

**State of New Jersey  
Department of the Treasury  
Division of Investment**

**Request for Proposals  
Iran, Sudan, Israel, and Northern Ireland  
Investment Research Related Services**

**Released: Wednesday, February 15, 2017**

**Q&A: Wednesday, March 1, 2017**

**Proposals Due: Wednesday, March 15, 2017  
by 3:00 PM**

**Christopher McDonough, Director  
Division of Investment  
PO Box 290  
50 W. State Street, 9<sup>th</sup> floor  
Trenton, NJ 08608  
[www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest)**

## **1.0 PURPOSE AND INTENT**

The State of New Jersey, Department of the Treasury is seeking Investment Research Related Services for the Division of Investment (“DOI”). The purpose of this Request for Proposals (“RFP”) is to obtain the services of experienced research firms with the skills, expertise, and resources to assist and support the DOI in its compliance with applicable state and federal laws and regulations involving investments in companies engaged in business in Iran, Sudan, and Northern Ireland (e.g., N.J.S.A. 52:18A-89.4 et seq., N.J.S.A. 52:18A-89.9 et seq. and N.J.S.A. 52:18A-89.12), and companies that boycott Israel (e.g., N.J.S.A. 52:18A-89.13 et seq.). The DOI requires custom services specific to the provisions of such laws and regulations.

Based on responses received to this RFP, the State of New Jersey (the “State”) will award a contract in whole or in part to those responsible bidder(s) whose bid proposals, conforming to this RFP, are most advantageous to the State, price and other factors considered.

It is anticipated that the DOI will award one contract for Iran, Sudan and Israel related services and one contract for Northern Ireland related services. Qualified vendors may propose to provide one or more services within this RFP. The term for these services will be for three (3) years, beginning October 1, 2017 and ending September 30, 2020, with two (2) one-year renewal options, subject to mutual consent.

The NJ Standard Terms & Conditions for Waivered Services dated June 29, 2011 will apply to all contracts or purchase agreements made with the State of New Jersey. These Terms & Conditions take precedence unless the RFP states otherwise.

## **2.0 INFORMATION FOR BIDDERS**

### **2.1 MINIMUM REQUIREMENTS**

A firm must meet all of the following minimum criteria to be given further consideration for the portion of the RFP on which it is bidding. Failure of a firm to meet all of the applicable minimum criteria set forth below will result in the proposal's immediate rejection.

- 2.1.1 The firm has provided similar services, on which it is bidding, for a minimum of three (3) years, to public pension fund clients with assets of at least \$5 billion. If the firm has not been in business for at least three (3) years, the senior principals of the firm must have at least five (5) years of experience with institutional clients directly related to the services on which the firm is bidding.

**Iran, Sudan, Israel, and Northern Ireland Investment Research Related Services**

- 2.1.2 The firm must allow the DOI to provide information from the firm’s database to specific companies about that particular company as part of the identification and review process.
- 2.1.3 The firm must allow the DOI to generate lists of companies deemed ineligible for investment from the information provided by the firm. Such lists will be provided to the DOI’s external advisers, consultants, custom benchmark providers, custodians, and other third party consultants of the DOI. Further, the DOI shall create reports as required by the applicable statutes using the information provided by the firm and publicly disclose those reports to the State Investment Council (the “Council”), to the State Legislature, and on its public website.
- 2.1.4 The firm must allow the DOI to provide the full Northern Ireland report to the Governor and the Legislature.

**2.2 PROPOSAL SUBMISSION**

- 2.2.1 An original and four (4) copies of each proposal must be marked “Proposal for Iran, Sudan, Israel, and Northern Ireland Investment Research Related Services” and addressed to:  

Christopher McDonough, Director

- 2.2.2 **Proposals must be received by 3:00 PM EST on March 15, 2017 via mail to the following addresses:**

<p><u>Overnight Mail</u>                  Gina Costello                  Division of Investment                  50 West State Street, 9<sup>th</sup> Floor                  Trenton, NJ 08608</p>	<p><u>Regular Mail</u>                  Gina Costello                  Division of Investment                  PO Box 290                  Trenton, NJ 08625-0290</p>
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Any proposal received after the deadline shall be rejected.

- 2.2.3 Each bidder’s proposal can be released to the public under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq., (OPRA) or the common law right to know.

As provided in N.J.A.C. 17:12-1.2(b):

Subsequent to the proposal submission opening, all information submitted by bidders in response to a bid solicitation is considered public information, notwithstanding any disclaimers to the contrary submitted by a bidder, except as may be exempted from public disclosure by OPRA and the common law.

Any proprietary and/or confidential information in a proposal will be redacted by the State. A bidder may designate specific information as not subject to disclosure pursuant to the exceptions to OPRA found at N.J.S.A. 47:1A-1.1, when the bidder has a good faith legal and or factual basis for such assertion. The State reserves the right to make the determination as to what is proprietary or confidential and will advise the bidder accordingly. The location in the proposal of any such designation should be clearly stated in a cover letter. **The State will not honor any attempt by a bidder to designate its entire proposal as proprietary, confidential and/or to claim copyright protection for its entire proposal.** In the event of any challenge to the bidder's assertion of confidentiality with which the State does not concur, the bidder shall be solely responsible for defending its designation.

2.2.4 Inquiries concerning this RFP should be directed in writing to:

Gina Costello  
Department of the Treasury  
Division of Investment  
PO Box 290  
Trenton, NJ 08625  
Gina.Costello@Treas.nj.gov

**All inquiries must be submitted in writing by close of business on Wednesday, March 1, 2017.** Responses will be posted to the DOI's website. Communications with other representatives of the State concerning this request by you or on your behalf are not permitted during the submission and selection process.

The State will not be responsible for any expenses incurred in the preparation and/or presentation of the proposals and oral interviews.

The State reserves the right to reject any and all proposals and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal. The State further reserves the right to make such investigations as it deems necessary as to the qualifications of any and all firms submitting proposals. In the event that all proposals are rejected, the State reserves the right to re-solicit proposals.

