California Public Employees' Retirement System

2026 California Public Divest from Iran Act Legislative Report

Executive Summary

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

The Act requires the CalPERS Board of Administration (Board), consistent with its fiduciary responsibilities, to identify, engage, and potentially divest from companies meeting the criteria specified in the Act. Further, the Act requires ongoing annual reporting by CalPERS to the California Legislature until the sunset provision has been satisfied.

For the 2026 reporting period:

1. CalPERS screened for companies potentially meeting the criteria for consideration under the Act that may be held in the Public Employees' Retirement Fund.
2. No new companies were proposed for divestment.
3. No new companies were added for further review.
4. No new companies were removed from monitoring.
5. No companies within CalPERS' private equity portfolio had business operations in Iran or were linked to the government of Iran as of March 31, 2026.

All holdings information is as of June 30, 2026, unless otherwise noted.

Background Information – Inception of the Act

In 2007, Assembly Bill 221 (California Public Divest from Iran Act) was enacted to prohibit CalPERS and the California State Teachers' Retirement System from investing in companies with specified business activities in Iran, subject to the fiduciary duties of the 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 Act

Among other things, the Act requires CalPERS to use publicly available information to identify public portfolio companies that may be subject to the Act 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. 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.
- Timing – Differences may occur due to the timing of each respective organization's engagement with individual companies.
- Identification – Firm not identified by third party vendor used to screen for this Act.

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

CalPERS 2026 Report – G.C. 7513.7 (California Public Divest From Iran Act)

CalPERS groups 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 divestment 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 whether they do or do not 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 the requirements of §7513.7(i)(1), (2), and (5)

3. **Monitoring** – These are companies that CalPERS' initial screening determined as not meeting the threshold criteria for further consideration under §7513.7, which CalPERS continues to monitor for possible changes in status relevant to the Act.
    - This category addresses the requirements of §7513.7(i)(1), (2), and (5)

4. **Other** – This category is used to capture other required reporting components not captured in the other 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 1 through 4, by category, on the following pages.

Table 1 – Divested/Restricted Companies (§7513.7)

Divested/Restricted Company	Year of Divestment
China Oilfield Services Ltd.	2015
Doosan Corporation	2015
India Oil Corporation	2015
Oil India Limited	2012
China BlueChemical Ltd.	2011
CNOOC Ltd.	2011

Table 2 – Companies Under Review (§7513.7)

No new companies were added for review in the 2026 reporting period.

Table 3 – Monitored Companies (§7513.7)

Monitored Company	Summary of Possible Ties to Iran	Summary of Status Changes from 2025 Report	Shares held by CalPERS	Market Value of CalPERS Exposure
Gazprom PAO	The company was reported as potentially having signed MOUs with Iranian petroleum authorities regarding petrochemical development opportunities.	No change	35,081,466	$0

Table 4 – Other (§7513.7)

Component	Summary of Possible Ties to Iran	Summary of Status Changes from 2025 Report
§7513.7(i)(6) and §7513.7 (j)	CalPERS has no items to report per • §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
§7513.7(i)(7)	§7513.7(i)(7) requires reporting of the economic impact to the PERF of the Act. The Iran-related divestments were estimated to have had a negative effect, $273 million in present value, for the PERF since inception of the divestment mandates through June 30, 2026.	N/A

Table 5 – Companies Removed from Consideration Due to Not Meeting Threshold Criteria (§7513.7)

No new companies were removed in the 2026 reporting period.