



SBA TRUSTEES' MEETING

January 29, 2019

MEETING OF THE STATE BOARD OF ADMINISTRATION

**GOVERNOR DESANTIS AS CHAIR
CHIEF FINANCIAL OFFICER PATRONIS
ATTORNEY GENERAL MOODY**

January 29, 2019

To View Agenda Items, Click on the Following Link:

www.sbafla.com

AGENDA

ITEM 1. APPROVAL OF NOVEMBER 30, 2018 MEETING MINUTES

(See Attachment 1)

ACTION REQUIRED

ITEM 2. APPROVAL OF DECEMBER 4, 2018 MEETING MINUTES

(See Attachment 2)

ACTION REQUIRED

**ITEM 3. REQUEST APPROVAL OF INTERIM UPDATE OF THE 2018 4th QUARTER
REPORT ON GLOBAL GOVERNANCE MANDATES**

Pursuant to Sections 215.442, 215.473, 215.4725, 215.4702, and 215.471 Florida Statutes, the SBA is required to submit a quarterly report that includes lists of “Continued Examination” and “Scrutinized Companies” with activities in Sudan and Iran, Anti-BDS, Northern Ireland, Cuba and Syria, and Venezuela.

(See Attachments 3A & 3B)

ACTION REQUIRED

STATE OF FLORIDA

IN RE: TELEPHONIC MEETING OF THE
GOVERNOR AND CABINET

CABINET MEMBERS: GOVERNOR RICK SCOTT
ATTORNEY GENERAL PAM BONDI
CHIEF FINANCIAL OFFICER JIMMY
PATRONIS
COMMISSIONER OF AGRICULTURE
ADAM PUTNAM

DATE: FRIDAY, NOVEMBER 30, 2018

LOCATION: CABINET MEETING ROOM
LOWER LEVEL, THE CAPITOL
TALLAHASSEE, FLORIDA

REPORTED BY: NANCY S. METZKE, RPR, FPR
COURT REPORTER

C & N REPORTERS
POST OFFICE BOX 3093
TALLAHASSEE, FLORIDA 32315-3093
(850) 697-8314 / FAX (850) 697-8715
nancy@metzke.com
candnreporters.com

INDEX

PAGE NO.

State Board of Administration By Executive Director Williams	3
Administration Commission By Director Kruse	9
Florida Land and Water Adjudicatory Commission By Director Kruse	16
Board of Trustees of the Internal Improvement Trust Fund, By Secretary Valenstein	20
Power Plant Siting Board By Secretary Valenstein	24

* * * *

STATE BOARD OF ADMINISTRATION

GOVERNOR SCOTT: Good morning -- or good afternoon. This is Rick Scott. This is the November Cabinet meeting. Commissioner Putnam, Attorney General Bondi, Chief Financial Officer Patronis, and I are all on the phone.

I just want to confirm that the Commissioner is on the phone, the Attorney General is on the phone, and the CFO is on the phone?

ATTORNEY GENERAL BONDI: Yes, Governor. Good afternoon.

COMMISSIONER PUTNAM: Good afternoon, Governor.

CFO PATRONIS: Good afternoon, Governor. This is Jimmy.

GOVERNOR SCOTT: Hey, Jimmy.

All right. The first item on the agenda is the State Board of Administration. Ash, I'd like recognize you.

EXECUTIVE DIRECTOR WILLIAMS: Thank you, Governor. Good afternoon, Trustees and Cabinet members.

As usual, I'll give you an update on fund performance as an opener. Calendar year to date,

as of last night's close, we were a positive 33 basis points on the year. That's 149 basis points ahead of target.

The Florida Retirement System Trust Fund is down by \$5.8 billion from the beginning of the calendar year. That's net of approximately \$7 billion in distributions for benefit payments.

Absent any questions on this last day of hurricane season 2018, I'll move into our agenda.

Item 1 --

GOVERNOR SCOTT: Thank you, Ash.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 1 is a resolution for the -- of the State Board of Administration for a fiscal determination in connection with the issuance of up to \$16.5 million, Florida Housing Finance Corporation multifamily mortgage revenue bonds. These are for the acquisition, rehab, and construction of the Amber Key Homes in Miami-Dade, Florida.

Request approval.

GOVERNOR SCOTT: Is there a motion on the item?

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

CFO PATRONIS: Second.

GOVERNOR SCOTT: Is there objection?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 2 is a resolution of the State Board of Administration, also a fiscal determination for the Housing Finance Corporation. These are multifamily mortgage revenue bonds also for -- designated for Amber Key. This is for financing of new affordable housing in Miami-Dade, Florida.

Request approval.

GOVERNOR SCOTT: Is there a motion?

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

(NO RESPONSE).

GOVERNOR SCOTT: Is there a second?

CFO PATRONIS: Second.

GOVERNOR SCOTT: I couldn't hear. Did that come through from anybody?

CFO PATRONIS: Yes. Second. This is Jimmy.

GOVERNOR SCOTT: All right. Comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion

carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

The Item 3, relates to the Florida Hurricane Catastrophe Fund. Request approval of an authority to file notice of a proposed rule. This is a reimbursement contract for next year.

Request approval.

GOVERNOR SCOTT: Is there a motion?

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

CFO PATRONIS: Second. This is Jimmy.

GOVERNOR SCOTT: Any comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 4 is another Hurricane Catastrophe Fund. This is the rule for the data call that will support next year's underwriting.

Request approval.

GOVERNOR SCOTT: Is there a motion on Item 4?

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

CFO PATRONIS: Second.

GOVERNOR SCOTT: Any comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 5 and last item, also a Hurricane Catastrophe Fund item. You will recall that the assessments in the wake of the 2004 and 5 storms were repealed in mid 2014 would affect from January of 2015.

There was one area where we had worked with OIR, and there were some late-arriving assessments that came in in the surplus lines area; and again, working with OIR, the conclusion is it's time to terminate those.

These were not ongoing past the termination of the original assessments. These were on transactions that took place during the original assessment window, but at this point the productivity of continuing to pursue these is nonexistent, so the belief is we should repeal them.

Request approval.

GOVERNOR SCOTT: All right. Is there a motion on the item?

ATTORNEY GENERAL BONDI: So moved.

GOVERNOR SCOTT: Is there a second?

CFO PATRONIS: Second.

GOVERNOR SCOTT: Any comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you very much.

GOVERNOR SCOTT: Thank you, Ash.

Anything else?

ATTORNEY GENERAL BONDI: Thank you, Ash.

GOVERNOR SCOTT: All right. Thanks, Ash. Thank you for your hard work.

* * * *

CERTIFICATE

STATE OF FLORIDA)
COUNTY OF LEON)

I, NANCY S. METZKE, RPR, FPR, certify that I
was authorized to and did stenographically report the
foregoing proceedings and that the transcript is a true
and complete record of my stenographic notes.

DATED this 2nd day of December, 2018.

NANCY S. METZKE, RPR, FPR
Court Reporter

STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND
CABINET

CABINET MEMBERS: GOVERNOR RICK SCOTT
ATTORNEY GENERAL PAM BONDI
CHIEF FINANCIAL OFFICER JIMMY
PATRONIS
COMMISSIONER OF AGRICULTURE
ADAM PUTNAM

DATE: TUESDAY, DECEMBER 4, 2018

LOCATION: CABINET MEETING ROOM
LOWER LEVEL, THE CAPITOL
TALLAHASSEE, FLORIDA

REPORTED BY: NANCY S. METZKE, RPR, FPR
COURT REPORTER

C & N REPORTERS
POST OFFICE BOX 3093
TALLAHASSEE, FLORIDA 32315-3093
(850) 697-8314 / FAX (850) 697-8715
nancy@metzke.com
candnreporters.com

INDEX

	PAGE NO.
Division of Bond Finance By Ben Watkins	4
Space Florida By Mr. Haug	14
Department of Revenue By Executive Director Biegalski	17
Office of Insurance Regulation By Commissioner Altmaier	21
Board of Trustees of the Internal Improvement Trust Fund By Secretary Valenstein	26
State Board of Administration By Executive Director Williams	61
Department of Veterans Affairs By Executive Director Sutphin	70

* * * *

STATE BOARD OF ADMINISTRATION

GOVERNOR SCOTT: Now we get to listen to how much money we're making.

Ash Williams.

EXECUTIVE DIRECTOR WILLIAMS: Good morning, Governor.

GOVERNOR SCOTT: Hey, Ash, how we doing?

ATTORNEY GENERAL BONDI: Hey, Ash.

EXECUTIVE DIRECTOR WILLIAMS: Reasonably well, thank you.

Commissioner Patronis. CFO, you looking for something?

CFO PATRONIS: I can't tell what color your tie is.

EXECUTIVE DIRECTOR WILLIAMS: It seems to be garnet and gold.

CFO PATRONIS: Okay.

EXECUTIVE DIRECTOR WILLIAMS: And it matches my socks.

CFO PATRONIS: Oh, God.

EXECUTIVE DIRECTOR WILLIAMS: So I usually open up with a performance update, and I will do the same today. I want to preface that by thanking you for eight years of terrific fiduciary

leadership. And I always give you the longer time series of performance of calendar year to date or fiscal year to date, and I've got that for you this morning; but I thought there might be another time series that would be of interest to you, which is the time series from, coincidentally, January of 2011 through October of 2018, which is the latest period for which we have hard validated numbers.

And the return on the Florida Retirement System Trust Fund over that period of the better part of eight years is 8.26 percent. What's interesting about that number is it's 91 basis points ahead of target over that long period of time.

To put that in perspective for what that means, that's an investment gain of \$81,847,000,000 and the difference between the benchmark and the actual performance, the value added, is \$8,884,000,000. So that is the power of good fiduciary leadership, and I thank you for that.

Coming to a shorter period of time, if we look at the calendar year to date through last night's close, the fund is up 1.27 percent versus a benchmark of negative 16 basis points, so a value

1 add of 143 basis points. That leaves the fund with
2 a balance of \$157 billion. That's 5.1 billion
3 below where we started the calendar year net of
4 seven billion in distributions for benefit
5 payments.

6 One other -- or another couple of little
7 details on the performance, going back to some
8 longer periods of time, if we look at trailing
9 five-year performance, the value add of the Florida
10 State Board of Administration is at the 100th
11 percentile of our public fund peers, so at the very
12 top of the list. On a trailing 10-year basis, 95th
13 percentile. So I think long-term investment
14 discipline is working.

15 So absent any questions on those points, I'll
16 jump into the agenda.

17 GOVERNOR SCOTT: We don't -- all right.
18 Let's -- I want to go ahead and do it altogether;
19 we've all read them.

20 Items 1 through 20, and so the first one I'd
21 like you to present on is the Investment Advisory
22 Council. Is everybody okay with that?

23 (AFFIRMATIVE INDICATIONS).

24 GOVERNOR SCOTT: Okay. So we're going to do
25 1 to 20 altogether. Is there a motion?

1 CFO PATRONIS: So move.

2 GOVERNOR SCOTT: Is there a second?

3 ATTORNEY GENERAL BONDI: Second.

4 GOVERNOR SCOTT: Comments or objections?

5 (NO RESPONSE).

6 GOVERNOR SCOTT: Hearing none, the motion
7 carries.

8 Item 21, appointment to the Investment
9 Advisory Council.

10 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

11 Item 21, we have two nominees for the
12 Investment Advisory Council today, one brought
13 forward by Attorney General Bondi, Mr. Peter Jones.
14 The other is a Governor's nominee, Mr. Tom Grady.

15 Both have distinguished backgrounds and
16 credentials for service on this body, and both are
17 well qualified and I think would be welcome
18 additions to it.

19 Request approval.

20 GOVERNOR SCOTT: Is there a motion on the
21 item?

22 CFO PATRONIS: So move.

23 ATTORNEY GENERAL BONDI: So move. Oh, sorry.

24 GOVERNOR SCOTT: Is there a second?

25 ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 22, request appointment of the chair of the Florida Commission on Hurricane Loss Projection Methodology. This is Mr. Floyd Yeager. He has served on the committee with distinction.

Request approval.

GOVERNOR SCOTT: Is there a motion?

CFO PATRONIS: So move.

GOVERNOR SCOTT: Second?

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 23, request approval of the appointment of Mr. Jeffrey F. McCarty to the Commission on Hurricane Loss Projection Methodology. His bio is in here and credentials are sound.

Request approval.

CFO PATRONIS: So move.

ATTORNEY GENERAL BONDI: Is there a second?

I'll second it. Fast.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Items 24 and 25 are quarterly reports for the second and third quarters of 2018.

I think I can summarize those for you very crisply by saying if you look at the variables that matter, Number 1, investment performance, you're ahead of benchmark in all areas for all periods. Number 2, if you look at the control environment, our audits, our reports from our Audit Committee, our Chief Risk and Compliance Officer's reports, and also our Inspector General's reports are all clean. There are no compliance exceptions or any audit exceptions for either of those two quarters, so all is good.

And if we look at the team itself, the team is stable. We've added talent where we've needed it or had a retirement or other reason to have a change. And all is good, and we're hitting on all cylinders. So thank you for that.

Let's see, I guess those are just report items. We don't need to adopt them.

ATTORNEY GENERAL BONDI: Yeah, Item 24 and 25 are just --

1 GOVERNOR SCOTT: Thanks. Is there a motion on
2 24 and 25?

3 ATTORNEY GENERAL BONDI: They're just report
4 items.

5 GOVERNOR SCOTT: Okay. Just -- Okay. 26.

6 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

7 GOVERNOR SCOTT: Oh, I don't know about this
8 one. This is going to take a while, evaluation and
9 reaffirmation of the Executive Director or not.

10 EXECUTIVE DIRECTOR WILLIAMS: I know it's a
11 somewhat questionable request; and, you know, I
12 have the unique opportunity in state government I
13 believe to be the only employee out of however many
14 tens of thousands we have that is required by law
15 to be reaffirmed every year, which tends to keep
16 one honest.