A firm may withdraw a response in writing, once submitted, provided that such withdrawal occurs prior to the proposal submission deadline. The firm assumes sole responsibility for the complete effort required in this RFP. No special consideration shall be given after proposals are opened because of a firm's failure to be knowledgeable about all the requirements of this RFP. By submitting a

proposal in response to this RFP, the firm represents that it has satisfied itself, from its own investigation, of all the requirements of this RFP.

#### 2.2.5 BACKGROUND AND GENERAL INFORMATION

The DOI was created by P.L. 1950, c. 270, which became effective on July 1, 1950. The statute created the DOI and the State Investment Council (“Council”). An important objective of the statute creating the DOI and the Council was to centralize all functions relating to purchases, sales or exchanges of securities for the State's diverse funds under experienced and professional management.

Today, the Council consists of sixteen members, eight appointed for staggered five-year terms by the Governor, three appointed for three-year terms by the trustees of three of the State’s pension systems, two appointed for five-year terms by the Governor from a list of candidates put forward by the state AFL-CIO, one appointed for a three-year term by the Governor from a list of candidates put forward by the New Jersey Education Association (NJEA), one appointed for a five-year term by the Governor from a list of candidates put forward by the President of the Senate and Speaker of the Assembly, and one appointed for a three-year term by the Governor from a list of candidates put forward by the State Troopers Fraternal Association. The eight gubernatorial appointments (excluding those nominated by the President and Speaker of the Assembly, AFL-CIO, NJEA, and State Troopers Fraternal Association are made with the advice and consent of the State Senate. No member of the Council shall hold any office, position or employment in any political party, nor shall any member benefit directly or indirectly from any transaction made by the DOI. Members of the Council serve without compensation.

Any consultant retained by the DOI must comply with various laws, regulations, policies and procedures of the State. By submitting a proposal in response to this RFP, you are pledging to comply with all applicable laws, regulations, policies and procedures.

The role of the Council is to establish the methods, practices and procedures it deems necessary or proper, which govern the investment activities of the DOI. New regulations adopted by the Council from time to time are filed with the Office of Administrative Law and published in the New Jersey Register for public comment prior to adoption.

Implementation of investment policies is vested in the Director of the DOI. The Director is subject to the standards of prudent investment set forth in N.J.S.A. 52:18A-89. As part of the Director’s fiduciary role, the Director retains the power and right to select, monitor and terminate consultants when doing so is in the best interest of the State. In making these decisions, the Director may consider many factors, including whether the consultant is complying with applicable statutes and

regulations, and whether the consultant is meeting the investment goals and direction established by the Council and the Director.

The DOI invests the assets of seven different State pension funds, which totaled approximately \$73 billion as of June 30, 2016. The assets of each pension fund are invested in the Cash Management Fund, Common Pension Fund D (Public Securities), and Common Pension Fund E (Alternative Investments and Global Diversified Credit Investments).

In addition to the pension funds, the DOI also manages other State funds which include a portion of NJBEST, a portion of the New Jersey Deferred Compensation Plan, and other funds.

In 2005, the State enacted P.L. 2005, c.162 (attached hereto as Exhibit A) that prohibits the DOI from investing pension or annuity fund assets in certain foreign companies engaged in business in Sudan. As part of the DOI's implementation of P.L. 2005, c. 162, the DOI maintains a list of companies it has determined are ineligible for investment by the pension and annuity funds. P.L. 2005, c. 162 is being applied consistent with the Federal Sudan Accountability and Divestment Act of 2007 ("SADA"), where applicable, and as this law is interpreted by the DOI. The criteria that the DOI currently applies in screening companies engaged in business in Sudan and developing a custom list of companies deemed ineligible for investment is summarized in Exhibit B. The DOI reserves the right to modify these criteria at any time.

In 2007, the State enacted P.L. 2007, c.250 (attached hereto as Exhibit C) that prohibits the DOI from investing pension or annuity fund assets in certain foreign companies engaged in business in Iran. As part of the DOI's implementation of P.L. 2007, c. 250, the DOI maintains a list of companies it has determined are ineligible for investment by the pension and annuity funds. P.L. 2007, c. 250 is being applied consistent with the Federal Comprehensive Iran Sanctions Accountability and Divestment Act of 2010 ("CISADA"), where applicable, and as this law is interpreted by the DOI. The criteria that the DOI currently applies in screening companies engaged in business in Iran and developing a custom list of companies deemed ineligible for investment is summarized in Exhibit D. The DOI reserves the right to modify these criteria at any time.

In 2016, the State enacted P.L. 2016, c.24 (attached hereto as Exhibit E), that prohibits the DOI from investing pension or annuity fund assets in companies that boycott the goods, products, or businesses of Israel, boycott those doing business with Israel, or boycott companies operating in Israel or Israeli-controlled territory. The DOI reserves the right to establish screening criteria and to modify the criteria at any time.

In 1987, the State enacted P.L. 1987, c. 177 (attached hereto as Exhibit F), which directs the DOI to investigate the extent to which United States corporations doing business in Northern Ireland, in which the assets of any State pension or annuity fund are invested, adhere to principles of non-discrimination in employment and freedom of workplace opportunity, as defined in the law by various standards commonly referred to as the MacBride Principles.

### **3.0 SCOPE OF SERVICES**

#### **3.1 Iran, Sudan and Israel Services**

- 3.1.1 The vendor shall provide customized, separate databases, in user-friendly format, designed to support the DOI in its compliance with applicable laws regarding investment in companies doing business in Iran and Sudan, and companies boycotting Israel, as those laws are interpreted by the DOI.
- 3.1.2 The firm selected to provide investment research related services for the Iran and Sudan divestment laws shall provide separate databases including company information, updated on a monthly basis, which identifies company name, identifier if the company's securities are publicly traded (ticker/sedol/cusip), country of incorporation, sector, type of tie (equity, non-equity, other), and detailed narrative that supports the company's inclusion in the database, including the source of the information. The firm shall base its research on the applicable New Jersey statute and utilize the screening criteria summarized in Exhibits B and D, which the DOI reserves to the right to modify at any time. The information should be provided in a user friendly format. The firm shall update the information no less often than monthly, and shall provide the DOI with a detailed summary of any changes affecting the eligibility of any company for investment, including but not limited to why a company has been removed from the list. A company should not be removed from the list due to an absence of updated information or because a specified time period has elapsed. A company should only be removed from the list when a review of the company fails to find evidence of continuing involvement.
- 3.1.3 The firm selected to provide investment research related services for the Israel boycott divestment law shall provide a database including company information, updated on a monthly basis, which identifies company name, identifier if the company's securities are publicly traded (ticker/sedol/cusip), country of incorporation and detailed narrative that supports the company's inclusion in the database, including the source of

