



Consent

Agenda Item 4b

February 18, 2014

ITEM NAME: Annual Report to the California Legislature – Holocaust Era and Northern Ireland

PROGRAM: Global Governance

ITEM TYPE: Total Fund – Consent Action

RECOMMENDATION

Approve the Holocaust Era and Northern Ireland Reports for transmittal to the California Legislature.

EXECUTIVE SUMMARY

This agenda item seeks approval to submit the annual Holocaust Era and Northern Ireland reporting to the California Legislature and forward letters to companies identified as having unresolved claims or are not adhering to the MacBride Principles of Nondiscrimination.

STRATEGIC PLAN

This agenda item supports statutory requirements and does not directly support the CalPERS Strategic Plan.

INVESTMENT BELIEFS

This agenda item supports statutory requirements and does not directly support the CalPERS Investment Beliefs.

BACKGROUND

In 1999 the California Legislature enacted a statute (SB 1245, Chapter 216) that requires CalPERS to monitor and annually report on investment holdings in companies that do business in California and that owe compensation to victims of slave or forced labor during World War II. The Holocaust Era Holdings Report is provided as Attachment 1.

CalPERS is also required to investigate and report to the Legislature (SB 105, Chapter 341) on whether any corporations operating in Northern Ireland, in which assets of CalPERS are invested, are not in compliance with laws applicable in Northern Ireland. These laws in particular, adhere to the MacBride Principles of Nondiscrimination in employment and freedom of workplace opportunities. The Northern Ireland Holdings Report is provided as Attachment 2.

ANALYSIS

The 2013 MSCI Holocaust Era report (Attachment 3) identifies two CalPERS holdings in companies that are facing lawsuits in Japan or China over the use of forced or slave labor during World War II. These companies are Mitsubishi Corporation and Mitsubishi Materials Corporation.

The 2013 MSCI Northern Ireland report (Attachment 4) includes 54 non-U.S. (Table 1) companies with operations in Northern Ireland that may not adhere to the MacBride Principles of Nondiscrimination. CalPERS will be writing to each of the companies identified below informing them of the findings within the MSCI report.

Non-U.S. Holdings – Table 1

3I GROUP plc.	Debenhams	Heineken NV	Premier Foods	Terumo Corp.
Adecco S.A.	Deutsche Beteiligungs AG	Home Retail Group	RPS Group plc.	The Restaurant Group
Axa SA	Diageo PLC	Hutchison Whampoa Limited	Randstand Holding	TNT Express
Ayala Corp.	Essilor S.A.	J.D. Wetherspoon	Rexel S.A.	UDG Healthcare
Bank of Ireland	Fred Olsen Energy	Lafarge SA	RSA Insurance	William Hill plc.
Booker Group plc	Getinge AB	Lagardere SCA	Serco Group plc.	Willis Group Holdings
C&C Group plc.	H & M Hennes & Mauritz	Liberty Global	Sodexo S.A.	Wolsey Group Holdings
Capita plc.	Halfords Group	Mitchells & Butlers	Steinhoff International	Workspace Group plc.
Celesio AG	Harvey Norman Holdings	Mitie Group plc.	SuperGroup plc.	WPP plc.
Compagnie De Saint	Hays plc.	Next plc.	Telefonica S.A.	WS Atkins plc
Danske Bank	HCL Technologies	PostNL N.V.	Teleperformance S.A.	

BUDGET AND FISCAL IMPACTS

Not applicable

BENEFITS/RISKS

Failure to comply with the statutory requirements of Holocaust Era and Northern Ireland could result in legal and reputational risk for CalPERS.

ATTACHMENTS

Attachment 1 – CalPERS 2013 Holocaust Era Holdings Report

Attachment 2 – CalPERS 2013 Northern Ireland Holdings Report

Attachment 3 – 2013 MSCI Holocaust Era Report Executive Summary and
Legislature Holocaust Letter

Attachment 4 – 2013 MSCI Northern Ireland Report and Legislature Ireland Letter

ANNE SIMPSON
Senior Portfolio Manager
Director of Global Governance

THEODORE ELIOPOULOS
Acting Chief Investment Officer