

SUDAN DIVESTMENT POLICY

Intent of the Board

It is the policy of the Board of Trustees to not support the atrocities occurring in the Darfur and other regions of the Republic of Sudan. Pursuant to Federal, State, and Local legislation¹ enacted in 2007, the Board may divest its holdings of companies conducting business operations in Sudan. It is the intention of both the Baltimore City Council and the Board for investment managers to monitor the Sudanese business activities of the companies whose shares they hold on behalf of the Board. Managers should use their influence or contacts to demand that such companies cease their business ties with the Sudanese government and all government-controlled entities. Managers should take all necessary steps to ensure that the company whose securities the Board holds are not engaged in any business activities that in any way support or engage in genocide in Darfur or any part of Sudan.

Scope

These provisions apply only to actively managed separate account managers. The provisions explicitly do not apply to:

- Indexed funds;
- Private equity funds;
- Hedge funds;
- Real estate funds; and
- Other commingled or passively managed funds.

The term “business operations” is limited to:

- Power production activities;
- Mineral extraction activities
- Oil-related activities; and
- Production of military equipment

Specifically excluded from “business operations” are those operations which a company can demonstrate:

- are conducted under contract directly and exclusively with the regional government of Southern Sudan;
- 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;
- consist of providing goods or services to marginalized populations of Sudan;
- consist of providing goods or services to an internationally recognized peacekeeping force or humanitarian organization;
- consist of providing goods or services that are used only to promote health or education; or
- have been voluntarily suspended.

¹ U.S. Public Law 110-174; Chapter 39 of the Acts of the Maryland General Assembly 2007 (SB543); Baltimore City Council Ordinance 07-570 (CC Bill 07-0591)

ERS Board Adoption: April 17, 2008

“Sudan” means the government in Khartoum, Sudan, that is led by the National Congress Party (formerly known as the National Islamic Front) or any successor government formed on or after October 13, 2006, including the coalition National Unity Government agreed on in the Comprehensive Peace Agreement for Sudan.

“Sudan” does not mean the regional government of southern Sudan.

Process

Consistent with its fiduciary duties as defined in Article 22 of the Baltimore City Code, the Board may take divestment action in actively managed separate accounts with regard to investments in the stocks or securities or other obligations of any company conducting or having direct investments in business operations in Sudan.

If the Board takes such divestment action under the terms of this section, the Board will notify the affected company, and provide the company 90 days to respond to the Board’s decision.

If the company does not respond to the Board’s satisfaction, or respond at all, the Board will direct the manager to implement the divestment process. The Board will also provide notice to the U.S. Attorney General within 30 days of the Board’s decision, as required under Federal law.

Reporting

In regular quarterly reports (as required under these Guidelines), actively managed separate account managers must include a list of securities of companies under management with direct investment in or conducting business operations in Sudan.

Managers are also required to advise the board of their effort or action they may have taken to influence and/or demand that such companies cease their business ties with the Sudanese government and all government-controlled entities. Managers should also advise the Board of actions taken to ensure that the company whose securities the Board holds are not engaged in any business activities that in any way support or engage in genocide in Darfur or any part of Sudan.

In determining the this list, a manager should use the list published by Institutional Shareholder Services, the Sudan Divestment Task Force, or other list approved by the Board.