17 GOVERNOR SCOTT: It's stressful.

18 EXECUTIVE DIRECTOR WILLIAMS: Look, just stay
19 on your toes; it should be all right. But I'm
20 never presumptive.

21 At any rate, we have background material in
22 the item on the position --

23 GOVERNOR SCOTT: That's right.

24 EXECUTIVE DIRECTOR WILLIAMS: -- including
25 terms of --

1 GOVERNOR SCOTT: I think you've done a great
2 job.

3 Does anybody have any questions on this one?
4 (NO RESPONSE).

5 GOVERNOR SCOTT: You have done -- Ash, you
6 have done a great job --

7 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

8 GOVERNOR SCOTT: -- as of today.

9 ATTORNEY GENERAL BONDI: Ash, thank you.

10 EXECUTIVE DIRECTOR WILLIAMS: What have you
11 done for me lately --

12 ATTORNEY GENERAL BONDI: And your General
13 Counsel isn't too bad either, that Kent Perez guy.

14 EXECUTIVE DIRECTOR WILLIAMS: I hear you.

15 GOVERNOR SCOTT: Okay. Does anybody want to
16 make a motion on this one?

17 ATTORNEY GENERAL BONDI: So move.

18 GOVERNOR SCOTT: Is there a second?

19 CFO PATRONIS: Second.

20 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

21 GOVERNOR SCOTT: Jimmy, Jimmy, Jimmy.

22 Comments or objections?

23 (NO RESPONSE).

24 GOVERNOR SCOTT: Hearing none, the motion
25 carries.

Ash, you've done a great job. Thank you for all of your hard work over the last eight years. You should be very proud of the record you've achieved, and it's good for everybody that's relying on our pension plan and other -- and our investments. So thank you very much.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

ATTORNEY GENERAL BONDI: Thank you, Ash.

EXECUTIVE DIRECTOR WILLIAMS: Joint achievements. Thank you. Enjoy.

* * * *

CERTIFICATE

STATE OF FLORIDA)
COUNTY OF LEON)

I, NANCY S. METZKE, RPR, FPR, certify that I was authorized to and did stenographically report the foregoing proceedings and that the transcript is a true and complete record of my stenographic notes.

DATED this 21st day of December, 2018.

NANCY S. METZKE, RPR, FPR
Court Reporter

Global Governance Mandates

January 29, 2019

Florida Statutes

Protecting Florida's Investments Act (PFIA)
Scrutinized Companies that Boycott Israel
MacBride Principles and Northern Ireland
Cuba/Syria Proxy Voting Safeguards
Venezuela Prohibited Investments



Table of Contents

Section 1: Protecting Florida's Investments Act (PFIA):

Primary Requirements of the PFIA	3
Definition of a Scrutinized Company	5
SBA Scrutinized Companies Identification Methodology	5
Key Changes Since the Previous PFIA Quarterly Report	7
Table 1: Scrutinized Companies with Activities in Sudan	10
Table 2: Continued Examination Companies with Activities in Sudan	12
Table 3: Scrutinized Companies with Activities in the Iran Petroleum Energy Sector	13
Table 4: Continued Examination Companies with Petroleum Energy Activities in Iran	15
Table 5: Correspondence & Engagement Efforts with Scrutinized Companies	16
Table 6: Correspondence & Engagement Efforts with Continued Examination Companies	18
Key Dates for PFIA Activities	20
Summary of Investments Sold, Redeemed, Divested or Withdrawn	21
Table 7: List of Prohibited Investments (Scrutinized Companies)	22
Table 8: SBA Holdings in Prohibited Investments Subject to Divestment	25
Summary of Progress, SBA Investment Manager Engagement Efforts	25
Listing of All Publicly Traded Securities (Including Equity Investments)	25

Section 2: Companies that Boycott Israel:

Primary Requirements of Section 215.4725, F.S. (Companies that Boycott Israel)	26
Table 9: Scrutinized Companies that Boycott Israel	28
Table 10: Continued Examination Companies that Boycott Israel	28
Table 11: Correspondence and Engagement Efforts	29

Section 3: Companies Operating in Northern Ireland:

Investments in Publicly Traded Companies Operating in Northern Ireland	30
--	----

Section 4: Companies Operating in Cuba or Syria:

Corporate governance activity involving Companies Operating in Cuba or Syria	31
--	----

Section 5: Companies Operating in Venezuela:

Corporate governance activity involving Companies Operating in Venezuela	31
--	----

About the State Board of Administration

The statutory mandate of the State Board of Administration (SBA) is to invest, manage and safeguard assets of the Florida Retirement System (FRS) Trust Fund and a variety of other funds for state and local governments. FRS Trustees are dedicated to ensuring that the SBA invests assets and discharges its duties in accordance with Florida law, guided by strict policies and a code of ethics to ensure integrity, prudent risk management and top-tier performance. The SBA is an investment fiduciary under law, and subject to the stringent fiduciary duties and standards of care defined by the Employee Retirement Income Security Act of 1974 (ERISA), as incorporated into Florida law. The SBA has three Trustees: the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary.

The FRS Pension Plan provides defined pension benefits to 1.1 million beneficiaries and retirees. The strong long-term performance of the FRS Pension Plan, the fourth-largest public pension fund in the nation, reflects our commitment to responsible fiscal management.

The SBA's mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.

We encourage you to review additional information about the SBA and FRS on our website at www.sbafla.com.

Section 1: Protecting Florida’s Investments Act (PFIA)

Summary

On June 8, 2007, the PFIA was signed into law. The PFIA requires the State Board of Administration (“SBA”), acting on behalf of the Florida Retirement System Trust Fund (the “FRSTF”), to assemble and publish a list of “Scrutinized Companies” that have prohibited business operations in Sudan and Iran. Once placed on the list of Scrutinized Companies, the SBA and its investment managers are prohibited from acquiring those companies’ securities and are required to divest those securities if the companies do not cease the prohibited activities or take certain compensating actions. The implementation of the PFIA by the SBA will not affect any FRSTF investments in U.S. companies. The PFIA will solely affect foreign companies with certain business operations in Sudan and Iran involving the petroleum or energy sector, oil or mineral extraction, power production or military support activities. This quarterly report is developed pursuant to Section 215.473 (4), Florida Statutes. Scrutinized activity in Sudan is defined by the Statutes as occurring within the “Government of Sudan,” or the Republic of the Sudan that has its capital in Khartoum, Sudan. Note, the PFIA only applies to assets governed by Chapter 121 (“Florida Retirement System Act”), and therefore does not affect any non-FRS funds managed by the SBA.

Primary Requirements of the PFIA

The PFIA created new reporting, engagement, and investment requirements for the SBA, including:

1. Quarterly reporting to the Board of Trustees of every equity security in which the SBA has invested for the quarter, along with its industry category. This report is posted on the SBA website.
2. Quarterly presentation to the Trustees of a Scrutinized Companies list for both Sudan and Iran for their approval. Scrutinized Company lists are available on the SBA’s website, along with information on the FRSTF direct and indirect holdings of Scrutinized Companies.
3. Written notice to external investment managers of all PFIA requirements. Letters request that the managers of actively managed commingled vehicles (i.e., those with FRSTF and other clients’ assets) consider removing Scrutinized Companies from the product or create a similar actively managed product that excludes such companies. Similar written requests must be provided to relevant investment managers within the defined contribution plan.
4. Written notice to any company with inactive business operations in Sudan or Iran, informing the company of the PFIA and encouraging it to continue to refrain from reinitiating active business operations. Such correspondence continues semiannually.
5. Written notice to any Scrutinized Company with active business operations, informing the company of its Scrutinized Company status and that it may become subject to divestment. The written notice must inform the company of the opportunity to clarify its Sudan-related or Iran-related activities and encourage the company, within 90 days, to cease its scrutinized business operations or convert such operations to inactive status.
6. A prohibition on further investment on behalf of the FRSTF in any Scrutinized Company once the Sudan and Iran scrutinized lists have been approved by the Trustees. All publicly traded securities of Scrutinized Companies must be divested within 12 months after the company’s initial (and continued) appearance on the Scrutinized Companies list. Divestment does not apply to indirect holdings in actively managed commingled investment funds—i.e., where the SBA is not the sole investor in the fund. Private equity funds are considered to be actively managed.
7. Reporting to each member of the Board of Trustees, the President of the Senate, and the Speaker of the House of Representatives of Scrutinized Company lists within 30 days of creation, and public disclosure of each list.

8. Quarterly reporting of the following to each member of the Board of Trustees, the President of the Senate, the Speaker of the House of Representatives, the United States Presidential Special Envoy to Sudan, and the United States Presidential Special Envoy to Iran. The report is made publicly available and posted to the SBA's website.
 - a. A summary of correspondence with engaged companies;
 - b. A listing of all investments sold, redeemed, divested, or withdrawn;
 - c. A listing of all prohibited investments;
 - d. A description of any progress related to external managers offering PFIA compliant funds; and
 - e. A list of all publicly traded securities held directly by the State.
9. Adoption and incorporation into the FRSTF Investment Policy Statement (IPS) of SBA actions taken in accordance with the PFIA. Changes to the IPS are reviewed by the Investment Advisory Council (IAC) and approved by the Trustees.
10. Relevant Sudan portions of the PFIA are discontinued if the United States revokes all sanctions imposed against the government of Sudan, or if the Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that:
 - a. The Darfur genocide has been halted for at least 12 months; or
 - b. The government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons; or
 - c. Mandatory divestment of the type provided for by the PFIA interferes with the conduct of U.S. foreign policy.
11. Relevant Iran portions of the PFIA are discontinued if either of the following occurs:
 - a. The Congress or President of the United States affirmatively and unambiguously states, 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 weapons of mass destruction and support international terrorism; or
 - b. The United States revokes all sanctions imposed against the government of Iran.
12. Cessation of divestment and/or reinvestment into previously divested companies may occur if the value of all FRSTF assets under management decreases by 50 basis points (0.5%) or more as a result of divestment. If cessation of divestment is triggered, the SBA is required to provide a written report to each member of the Board of Trustees, the President of the Senate, and the Speaker of the House of Representatives prior to initial reinvestment. Such condition is required to be updated semiannually.
13. In 2009, the Florida Legislature approved a bill requiring the SBA to identify and offer, by March 1, 2010, at least one terror-free investment product for the FRS Investment Plan. The product must allocate its funds among securities not subject to divestiture, as provided in F.S. 215.473.
14. As of July 1, 2014, Florida Statute 624.449 requires that a domestic insurer shall provide to the Office of Insurance Regulation on an annual basis a list of investments that the insurer has in companies included on the "Scrutinized Companies with Activities in Sudan List" and the "Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List." Additionally, F.S. 215.473(3)(e)(2) now exempts Exchange Traded Funds from the provisions of the PFIA.
15. As of July 1, 2014, Florida Statutes clarify that the recently created "Government of South Sudan" means the Republic of South Sudan, which has its capital in Juba, South Sudan. Scrutinized activity refers to the

“Government of Sudan,” which means the Republic of the Sudan that has its capital in Khartoum, Sudan. Within this report, “Sudan” refers to the latter.

16. As of July 1, 2016, the requirements for the expiration of PFIA divestment protocol were amended and new quarterly reporting requirements were implemented. Florida Statutes eliminated the following criteria for discontinuing Iran portions of the PFIA: The Congress or 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 mandatory divestment of the type provided for in this section interferes with the conduct of United States foreign policy.

Definition of a Scrutinized Company

The following is a brief review of the criteria on which the active business operations of companies must be judged, in accordance with subsection (1)(t) of Section 215.473, F.S.

Sudan:

1. Have a material business relationship with the government of Sudan or a government-created project involving oil related, mineral extraction, or power generation activities, or
2. Have a material business relationship involving the supply of military equipment, or
3. Impart minimal benefit to disadvantaged citizens that are typically located in the geographic periphery of Sudan, or
4. Have been complicit in the genocidal campaign in Darfur.

Iran:

1. Have a material business relationship with the government of Iran or a government-created project involving oil related or mineral extraction activities, or
2. Have made material investments with the effect of significantly enhancing Iran’s petroleum sector.

Affiliates of companies with scrutinized business operations are also subject to the requirements of the PFIA. An affiliated company is generally defined as any other company that either directly or indirectly controls, is controlled by or is under common control with the company conducting scrutinized active business operations. Control generally means the power to exercise a controlling influence over the management or policies of a company. As well, many companies have parent-subsidiary relationships whereby a parent company may own several other companies. In such cases, the SBA has included any known parent and/or subsidiaries that can be clearly linked to a company with scrutinized active business operations. The SBA has used a 50 percent ownership threshold in determining whether companies are affiliated, examining parent company-subsidiary ownership on a pro rata basis.

The SBA views companies which have explicit plans and activities related to discontinuation of active business operations as meeting the PFIA definition of substantial action. For all identified companies, the SBA will request information detailing what a company has actually done, if anything, to discontinue its active business operations or if it has pursued humanitarian efforts (applicable to Sudan only).

SBA Scrutinized Companies Identification Methodology

The SBA has developed two lists (the Sudan List and the Iran List) of Scrutinized Companies with active business operations. The lists are developed by principally relying on the research and findings of our “External Research Providers.” Below is a brief description of our External Research Providers, which are maintained to provide input from multiple sources.

1. **EIRIS Conflict Risk Network (CRN).** In May 2013, the Conflict Risk Network became part of EIRIS, a global provider of environmental, social, governance, and ethical performance of companies. EIRIS provides services to more than 150 asset owners and managers globally, with a staff of over 60, based primarily in London. CRN was formerly known as the Sudan Divestment Task Force (SDTF).

2. **MSCI ESG Research (MSCI).** MSCI delivers corporate governance analysis and research to institutional investors. Through its ESG Research unit, MSCI offers screening services with specific and unique components of state law pertaining to investments in sanctioned countries, including Sudan and Iran.
3. **ISS-Ethix (formerly IW Financial or IWF).** On January 5, 2017, Institutional Shareholder Services (ISS) announced its acquisition of IW Financial. Going forward, ISS-Ethix will be the ESG arm of ISS, providing environmental and social research for responsible investing. IWF, in partnership with Conflict Securities Advisory Group (CSAG), has been a long-time provider of information on the business ties of publicly traded companies in Sudan and Iran.
4. **Sustainalytics, Inc.** Sustainalytics provides environmental, social and governance research and analysis, sustainability benchmarks, and investment services, and is the result of the merger between Jantzi Research, Inc. and Sustainalytics in 2009. Sustainalytics' company database, "Sustainalytics Global Platform," covers business operations in both Iran and Sudan.