the information. The narrative should set forth the reason the company is believed to be boycotting the goods, products, or businesses of Israel, boycotting those doing business with Israel, or boycotting companies operating in Israel or Israeli-controlled territory. The underlying research for the database shall include reviewing publicly available information regarding companies that boycott Israel, including information provided by non-profit organizations, research firms and government entities, and information published by other institutional investors that have divested from companies that boycott Israel. The firm shall base its research on the applicable New Jersey statute and utilize any additional screening criteria which may be provided by the DOI from time to time. The firm shall update the information no less often than monthly, and shall provide the DOI with a detailed summary of any changes affecting the eligibility of any company for investment, including but not limited to why a company has been removed from the list. A company should not be removed from the list due to an absence of updated information or because a specified time period has elapsed. A company should only be removed from the list when a review of the company fails to find evidence of continuing involvement.

- 3.1.4 The firm selected to provide investment research related services for the Iran, Sudan, and Israel laws shall provide timely assistance in resolution of any issues/questions raised by the DOI during its review of the data, including communication with company officials for those companies contained in the database to resolve any inaccuracies in the database and a revision of the application of the specified criteria. The DOI must have the ability to provide companies with research information provided by the firm from its database or in response to requests under the Open Public Records Act.

## 3.2 Northern Ireland Report

- 3.2.1 The firm selected to provide investment research related services for the Northern Ireland law will provide customized reports designed to support the DOI in its compliance with applicable law regarding investment in companies doing business in Northern Ireland, as the law is interpreted by the DOI.
- 3.2.2 The report shall include the names and addresses of all US corporations operating in Northern Ireland. The company profiles should include information relevant to the nine MacBride Principles as cited in the law included as Exhibit F and summarized in Exhibit G.



### **3.3 Special Projects**

- 3.3.1 Should the DOI be required to implement additional state or federal laws or regulations with regard to investment in or contracting with companies engaged in business in certain foreign countries or with their governments, the selected vendor(s) will be given an opportunity to submit a proposal for the additional scope of work utilizing the hourly rates supplied on the Price Schedule as Special Projects, with a not-to-exceed cap specific to the project.

### **4.0 TERM OF AGREEMENT**

- 4.1 The term of the resulting contract(s) will be for three (3) years from October 1, 2017 to September 30, 2020, with two (2) one-year renewal options, subject to mutual consent, and may be terminated sooner at the State's sole discretion.

### **5.0 SELECTION PROCESS**

- 5.1 All proposals will be reviewed to determine responsiveness. Non-responsive proposals will be rejected without evaluation. Responsive proposals will be evaluated by an Evaluation Committee. The following evaluation criteria categories, separate or combined in some manner, and not necessarily listed in order of significance, will be used to evaluate proposals received in response to this RFP. The evaluation criteria categories may be used to develop more detailed evaluation criteria to be used in the evaluation process:
  - 5.1.1 The firm's general approach and plans in meeting the custom requirements of this RFP.
  - 5.1.2 The firm's detailed approach and plans to perform the custom services required by the Scope of Services contained in this RFP.
  - 5.1.3 The firm's documented experience in successfully completing custom contracts requiring services of similar size and scope.
  - 5.1.4 The qualifications and experience of the firm's management, supervisory or other key personnel assigned to the engagement, with emphasis on documented experience in successfully completing work on contracts requiring custom services of similar size and scope.

- 5.1.5 The overall ability of the firm to mobilize, undertake and successfully complete the custom services required by this RFP. This judgment will include, but not be limited to, the following factors: the number and qualification of management, supervisory and other staff proposed by the firm to perform the services required by this RFP; the availability and commitment to the engagement of the firm's management, supervisory, and other staff proposed; and the firm's contract management plan, including the firm's contract organizational chart.
- 5.2 Interviews may be conducted at the option of the Evaluation Committee with all or some of the bidding firms.
- 5.3 The engagement shall be awarded by written notice to the responsive bidder(s) whose proposal, conforming to the RFP, will be the most advantageous to the State, price and other factors considered.

## **6.0 REQUIRED COMPONENTS OF THE PROPOSAL**

### **6.1 Technical Proposal**

- 6.1.1 Provide an Executive Summary of not more than three pages identifying and substantiating why the firm is the best qualified firm to provide the requested custom services for the DOI. Provide the firm's general and detailed approach to the custom engagement.
- 6.1.2 Provide the name and address of the firm; the name, telephone number, and e-mail address of the individual or individuals responsible for the preparation of this proposal who may be contacted in the event of questions or notifications; and the location of the office(s), if other than shown above, at which the services to be provided hereunder will be performed.
- 6.1.3 Provide an organizational chart of all principals of the firm involved in this contract including complete contact information.
- 6.1.4 Provide a staffing plan listing those persons who will be assigned to the engagement if the firm is selected, including the designation of the person(s) who would primarily be responsible for the engagement. Provide the relevant resume information for the individuals who would be assigned, including, at a minimum, a description of the person's relevant professional experience (e.g., years and type of experience, and number of years with the firm).

- 6.1.5 Provide a description of the firm's experience in providing custom services of the type described in this proposal, both for private and public entities.
- 6.1.6 Provide a description of resources of the firm (i.e., background, location, experience, staff resources, financial resources, other resources, etc.). Include the year formed and ownership structure, as well as any ownership changes within the past five years.
- 6.1.7 Describe the firm's commitment to research and system enhancements.
- 6.1.8 Provide the number of clients gained and number of clients lost in each of the last three (3) years. Identify the five (5) largest clients lost over the last three (3) to five (5) years and indicate the reason(s) for termination.
- 6.1.9 Provide three (3) client references to which similar services have been provided. Provide contact names, positions, and phone numbers.
- 6.1.10 Provide a timetable and plan for mobilization and implementation of this engagement. The anticipated start date for this engagement is October 1, 2017.
- 6.1.11 Provide separate sample reports which the DOI will receive for each custom service (Iran, Sudan, Israel, and Northern Ireland), and the expected timetable for the issuance of each report. Please identify through what means the information will be provided (e.g., spreadsheet, internet-based portal, etc.) and indicate how often the information is updated.
- 6.1.12 Provide the number of logon ids that is included in the proposal's firm fixed price, if applicable.
- 6.1.13 Describe what other foreign countries the firm researches and/or tracks for investment research related services.
- 6.1.14 Disclose any business activities that may be perceived to be in conflict with the firm's duties to the DOI under this contract. Such conflicts could arise from, but are not limited to, sources of revenue, affiliations, or services provided by the firm to companies on which the firm would report to the State under the scope of this contract.

