

# CalPERS Northern Ireland Portfolio Screening Report

## Executive Summary

### Non-U.S. and U.S. Companies and Fair Employment in Northern Ireland: Synopsis of 2012 Survey and Findings

#### Non-U.S. Companies

Starting in November 2012, MSCI ESG Research sent its annual *Survey on Operations in Northern Ireland* to corporate officials at 206 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 2012 CalPERS Northern Ireland Report covers 168 non-U.S. parent companies and their Northern Ireland operations.

#### U.S. Companies

In addition, MSCI ESG Research surveyed 99 U.S. parent companies.

#### Survey Responses

MSCI ESG Research received complete or partial replies for 37 non-U.S. parent companies and eight U.S. parent companies with Northern Ireland operations, a response rate of approximately 14.8 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 18 percent of non-U.S. companies in CalPERS' portfolio responded to MSCI ESG Research's Northern Ireland survey in 2012.

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 2011 Monitoring Report, published in December 2012.

#### 2011 Study Findings

- 22.9 percent of CalPERS non-U.S. portfolio companies with operations in Northern Ireland are in compliance with the MacBride principles, on par with the 2011 performance of portfolio companies (20 percent compliance). This is down from over one-third of compliant portfolio companies in 2010.
- 37.4 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 40.2 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 3-4 percent.

- The evidence of Catholic and Protestant underrepresentation at non-U.S. companies in CalPERS' portfolio is approximately equal (21.7 percent of the companies in the portfolio underrepresent Catholics, whereas 22.3 percent underrepresent Protestants).
- For U.S. companies whose workforce composition is available, Catholic employees are underrepresented at 12.1 percent of the companies, while Protestant employees are underrepresented at 21.2 percent.
- 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 17.5 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 indices with close to USD 7 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, indices and analytics; MSCI ESG (environmental, social and governance) Research screening, analysis and ratings; ISS governance research and outsourced proxy voting and reporting services; FEA valuation models and risk management software for the energy and commodities markets; and CFRA forensic accounting risk research, legal/regulatory risk assessment, and due-diligence. MSCI is headquartered in New York, with research and commercial offices around the world.

<sup>1</sup>As of March 31, 2012, as published by eVestment, Lipper and Bloomberg in September 2012