



Dale R. Folwell, CPA

INVESTMENT MANAGEMENT

October ~~24~~ 2018

Joint Legislative Commission on Governmental Operations
North Carolina General Assembly
Raleigh, North Carolina 27601

RE: Report from the State Treasurer to the Joint Legislative Commission on Governmental Operations: Divestments Related to the Divestment From Companies Boycotting Israel Act of 2017

Dear Commission Members:

The North Carolina Department of State Treasurer (the "Department") hereby submits its annual report pursuant to N.C. Gen. Stat. § 147-86.84 of the Divestment from Companies Boycotting Israel Act of 2017 (codified at N.C. Gen. Stat. §§ 147-86.80 to 147-86.84), as amended from time to time (the "Act").

The Act prohibits the North Carolina Retirement Systems or the Department from investing funds with a restricted company, which is a company engaging in a "boycott of Israel," as defined by the Act. N.C. Gen. Stat. §§ 147-86.80 and 147-86.81. In addition, State agencies, local government units, and other political subdivisions of the State are prohibited from contracting with restricted companies. N.C. Gen. Stat. § 147-86.82.

The Department hereby reports on the following:

- The updated divestment and do-not-contract lists; and
- A list of all investments sold, redeemed, divested, or withdrawn in the current reporting year.

I. Companies Boycotting Israel Divestment and Do-Not-Contract Lists, as of August 30, 2018

Companies listed as a result of their own apparent activities related to boycotting Israel may be found on the "Final Divestment and Do-Not-Contract List—Restricted Companies Boycotting Israel," which is enclosed with this document.

For the above-listed companies, known parents and subsidiaries subject to the Act are also provided in a list attached to this report (see "Final Divestment and Do-Not-Contract List (Parents and Subsidiaries)—Restricted Companies Boycotting Israel").

II. Summary of Investments Sold, Redeemed, Divested, or Withdrawn

In the current annual reporting cycle, no investments have been sold, redeemed, divested, or withdrawn pursuant to the Act.



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Thank you for your attention to this report.

Sincerely,

Dale R. Folwell, C.P.A.
State Treasurer of North Carolina

Enclosures: Final Divestment and Do-Not-Contract List—Restricted Companies Boycotting Israel (Compiled as of August 30, 2018; revised October 2018)
Final Divestment and Do-Not-Contract List (Parents and Subsidiaries)—Restricted Companies Boycotting Israel (Compiled as of August 30, 2018; revised October 2018)



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FINAL DIVESTMENT AND DO-NOT-CONTRACT LIST— RESTRICTED COMPANIES BOYCOTTING ISRAEL

Compiled as of August 30, 2018 (revised October 2018)

Pursuant to N.C. Gen. Stat. § 147-86.81, the State Treasurer has determined that the following companies appear to be engaged in a “boycott of Israel,” as that term is defined in the North Carolina Divestment From Companies Boycotting Israel Act of 2017 (the “Act”), based on other state lists, federal information, and other credible information.

The State Treasurer and North Carolina Retirement Systems may not invest funds, and must divest any existing investment, with the restricted companies listed below. N.C. Gen. Stat. § 147-86.81. In addition, restricted companies listed below are ineligible to contract with the State of North Carolina or any political subdivision of the State. N.C. Gen. Stat. § 147-86.82. Any existing contracts with the restricted companies listed below shall be allowed to expire in accordance with their terms. N.C. Gen. Stat. § 147-86.82(d).

The Department of State Treasurer is not responsible for compliance with the Act by other agencies or political subdivisions of the State of North Carolina. The Department’s responsibilities are solely focused on implementing N.C. Gen. Stat. §147-86.81, which relates to the Department’s investments, and implementing the Act as it relates to the identification of companies that appear to be engaged in a boycott of Israel.

Restricted Company	Restricted Company
Betsah Invest SA	Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd
Betsah SA	HEMA BV
Cactus SA	KLP Kapitalforvaltning AS
Co-operative Group Limited	Kommunal Landspensjonskasse
Dexia Israel Bank Ltd	Pensionskassernes Administration A/S
Dutch Lion B.V.	Sampension Kp Livsforsikring A/S
Dutch Lion Cooperatief U.A.	

“Company” is defined by the Act to include not only restricted companies listed as a result of their own apparent boycott of Israel (see above) but also any “wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of those entities.” N.C. Gen. Stat. § 147-86.80(2). Parents and subsidiaries of the companies listed above are found in the separate “Final Divestment and Do-Not-Contract List (Parents and Subsidiaries)—Restricted Companies Boycotting Israel.” This list may be found at the State Treasurer’s website: <https://www.nctreasurer.com>.



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FINAL DIVESTMENT AND DO-NOT-CONTRACT LIST (PARENTS AND SUBSIDIARIES)— RESTRICTED COMPANIES BOYCOTTING ISRAEL

Compiled as of August 30, 2018 (revised October 2018)

The North Carolina Divestment from Companies Boycotting Israel Act of 2017 defines “company” to include not only companies listed as a result of their own boycott of Israel but also “wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of those entities.” N.C. Gen. Stat. §§ 147-86.80(2). To the extent credible information is available, parents and subsidiaries of the restricted companies on the “Final Divestment and Do-Not-Contract List—Restricted Companies Boycotting Israel” may be found below.

Parent or subsidiary	Relationship to restricted company	Restricted company
N/A	N/A	Betsah Invest SA
N/A	N/A	Betsah SA
N/A	N/A	Cactus SA
N/A	N/A	Co-operative Group Limited
N/A	N/A	Dexia Israel Bank Ltd
N/A	N/A	Dutch Lion B.V.
N/A	N/A	Dutch Lion Cooperatief U.A.
N/A	N/A	Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd
N/A	N/A	HEMA BV
N/A	N/A	KLP Kapitalforvaltning AS
N/A	N/A	Kommunal Landspensjonskasse
N/A	N/A	Pensionskassernes Administration A/S
N/A	N/A	Sampension Kp Livsforsikring A/S

Additional information and the list of restricted companies developed pursuant to the Act (the parents and subsidiaries of which are listed above) may be found in the separate “Final Divestment and Do-Not-Contract List—Restricted Companies Boycotting Israel.” This list may be found at the State Treasurer’s website: <https://www.nctreasurer.com>.