## 6.2 Fee Proposal

- 6.2.1 As full compensation for the services and all other obligations to be performed by the Contractor, the Contractor shall submit an annual flat-fee for all services, including travel, performed under Section 3.0 of this RFP. Please complete the Price Schedule attached hereto as Exhibit H.
- 6.2.2 The State reserves the right to negotiate final price with the vendor(s) selected to provide this service.
- 6.2.3 Should the Scope of Services as listed in Section 3.0 of this RFP expand to include additional state or federal laws or regulations, the selected vendor(s) will be given an opportunity to submit a proposal for the additional scope of work, and the hourly rates supplied on the Price Schedule as Special Projects, with a not-to-exceed cap specific to the project, will be used.
- 6.2.4 The State's obligation to pay the Contractor is contingent upon the availability of appropriated funds from which payment for contract purposes can be made. No legal liability on the part of the State for payment of any money shall arise unless funds are made available each fiscal year to the DOI by the Legislature for such purposes.

## 6.3 Required Forms

Forms can be found at:

<http://www.state.nj.us/treasury/doinvest/rfp.shtml>

- 6.3.1 Waivered Terms & Conditions for Services Contracts
- 6.3.2 Disclosure of Investment Activities in Iran
- 6.3.3 Public Law 2005, Chapter 271
- 6.3.4 Public Law 2005, Chapter 51 / Executive Order 117
- 6.3.5 Source Disclosure Form
- 6.3.6 Ownership Disclosure Form
- 6.3.7 Disclosure of Investigations and Actions Involving Bidder
- 6.3.8 MacBride Principles Form
- 6.3.9 Affirmative Action Forms
- 6.3.10 Set-Off for State Tax
- 6.3.11 Business Registration <http://www.state.nj.us/treasury/revenue/busregcert.shtml>
- 6.3.12 Proof of Certificates of Insurance as required by the Waivered Terms & Conditions, Section I, Paragraph 2.

MISCELLANEOUS

Notice to Bidders and Contractors Regarding P.L. 2012, c. 4.

“Organ and Tissue Donation: As defined in section 2 of P.L. 2012, c. 4 (N.J.S.A.52:32-33), contractors are encouraged to notify their employees, through information and materials or through an organ and tissue awareness program, of organ donation options. The information provided to employees shall be prepared in collaboration with the organ procurement organizations designated pursuant to 42 U.S.C. §1320b-8 to serve in this State.”

NJSTART.gov

Please be aware that, if you are awarded the contract for this RFQ, your business will have to register with NJSTART. You can find more information about this program and register if necessary at the following link.

<https://www.njstart.gov/bs/>

## Exhibit A

### CHAPTER 162

AN ACT concerning the investment of certain public funds and supplementing chapter 18A of Title 52 of the New Jersey Statutes.

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

1. The Legislature finds and declares that:

a. The State of New Jersey is deeply concerned over the poor human rights situation in Sudan, calls for stepped-up international efforts to end the crisis in Sudan's Darfur region and concurs with United States policy which has officially declared that genocide is ongoing in the Sudan;

b. Despite significant pressure from the United States government, the government of Sudan has not taken all the necessary actions to disassociate itself fully from its ties to terrorism;

c. The government of Sudan places severe limitations on the political and religious freedoms of the Sudanese people despite promises of improvement and pledges to end the 20-year civil war between the government and the Sudan People's Liberation Movement/Army;

d. The government of Sudan violates the rules of war by deliberately attacking civilians and, since 1983, the war and famine-related effects have led to more than two million deaths and over four million people displaced;

e. The government of Sudan continues to engage in arbitrary arrest, prolonged detention, extra-judicial killings, torture and rape of the Sudanese people and apostasy from Islam is punishable by death;

f. Severe restrictions are placed on the freedoms of assembly, association, movement, and speech and the government actively censors the press;

g. The most sobering violation of human rights in Sudan is the existence of slavery or slavery-like indenture and the pro-government militia continues to engage in abduction and slavery with impunity;

h. The 2002 Machakos Protocol, signed by both sides in the civil war in Sudan, has recognized that "Sudan is a multi-cultural, multi-racial, multi-ethnic, multi-religious, and multi-lingual country," and that there "shall be freedom of belief, worship and conscience for followers of all religions or beliefs or customs and no one shall be discriminated against on such grounds" once a peace agreement is signed; and

i. It is in the best interest of this State that a statutory prohibition be enacted to prohibit the investment of public employee retirement funds in foreign companies doing business in Sudan given the poor human rights situation in Sudan and the lack of signs of improvement.

C.52:18A-89.9 Pension, annuity funds, certain, investment in company with equity ties to Sudan, certain; prohibited.

2. Notwithstanding any provision of law to the contrary, no assets of any pension or annuity fund under the jurisdiction of the Division of Investment in the Department of the Treasury, or its successor, shall be invested in any foreign company with an equity tie to government of Sudan or its instrumentalities and is engaged in business in or with the same. The provisions of this section shall not apply to the activities of any foreign company providing humanitarian aid to the Sudanese people through either a governmental or non-governmental organization.

As used in this section, "equity tie" means manufacturing or mining plants, employees or advisors, facilities or an investment, fiduciary, monetary or physical presence of any kind; and "humanitarian aid" means the provision of goods and services intended to relieve human suffering or to promote the general welfare, health, and religious and spiritual activities.

C.52:18A-89.10 Sale, redemption, divestiture, withdrawal from certain investments; time.

