

WSIB Resolution on Sudan Investment

WHEREAS, on July 23, 2004, the United States Congress declared that "the atrocities unfolding in Sudan, are genocide;" and

WHEREAS, former Secretary of State Colin Powell and the State Department provided information to the United States Senate Committee on Foreign Relations that the government of Sudan bore responsibility for supporting this campaign of genocide; and

WHEREAS, the federal government has imposed sanctions against the Government of Sudan which are monitored through the U.S. Treasury Department's Office of Foreign Assets Control; and

WHEREAS, the Washington State Investment Board (WSIB) is deeply concerned about the atrocities and human rights violations occurring in Sudan and supports immediate and meaningful action to end the suffering; and

WHEREAS, the WSIB is entrusted with managing investments for public pension and other trust funds and is committed to doing so with the utmost integrity, prudence and skill; and

WHEREAS, the WSIB's fiduciary responsibilities include watching for potential impacts on the valuations of its investments that may result from reputational risks to the companies in which the WSIB invests that may flow from companies doing business in Sudan;

BE IT RESOLVED that the WSIB adopt the following Resolution and principles as to how it will address public equity investments in international or non-U.S. companies which are doing direct business in Sudan:

1. The WSIB will make no investments in Sudan government bonds, notes, or similar bills of the nation of Sudan.
2. The WSIB will make no investment in companies conducting business activities in Sudan that are directly related to genocide, as expressly identified by the U.S. State Department, Treasury Department, or any other authorized agency of the U.S. Federal Government, such as, any company identified as subject to United States sanction by the Office of Foreign Assets Control.
3. The WSIB will seek to avoid investments in international or non-U.S. companies which provide military equipment, arms, or military supplies to the government of Sudan or to a Sudan government-associated group or entity in Sudan identified by the U.S. State Department or other authorized agency of the U.S. Federal Government as engaged in genocide activities.
4. The WSIB will seek to avoid investments in companies directly operating in Sudan and involved in activities supporting genocide as identified by organizations serving public institutional investors, such as the Council of Institutional Investors (CII), and companies that consistently refuse engagement with investors and humanitarian organizations about steps the company could take to terminate involvement in activities supporting genocide and efforts that could be taken by the company to play a positive or humanitarian role in Sudan.
5. This Resolution does not require exit or divestment from any index or commingled public equity investment vehicle. For actively-managed public equity stock investment vehicles which hold investments in international or non-U.S. companies doing direct business in Sudan, reasonable efforts will be made to actively engage these companies that may be in violation of the principles in the preceding sections 2,3 and 4 of this Resolution. Companies will be encouraged to comply with the principles in the preceding sections 2,3 and 4 of this Resolution.
6. The principles set forth in this Resolution are subject to the WSIB's fiduciary standards in state law, including the duty to "establish investment policies and procedures designed exclusively to



maximize return at a prudent level of risk," RCW 43.33A. 110, and the duty to act as a prudent investor found in RCW 43.33A. 140. To avoid any doubt, this Resolution does not apply to real estate or private equity investments, and, except where explicitly provided below, it also does not apply to fixed income investments.

Active Engagement Protocols:

- A. A letter will be sent annually to all managers of active investment vehicles which hold public equity securities in international or non-U.S. companies doing direct business in Sudan that meet the criteria enumerated in this Resolution. These investment managers will be asked to report on what efforts they undertake to screen for the companies which meet the criteria in this Resolution as to securities actively held on behalf of the WSIB.
- B. Semi-annually, these investment managers will be asked to report to WSIB staff on securities in international or non-U.S. portfolios actively managed for the WSIB (as opposed to index or commingled accounts) which could reasonably be construed to be in conflict with the guidance in this Resolution.
- C. WSIB staff will prepare and present an annual report on these efforts to the Board.
- D. WSIB proxies will generally be voted in support of shareholder resolutions supporting transparency about company activities in Sudan that may be related to the sponsorship of genocide, as identified by the U.S. State Department, Treasury Department, or any other authorized agency of the U.S. Government, as well as requests for companies to play a role of constructive engagement in Sudan.
- E. It is the judgment of the WSIB that this Resolution should remain in effect only insofar as it continues to be consistent with, and does not unduly interfere with, the foreign policy of the United States as determined by the federal government. Otherwise, this Resolution will sunset January 1, 2010, unless affirmatively readopted by the WSIB.