from under §7513.6)
4.	Petrochina Ltd.	7513.7 (divested from under §7513.6)
5.	Petroliam Nasional Berhad	7513.7
6.	Kunlun Energy	7513.7
7.	Petronas Chemical Group	7513.7, 7513.6