3. The State Investment Council and the Director of the Division of Investment shall, after reviewing the recommendations of, and consulting with, an independent research firm that specializes in global security risk for portfolio determinations selected by the Treasurer, take appropriate action to sell, redeem, divest or withdraw any investment held in violation of the provisions of this act. This act shall not be construed to require the premature or otherwise imprudent sale, redemption, divestment or withdrawal of an investment, but such sale, redemption, divestment or withdrawal shall be completed not later than three years following the effective date of this act.

C.52:18A-89.11 Reports to Legislature; contents.

4. Within 60 days after the effective date of this act, the Director of the Division of Investment shall file with the Legislature a report of all investments held as of the effective date of this act which are in violation of the provisions of this act. Every year thereafter, the director shall report on all investments sold, redeemed, divested or withdrawn in compliance with this act.

Each report after the initial report shall provide: a description of the progress which the division has made since the previous report and since the enactment of this act in implementing the provisions of section 2 of this act.

5. This act shall take effect on the first day of the month after enactment.

Approved July 28, 2005.

## Exhibit B

### State of NJ Sudan Criteria, as amended effective 2/2/16

- NJ's legislation has no "de minimis" standard for cumulative investment by a company in a sanctioned state. Even companies that invest as little as \$1 should be included in NJ's restricted list.
- NJ statute only restricts foreign companies. A company is considered foreign if it is incorporated in any country other than the United States, even if it is based and listed in the United States.
- NJ's restrictions for Sudan include companies involved in the following business operations, after giving effect to the exceptions noted below:
  - Power production activities
  - Mineral extraction activities
  - Oil-related activities
  - Production of military equipment
- Business operations do not include operations where the following can be demonstrated:
  1. Are conducted under contract directly and exclusively with the regional government of southern Sudan;
  2. Are conducted under a license from the Office of Foreign Assets Control, or are expressly exempted under Federal law from the requirement to be conducted under such a license;
  3. Consist of providing goods or services to marginalized populations of Sudan;
  4. Consist of providing goods or services to an internationally recognized peacekeeping force or humanitarian organization;
  5. Consist of providing goods or services that are used only to promote health or education; or
  6. Have been voluntarily suspended.
- NJ restricts investment in any foreign company with an equity tie to Sudan that does business in Sudan OR does business with the government of Sudan. It is not a requirement that the company do business with the government of Sudan or its instrumentalities. The company must operate in one of the four sectors mentioned above.
- NJ only restricts companies with an equity tie. Equity tie is defined as manufacturing or mining plants, employees or advisors, facilities or an investment, fiduciary, monetary or physical presence of any kind. See further clarifications below on parent/subsidiary relationships. NJDI does not consider doing business through an independent third-party distributor as an equity tie.



If a company's sole activity in oil-related activities is the purchase of natural gas or petroleum, this activity should be noted, but will not result in disqualification. Having an office in Sudan without active business activity in Sudan should be noted, but will not result in disqualification.

- NJ views on parent and subsidiary relationships are as follows:
  - If a subsidiary has an equity tie to Sudan and its parent company is publicly traded, the parent company is placed on the restricted list.
  - If a parent company has an equity tie to Sudan, but the publicly traded subsidiary does not, the subsidiary should not be placed on the restricted list. To the extent that our research provider believes the corporate structure should be disregarded for a particular reason (e.g., overlapping management), it will provide information to NJDI explaining its rationale.
  - If a company owns 50% or more of another entity, the entity's business activities are attributed to the company. If a company owns less than 50% of another entity, but there is other evidence of management control or consolidation of financial results, then the entity's business activities are attributed to the company. If the other entity does not meet the foregoing requirements, then the entity's business activities are not attributed to the company.
  
- Companies should not be removed from the list due to an absence of updated information or because a specific time period has elapsed. Companies should only be removed from the list when there is evidence that prior identified involvement has ceased.

## Exhibit C

### CHAPTER 250

AN ACT concerning the investment by the State of pension and annuity funds and supplementing P.L.1950, c.270.

**BE IT ENACTED** *by the Senate and General Assembly of the State of New Jersey:*

1. The Legislature finds and declares that:

The State of New Jersey is deeply concerned about the situation in the Islamic Republic of Iran. President Mahmoud Ahmadinejad, the President of Iran, has added greatly to the instability of the Middle East by making statements that Israel should be “wiped off the map” and asserting that the Holocaust was a “myth.” Iran has done little to promote international cooperation and everything to fan the flames of divisiveness and crisis. Thus, global tension concerning the Middle East is fuelled to dangerous heights by the rhetoric and actions of Iran.

Iran has been committed to the destruction of Israel since the installation of theocratic rule by Ayatollah Ruhollah Khomeini in 1979 and has been cited repeatedly as one of the world’s most dangerous sponsors of international terrorism. President Ahmadinejad has also sparked international concern and controversy by refusing to stop Iran’s enrichment of nuclear materials—possibly for use in atomic weapons—and refusing to allow the United Nations to check Iran’s claim that it seeks to use nuclear power only to generate electricity.

President Ahmadinejad’s comments regarding Israel together with his determination to promote Iran’s nuclear program leads observers to conclude that the country’s resources are directed towards the destruction of Israel by atomic weapons. This State must take action to respond to these calls for the destruction of Israel and threats to world peace and stability. Therefore, it is in the best interest of this State that a statutory prohibition be enacted to prohibit the investment of public employee retirements funds in foreign companies doing business in Iran.

C.52:18A-89.12 Pension or annuity, investment in foreign companies having equity ties to Iran; prohibited.

2. a. Notwithstanding any provision of law to the contrary, no assets of any pension or annuity fund under the jurisdiction of the Division of Investment in the Department of the Treasury, or its successor, shall be invested in any foreign company that has an equity tie to the government of Iran or its instrumentalities and is engaged in business operations with entities in the defense sector or nuclear sector of Iran, or engaged in business operations with entities involved in the natural gas or petroleum sectors of Iran, in or with that government and its instrumentalities. This prohibition shall not apply to the activities of any foreign company providing humanitarian aid to the Iranian people through either a governmental or non-governmental organization.