Staff members within the Investment Programs & Governance unit, as well as other senior investment staff, review the assessments of the External Research Providers and other publicly available information. The SBA has utilized the following sources to evaluate over 400 companies and affiliates with reported links to Sudan or Iran:

Company disclosures:

- SEC filings (DEF 14A Proxy Statements, 10-K & 20-F Annual Reports, etc.)
- Investor Relations/company websites
- Industry publications and analyst research

Investment/Finance Organizations:

- Other Institutional Investors/Private Investors

U.S. Government Agencies:

- U.S. Department of State
- U.S. Treasury, Office of Foreign Asset Control (OFAC)
- U.S. Government Accountability Office (GAO)
- Dept. of Energy, Energy Information Administration (EIA)
- Congressional Research Service (CRS), Library of Congress

Other Sources:

- SBA External Investment Managers
- U.S. Federal Sanctions Laws covering State Sponsors of Terror
- Non-Governmental Organizations (NGOs)

Using the previous information sources, the SBA has developed two separate categorizations of a company's involvement in Sudan and/or Iran.

1. **"Scrutinized"** — Information provided by several External Research Providers indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473 (1)(t)1., 2., or 3, Florida Statutes [Sudan] or Section 215.473 (4)(t)1, Florida Statutes [Iran]. Upon SBA review, no other information sources clearly contradict the conclusions of the External Research Providers.
2. **"Continued Examination"** — At least one External Research Provider indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473, (1)(t)1., 2., or 3, Florida Statutes [Sudan] or Section 215.473, (4)(t)1, Florida Statute [Iran]. In other words, the External Research Providers do not agree on the status of a company and the SBA is unable to definitively categorize the company's activities as scrutinized without further research to resolve the differences. For companies classified as "Continued Examination," the SBA will begin an engagement process to clarify each firm's current business relationships.

SUDAN Changes since the Previous PFIA Quarterly Report

(see the following page for IRAN changes)

Companies added to the **Sudan** Scrutinized List this quarter:

- None

Companies removed from the **Sudan** Scrutinized List this quarter:

- None

Companies added to the **Sudan** Continued Examination List this quarter:

- None

Companies removed from the **Sudan** Continued Examination List this quarter:

- None

IRAN Changes since the Previous PFIA Quarterly Report

(see the previous page for SUDAN changes)

Companies added to the **Iran** Scrutinized List this quarter:

- None

Companies removed from the **Iran** Scrutinized List this quarter:

- **Daelim Industrial Co Ltd.**
 - Daelim is no longer seen as a scrutinized company due to the company's cancellation of projects in Iran and commitment to no longer engage in scrutinized operations in Iran. On November 13, 2018, Daelim provided correspondence to the SBA detailing the termination of its Iran operations. External research providers also confirm such action. The company publicly stated its intentions to withdraw from Iran on May 31, 2018.

Companies added to the **Iran** Continued Examination List this quarter:

- None

Companies removed from the **Iran** Continued Examination List this quarter:

- None

Quarterly Status Update Regarding Potential IRAN Expiration
Florida Statutes, 215.473 (5) EXPIRATION (b) subparagraphs 1. and 2.

Florida Statutes require a quarterly update on events relating to the status of expiration clauses 1 and 2, which are copied below in their entirety:

(b) If either of the following occurs, the board may no longer scrutinize companies according to subparagraph (1)(v)4., may no longer assemble the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, and shall cease engagement, investment prohibitions, and divestment:

1. The Congress or President of the United States affirmatively and unambiguously states, 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 weapons of mass destruction and support international terrorism;

Update: On November 20, 2018, the U.S. State Department announced additional federal sanctions relative to Iran and cited support for international terrorism. (Additional detail provided in section 2. below.)

Or

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

Update: On November 20, 2018, the U.S. State Department announced additional federal sanctions relative to Iran. The State Department press statement noted the following:

The United States today sanctioned an international network by which the Iranian regime and Russia are providing millions of barrels of oil to the Assad regime in exchange for the movement of hundreds of millions of dollars to the Islamic Revolutionary Guard Corps-Qods Force, and for onward transfer to terrorist organizations such as Hamas and Hizballah.

The sanctions levied today directly target the Iranian regime's exploitation of the international financial system to hide revenue streams it uses to fund terrorist activity, provide support for sectarian militias responsible for abuses against civilian populations, and destabilize the region.

Source: <https://www.state.gov/r/pa/prs/ps/2018/11/287500.htm>

Table 1: Scrutinized Companies with Activities in SUDAN
New companies on the list are shaded and in bold. (No companies added this quarter.)

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
Bank of Kunlun Co Ltd	China	March 7, 2018
Chennai Petroleum Corp Ltd	India	September 19, 2007
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Petroleum & Chemical Corp (CPEC) Sinopec	China	September 19, 2007
China Petroleum Engineering Corp	China	March 7, 2018
CNPC Capital Company Limited	China	June 14, 2017
CNPC General Capital Ltd	China	June 26, 2012
CNPC HK Overseas Capital Ltd	China	June 16, 2011
Daqing Huake Group Co Ltd	China	March 25, 2008
Egypt Kuwait Holding Co. SAE	Kuwait	January 13, 2009
Energy House Holding Company	Kuwait	July 28, 2009
Engen Botswana	Botswana	March 24, 2015
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Harbin Electric Co. Ltd.	China	September 19, 2007
Hindustan Petroleum Corporation Ltd	India	June 13, 2018
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Jiangxi Hongdu Aviation	China	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd	Hong Kong	September 19, 2007
Kunlun Financial Leasing Co Ltd	China	March 7, 2018
Kuwait Finance House	Kuwait	April 14, 2009
Lanka IOC Ltd	India	September 19, 2007
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Managem SA	Morocco	November 9, 2010
Mangalore Refinery & Petrochemicals Ltd	India	September 19, 2007
MISC Bhd	Malaysia	September 19, 2007
Oil India Ltd	India	September 18, 2012
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
ONGC Mangalore Petrochemicals Ltd	India	March 7, 2018
ONGC Videsh Limited (OVL)	India	March 18, 2014
Orca Gold Inc.	Canada	December 9, 2014
PetroChina	China	September 19, 2007
Petrolia Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Petronas Global Sukuk	Malaysia	August 2, 2016
Putrajaya Management Sdn Bhd	Malaysia	March 18, 2014
Sinopec Capital 2013 Ltd	China	September 24, 2013
Sinopec Engineering Group Co Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2016 Ltd	China	August 2, 2016
Sinopec Group Overseas Development 2014 Ltd	China	March 7, 2018
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2012 Ltd	China	March 7, 2018
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Oilfield Equipment Corporation	China	April 14, 2009
Sinopec Oilfield Service Corp	China	March 25, 2008
Sinopec Shanghai Petrochemical	China	September 19, 2007
Société Nationale d'Investissement	Morocco	December 6, 2016
Societe Metallurgique D'imiter	Morocco	November 9, 2010
# of Sudan Scrutinized Companies	51	

The following company was removed from the **SUDAN Scrutinized List** during the quarter:

Removed Company	Country of Incorporation
No companies removed this quarter.	

Table 2: Continued Examination Companies with Activities in SUDAN
New companies on the list are shaded and in bold. (No companies added this quarter.)

Continued Examination Company: Sudan	Country of Incorporation
Bharat Heavy Electricals, Ltd	India
China Gezhouba Group Company Ltd	China
China North Industries Group Corp (CNGC/Norinco)	China
Dongfeng Motor Group Co Ltd	China
Dongan Motor (aka Harbin Dongan Auto Engine)	China
ENGIE SA	France
Glencore Xstrata PLC	Switzerland
Infotel Broadband Services Ltd	India
JX Holdings Inc.	Japan
KMCOB Capital Bhd	Malaysia
LS Industrial Systems	South Korea
Nippo Corporation	Japan
Power Construction Corporation of China Ltd. (fka Sinohydro)	China
Shanghai Electric Group Co.	China
Siemens AG	Germany
Statesman Resources Ltd	Canada
Wartsila Oyj	Finland
# of Sudan Continued Examination Companies	17

The following companies were removed from the **SUDAN Continued Examination List** during the quarter:

Removed Company	Country of Incorporation
<i>No companies removed this quarter.</i>	

Table 3: Scrutinized Companies with Activities in the IRAN Petroleum Energy Sector*New companies on the list are shaded and in bold. (No companies added this quarter.)*

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
Bank of Kunlun Co Ltd	China	March 7, 2018
China BlueChemical Ltd.	China	March 19, 2013
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
China Petroleum Engineering Corp	China	March 7, 2018
China Oilfield Services Ltd.	China	June 16, 2011
CNOOC Ltd.	China	June 16, 2011
CNOOC Curtis Funding No.1 Pty Ltd	Australia	October 17, 2017
CNOOC Finance Limited	China	September 24, 2013
CNOOC Nexen Finance	Canada	October 17, 2017
CNPC Capital Company Limited	China	June 14, 2017
CNPC General Capital Ltd	China	December 6, 2016
CNPC HK Overseas Capital Ltd.	China	June 16, 2011
COSL Finance (BVI) Limited	China	September 24, 2013
COSL Singapore Capital Ltd	Singapore	December 4, 2018
Engen Botswana	Botswana	March 24, 2015
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Gazprom	Russia	September 19, 2007
Gazprom Neft	Russia	September 16, 2008
Hindustan Petroleum Corporation Ltd	India	June 13, 2018
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd.	Hong Kong	September 19, 2007
Kunlun Financial Leasing Co Ltd	China	March 7, 2018
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Mangalore Refinery & Petrochemicals Ltd.	India	March 19, 2013
MISC Bhd	Malaysia	September 19, 2007
Mosenergo	Russia	September 16, 2008
Offshore Oil Engineering Co	China	June 14, 2017
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
ONGC Mangalore Petrochemicals Ltd	India	March 7, 2018
ONGC Videsh Limited (OVL)	India	March 18, 2014
PetroChina	China	September 19, 2007
Petrolia Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Petronas Global Sukuk	Malaysia	August 2, 2016
Putrajaya Management Sdn Bhd	Malaysia	March 18, 2014
Sinopec Capital 2013 Ltd.	China	March 18, 2014
Sinopec Engineering Group Co Ltd.	China	March 18, 2014
Sinopec Group Overseas Development 2016 Ltd	China	August 2, 2016
Sinopec Group Overseas Development 2014 Ltd	China	March 7, 2018
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2012 Ltd	China	March 7, 2018
Sinopec Kantons Holdings Ltd.	Bermuda	September 19, 2007
Sinopec Oilfield Equipment Corporation	China	September 29, 2015
Sinopec Oilfield Service Corp	China	March 25, 2008
Sinopec Shanghai Petrochemical	China	September 19, 2007
# of Iran Scrutinized Companies	50	

The following company was removed from the **IRAN Scrutinized List** during the quarter:

<i>Removed Company</i>	<i>Country of Incorporation</i>
Daelim Industrial Co Ltd.	<i>South Korea</i>

Table 4: Continued Examination Companies with Petroleum Energy Activities in IRAN
New companies on the list are shaded and in bold. (No companies added this quarter.)

Continued Examination Company: Iran	Country of Incorporation
Anton Oilfield Services Group	China
China Nonferrous Metal Industry's Foreign Engineering and Construction	China
GS Engineering & Construction Corp.	South Korea
GS Holdings	South Korea
Maire Tecnimont SpA	Italy
Oil India Ltd.	India
Petronet LNG Ltd.	India
Total SA	France
# of Iran Continued Examination Companies	8

The following companies were removed from the **IRAN Continued Examination List** during the quarter:

Removed Company	Country of Incorporation
No companies removed this quarter.	

Table 5: Correspondence & Engagement Efforts with Scrutinized Companies

In accordance with Section 215.473(3)(a), F.S., the SBA began to engage companies on the September 19, 2007 Scrutinized Company lists. The SBA sent letters to each Scrutinized Company that was owned and held as of September 19, 2007, per the requirements of the law.

The SBA also sent written communication to other scrutinized firms since the initial company engagement effort in September 2007. Each letter encouraged the company to cease any active business operations within 90 days or convert such operations to inactive status to avoid qualifying for divestment by the SBA. In addition, the SBA sent a second letter to scrutinized companies on January 25, 2008, again requesting companies to provide all information necessary to avoid divestment.

