



INVESTMENT MANAGEMENT

To: North Carolina Supplemental Retirement Board of Trustees

From: Loren de Mey, Assistant Investment Director

Date: January 23, 2018

Subject: Investment Guideline Compliance Reporting – 4th Quarter of 2017

Divestment Policies

The Department of State Treasurer (the Department) has selected, in a process of Invitation to Bid, the vendor to administer the requirements of Session Law 2017-193 (House Bill 161), which requires state divestment from, and prohibits the state from contracting with, companies that boycott Israel. The vendor chosen is Institutional Shareholder Services (ISS). The scope of work includes compiling a list of scrutinized companies, engaging with the companies on the list (sending notices to the companies) and monitoring of the companies' responses. Periodically, the vendor may also need to respond to public inquiries on behalf of the Department.

ISS prepared the initial list of 17 companies and sent written notices to these organizations on November 30, 2017. The impacted companies have the opportunity to respond to the Department and ISS to dispute their listing. The Final Divestment List will be published by February 27, 2018. Investment managers will be expected to divest from any prohibited holdings within 180 days from the date of final list.

Investment Guidelines

The staff continues to monitor the reporting on a daily basis.

No material issues occurred in the fourth quarter and all managers are in compliance with guidelines.