As used in this section, "equity tie" means manufacturing or mining plants, employees or advisors, facilities, or an investment, fiduciary, monetary or physical presence of any kind, including an ownership stake in one or more subsidiary or joint venture with one or more

companies in the country; "humanitarian aid" means the provision of goods and services intended to relieve human suffering or to promote general welfare and health; "defense sector" means every industry or company, be it private or owned in whole or in part by the government of Iran or its instrumentalities, that is involved in the purchase, sale, manufacturing, testing or deployment of military supplies and weapons, including every company that provides military advisors and non-military personnel or that sells strategic information or services to companies that purchase, sell, manufacture, test or deploy military supplies and weapons, or the government of Iran or its instrumentalities; "nuclear sector" means every industry or company, be it private or owned in whole or in part by the government of Iran or its instrumentalities, that is involved in the purchase, sale, development, testing or deployment of nuclear technology of any kind or that provides advisors, researchers, scientists or technicians who are involved in the purchase, sale, development, testing or deployment of nuclear technology of any kind; and "natural gas or petroleum sectors" means those industries and companies that have as their business the owning rights to oil blocks, exporting, extracting, producing, refining, processing, exploring for, transporting, selling or trading of oil or natural gas, constructing, maintaining or operating a pipeline, refinery or other infrastructure and facilitating such activities, including supplies or services in support of such activities.

b. The State Investment Council and the Director of the Division of Investment, after reviewing the recommendations of and consulting with an independent research firm that specializes in global security risk for portfolio determinations selected by the State Treasurer, shall take appropriate action to sell, redeem, divest or withdraw any investment held in violation of subsection a. of this section. This section shall not be construed to require the premature or otherwise imprudent sale, redemption, divestment or withdrawal of an investment, but such sale, redemption, divestment or withdrawal shall be completed not later than three years following the effective date of P.L.2007, c.250 (C.52:18A-89.12).

c. Within 60 days after the effective date of P.L.2007, c.250 (C.52:18A-89.12), the Director of the Division of Investment shall file with the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a report of all investments held as of the effective date that are in violation of subsection a. of this section. Every year thereafter, the director shall report on all investments sold, redeemed, divested or withdrawn in compliance with subsection b. of this section.

Each report after the initial report shall provide a description of the progress that the division has made since the previous report and since the enactment of P.L.2007, c.250 (C.52:18A-89.12) in implementing subsection b. of this section.

d. Notwithstanding the other provisions of this section to the contrary, this act shall be of no effect if:

(1) the Congress or the President of the United States, affirmatively and unambiguously, declares by means including, but not limited to, legislation, executive order, or written certification from the President to Congress that the government of Iran has ceased to acquire or develop weapons of mass destruction and, to support international terrorism; or

(2) the United States revokes all sanctions imposed against the government of Iran.

e. State Investment Council members, jointly and individually, and State officers and employees involved therewith, shall be indemnified and held harmless by the State of New Jersey from all claims, demands, suits, actions, damages, judgments, costs, charges and expenses, including court costs and attorney's fees, and against all liability, losses and damages of any nature whatsoever that these State Investment Council members, and State officers and employees, shall or may at any time sustain by reason of any decision to restrict, reduce or eliminate investments pursuant to this act.

3. This act shall take effect immediately.

Approved January 4, 2008.

## Exhibit D

### State of NJ Criteria - Iran

New Jersey's Iran legislation includes the following restrictions:

- NJDI only allows a “*humanitarian exception*” when that’s the only activity of a company in Iran, and the activity is provided through a governmental or non-governmental organization. Companies with both business and humanitarian activities, or business activities that could be seen as being humanitarian at the same time must be restricted from investment by NJ law.
- NJDI’s legislation has no “*de minimis*” standard for cumulative investment by a company in a sanctioned state. Even companies that invest as little as \$1 should be included in NJ’s restricted list.
- NJDI’s restrictions for Iran are limited to the nuclear, defense, and natural gas and petroleum sectors; only companies operating in these sectors should be included on the database. If a company is doing business with the government of Iran, but is not doing business in the above sectors, these ties will not result in disqualification nor should they be included on the database. Equity ties to the government of Iran can be direct or indirect, such as companies in which the government has an ownership stake (e.g. the National Iranian Oil Company – NIOC).
- Under NJ law, the natural gas and petroleum sectors are defined to include those companies having as their business the owning rights to oil blocks, exporting, extracting, producing, refining, processing, exploring for, transporting, selling or trading of oil or natural gas (and not petrochemicals), constructing, maintaining or operating a pipeline, refinery or other infrastructure and facilitating such activities, including supplies or services in support of such activities. If a company’s sole activity in the Iran natural gas or petroleum sector is the purchase of natural gas or petroleum, this activity should be noted on the database, but will not result in disqualification.
- NJDI only looks at foreign companies. A company is considered foreign if it is incorporated in any country other than the United States, even if it is based and listed in the United States.
- NJDI only restricts companies with an equity tie. Equity tie is defined as manufacturing or mining plants, employees or advisors, facilities or an investment, fiduciary, monetary or physical presence of any kind, including an ownership stake in one or more subsidiary or joint venture with one or more companies in the country (see further clarification below on parent/subsidiary relationships). NJDI generally considers a company doing business with the government of Iran as having an equity tie. NJDI does not consider doing business through an independent third-party distributor as an equity tie. Having

an office in Iran without active business activity in Iran should be noted on the database, but will not result in disqualification.

- NJDI views on parent and subsidiary relationships are as follows:
  1. If a subsidiary has an equity tie to Iran and its parent company is publicly traded, the parent company is placed on the restricted list.
  2. If a parent company has an equity tie to Iran, but the publicly traded subsidiary does not, the subsidiary should not be placed on the restricted list. To the extent that our research provider believes the corporate structure should be disregarded for a particular reason (e.g., overlapping management), it will provide information to NJDI explaining its rationale.
  3. If a company owns 50% or more of another entity, the entity's business activities are attributed to the company. If a company owns less than 50% of another entity, but there is other evidence of management control or consolidation of financial results, then the entity's business activities are attributed to the company. If the other entity does not meet the foregoing requirements, then the entity's business activities are not attributed to the company.
  
- Companies should not be removed from the list because a specified time period has elapsed. Companies should only be removed from the list when a review of the company fails to find evidence of continuing involvement.