On September 30, 2008, the SBA sent a follow-up letter to all Scrutinized Companies. Although, these companies are no longer held by the SBA, the September 30, 2008 letter was intended to once again provide notice of the requirements of the PFIA. Since our original correspondence, several companies on the scrutinized list have replied with valuable information. Each company's response and classification status is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Status
ABB	Yes; January 29, 2009	Removed from Sudan Scrutinized List
Alstom	Yes; October 1, 2007 and October 25, 2011	Removed from Sudan Scrutinized and CE Lists
Bharat Heavy Electricals Limited	Yes; October 4, 2007	Moved to Sudan Continued Examination List
Bow Valley Energy	Yes; October 22, 2008	Removed from Iran Scrutinized List
Chennai Petroleum Corporation Limited	Yes; October 16, 2008	Sudan Scrutinized Classification Continues
China Petroleum & Chemical Corp (Sinopec)	No	Iran & Sudan Scrutinized Classification Continues
CNOOC Ltd	Yes; October 28, 2008	Iran Scrutinized Classification Continues
Daelim Industrial Co Ltd.	Yes, November 13, 2018	Removed from Iran Scrutinized List
Dongfeng Motor Group Co. Ltd.	No	Moved to Sudan Continued Examination List
Electricity Generating Public Co	No	Removed from Sudan Scrutinized List
ENI	Yes; February 13, 2008 and May 13, 2011	Removed from Iran Scrutinized and CE Lists
GAIL (India) Limited, aka GAIL Ltd.	Yes; October 5, 2010	Removed from Iran Scrutinized and CE Lists
Gazprom	Yes; November 1, 2007 and August 18, 2014	Iran Scrutinized Classification Continues
Gazprom Neft	Yes; August 15, 2013	Iran Scrutinized as subsidiary of Gazprom
Harbin Electric Co. (fka Harbin Power Equipment)	No	Sudan Scrutinized Classification Continues
Indian Oil Corp Ltd (IOCL)	No	Iran & Sudan Scrutinized Classification Continues
Inpex Corp.	Yes; October 15, 2007 and July 11, 2011	Removed from Iran Scrutinized List
Kencana Petroleum	Yes; October 31, 2008	Removed from Sudan Scrutinized and CE Lists
Korea Electric Power (and subsidiaries, KEPCO Plant/Korea Plant)	Yes; December 27, 2011	Removed from Sudan Scrutinized List
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Yes; October 5, 2007 and May 24, 2008	Iran & Sudan Scrutinized Classification Continues
Lukoil OAO	Yes; October 8, 2007	Removed from Iran Scrutinized and CE Lists
Lundin Petroleum AB	Yes; October 17, 2008	Removed from Sudan Scrutinized List

Company	Company Responsive to SBA Communications	Status
Lundin International SA	No	Removed from Sudan Scrutinized List
Malaysia Marine & Heavy Engineering Holdings Bhd	Yes; November 14, 2014	Iran & Sudan Scrutinized Classification Continues
Mangalore Refinery & Petrochemicals Ltd	Yes; March 8, 2013	Iran & Sudan Scrutinized Classification Continues
MISC Bhd	No	Iran & Sudan Scrutinized Classification Continues
Norsk Hydro	Yes; November 30, 2007	Removed from Iran Scrutinized List
Oil & Natural Gas Corp (ONGC)	Yes; July 23, 2014	Iran & Sudan Scrutinized Classification Continues
OMV AG	Yes; November 6, 2007 and April 14, 2010	Removed from Iran Scrutinized and CE Lists
PetroChina	Yes; December 22, 2008	Iran & Sudan Scrutinized Classification Continues
Petroleo Brasileiro (Petrobras)	Yes; January 13, 2010	Removed from Iran Scrutinized List
Petrolia Nasional (Petronas)	Yes; July 6, 2015	Iran & Sudan Scrutinized Classification Continues
Putrajaya Management Sdn Bhd	Yes; September 5, 2014	Iran & Sudan Scrutinized Classification Continues
Ranhill Bhd	Yes; October 22, 2008	Removed from Sudan Scrutinized List
Repsol YPF	Yes; October 15, 2007; January 2013	Removed from Iran Scrutinized and CE Lists
Royal Dutch Shell PLC	Yes; October 5, 2007; January 27, 2011; April 13, 2011	Removed from Iran Scrutinized and CE Lists
Sinopec Kantons Holdings Ltd.	No	Iran & Sudan Scrutinized Classification Continues
Sinopec Shanghai Petrochemical Company	No	Iran & Sudan Scrutinized Classification Continues
Snam Rete Gas	Yes; October 9, 2008	Removed from Iran Scrutinized Classification
Statoil ASA (fka: StatoilHydro)	Yes; February 4, 2008; January 24, 2011; June 16, 2011	Removed from Iran Scrutinized and CE Lists
Total Capital	Yes; January 26, 2011 and April 25, 2011	Removed from Iran Scrutinized and CE Lists
Total SA	Yes; October 12, 2007; October 29, 2010; April 25, 2011	Removed from Iran Scrutinized List
Wärtsilä Oyj	Yes; December 4, 2007	Moved to Sudan Continued Examination List

Table 6: Correspondence & Engagement Efforts with Continued Examination Companies

In addition to Scrutinized Companies, the SBA engaged companies on our initial September 19, 2007 Continued Examination company lists. The SBA also sent written communication to firms added to the Continued Examination list since the initial company engagement effort in September 2007. Such companies were asked to provide information to the SBA in order to assist us in determining the extent of their activities, if any, in Sudan and Iran. The SBA sent a follow-up letter to all companies on September 30, 2008. Each company's response and classification is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Continued Examination Status
Actividades de Construcción y Servicios S.A.(ACS)	No	Removed from Iran List
Aggreko PLC	Yes; January 28, 2008	Removed from Iran List
Air Liquide	Yes; November 30, 2007 January 28, 2008	Removed from Iran List
Aker Solutions ASA (fka Aker Kvaerner ASA)	No	Removed from Iran List
AREF Investment Group	No	Removed from Sudan List
Areva SA	Yes; October 27, 2008 December 29, 2009	Removed from Sudan List
Bauer Aktiengesellschaft	Yes; March 13, 2008	Removed from Sudan List
BG Group	Yes; November 23, 2007	Removed from Iran List
Bharat Electronics Limited	No	Removed from Sudan CE List
Bolloré Group	No	Removed from Sudan CE
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co Ltd.	Yes, November 13, 2018	Removed from Iran List
Engineers India Ltd.	Yes; October 16, 2008; September 9, 2010	Removed from Iran CE List
Essar Oil	Yes; January 9, 2009	Removed from Iran List
Finmeccanica SpA	No	Removed from Sudan List
Glencore Xstrata PLC	Yes; September 20, 2010	Sudan CE Classification Continues
GVA Consultants	Yes; September 26, 2007 September 30, 2010	Removed from Iran CE List
ICSA India Limited	No	Removed from Sudan List
INA-Industrija Nafta DD Zagreb	Yes; April 15, 2014	Removed from Iran List
Itochu Corp	Yes; May 9, 2008	Removed from Iran List
JGC Corp	Yes; October 1, 2007	Removed from Iran List
La Mancha Resources	Yes; October 21, 2008	Removed from Sudan List
Linde AG	Yes; November 14, 2007	Removed from Iran List
Liquefied Natural Gas LNG	No	Removed from Iran List
Mitsubishi Heavy Industries Ltd.	Yes; October 26, 2007	Removed from Iran List
Mitsui & Co.	Yes; October 17, 2007	Removed from Iran List
Mitsui Engineering & Shipbuilding	Yes; November 21, 2007 December 18, 2007	Removed from Iran and Sudan Lists
MMC Bhd	No	Removed from Sudan List
Nam Fatt	No	Removed from Sudan List
PT Citra Tubindo Tbk.	Yes; September 27, 2010	Removed from Iran CE List

Company	Company Responsive to SBA Communications	Continued Examination Status
PTT Public Company Limited	Yes; October 1, 2010	Removed from Sudan CE List
Saipem SpA	Yes; December 12, 2007	Removed from Iran Lists
Samsung Engineering Co. Ltd.	No	Removed from Iran CE List
Samsung Heavy Industries Co. Ltd.	No	Removed from Iran List
Sasol Ltd.	Yes; May 25, 2010 September 29, 2010	Removed from Iran CE List
Seadrill Ltd	Yes; September 20, 2010	Removed from Sudan CE List
Siam Cement Group (SCG)	Yes; September 24, 2010	Removed from Iran CE List
Siemens AG	Yes; October 22, 2009 October 8, 2010	Removed from Iran CE List in 2010; Added to Sudan CE List 6/13/2018
Schlumberger Limited NV	Yes; October 19, 2007	Removed from Iran and Sudan Lists
Siam Cement PCL	Yes; October 21, 2008	Removed from Iran CE List
SNC - Lavalin Group Inc.	Yes; September 25, 2007	Removed from Iran List
Sudan Telecommunications (Sudatel)	No	Removed from Sudan CE Classification
Technip	Yes; April 30, 2010 and November 30, 2010	Removed from Iran CE Classification
The Weir Group PLC	Yes; November 16, 2007	Removed from Iran and Sudan Lists
Total SA	Yes; October 12, 2007	Removed from Sudan CE Classification
Trevi-Finanziaria Industriale S.p.A.	Yes; September 17, 2010	Removed from Iran CE List
Weatherford International, Ltd.	No	Removed from Sudan List
Welspun Corp. Limited (fka Welspun-Gujarat Stahl Rohen Ltd.)	Yes; September 24, 2010	Removed from Iran CE List

Key Dates for PFIA Activities

June 8, 2007 — Legislation’s effective date, upon becoming a law.

August 6, 2007 — SBA letter to state agencies requesting data on all publicly traded securities held directly by the State.

August 20, 2007 — First of two letters to investment managers providing written notice of PFIA enactment and amendment to Schedule B of investment management contracts.

September 19, 2007 — SBA assembles initial Scrutinized Companies lists for Sudan and Iran.

September 20, 2007 — SBA engages companies classified as either Scrutinized or needing Continued Examination through written correspondence, subsequent conference calls and additional communication. SBA disclosed the Scrutinized Companies lists on its website, including reporting of all equities held by direct State of Florida governmental entities.

September 21, 2007 — Second of two letters to investment managers providing Scrutinized Companies lists.

October 16, 2007 — SBA formally submits the Scrutinized Companies lists to the Florida Legislature and the United States Special Envoy to Sudan, and continues to do so every quarter.

November 30, 2007 — SBA sends notification via email to any owned scrutinized company that has not responded to initial written correspondence. Similar notification was sent to each company classified as needing continued examination.

January 25, 2008 — SBA sends additional notice of divestment and request for information to all Scrutinized Companies, with emphasis to companies that have been unresponsive to the SBA’s prior request for the necessary information.

July 1, 2008 — In March 2008, the SBA developed a policy approach directing all affected managers to sell their remaining PFIA related holdings no later than July 1, 2008, approximately three months earlier than the statutory deadline of September 18, 2008.

September 18, 2008 — Statutory deadline for the SBA to complete divestment of *initial* Scrutinized Companies (i.e., within 12 months of their initial appearance on the September 19, 2007 list), if they do not stop scrutinized active business operations.

March 1, 2010 — Deadline for the SBA to identify and offer at least one terror-free investment product for the FRS Investment Plan (Defined Contribution).

Quarterly Reporting — SBA provides quarterly updates to the Scrutinized Companies lists for Sudan and Iran, including a summary of engagement activities. PFIA quarterly reports have been issued on the following dates:

September 19, 2007
December 18, 2007
March 25, 2008
June 10, 2008
September 16, 2008
January 13, 2009
April 14, 2009
July 28, 2009
October 27, 2009
January 26, 2010
April 27, 2010
July 29, 2010
November 9, 2010
February 22, 2011
June 16, 2011

September 20, 2011
December 6, 2011
March 20, 2012
June 26, 2012
September 18, 2012
December 11, 2012
March 19, 2013
June 25, 2013
September 24, 2013
December 10, 2013
March 18, 2014
June 17, 2014
September 23, 2014
December 9, 2014
March 24, 2015

June 23, 2015
September 29, 2015
December 8, 2015
March 29, 2016
August 2, 2016
December 6, 2016
March 14, 2017
June 14, 2017
October 17, 2017
December 13, 2017
March 7, 2018
June 13, 2018
September 11, 2018
December 4, 2018
January 29, 2019

Summary of Investments Sold, Redeemed, Divested or Withdrawn

In accordance with the PFIA, the SBA must divest all holdings of any scrutinized companies within 12 months of their original appearance on the prohibited securities list. External managers are contractually responsible for administering investments in accordance with restrictions set forth by the SBA, including the prohibited securities list of the PFIA. Historical divestment transaction data is contained in prior PFIA Quarterly Reports. The table below presents the cumulative market capitalization of scrutinized companies divested by the SBA since the PFIA's inception:

Cumulative Divestment	
Royal Dutch Shell**	\$215,784,700.79
Total SA**	\$214,536,015.45
Petroleo Brasileiro SA (Petrobras) **	\$206,135,264.10
ENI**	\$141,403,034.78
CNOOC Ltd	\$131,737,735.86
Gazprom (a.k.a. OAO Gazprom)	\$71,275,453.14
Alstom**	\$65,897,698.67
Repsol YPF**	\$53,420,179.87
Statoil ASA** (fka: StatoilHydro)	\$46,792,677.58
China Petroleum and Chemical Corp (CPCC) Sinopec	\$38,455,440.48
PetroChina	\$25,723,158.75
Inpex Corp.**	\$24,835,110.63
MISC Bhd	\$16,448,397.44
Hindustan Petroleum Corporation Ltd	\$10,916,213.94
Snam Rete Gas**	\$9,596,905.78
Lukoil OAO**	\$9,487,631.46
OMV AG **	\$8,601,977.98
Shell International Finance**	\$8,599,813.40
China BlueChemical Ltd	\$7,538,215.73
Wärtsilä Oyj**	\$1,797,871.96
Daelim Industrial Co Ltd**	\$1,566,926.73
Petrofac Ltd **	\$1,496,881.43
The Weir Group PLC **	\$1,322,666.62
Petrobras International Finance**	\$1,148,750.00
Lundin Petroleum AB **	\$1,133,120.04
Oil & Natural Gas Corporation (ONGC)	\$945,363.83
Petrobras Energia (Participaciones) **	\$298,632.08
Dongfeng Motor Group**	\$158,623.49
Electricity Generating Public Company**	\$121,321.38
Gazprom Neft	\$37,892.73
** denotes companies no longer on the Prohibited Company list	\$1,317,741,747.62

In accordance with the PFIA, the SBA will report on the performance implications of PFIA-related divestitures and restrictions. Generally, the impact of PFIA legislation on performance is measured as the opportunity cost of not being able to hold prohibited securities, measured by comparing the monthly return of the standard foreign equity benchmark (i.e., the MSCI ACWI ex-US) to a custom foreign equity benchmark based upon PFIA divestiture requirements. The difference in returns between the standard benchmark and custom benchmark represents the opportunity cost to the SBA of not being able to invest in (or hold) prohibited companies. The percent return difference is then applied to the average monthly balance of foreign equity investments to determine a dollar impact. Monthly dollar impacts, whether positive or negative, are added together through time and then compared to the total value of the FRS Pension Plan to determine the percentage or basis point impact of PFIA legislation.

Table 7: List of *Prohibited Investments (Scrutinized Companies)*
New companies on the list are shaded and in bold. (No companies added this quarter.)

