



BOARD OF REGENTS

STATE OF IOWA

Sudan, Iran and Boycott Israel Investment Restrictions

Iowa Code, Chapters 12F, 12H and 12J prohibits the Board of Regents from investing in certain companies doing business in the Sudan and Iran or who boycott Israel. Regents institutions fully comply with this law, which became effective July 1, 2007 for Sudan holdings; March 1, 2012 for Iran holdings, and March 1, 2017 for companies who boycott Israel.

The law requires the Board of Regents to scrutinize the business activities of companies doing business with Sudan and Iran or boycotting Israel in four general areas: military equipment, mineral extraction activities, oil-related activities, and power production activities. The Board of Regents uses the research services of ISS-Ethix to assist it in developing the list of scrutinized companies that is based on the criteria specified in Iowa Code chapters 12F, 12H and 12J. The Board of Regents contacts the scrutinized companies and asks them to explain their business operations in these three countries. Each company has 90 days to respond. If a company is deemed to not meet the requirements of the law, or does not respond to the request for information on their related activities within the 90-day period, they are placed on the Board of Regents' prohibited investment list. The Board of Regents updates this list quarterly, and companies can be added or removed based on the receipt of new information.

Once a company is placed on the prohibited investment list, the Board of Regents cannot make any new investments in the company. The Board of Regents is also required to divest of any securities issued by companies on the prohibited list that the Board of Regents holds directly (direct holdings) within 18 months. If the Board of Regents owns an interest in a mutual fund that holds securities (an indirect holding) of a company on the prohibited companies list, the Board of Regents will decide whether divestment is warranted.

A list of scrutinized companies for the most recent quarter is available upon request.

An annual report is due to the General Assembly on October 1. The Annual Report includes (i) list of scrutinized companies, (ii) summary of notices, and (iii) all investments sold, divested, or withdrawn pursuant to the act, and (iv) direct or indirect holdings in scrutinized companies. The annual report is available upon request.