



Investment Committee

Agenda Item 6g

December 16, 2019

Item Name: Report to the California Legislature – California Public Divest from Iran and Sudan Act Compliance

Program: Total Fund

Item Type: Information Consent

Executive Summary

Staff intends to submit the attached report to the California Legislature and Governor pursuant to the requirements of California Government Codes §7513.6 and §7513.7, also known as the Sudan Act and the California Public Divest from Iran Act (the Acts), respectively. CalPERS has removed Daelim Industrial Co. Ltd. and Aker Solutions from further consideration under the California Public Divest from Iran Act after receiving confirmation that the companies have no targeted business activities in Iran and reviewing the companies' internal controls to prevent sanction violations.

The CalPERS 2019 California Public Divest from Iran Act and Sudan Act Legislative Report is provided as Attachment 1.

Strategic Plan

This item does not support the CalPERS 2017-22 Strategic Plan.

Investment Beliefs

This item does not support CalPERS' Investment Beliefs.

Background

The Acts

The Acts prohibit the boards of the California Teachers' Retirement System and CalPERS from investing in companies with specified business activities in Iran and Sudan, respectively, subject to the fiduciary duties of the Board as described in the California Constitution. The Acts require CalPERS to undertake a number of different activities, including the identification of and engagement with companies potentially subject to the Acts, divestment where both indicated and consistent with the Committee's fiduciary duties, and submission of an annual report to the California Legislature¹.

¹ [CalPERS legislative report archives](#)

Analysis

Not Applicable.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

Failure to comply with the statutory requirement of the Acts could result in legal and reputational risk to CalPERS.

Attachments

Attachment 1 – CalPERS 2019 California Public Divest from Iran Act and Sudan Act Legislative Report

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