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Bank of Kunlun Co Ltd	Sudan & Iran	China	March 7, 2018	Yes
Chennai Petroleum Corp Ltd	Sudan	India	September 19, 2007	Yes
China Petroleum Engineering Corp	Sudan & Iran	China	March 7, 2018	Yes
China BlueChemical Ltd	Iran	China	March 19, 2013	Yes
China National Petroleum Corporation (CNPC)	Sudan & Iran	China	December 11, 2012	Yes
China Oilfield Services Ltd	Iran	China	June 16, 2011	Yes
China Petroleum & Chemical Corp (CPCC) Sinopec	Sudan & Iran	China	September 19, 2007	Yes
CNOOC Ltd	Iran	China	June 16, 2011	Yes
CNOOC Curtis Funding No.1 Pty Ltd	Iran	Australia	October 17, 2017	Yes
CNOOC Finance Limited	Iran	China	September 24, 2013	Yes
CNOOC Nexen Finance	Iran	Canada	October 17, 2017	Yes
CNPC Capital Company Limited	Sudan & Iran	China	June 14, 2017	Yes
CNPC General Capital Ltd	Sudan & Iran	China	June 26, 2012	Yes
CNPC HK Overseas Capital Ltd	Sudan & Iran	China	June 16, 2011	Yes
COSL Finance (BVI) Limited	Iran	China	September 24, 2013	Yes
COSL Singapore Capital Ltd	Iran	Singapore	December 4, 2018	Yes
Daqing Huake Group Co Ltd	Sudan	China	March 25, 2008	Yes
Egypt Kuwait Holding Co. SAE	Sudan	Kuwait	January 13, 2009	Yes
Energy House Holding Company	Sudan	Kuwait	July 28, 2009	Yes
Engen Botswana	Sudan & Iran	Botswana	March 24, 2015	Yes
Gas District Cooling (Putrajaya) Sdn Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Gazprom	Iran	Russia	September 19, 2007	Yes
Gazprom Neft	Iran	Russia	September 16, 2008	Yes
Harbin Electric Co. Ltd.	Sudan	China	September 19, 2007	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Hindustan Petroleum Corporation Ltd	Sudan & Iran	India	June 13, 2018	Yes
Indian Oil Corp Ltd (IOCL)	Sudan & Iran	India	September 19, 2007	Yes
Jiangxi Hongdu Aviation	Sudan	China	September 19, 2007	Yes
KLCC Property Holdings Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Kunlun Energy Company Ltd.	Sudan & Iran	Hong Kong	September 19, 2007	Yes
Kunlun Financial Leasing Co Ltd	Sudan & Iran	China	March 7, 2018	Yes
Kuwait Finance House	Sudan	Kuwait	April 14, 2009	Yes
Lanka IOC Ltd	Sudan	India	September 19, 2007	Yes
Managem SA	Sudan	Morocco	November 9, 2010	Yes
Mangalore Refinery & Petrochemicals Ltd	Sudan & Iran	India	September 19, 2007	Yes
Malaysia Marine & Heavy Engineering Holdings Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
MISC Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Mosenergo	Iran	Russia	September 16, 2008	Yes
Offshore Oil Engineering Co	Iran	China	June 14, 2017	Yes
Oil India Ltd.	Sudan	India	September 18, 2012	Yes
Oil & Natural Gas Corp (ONGC)	Sudan & Iran	India	September 19, 2007	Yes
ONGC Mangalore Petrochemicals Ltd	Sudan & Iran	India	March 7, 2018	Yes
ONGC Videsh Limited (OVL)	Sudan & Iran	India	March 18, 2014	Yes
Orca Gold Inc.	Sudan	Canada	December 9, 2014	Yes
PetroChina	Sudan & Iran	China	September 19, 2007	Yes
Petrolia Nasional (Petronas)	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Capital Limited	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Chemicals Bhd	Sudan & Iran	Malaysia	June 16, 2011	Yes
Petronas Dagangan Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Gas Berhad	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Global Sukuk	Sudan & Iran	Malaysia	August 2, 2016	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Putrajaya Management Sdn Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
Sinopec Capital 2013 Ltd	Sudan & Iran	China	September 24, 2013	Yes
Sinopec Engineering Group Co Ltd	Sudan & Iran	China	March 18, 2014	Yes
Sinopec Group Overseas Development 2016 Ltd	Sudan & Iran	China	August 2, 2016	Yes
Sinopec Group Overseas Development 2014 Ltd	Sudan & Iran	China	March 7, 2018	Yes
Sinopec Group Overseas Development 2013 Ltd	Sudan & Iran	China	March 18, 2014	Yes
Sinopec Group Overseas Development 2012 Ltd	Sudan & Iran	China	March 7, 2018	Yes
Sinopec Kantons Holdings Ltd	Sudan & Iran	Bermuda	September 19, 2007	Yes
Sinopec Oilfield Equipment Corporation	Sudan & Iran	China	April 14, 2009	Yes
Sinopec Oilfield Service Corp	Sudan & Iran	China	March 25, 2008	Yes
Sinopec Shanghai Petrochemical	Sudan & Iran	China	September 19, 2007	Yes
Société Nationale d'Investissement	Sudan	Morocco	December 6, 2016	Yes
Societe Metallurgique D'imiter	Sudan	Morocco	November 9, 2010	Yes
# of Prohibited Investments	63	-	-	

The following company was removed from the **PFIA Prohibited Investments List** this quarter.

<i>Removed Company</i>	<i>Country of Incorporation</i>
Daelim Industrial Co Ltd	<i>South Korea</i>

Table 8: SBA Holdings in Prohibited Investments Subject to Divestment

The SBA currently has no holdings in companies on the Prohibited Investments List in accounts subject to the PFIA divestiture requirements.

Summary of Progress, SBA Investment Manager Engagement Efforts

On August 20, 2007, the SBA sent letters to external investment managers notifying them of the Act and informing them of new contract language that would enforce their cooperation with the requirements of the new law.

On September 19, 2007, the SBA sent letters to all affected managers outlining the list of prohibited securities for any future purchases. The letter described the SBA's engagement process with companies on the list, which affords companies a 90-day period in which to comply with the conditions of the law or clarify their activities. The letter directed these managers to cease purchase of securities on the list and to await the direction of the SBA for any divestment necessary in the event engagement fails, with a deadline for divestment under the law of September 18, 2008.

On September 19, 2007, the SBA sent letters to actively-managed, indirectly held funds holding scrutinized securities, including managers of the defined contribution program, asking the funds to review the list of scrutinized securities and consider eliminating such holdings from the portfolio or create a similar fund, devoid of such holdings, per the requirements of the law.

Each quarter, the SBA sends written and electronic notification to all affected managers about the list of prohibited companies.

The SBA has received responses noting our concerns in writing and by phone from several of the contacted managers.

Listing of All Publicly Traded Securities (Including Equity Investments)

Due to the large number of individual securities and the volume of information, this list has been electronically posted to the SBA's website and is updated quarterly. A list of all publicly traded securities owned by the State of Florida can be found within the [PFIA information section](#) of the SBA's website. Please observe the electronic report's notes page for important clarifying explanations of included data.

Section 2: Prohibited Investments by the SBA, Companies that Boycott Israel
Section 215.4725 F.S.

Summary

In 2016, the SBA was directed by state law to create a "scrutinized companies" list, composed of companies that participate in a boycott of Israel including actions that limit commercial relations with Israel or Israeli-controlled territories in a discriminatory manner. The SBA is prohibited from acquiring direct holdings of the companies on this list. The law requires the SBA to use best efforts in identifying companies that boycott Israel, publish the list on a quarterly basis, send written notice to the companies, engage with the SBA's external managers concerning holdings of the companies on the list, and publish a list of the SBA's directly-held securities and certain other information detailed below. Note, Section 215.4725 F.S. applies only to assets governed by Chapter 121 ("Florida Retirement System Act"), and therefore does not affect any non-FRS funds managed by the SBA.

Primary Requirements of Section 215.4725 F.S.

1. Identification of companies

As required by statute, the SBA will make best efforts to identify all scrutinized companies in which the SBA has indirect or direct holdings or possibly could have holdings in the future. The SBA reviews publicly available information, including from NGOs, non-profits, government entities and research firms. SBA staff is also frequently in contact with other institutional investors regarding anti-BDS efforts. Since the law went into effect, SBA staff has communicated with several stakeholder groups in our efforts to learn more about individual company activities and determine whether they meet the criteria of the Florida statute.

SBA contracts with external research providers to obtain information on companies that are potentially engaging in BDS activities, and SBA staff incorporates the information in making a final determination of scrutinized status based on Florida statute. External research providers sell their research to a variety of subscribers, and they do not compile their lists specific to Florida law. The SBA currently contracts with ISS-Ethix and MSCI. Companies that use ESG investment policies in a broadly-applied manner are generally not considered by SBA to be acting in a "discriminatory manner" toward Israel.

Using various information sources, the SBA has developed two separate categorizations of a company's status for consideration under this law.

"Scrutinized" — Information provided by an external research provider, publicly available information or information from the company itself or another reliable source indicates that a company meets the classification of a Scrutinized Company as defined by Florida law.

"Continued Examination" — Information suggests but does not clearly demonstrate that a company's activities are a boycott of Israel. The SBA is unable to definitively categorize the company's activities as scrutinized without further research to resolve the ambiguity. For companies classified as "Continued Examination," the SBA will begin an engagement process to clarify each firm's current business relationships.

The following definitions are provided by Florida Statutes to assist in company identification:

"Scrutinized companies" means companies that boycott Israel or engage in a boycott of Israel.

"Boycott Israel" means refusing to deal, terminating business activities, or taking other actions to limit commercial relations with Israel, or persons or entities doing business in Israel or in Israeli-controlled territories, in a discriminatory manner. A statement by a company that it is participating in a boycott of Israel, or that it has initiated a boycott in response to a request for a boycott of Israel or in compliance with, or in furtherance of, calls for a boycott of Israel, may be considered by the State Board of Administration to be

evidence that a company is participating in a boycott of Israel. The term does not include restrictive trade practices or boycotts fostered or imposed by foreign countries against Israel.

"Direct holdings" are company securities held directly by the SBA or accounts in which SBA owns all interest (such as non-commingled funds).

"Indirect holdings" are company securities that are held in collective investment with other investors, such as commingled funds and mutual funds.

2. Publish and reporting

By the first meeting of the Trustees of the SBA after August 1, 2016, the SBA will publicly release the "Scrutinized Companies that Boycott Israel List" and thereafter provide quarterly updates of the list based on evolving information and events.

The SBA shall file a report with each member of the Board of Trustees of the SBA, the Speaker of the Florida House of Representatives, and the President of the Florida Senate within 30 days after the list is created and shall make the report publicly available. At each quarterly trustee meeting thereafter, the SBA shall file a publicly available report to these persons. The quarterly reports will include:

- a. A summary of correspondence with companies engaged by the SBA as required above.
- b. All prohibited investments (Scrutinized Companies list).
- c. Any progress made with respect to requests of SBA's external managers to remove scrutinized companies from indirect holdings or create similar funds devoid of such holdings.
- d. A list of all publicly held securities held directly by the SBA.

Actions taken in compliance with this section must be adopted and incorporated into the Investment Policy Statement as provided in Section 215.4725, F.S.

3. Engagement

SBA is required to determine the companies on the Scrutinized Companies list in which the SBA has direct or indirect holdings. For each company newly identified after August 1, 2016, the public fund shall send a written notice informing the company of its scrutinized company status and that it may become subject to investment prohibition by the public fund. The notice must inform the company of the opportunity to clarify its activities regarding the boycott of Israel and encourage the company to cease the boycott of Israel within 90 days in order to avoid qualifying for investment prohibition.

If, within 90 days after the public fund's first engagement with a company pursuant to this paragraph, the company ceases a boycott of Israel, the company shall be removed from the Scrutinized Companies that Boycott Israel List, and the provisions of this section shall cease to apply to that company unless that company resumes a boycott of Israel.

4. Prohibition

The SBA may not acquire directly held securities of companies on the Scrutinized Companies list. The SBA is not required to divest of existing holdings. Indirect holdings are exempt from the prohibition (such as commingled accounts, index funds and mutual funds). However, SBA will submit letters to the managers of such investment funds which hold companies from the Scrutinized Companies list requesting that they consider removing the companies from the fund or creating a similar fund devoid of such holdings. SBA shall replace applicable investments in the similar fund devoid of such holdings in an expedited timeframe subject to prudent investing standards if the manager complies with such a request.

Exchange-traded funds are also exempted from the prohibition, without the requirement to contact the fund management.

A cessation of the investment prohibition is allowed if the fund has evidence that the assets under management become equal or less than 99.50% of the hypothetical fund value assuming no investment prohibition had occurred. This must be reported to the parties listed in “reporting” below and updated semiannually for the cessation to be authorized.

Table 9: *Scrutinized Companies that Boycott Israel*

New companies on the list are shaded and in bold.

Scrutinized Company that Boycotts Israel	Country of Incorporation	Date of Initial Scrutinized Classification
Airbnb Inc	United States	January 29, 2019
Cactus SA	Luxembourg	August 2, 2016
Betsah Invest SA	Luxembourg	August 2, 2016
Betsah SA	Luxembourg	August 2, 2016
Co-operative Group Limited	United Kingdom	September 26, 2017
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	Turkey	August 2, 2016
# of Companies that Boycott Israel	6	

Companies added to the Scrutinized Companies that Boycott Israel List this quarter:

- **Airbnb Inc**

On November 19, 2018, Airbnb published a memo concerning their business activities in Israel titled “Listings in Disputed Regions”. Airbnb concluded that they would be removing listings in the occupied West Bank as a result of the company’s case-by-case approach for accepting listings in disputed regions.

This limitation of commerce within Israel or Israeli-controlled territories is covered by F.S. 215.4725(1)(a) which defines a “boycott of Israel” as refusing to deal, terminating business activities, or taking other actions to limit commercial relations with Israel, or persons or entities doing business in Israel or in Israeli-controlled territories, in a discriminatory manner.

On December 17, 2018, one of the SBA’s external research providers, ISS-ESG, added Airbnb to their anti-BDS research list based on the company’s published memo of November 19, 2018 “Listings in Disputed Regions.”