## **Exhibit E**

### **CHAPTER 24**

**AN ACT** concerning the investment of State pension and annuity funds in companies that boycott Israel or Israeli businesses and supplementing P.L.1950, c.270 (C.52:18A-79).

**BE IT ENACTED** *by the Senate and General Assembly of the State of New Jersey:*

C.52:18A-89.13 Findings, declarations relative to investment of State funds in companies boycotting Israel.

1. The Legislature finds and declares that:

Israel and the United States are allies sharing a common bond rooted in the values of freedom, democracy, and equal rights.

The State of New Jersey is committed to supporting Israel and maintaining the strong New Jersey-Israel relationship that has existed since the founding of the Jewish state in 1948, recognizing that the United States and Israel have mutually benefitted from being allies, including economic cooperation, which Congress has determined materially benefits the United States.

The State is deeply concerned about the Boycott, Divestment and Sanctions (BDS) effort to boycott Israeli goods, products, and businesses which is contrary to federal policy articulated in numerous laws.

The State and Israel have a long history of friendship based on economic, cultural, intellectual, and political cooperation and exchange, and the elected representatives of New Jersey recognize and support Israel's right to exist as a Jewish state.

More than \$1.3 billion in goods and services are traded annually between New Jersey and Israel, and the two trading partners continue to look for and find new opportunities to enhance cooperation and initiatives of mutual economic benefit.

Boycotts, divestments, and sanctions place economic and political pressure on business entities, and other organizations and institutions to influence their behavior against Israel.

It is fitting and appropriate that the State of New Jersey reaffirm its interest in viable trade and exchange with an ally of the United States and a vibrant economic partner of the State.

Economic cooperation and political reconciliation are necessary for building mutual trust and foundations for a lasting peace in the Middle East.

Both Israelis and Palestinians have the right to live safely and securely in their homes, free from fear and violence, with mutual recognition, trade, and normalization of relations as neighbors.

The strengthening of New Jersey-Israel cooperation recognizes the beneficial economic and technological value of that cooperation including for improving the competitive capabilities in global markets for both New Jersey and Israel.

Nationality-based boycott actions are often veiled discrimination, and it is against the public policy of New Jersey to support such discrimination.

Boycotts, such as those against Israel, do not make for effective business decision making, prevent a business from making the best use of the resources available to it and should be opposed as an impairment to the soundness of commercial contracting performance.

It is important to the economic well-being of New Jersey that persons or entities conducting commercial trade and doing business in the State do not engage in boycotts of a legitimate and viable partner with whom New Jersey can enjoy open trade contracting.

Therefore, it is in the best interest of this State that a statutory prohibition be enacted to prohibit the investment of public employee retirement funds in companies boycotting Israel.

C.52:18A-89.14 Investment in companies which boycott Israel prohibited.

2. a. Notwithstanding any provision of law to the contrary, no assets of any pension or annuity fund under the jurisdiction of the Division of Investment in the Department of the Treasury, or its successor, shall be invested in any company that boycotts the goods, products, or businesses of Israel, boycotts those doing business with Israel, or boycotts companies operating in Israel or Israeli-controlled territory. This section shall not apply to those boycotts organized by foreign governments pursuant to 50 U.S.C. s.4607(c). The activities of any company solely providing humanitarian aid to the Palestinian people through either a governmental or non-governmental organization shall not render the company subject to the provisions of this act, P.L.2016, c.24 (C.52:18A-89.13 et seq.) unless it is also engaging in the prohibited boycotts or otherwise discriminating against goods, products, or businesses of Israel, or entities operating in Israel or Israeli-controlled territory.

b. The State Investment Council and the Director of the Division of Investment shall take appropriate action to sell, redeem, divest, or withdraw any investment held in violation of subsection a. of this section. This section shall not be construed to require the premature or otherwise imprudent sale, redemption, divestment, or withdrawal of an investment, but such sale, redemption, divestment, or withdrawal shall be completed not later than 24 months following the effective date of this act.

c. Within 120 days after the effective date of this act, the Director of the Division of Investment shall file with the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a report of all investments held as of the effective date that are in violation of subsection a. of this section. The State Investment Council and the Director of the Division of Investment shall use its best efforts to identify all companies that boycott Israel and these efforts shall include, but are not limited to, the following, as appropriate in the judgment of the State Investment Council and the Director of the Division of Investment:



(1) reviewing and relying on publicly available information regarding companies that boycott Israel, including information provided by non-profit organizations, research firms, and government entities;

(2) contacting other institutional investors that have divested from companies that boycott Israel; and

(3) retaining an independent research firm to identify companies that boycott Israel.

One year thereafter, and every subsequent year on the anniversary of the effective date of this act, the director shall report on all investments sold, redeemed, divested, or withdrawn in compliance with subsection b. of this section. The report shall provide a description of the progress that the division has made since the previous report and since the effective date of this act in implementing subsection b. of this section.

d. The members of the State Investment Council, jointly and individually, and State officers and employees involved therewith, shall be indemnified and held harmless by the State of New Jersey from all claims, demands, suits, actions, damages, judgments, costs, charges, and expenses, including court costs and attorney's fees, and against all liability, losses, and damages that these council members, and State officers and employees, may sustain by reason of any decision to restrict, reduce, or eliminate investments pursuant to this act.

e. As used in this act, "humanitarian aid" means the provision of goods and services intended to relieve human suffering or to promote general welfare and health; "Boycott, Divestment, and Sanctions" (BDS) refers to the encouragement of boycotts, divestments and sanctions that place economic and political pressure on states, business entities, and other organizations and institutions to influence their behavior against Israel; "boycott" means engaging in actions that are intended to penalize, inflict economic harm on, or otherwise

limit commercial relations with another state or nation; "divestment means to sell, redeem, or withdraw all holdings of a company from the investment portfolio of another company or of a governmental entity; and "sanctions" means the attempts by national governments, multilateral organizations and other international bodies or their subdivisions to limit or ban trade or other relations with a state or nation.

f. The provisions of this act are severable. If any phrase, clause, sentence, provision or section is declared to be invalid or preempted by federal law or regulation, the validity of the remainder of this act shall not be affected thereby.

3. This act shall take effect immediately.

Approved August 16, 2016.

