



Investment Committee

Agenda Item 4g

November 14, 2022

Item Name: Report to the California Legislature: Iran

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 §7513.7, also known as the California Public Divest from Iran Act (the Act).

The CalPERS 2022 California Public Divest from Iran Act Legislative Report is provided as Attachment 1.

Strategic Plan

This item does not support the CalPERS Strategic Plan.

Investment Beliefs

This item supports CalPERS Investment Belief 3 - CalPERS investment decisions may reflect wider stakeholder views, provided they are consistent with its fiduciary duty to members and beneficiaries.

Background

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

Analysis

Highlights of differences between the 2021 report and 2022 report are as follows:

¹ [CalPERS legislative report archives](#)

1. No new companies were added for further review under the California Public Divest from Iran Act.
2. CalPERS has ceased monitoring a number of companies that do not meet the Act's threshold criteria. Additional information is available in Attachment 1.

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 2022 California Public Divest from Iran Act Legislative Report

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