



24-54.8-201 Divestment From Companies WITH PROHIBITIONS AGAINST ISRAEL

Colorado Statute 24-54.8-201 *et seq.* titled Divestment From Companies With Prohibitions Against Israel was signed into law on March 18, 2016.

The statute:

- » Requires PERA to create a Restricted Company list comprised of non-United States based companies that maintain economic prohibitions against Israel.
- » Prohibits PERA from acquiring direct holdings in securities of non-United States based companies that maintain economic prohibitions against Israel.
- » Requires PERA to engage companies on the Restricted Company list.
- » Requires PERA to divest of certain securities as specified in the statute.
- » Requires PERA to provide divestment information on its website at least annually.

The Board adopted the following methodology for creation of the Restricted Company list required by C.R.S. § 24-54.8-201 *et seq.*:

- A. The Board shall use an independent list provider, subject to modification as described in Section B below, to create the Colorado PERA Restricted Company List (PERA RCL).
- B. The Board, pursuant to staff recommendation, may remove or add companies to the independent provider's list to create the PERA RCL if the Board concludes that the independent list is not in compliance with or does not reflect the legislative intent of C.R.S. § 24-54.8-201 *et seq.* Staff's recommendation will include an explanation of any determination by staff that a company's motivations for its actions do not meet the statutory definition of engaging in Economic

Prohibitions against Israel as defined by statute and that such company should not be added to the PERA RCL. The Board and the staff shall consider the following information in its analysis:

- 1) Publicly available information regarding non-United States based companies that may have economic prohibitions against Israel, including information provided by nonprofit organizations, research firms, international organizations and government entities;
 - 2) Information obtained by contacting asset managers contracted by PERA; and
 - 3) Information obtained by contacting other institutional investors that have divested from or engaged with non-United States based companies that have economic prohibitions against Israel.
- C. The Board shall update the PERA RCL at the regularly scheduled PERA Board meeting which allows for updates to be effective biannually. The PERA RCL shall not be modified until officially updated by the Board, except that if PERA becomes aware that a company on the PERA RCL does not have economic prohibitions against Israel, or the Board has made a determination pursuant to Section B above as a result of its research, which may include research resulting from engagement with the company, then that company will be immediately removed from the PERA RCL.