In order to learn more about the company’s policy decision and seek clarification on a series of questions covering the statutory criteria involving scrutinized business activity, SBA staff held a conference call with company executives on December 19, 2018. On January 17, 2019, the SBA received written responses from the company to these clarifying questions and is now in the process of examining this additional information.

No companies were removed from the Scrutinized Companies that Boycott Israel List during the quarter:

Table 10: Continued Examination Companies that Boycott Israel*New companies on the list are shaded and in bold. (No companies added this quarter.)*

Continued Examination Company: Israel	Country of Incorporation
<i>No companies are on the continued examination list at this time.</i>	

Table 11: Correspondence & Engagement Efforts

In accordance with Section 215.4725, F.S., the SBA began to engage companies on the Scrutinized Companies that Boycott Israel and Continued Examination lists. The SBA sent letters to each company per the requirements of the law. Each company's response and classification status is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Status
Cactus SA	No	Remains on scrutinized list
Betsah Invest SA	No	Remains on scrutinized list
Betsah SA	No	Remains on scrutinized list
FreedomCall Ltd	Yes, November 4, 2016	Removed from scrutinized list
Co-operative Group Ltd	No	Remains on scrutinized list
Cooperative Group Gomersall	No	Removed from scrutinized list
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	No	Remains on scrutinized list
U2u Consult NV	Yes, December 29, 2016	Removed from scrutinized list
Danske Bank	Yes, multiple dates	Removed from continued examination list
Dexia	Yes, multiple dates	Removed from continued examination list
Aldi	No	Removed from continued examination list
ASN Bank NV	No	Removed from continued examination list
HEMA BV	No	Removed from continued examination list
Karsten Farms	No	Removed from continued examination list

Section 3: Investments in Publicly Traded Companies Operating in Northern Ireland (Section 215.4702 F.S.)

Summary

The SBA is subject to s. 215.4702, Florida Statutes (F.S.) (“MacBride Principles”), which directs the SBA to notify publicly traded companies of support for the MacBride Principles, inquire regarding the actions a company has taken in support of or furtherance of the MacBride Principles, and encourage publicly traded companies with certain business operations in Northern Ireland to adopt the MacBride Principles. In addition, the SBA will also demonstrate support for the MacBride Principles through its proxy voting authority.

Requirements of the Law

As defined by the Northern Ireland statute, “publicly traded company” is any business organization having equity securities listed on a national or an international exchange that is regulated by a national or an international regulatory authority. In addition, “operating” is defined as actively engaging in commerce geographically in Northern Ireland through the acquisition, development, maintenance, ownership, sale, possession, lease, or operation of equipment, facilities, personnel, products, services, or personal property.

Publishing and Reporting

In making the determination specified in subsection (2) of 215.4702, F.S., the SBA may, to the extent it deems appropriate, rely on available public information, including information provided by nonprofit organizations, research firms, international organizations, and government entities.

The SBA is encouraged to determine which publicly traded companies, in which the Florida Retirement System Trust Fund is invested, operate in Northern Ireland. If the SBA determines that a publicly traded company meets such criteria, it is encouraged to engage with the company and determine its support for the MacBride Principles. SBA staff annually reviews the list of companies that meet the definition of publicly traded companies operating in Northern Ireland, and periodically engages those firms.

Update on Investments in Publicly Traded Companies Operating in Northern Ireland.

Since the initial mailing of letters to listed companies identified in the SBA’s portfolio, staff has received written responses from 18% of engaged companies. Staff also periodically receives phone calls requesting clarification of information regarding the MacBride Principles. Staff will continue to track letter responses annually and demonstrate support for the MacBride Principles as identified in 215.4702 Florida Statutes.

Section 4: Companies Operating in Cuba or Syria (Section 215.471 F.S.)

Summary

The Free Cuba Act of 1993 was passed by the Florida Legislature in accordance with federal law. Chapter 215.471 of the Florida Statutes prohibits the SBA from investing in: (1)(a) any institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, doing business in or with Cuba, or with agencies or instrumentalities thereof in violation of federal law; and (1)(b) any institution or company domiciled outside of the United States if the President of the United States has applied sanctions against the foreign country in which the institution or company is domiciled. Section (2)(a) states the SBA may not be a fiduciary with respect to voting on, and may not have the right to vote in favor of, any proxy resolution advocating expanded U.S. trade with Cuba or Syria.

Requirements of the Law

In order to comply with this law, the U.S. State Department and/or the Treasury Department's Office of Foreign Assets Control (OFAC) are contacted periodically to confirm that no sanctions have been implemented. Since the Act's inception, sanctions have never been issued against any country. During the fiscal year ending June 30, 2017, there were no shareowner proposals related to expanding trade with Cuba or Syria.

Section 5: Companies Operating in Venezuela

During the 2018 session, the Florida Legislature passed HB 359, prohibiting certain investments related to the Venezuelan government. The bill was signed into law by Governor Rick Scott and is effective July 1, 2018.

Florida Statute, 215.471 now requires that:

The State Board of Administration shall divest any investment under s. 121.151 and ss. 215.44-215.53, and is prohibited from investment in stocks, securities, or other obligations of:

- (c)1. Any institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, doing business in or with the government of Venezuela, or with any agency or instrumentality thereof, in violation of federal law. The term “government of Venezuela” means the government of Venezuela, its agencies or instrumentalities, or any company that is majority-owned or controlled by the government of Venezuela.
2. The Governor may waive the requirements of this paragraph if the existing regime in Venezuela collapses and there is a need for immediate aid to Venezuela before the convening of the Legislature or for other humanitarian reasons as determined by the Governor.

Florida Statute 215.472 addresses state agencies and requires that:

Notwithstanding any other provision of law, each state agency, as defined in s. 216.011, is prohibited from investing in: (3)(a) Any financial institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States which, directly or through the United States or foreign subsidiary, extends credit of any kind or character, advances funds in any manner, or purchases or trades any goods or services with the government of Venezuela, or any company doing business in or with the government of Venezuela, in violation of federal law. The term “government of Venezuela” means the government of Venezuela, its agencies or instrumentalities, or any company that is majority-owned or controlled by the government of Venezuela.

- (b) The Governor may waive the requirements of this subsection if the existing regime in Venezuela collapses and there is a need for immediate aid to Venezuela before the convening of the Legislature or for other humanitarian reasons as determined by the Governor.

On August 16th, 2017, the Trustees of the State Board of Administration set forth a resolution condemning the oppression of the Venezuelan citizens under the current regime and set language to be included in the State Board of Administration’s Investment Policy Statement (Florida Retirement System Defined Benefit Plan) upon review of the Investment Advisory Council, and in accordance with s.215.475(2) Florida Statutes. The resolution included the following:

1. Prohibited Investments. Until such time as the SBA determines it is otherwise prudent to do so, the SBA is prohibited from investing in:
 - (a) any financial institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, which directly or through a United States or foreign subsidiary and in violation of federal law, makes any loan, extends credit of any kind or character, advances funds in any manner, or purchases or trades any goods or services in or with the government of Venezuela; and
 - (b) any securities issued by the government of Venezuela or any company that is majority-owned by the government of Venezuela.
2. Proxy Voting. The SBA will not vote in favor of any proxy resolution advocating the support of the Maduro Regime in Venezuela.

For more information, please contact:

State Board of Administration of Florida (SBA)
Investment Programs & Governance
1801 Hermitage Blvd., Suite 100
Tallahassee, FL 32308
www.sbafla.com

or send an email to:
governance@sbafla.com





January 17, 2019

Tracy Stewart, CFA, CIPM
Senior Corporate Governance Analyst
Florida State Board of Administration
1801 Hermitage Blvd., Suite 100
Tallahassee, Florida 32308

Dear Ms. Stewart,

Thank you for the opportunity to provide written materials regarding Airbnb. As a company that opposes the Boycott, Divestment, Sanctions ("BDS") Movement, we appreciated the opportunity to discuss the issues outlined in this letter during our call on December 19, 2018 and demonstrate why our recent decision regarding certain listings in West Bank settlements does not constitute a "boycott" under Section 215.4725 of the Florida Statutes. Following up on that conversation and per your request, we are providing written answers to your questions herein.

1. Airbnb has unequivocally rejected the BDS movement.

Airbnb strongly believes in the Israeli state. As such, Airbnb is not boycotting Israel, Israeli businesses, nor the more than 20,000 Israeli hosts who are active on the Airbnb platform.

In December, an Airbnb team led by a member of the company's Executive Team visited Israel. The Airbnb team met with a variety of stakeholders, including the Government of Israel, retired military officers, local elected officials, business leaders and residents of the West Bank, Airbnb hosts and others. As a result of these meetings, Airbnb has an even deeper understanding of this incredibly complex and sensitive issue.

During that trip, Airbnb reiterated its unequivocal rejection of the BDS movement and communicated the company's commitment to develop its business in Israel, including releasing a statement while on the ground that reiterated the company's rejection of the BDS movement (exhibit 1):

"Airbnb expressed its unequivocal rejection of the BDS movement and communicated its commitment to develop its business in Israel, enabling more tourists from around the world to enjoy the wonders of the country and its people. We are here to meet with a variety of stakeholders and as a result of our meetings have an even deeper understanding that this is an incredibly complex and emotional issue. Airbnb communicated that we are developing the tools needed to implement our policy and that process includes continuing our dialogue with the Government of Israel and other stakeholders."

There has been various public reporting (exhibit 2) in Israel on Airbnb's expression of opposition to BDS.

[Forbes reported:](#)

"With more than 20,000 hosts and over a million guests, Airbnb has a significant investment in Israel and will continue to invest in Israel," says Airbnb head of global policy Chris Lehane. "We are categorically opposed to the BDS movement and are committed to our presence in Israel, from the Golan Heights to Jerusalem to the Sea of Galilee."

[Israel Nation News reported](#)

Samaria Council head Yossi Dagan today hosted Airbnb Vice President Chris [Lehane] in Samaria for a tour of the Barkan Industrial Zone.

"...I was very pleased to hear from Airbnb's senior staff about their stand against the BDS organization," he said.

Additionally, in the meetings with government officials, Airbnb communicated that the company is developing the tools needed to implement our policy and that process includes continuing our dialogue with the Government of Israel and other stakeholders.

2. *Airbnb is a significant investor in Israel, supporting travel and tourism in the region – and will continue to be.*

Airbnb is a significant investor in Israel. In fact, Airbnb has even been criticized by some in the BDS movement because of the size of the Airbnb business in Israel. Over the last five years, Airbnb has invested \$20 million in support of our community and business activities in Israel. To the best of Airbnb's knowledge, the company is one of the leading investors in Israel travel and tourism. In order to provide empirical data as to the impact of Airbnb's investments in Israel, we are attaching a summary report of Airbnb's economic impact on travel and tourism in Israel that documents the following (exhibit 3):

- To date, there have been approximately 1.493 million guests who have traveled to Israel on Airbnb. Between November 2017 and November 2018 there were approximately 530,000 guests who traveled to Israel on Airbnb. To provide context as to the portion of the travel to Israel made possible by Airbnb's investment, public reports indicate that a total of approximately 4 million tourists came to Israel in 2018.
- Roughly 80% of these visitors hail from outside the country, with the remaining 20% of guests being locals who use Airbnb when visiting other parts of the world. The top origin destinations are the United States (23%), Israel (19%), Germany (10%), France (8%) and Great Britain (5%). These include approximately 8,000 Airbnb users from Florida, making Airbnb one of the important drivers of travel from Florida to Israel.
- Airbnb has 22,400 active hosts in Israel. Up to 97% of the money that these Israeli hosts list their homes for go to these Israeli hosts. The typical Israeli Airbnb host earns 10,000 Israeli shekels/year (2,700 U.S. dollars), hosting 28 times a year. Total Israeli host earnings that have been generated through the Airbnb platform in Israel is 400 million shekels. There are 3,600 Airbnb Superhosts (hosts who provide outstanding levels of hospitality) representing 11% of all Airbnb hosts in Israel and making clear that Israelis provides some of the best travel experiences in the world by embracing Hachnassat Orchim – the Jewish virtue of welcoming a guest.

Informed by Airbnb's support for the State of Israel, commitment to Airbnb's Israeli host community and rejection of the BDS movement, Airbnb is committed to continuing to invest in and support travel and tourism in Israel.

3. Airbnb decided to stop allowing reservations in settlements in the West Bank -- while continuing to allow reservations in all of Jerusalem and the Golan Heights -- pursuant to a global framework on disputed territories. This policy aligns our presence in the region with that of U.S. multinational hotels.

Airbnb is a global platform, with activity in 191 countries and 81,000 cities made possible by more than five million guests who have supported guest arrivals that is projected to be at 500 million during the first quarter of 2019. Given that Airbnb facilitates guests staying with hosts in their actual homes, the company is often asked about its role regarding reservations in listings in disputed territories around the world, particularly territories some consider occupied, and where homes -- the core of our business -- are central to ongoing tensions. The company has worked through this issue for years and it has been challenged to come up with the right approach. After speaking with experts, Airbnb developed a global framework for evaluating how it should treat listings in any disputed territory, including those outside of the West Bank. The Airbnb global framework is as follows:

1. Recognize that each situation is unique and requires a case-by-case approach.
2. Consult with a range of experts and our community of stakeholders.
3. Assess any potential safety risks for our hosts and guests.
4. Evaluate whether the existence of listings is contributing to existing human suffering.
5. Determine whether the existence of listings in the occupied territory has a direct connection to the larger dispute in the region.

After reviewing this global framework, Airbnb determined in November that it will no longer allow reservations for listings located in the West Bank settlements. The decision to not allow reservations in the settlements in the West Bank impacts fewer than 1% of the listings in the region (approximately 200 listings) -- and less than 0.2% of revenue in the region. Hosts whose listings may be impacted by this policy can continue to accept reservations for listings located elsewhere.

After applying our framework, Airbnb determined that listings would continue to be available in all of Jerusalem and the Golan Heights. We are proud to have a thriving host community in these areas and remain committed to helping guests visit these communities.

Airbnb's policy now aligns Airbnb's presence in this region with that of U.S. multinational hotels and follows on the company's prior actions to stop allowing reservations in other parts of the world with unique dynamics, including Crimea (where Airbnb stopped allowing reservations in more than 4000 listings).