## **Exhibit F**

### **NJ Statutes Regarding Northern Ireland**

§ 52:18A-89.4. Findings, declarations

The Legislature finds and declares that:

a. The State of New Jersey is cognizant of the unacceptable high unemployment levels in Northern Ireland and the attendant ills which arise from such a situation; and

b. The State wishes to support investment in Northern Ireland if certain minimal equal opportunity criteria are met.

L. 1987, c. 177, 1.

§ 52:18A-89.5. Standards for corporate activity

Notwithstanding any law, rule or regulation to the contrary, the Director of the Division of Investment in the Department of the Treasury is authorized and directed to investigate the extent to which United States corporations or their subsidiaries doing business in Northern Ireland, in which the assets of any State pension or annuity fund are invested, adhere to principles of nondiscrimination in employment and freedom of workplace opportunity. In making this determination, the director shall consider, without limitation, the following standards for corporate activity:

a. Increasing the representation of individuals from underrepresented religious groups in the workforce, including managerial, supervisory, administrative, clerical and technical jobs;

b. Adequate security for the protection of minority employees both at the workplace and while traveling to and from work;

c. The banning of provocative religious or political emblems from the workplace;

d. All job openings should be publicly advertised and special recruitment efforts should be made to attract applicants from underrepresented religious groups;

e. Layoff, recall and termination procedures should not in practice favor particular religious groups;

f. The abolition of job reservations, apprenticeship restrictions and differential employment criteria, which discriminate on the basis of religion or ethnic origin;

g. The development of training programs that will prepare substantial numbers of current minority employees for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade and improve the skills of minority employees;

h. The establishment of procedures to assess, identify and actively recruit minority employees with potential for further advancement;

i. The appointment of a senior management staff member to oversee the company's affirmative action efforts and the setting up of timetables to carry out affirmative action principles.

The director may use information disseminated by, or surveys or reports of, international, national, independent, state or city agencies if, in the opinion of the State Investment Council, the information, survey or report satisfies the requirements of this section.

L. 1987, c. 177, 2.

§ 52:18A-89.6. Annual report

The director shall report the results of the investigation to the Governor and the Legislature not later than January 15 of each year. The report shall include but not be limited to the names and addresses of all United States corporations operating in Northern Ireland in which the assets of any pension or annuity fund are invested, and the findings of the director relative to those corporations' adherence to the standards for corporate activity set forth in section 2 of this act. The director shall also report his recommendations, if any, based upon the findings of the investigation. The report shall be available for public inspection in the office of the Clerk of the General Assembly and of the Secretary of the Senate and in the office of the director.

L. 1987, c. 177, 3.

§ 52:18A-89.7. Encouragement of adherence by corporations

The director shall, where necessary, appropriate, and consistent with prudent standards for fiduciary practice, initiate and support shareholder petitions or initiatives requiring adherence by the corporation to the standards set forth in section 2 of this act.

L. 1987, c. 177, 4.

## **Exhibit G**

### **MacBride Principles**

- A. Increasing the representation of individuals from underrepresented religious groups in the work force including managerial, supervisory, administrative, clerical, and technical jobs.
- B. Adequate security for the protection of minority employees both at the workplaces and while traveling to and from work.
- C. The banning of provocative religious or political emblems from the workplace.
- D. All job opening should be publicly advertised and special recruitment efforts should be made to attract applicants from underrepresented religious groups.
- E. Layoff, recall, and termination procedures should not in practice favor particularly religious groupings.
- F. The abolition of job reservations, apprenticeship restrictions, and differential employment criteria, which discriminate on the basis of religion or ethnic origin.
- G. The development of training programs that will prepare substantial numbers of current minority employees for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade, and improve the skills of minority employees.
- H. The establishment of procedures to assess, identify, and actively recruit minority employees with potential for further advancement.
- I. The appointment of a senior management staff member to oversee the company's affirmative action efforts and the setting up of timetables to carry out affirmative action principles.

Each profile should include the following overview:

- whether the company has an agreement on implementation of the MacBride principles
- if any of the operations in Northern Ireland have an underrepresentation of Catholics or Protestants and if the company is taking affirmative actions, and
- the number (if any) of Fair Employment Tribunal discrimination finds and/or settlements.

The detailed profiles should include the following information:

- the extent of the company's response to any Northern Ireland survey results;
- the quality and source of information available;
- compliance with Northern Ireland's fair employment law and Code of Practice (the Fair Employment and Treatment (Northern Ireland) Order 1998, is an act of British parliament and the detailed Code is authorized by the British government and spells out legal requirements and makes recommendations to employers for best practice in this area);
- whether Catholics and Protestants appear to be fairly represented;
- the company's position on the MacBride principles;
- any affirmative action the company is taking;
- any discrimination complaints filed against the company at the Fair Employment Tribunal since 2003.

**Exhibit H**

**Request for Proposals  
Iran, Sudan, Israel, and Northern Ireland  
Investment Research Related Services  
Price Schedule**

**Bidder Name:** \_\_\_\_\_

**Total Yearly Fixed Firm Cost for completing Scope of Services as detailed in Section 3.0 for initial 3-year contract period:**

<b>SERVICE</b>	<b>FIXED PRICE</b>
<b>Sudan</b>	<b>\$</b>
<b>Iran</b>	<b>\$</b>
<b>Israel</b>	<b>\$</b>
<b>Northern Ireland</b>	<b>\$</b>

<b>STAFF TITLE/CLASSIFICATION</b>	<b>HOURLY RATE</b>
	<b>\$</b>
	<b>\$</b>
	<b>\$</b>

**Total Yearly Fixed Firm Cost for completing Scope of Services as detailed in Section 3.0 for 2-one year extensions:**

<b>SERVICE</b>	<b>FIXED PRICE</b>	
	<b>Year 1</b>	<b>Year 2</b>
<b>Sudan</b>	\$	
<b>Iran</b>	\$	
<b>Israel</b>	\$	
<b>Northern Ireland</b>	\$	

**Hourly Rates for completing Special Projects as outlined in Section 3.3 of this RFP:**

<b>STAFF TITLE/CLASSIFICATION</b>	<b>HOURLY RATE</b>
	\$
	\$
	\$