

GENERAL ASSEMBLY OF NORTH CAROLINA  
1987 SESSION

CHAPTER 446  
HOUSE BILL 164

AN ACT TO PROHIBIT THE INVESTMENT OF RETIREMENT AND  
UNIVERSITY TRUST FUNDS IN CERTAIN COMPANIES INVOLVED WITH  
SOUTH AFRICA.

The General Assembly of North Carolina enacts:

Section 1. G.S. 147-69.2 is amended by adding at the end a new subsection to read:

"(d) Notwithstanding the provisions of subsection (b) of this section, the State Treasurer may not invest the assets of the Retirement systems listed in G.S. 147-69.2(b)(6), or the assets of the trust funds of The University of North Carolina and its constituent institutions deposited with the State Treasurer pursuant to G. S. 116-36.1, in the stocks, securities, or other obligations of a company or financial institution doing business in the Republic of South Africa during any period of time in which either of the following conditions apply:

- (1) the company or financial institution or any subsidiary or division thereof is not a signatory to the Sullivan Principles; or
- (2) the company or financial institution or any subsidiary or division thereof is a signatory to the Sullivan Principles but has received a Category III (failing) performance rating for compliance with the Sullivan Principles, as measured by Arthur D. Little, Inc., the official compliance monitor for the signatories to the Sullivan Principles.

For the purposes of this subsection, the Sullivan Principles are a code of business practices relating to equal employment opportunities for black, coloured, and asian workers in South Africa, including but not limited to the following principles:

- (1) nonsegregation of the races in all eating, comfort, locker room and work facilities;
- (2) equal and fair employment practices for all employees;
- (3) equal pay for all employees doing equal or comparable work for the same period of time;
- (4) initiation and development of training programs that will prepare blacks, coloureds, and asians in substantial numbers for supervisory, administrative, clerical, and technical jobs;
- (5) increasing the number of blacks, coloureds, and asians in management and supervisory positions;

- (6) improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation, and health facilities;
- (7) working to eliminate laws and customs that impede social and political justice.

The State Treasurer shall determine which companies and financial institutions have received favorable ratings solely from the annual report prepared by Arthur D. Little, Inc. The State Treasurer shall determine which companies are signatories to the Sullivan Principles and which companies are doing business in or with the Republic of South Africa based on current, reliable and accurate information that is readily available."

Sec. 2. After July 1, 1987, no assets of the retirement systems listed in G.S. 147-69.2(b)(6), or the assets of the trust funds of The University of North Carolina and its constituent institutions deposited with the State Treasurer pursuant to G.S. 116-36.1, may remain invested in the stocks, securities, or other obligations of a company or financial institution doing business in the Republic of South Africa during any period of time in which either of the following conditions apply:

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Arthur D. Little, Inc. The State Treasurer shall determine which companies are signatories to the Sullivan Principles and which companies are doing business in or with the Republic of South Africa based on current, reliable and accurate information. Provided, however, that if sound investment policy so requires, the State Treasurer may spread the sale of these investments over no more than three years as long as no less than one-third of the total value of the investments is sold in each year of the first two fiscal years after July 1, 1987.

Sec. 3. For the purposes of this act, a financial institution is not considered to be "doing business in South Africa" solely by virtue of administering outstanding loans to the Republic of South Africa or maintaining an office or offices and employees in the Republic of South Africa for the limited purpose of administering and collecting outstanding loans to the Republic of South Africa or its political subdivisions or agencies which were originated by the financial institution prior to the effective date of this act.

Sec. 4. This act shall become effective July 1, 1987.

In the General Assembly read three times and ratified this the 22nd day of June, 1987.