4. Airbnb continues to apply its global framework to disputed territories around the world.

Applying this same global framework, Airbnb has also decided to not allow reservations in Abkhazia and South Ossetia, disputed territories in the Caucasus where Airbnb has roughly 1300 listings. Pursuant to application of the company's global framework for disputed territories, Airbnb had concerns that because homes -- the core of the Airbnb business -- are a central element of the dispute among stakeholders in South Ossetia and Abkhazia, Airbnb's listings could be implicated in ongoing tensions. In applying the global framework to these disputed territories, Airbnb determined that the existence of the listings in these

disputed territories has a direct connection to the larger conflict in the region. Therefore, Airbnb concluded that we should remove listings in these territories.

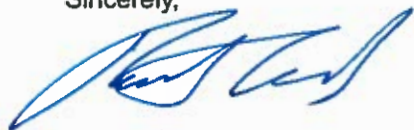
Airbnb is applying the company's global framework for disputed territories in an ongoing manner around the world. Airbnb also recognizes that the world is dynamic and situations can and will evolve that will likely necessitate ongoing work through the application of the global framework.

This is a difficult issue and Airbnb knows that some people may disagree with this decision and the company appreciates their perspective. The company is open to conversations about the topic and continues to engage and meet with those who have a different perspective. At the same time, it is important for the Florida State Board of Administration to know that Airbnb categorically rejects the BDS movement, and will continue to invest to support travel and tourism to Israel.

Airbnb values its relationship with the State of Florida and the Airbnb community in Florida. Over 930,000 Floridians are Airbnb users – whether as hosts or guests. Per a recent economic impact report (exhibit 4), Airbnb facilitates a robust economic impact for over 45,000 hosts and homeowners throughout Florida. In 2018, Floridians earned a combined \$810 million in supplemental income through opening up their homes to 4.5 million guests from nearly every country in the world -- including the State of Israel. And when called upon by state officials at the Florida Department of Emergency Management, Airbnb has been honored to be in a position to facilitate free housing for thousands of vulnerable Floridians in times of need through the company's Open Homes program (exhibit 5). We have activated this program in partnership with state officials in the wake of Hurricanes Michael, Matthew and Irma as well as the tragic shootings at Pulse, Parkland and Fort Lauderdale Airport.

Airbnb appreciates this dialogue and the opportunity to discuss any future questions that you may have.

Sincerely,



Robert Chesnut
General Counsel, Airbnb, Inc.

EXHIBIT 1

Airbnb Statement Rejecting BDS Movement

<https://press.airbnb.com/listings-in-disputed-regions/> and our statement from December 17 reads:

"Airbnb expressed its unequivocal rejection of the BDS movement and communicated its commitment to develop its business in Israel, enabling more tourists from around the world to enjoy the wonders of the country and its people. We are here to meet with a variety of stakeholders and as a result of our meetings have an even deeper understanding that this is an incredibly complex and emotional issue. Airbnb communicated that we are developing the tools needed to implement our policy and that process includes continuing our dialogue with the Government of Israel and other stakeholders."

EXHIBIT 2

Public reporting on Airbnb's rejection of BDS movement

[The BDS Movement Just Issued More Fake News](#)

[Israel Nation News: Samaria Council head meets with Airbnb VP in Samaria](#)

[Jewish Journal: West Hollywood City Council Tables Resolution Condemning Airbnb](#)

The BDS Movement Just Issued More Fake News

The claim that HSBC divested its holding in Elbit in support of Palestinian rights doesn't stand up to the bank's own statement

[David Rosenberg](#) Jan 03, 2019 2:32 PM



Elbit's Hermes drone on display Brent Lewin/Bloomberg

For a little while this week, I was beginning to wonder if BDS' moment had arrived and that Israel would start suffering a wave of corporate boycotts and divestments.

It was a little hard to believe because Israel hasn't done anything particularly egregious lately that would have aroused global public opinion.

But big corporations are increasingly being [called onto to the political carpet](#) and in the age social media, they risk being caught up in a PR nightmare when they do something wrong. You can't ignore the uproar, so when it comes to issues that aren't business critical, it makes more sense to back down than to fight.

Airbnb's decision to stop listing apartments and rooms for rent in West Bank settlements was a case in point. There were only about 200 listings – a tiny number even relative to the Israeli market, much less the global one, so the company's decision isn't going to exert any economic pressure on Israel or even on the settlements.

It wasn't a moral victory for the BDS movement either because Airbnb [refused to call its action a boycott](#) of the settlements but a decision not to entangle itself in a divisive political dispute. A top Airbnb executive [visited Israel](#) shortly afterwards and even met with settler leaders. He said the company was sticking to its decision, but made clear it would continue doing business with Israel, including the Golan Heights and East Jerusalem.

Airbnb could be dissembling in order to avoid lawsuits or losing its much more significant business inside Israel, but for BDS to claim a moral victory it would have had to get the company on board as a supporter of Palestinian rights. It didn't, although you wouldn't know that from the BDS propaganda.

Last week the BDS propaganda machine was back at work. This time the movement claimed that HSBC, the world's seventh-largest bank, was divesting its holding in the Israeli arms maker Elbit Systems.

HSBC did divest its holding in Elbit. But it wasn't under the circumstances or for the reason that BDS implied.

Not 'because'

To the movement's credit (or maybe because of the Christmas/New Year's holiday), BDS [hasn't said anything about Elbit](#). But an ally organization called War on Want was [crowing](#): "HSBC confirmed to campaigners that it has fully divested from Israeli drone manufacturer Elbit Systems, which sells weapons to the Israeli military used in attacks on Palestinians."

Now, read that sentence carefully. Note in particular the word "which" that follows Elbit Systems and observe that it isn't "because."

That could be just careless writing, or it could be because War on Want knows the Palestinian issue wasn't why HSBC divested from Elbit. But, what the hell, let's take credit for it – we campaigned hard.

In fact, HSBC said in an email to me from Stuart Levey, HSBC's chief legal officer and group managing director, that, "Our asset management business divested from Elbit based on our stated defense policy with respect to cluster munitions, not in response to any campaign."

The reason for the divestment was because Elbit produces cluster munitions. Other arms makers, including those in the U.S., have been affected by the same policy. As Levey notes, HSBC has a banking operation in Israel.

In any case, the value of the shares it sold was \$600,000, which is 0.01% of Elbit's issued share capital. So, just like with Airbnb, there's no economic impact and no moral statement either, at least vis-à-vis Israel and the occupation.

It could be that HSBC is being coy and simply wants to rid itself of demonstrations in front of its bank branches. But it's not a moral victory for BDS if the bank denies that it acted for the stake of Palestinian rights.

That hasn't stopped the BDS movement and its friends from declaring "victory" without asking too many questions about what really happened. The claim may not be true, but it will inspire activists to keep their work and live with the myth that the struggle is moving from one [great achievement](#) to the next.

The real issue is why anyone else should believe it. The Israeli government pretends to because it buttresses the right's worldview of an Israel beset by enemies in the West bent on its slow destruction.

The claim is so ridiculous that it seems a waste of words to point out that, for example, the supposedly Israel-loathing European Union is our [biggest trading partner](#), gives Israeli products duty-free entry, allows us - to our immense advantage - to participate in science programs like Horizon 2020 and sends hundreds of thousands of tourists here.

What the EU doesn't like is settlements. But, in an echo of the same kind of convoluted moral equations the BDS movement uses to turn anyone who does business with Israel into a Nazi, the right employs the logic that if you oppose settlements, you oppose Israel's existence and that makes you an anti-Semite.

In an era when everyone is entitled to their own truth, right-wing voters buy the Israel-hating worldview as a fact. It happily gives them and the government carte blanche to ignore any and all criticism of Israel on the grounds that it's all motivated by anti-Semitism.

There aren't many BDS supporters in Israel, but Gilad Erdan's Strategic Affairs Ministry spent 17% of its anti-BDS marketing budget in Israel in 2017 anyhow. That says a lot about whom the anti-BDS campaign is really for. Israelis on the left or right shouldn't buy this propaganda any more than BDS supporters buy their movement's. It's all smoke and mirrors.

Samaria Council head meets with Airbnb VP in Samaria

Samaria Council head Yossi Dagan hosts Airbnb Vice President Chris Lahnan in Samaria. 'Important step against the boycott.'

Samaria Council head Yossi Dagan today hosted Airbnb Vice President Chris Lahnan in Samaria for a tour of the Barkan Industrial Zone.

"Mr. Lahan toured with me at the Alon factory where the terror attack in which Kim Yehezkel and Ziv Hajavi were murdered and we also introduced them to tourism in Samaria," Dagan said.

"The Vice President was very impressed by the coexistence in the factories in the Barkan industrial zone and the factories' activity against the BDS movement. I was very pleased to hear from Airbnb's senior staff about their stand against the BDS organization," he said.

"I briefed the Airbnb team on tourism activities throughout the Shomron Regional Council.

"I said during the tour to Airbnb that I'm happy about the dialogue they're conducting with the Israeli government and I expect them to retract the decision they made and to act in Judea and Samaria just as they operate in the entire State of Israel.

"I was pleased to hear that they opposed the boycott movement. We also agreed that they would consider my request and the dialogue would continue. We'll continue to work for Samaria and against BDS on all levels,"

Dagan said.

More Arutz Sheva videos:

West Hollywood City Council Tables Resolution Condemning Airbnb

The West Hollywood City Council tabled a proposed resolution condemning Airbnb for de-listing Israeli homes in Judea and Samaria after public commenters spoke out against the resolution.

In a Dec. 12 memo to the city council, City Council Members Lindsey Horvath and Lauren Meister argued that Airbnb was singling out Israel, yet they aren't withdrawing from other disputed territories such as Northern Cyprus.

But at the Dec. 17 city council meeting, Horvath announced that the resolution was being tabled.

"We received correspondence from representatives from Airbnb that indicated their opposition to the BDS [Boycott, Divestment and Sanctions] movement and their intent behind what this policy was and what their changes are," Horvath said. "I think therefore their clarification requires consideration before we take any sort of action."

Before Horvath's announcement, several people criticized the resolution during the public comments section, including Jewish Voice for Peace – Los Angeles founder Estee Chandler.

"I find the resolution to admonish Airbnb to be completely counter from the history of West Hollywood, known to be supporting equality," Chandler said. "But in the last week, it seems that some members from the West Hollywood City Council have sent out a message loud and clear that they believe for equality except for Palestinians."

Chandler argued that it was “interesting” that the city council never admonished Saudi Arabian Prince Mohammed bin Salman despite requests to do so yet they’re condemning Airbnb for “being compliant with international law.”

City Council Meeting - Dec. 17, 2018



Horvath told the Journal in an email that she and Meister decided to table the resolution because Airbnb’s “stated opposition to BDS was news to us, and suggests their policy may continue to evolve, which is worth considering before taking any further action.” The resolution was still on the agenda because they wanted to hear what the people thought of it.

Roz Rothstein, CEO and co-founder of StandWithUs, told the Journal in an emailed statement, “Airbnb’s discrimination deserves widespread condemnation, so we appreciate the WeHo City Council for bringing this

legislation forward. We understand that they need to table the resolution until there is full clarity about whether or not Airbnb will be implementing its shameful decision."

"Airbnb has created confusion by releasing contradictory statements about the status of this issue, but what is clear is that they should be held accountable unless they fully rescind their discriminatory policy," Rothstein added.

On Monday, it was reported in Israeli media that Airbnb was canceling its Judea and Samaria policy; Airbnb later stated that such reports were "inaccurate."

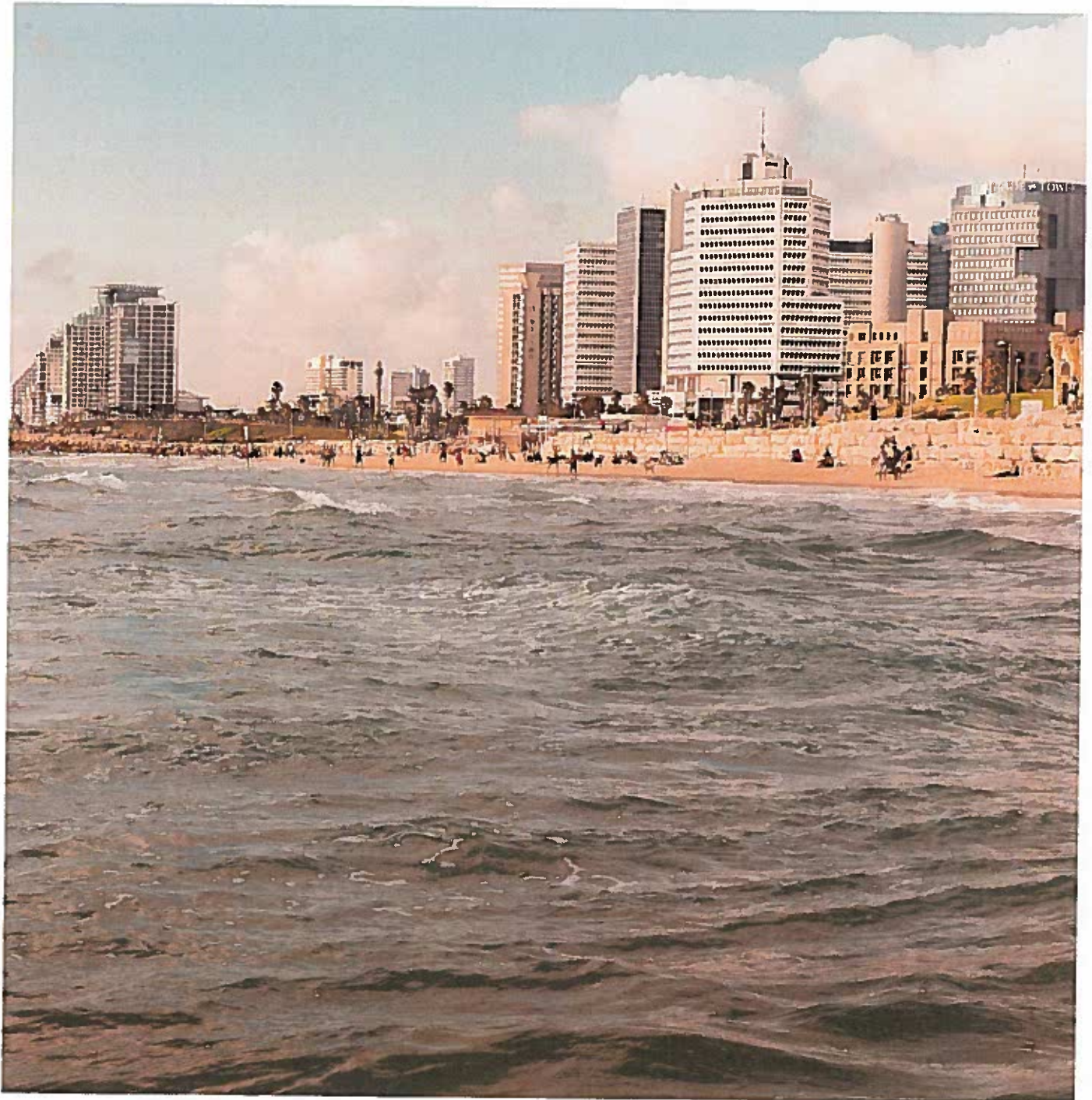
H/T: WEHOville

EXHIBIT 3

Israel Economic Impact Report



Airbnb and Israel





Our community of hosts in Israel has helped welcome over 1 million visitors from around the world.

