



NORTH CAROLINA

OFFICE OF THE TREASURER

JANET COWELL, TREASURER

June 30, 2016

The Honorable Phil Berger
President Pro Tem
16 West Jones Street, Room 2007
Raleigh, North Carolina 27601-2808

The Honorable Tim Moore
Speaker of the House
16 West Jones Street, Room 2304
Raleigh, North Carolina 27601-1096

RE: Report from the State Treasurer to the General Assembly Pursuant to N.C.G.S. § 147-86.45

Senator Berger and Speaker Moore:

We are submitting a report pursuant to G.S. 147-86.45 on the North Carolina Department of State Treasurer's ("The Department") implementation of divestment provisions related to Sudan. In addition to providing the list of companies that are subject to prohibition and divestment ("Final Divestment List"), the report will outline the following:

- a. A summary of correspondence with engaged companies;
- b. A list of all investments sold, redeemed, divested, or withdrawn;
- c. A list of all prohibited investments;
- d. A description of any progress related to funds in which the North Carolina Retirement System ("NCRS") has indirect holdings.

I. Final Divestment List

The Final Divestment List, effective April 14, 2016, is below.

NORTH CAROLINA DEPARTMENT OF STATE TREASURER

SUDAN DIVESTMENT POLICY

FINAL DIVESTMENT LIST

April 14, 2016

Companies with Scrutinized Operations

Company Name	ISIN	Ticker
AviChina Industry & Technology Company Limited	CNE1000001Y8	SHSC:2357
ASEC Company for Mining ASCOM, S.A.E	EGS10001C013	CASE:ASCM
Bharat Heavy Electricals Ltd.	INE257A01026	BSE:500103
Elsewedy Electric Co	EGS3G0Z1C014	CASE:SWDY
Harbin Electric Company Limited	CNE1000003C0	SEHK:1133
Managem S.A.	MA0000011058	CBSE:MNG
Oil and Natural Gas Corp. Ltd.	INE213A01029	NSEI:ONGC
Oil India Limited	INE274J01014	NSEI:OIL
Orca Gold Inc.	CA68558N1024	TSXV:ORG
Regency Mines Plc	GB00BYVT4J08	AIM:RGM
Schneider Electric SE	FR0000121972	ENXTPA:SU
The Energy House Holding Company K.S.C.	KW0EQ0601801	KWSE:ENERGYH

II. Correspondence & Engagement Efforts with Scrutinized Companies

Sustainalytics, Inc. provides the Department with a custom list of Sudan companies that meet the requirements of the Sudan Divestment Act. As required by N.C.G.S. § 147-86.44(b), NCRS, through Sustainalytics, sent notification letters to the Scrutinized Companies listed in Section I above on May 4, 2016. To date, there has been no response.

On May 16, 2016, NCRS, through Sustainalytics, sent letters to all companies with inactive scrutinized operations. To date, there has been no response from these companies.

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

Since the effective date of the Sudan Act, NCRS has made the following divestments under the Act:

PetroChina Company	\$12,805,856.93
Bharat Heavy Electric	\$7,169,314.89
Oil and Natural Gas Corporation Limited	\$3,803,689.60

IV. List of Prohibited Investments

Securities in which new NCRS investment is prohibited under the Act are as followed:

Company Name	ISIN	Ticker
China Gezhouba Group Company Limited	CNE000000QF1	SHSE:600068
Dongfeng Motor Group Company Limited	CNE100000312	SEHK:489
Egypt Kuwait Holding Company (S.A.E.)	EGS69082C013	CASE:EKHO
Engineers India Limited	INE510A01028	BSE:532178
Hifab Group AB	SE0000483943	OM:HIFA B
Independent Petroleum Group (S.A.K.Closed)	KW0EQ0601090	KWSE:IPG
JX Holdings, Inc.	JP3386450005	TSE:5020
Mangalore Refinery and Petrochemicals Limited	INE103A01014	BSE:500109
Panorama Petroleum Inc.	CA69862U1057	TSXV:PPA
Power Construction Corporation of China Ltd.	CNE1000017G1	SHSE:601669
Shandong Molong Petroleum Machinery Co., Ltd.	CNE1000001N1	SEHK:568
Siberian Mining Group Company Limited	CNE1000001N1	SEHK:1142
United Aircraft Corporation	RU000A0JPLZ7	MISX:UNAC

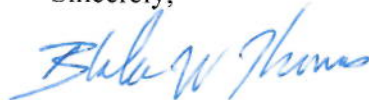
NCRS transmitted updated lists of prohibited new investments to active managers on October 29, 2015 and April 14, 2016.

V. Progress For Excluded Securities

G.S. § 147-86.44(f) excludes indirect holdings in funds from divestment by NCRS. It further provides that NCRS communicate with the managers of investment funds in which NCRS has any indirect holdings to request that they consider removing scrutinized companies from the fund or create a similar fund devoid of such companies.

On June 28, 2016, NCRS contacted BlackRock Institutional Trust Company, N.A., the manager of the index that holds NCRS's securities in Schneider Electric SE as required by G.S. § 147-86.44(f). As of the date of this report the manager has not provided information about any efforts to create a similar index excluding the particular scrutinized company.

Sincerely,



Blake W. Thomas
Deputy General Counsel
North Carolina Department of State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604

cc: Ambassador Donald E. Booth, United States Special Envoy for Sudan and South Sudan
Kevin SigRist, Chief Investment Officer