These hospitable hosts are helping travellers experience the region like a local, understand more about the history of the country and participate in the culture. Airbnb is proud to be a platform that helps guests from around the world visit the region while simultaneously giving hosts access to new economic opportunities.

Since Airbnb began supporting Israeli hosts and guests in the region in 2009, over 1 million guests have travelled to Israel using Airbnb.

Roughly 80% of these visitors hail from outside the country, with the remaining 20% of guests being locals who use Airbnb when visiting other parts of the country.

Over the last 12 months, 22,000 listings were booked in Israel and a typical host made over 10,000 NIS.

This report offers more details on the Airbnb community in Israel between November 2017 and November 2018.



Host Profile

Airbnb hosts in Israel have been welcoming guests into their homes since 2009. Most hosts rent their homes occasionally throughout the year while earning supplemental income that can help them make ends meet.

22,400

Active hosts

3,600

Superhosts (11%)

41

Average host age

4.5

Nights: average
trip length

47%

Female hosts

28

Nights hosted per year
for a typical listing

4.7

Average host rating given
by guests (out of 5 stars)

10K NIS

Typical host earnings

400M NIS

Total host earnings

Note: Except where noted, the statistics in this report capture November 2017 - November 2018.



Guest Profile

Responsible home sharing is a new engine for tourism and the Israeli economy. The Airbnb platform grows the tourism pie, attracting many guests who might otherwise not have come, or been able to stay as long. Airbnb is also revolutionizing the way travellers experience destinations.

530,000

Inbound guest arrivals to Israel

949,100

Total nights booked

210,000

Total trips (includes domestic and international travel)

81%

Airbnb guests who are from another country

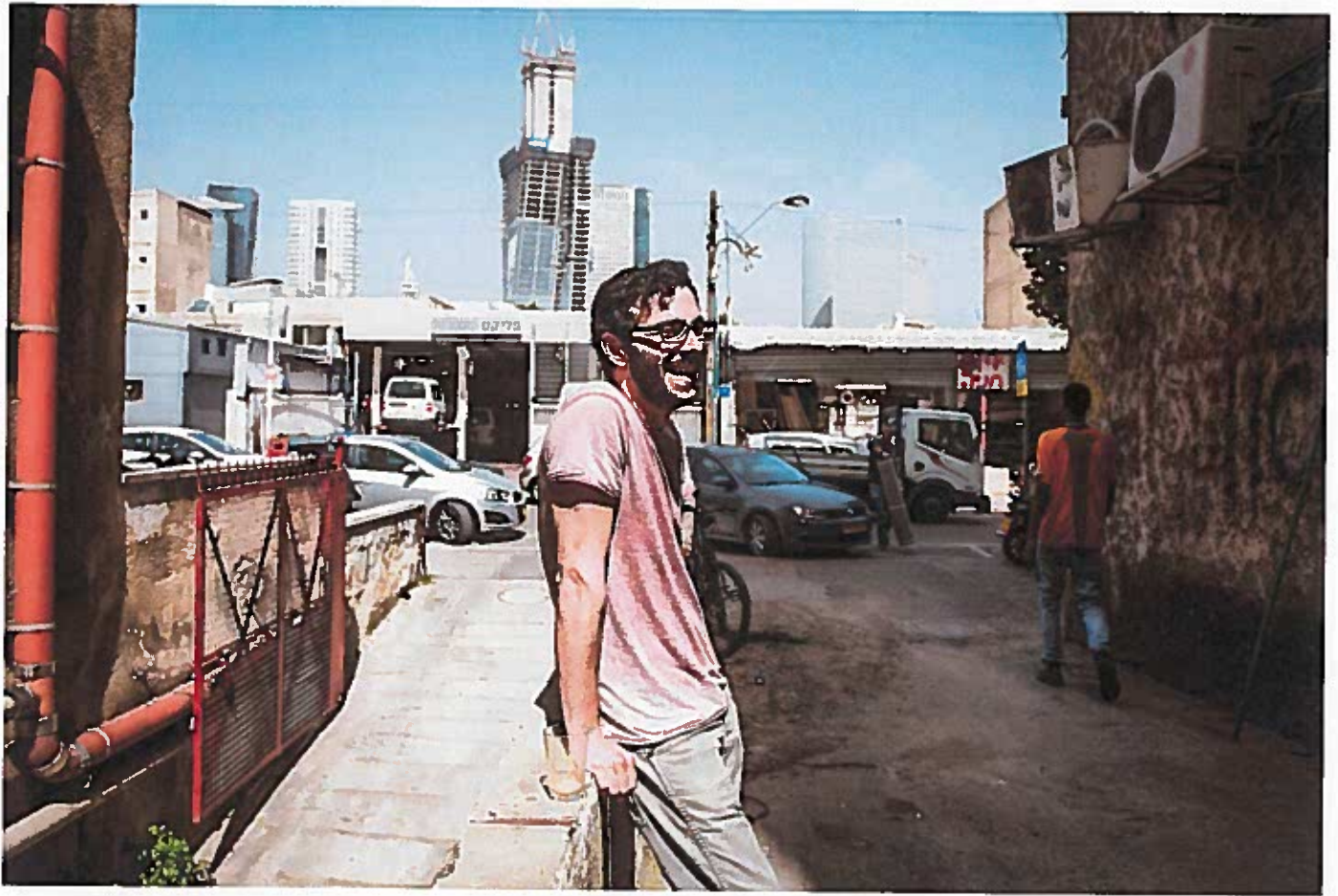
52%

YoY growth of inbound guest arrivals

519,200

Total outbound guests from Israel

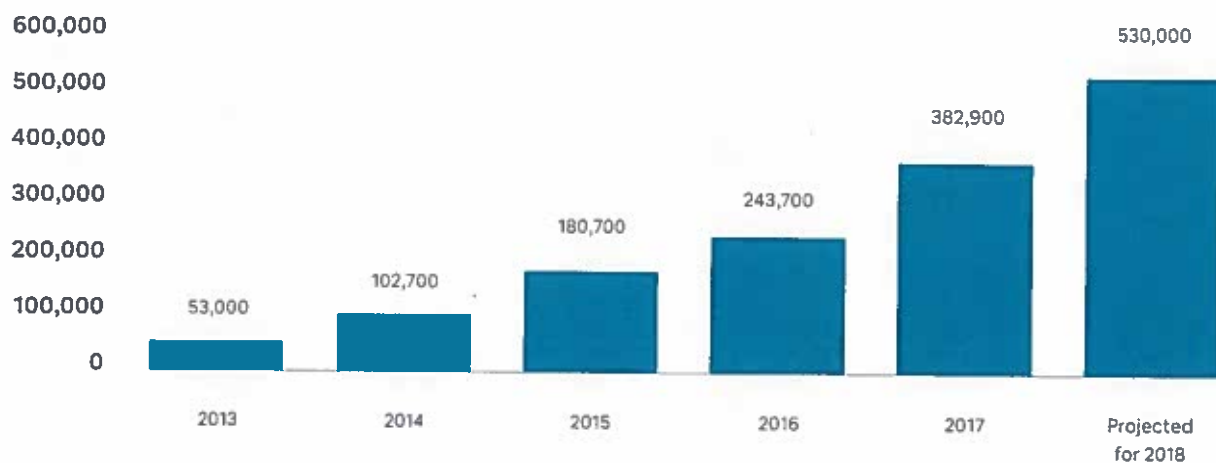
Note: Except where noted, the statistics in this report capture November 2017 - November 2018.



Inbound Guest Growth

1,493,000

Total inbound guest growth
2013 - 2018 (projected)



Note: Except where noted, the statistics in this report capture November 2017 - November 2018.



Travelling to and from Israel

Travellers to Israel: Top 6 origin countries



Travellers from Israel: Top 6 destination countries



Note: Except where noted, the statistics in this report capture November 2017 - November 2018.

About Airbnb In Israel

Since 2009, over 1 million guests have travelled to Israel using Airbnb

Around 80% of visitors travel from outside Israel - and 20% of guests are domestic.

Over the last 12 months, 22,000 listings were booked in Israel and a typical host made over 10,000 NIS

Up to 97% of the price a host charges for their listing stays with the host.

The top international destinations for outbound Israeli guests are Italy, the US, France, Spain and Greece.

The top origin countries from overseas are the United States, Germany, France and the United Kingdom.

Note: Except where noted, the statistics in this report capture November 2017 - November 2018.





EXHIBIT 4

Florida Economic Impact Report

Florida Airbnb Hosts Earned \$810 Million in 2018 Amid Continued Hotel Growth

January 15th, 2019

Airbnb announced today that Floridian hosts and homeowners earned a combined **\$810 million in supplemental income** while welcoming approximately **4.5 million guest arrivals** to the state in 2018 through the platform.

This comes as Floridian homeowners increasingly embrace the home sharing and vacation rental platform as an opportunity to earn supplemental income and make ends meet. There are now over **45,000 Floridian hosts** who share their homes via Airbnb, typically earning about **\$6,500 annually in supplemental income**.

Yet, statewide data indicates that Airbnb and its host community **appear to be complementing — rather than competing with — the Florida hotel industry**. The most recent state-commissioned report demonstrates that [Florida hotel occupancy rates, daily prices and revenue have grown steadily](#) even as local hosts welcomed millions of guests. This suggests that vacation rentals are opening up the state to a new slice of prospective tourists by catering to travelers less able to afford hotels, those who desire to stay in neighborhoods or cities that lack hotels, and families who prefer to be together under one roof.

This most recent announcement comes on the heels of previous Airbnb reports documenting the disproportionately [positive impact of vacation rentals for Floridian senior hosts](#) as well as for [rural Florida counties that](#)

lack hotels. At this time, over 932,000 Floridians are Airbnb users (as either hosts or guests).

What follows is an overview of 2018 guest arrivals and total host income, broken down by counties where hosts earned over a combined \$1 million.

2018 Florida Host & Guest Data by County

County	2018 Total Host Income	2018 Total Guest Arrivals
Miami-Dade	\$204 million	954,000
Osceola	\$82.6 million	640,000
Broward	\$80.3 million	406,000
Pinellas	\$44.2 million	232,000
Orange	\$40 million	338,000
Palm Beach	\$30.6 million	126,000
Bay	\$27.3 million	136,000
Monroe	\$27.1 million	110,000
Lee	\$24.2 million	101,000
Sarasota	\$22.8 million	100,000
Polk	\$22.5 million	195,000
Walton	\$20.6 million	88,000
Hillsborough	\$20.5 million	157,000
Okaloosa	\$18.9 million	95,000
Saint Johns County	\$17.2 million	113,000
Collier	\$16.1 million	56,000
Volusia	\$14.6 million	91,000
Brevard	\$12.8 million	82,000
Manatee	\$12.4 million	49,000
Duval	\$11.6 million	83,000

Escambia	\$9.8 million	62,000
Lake	\$6.5 million	49,000
Alachua	\$4.6 million	39,000
Leon	\$3.7 million	28,000
Santa Rosa	\$3.5 million	23,500
Martin	\$2.8 million	12,500
Pasco	\$2.8 million	17,000
Seminole	\$2.7 million	22,000
Nassau	\$2.7 million	14,000
Charlotte	\$2.6 million	12,000
Flagler	\$2.6 million	17,000
St. Lucie	\$2.4 million	14,000
Indian River	\$1.9 million	8,900
Citrus	\$1.6 million	13,000
Marion	\$1.3 million	9,900
Sumter	\$1.3 million	6,500
Franklin	\$1.2 million	6,700
Hernando	\$1.2 million	11,000
Gulf	\$1.2 million	4,900

EXHIBIT 5

Open Homes in Florida

Miami Herald: [Airbnb homes in north Florida and Georgia welcoming Irma evacuees — for free](#)

ABC News: [Airbnb Offering Rentals for \\$0 to Those Affected by Hurricane Matthew](#)

FloridaPolitics.com: [Airbnb extends disaster response for Hurricanes Irma, Maria](#)

USA Today: [Airbnb is offering free housing for Hurricane Michael evacuees and relief workers](#)

Airbnb homes in north Florida and Georgia welcoming Irma evacuees — for free



Hundreds of thousands of evacuees fleeing Miami-Dade and Broward counties ahead of Hurricane Irma can now stay at Airbnb properties across northern Florida and Georgia — for free.

The popular home-sharing platform activated its [Disaster Response Program](#) Thursday as evacuations began in Miami-Dade and Broward. The program offers a tool that helps residents displaced by Irma, or emergency relief workers and volunteers arriving in the state, find a temporary place to stay with local Airbnb hosts.

The listings will be available for the next three weeks, until Sept. 28. In

addition to free listings, service fees and state and local taxes are also waived.

Prospective guests can look for accommodations and Airbnb hosts can offer to welcome evacuees [here](#).

As of Friday afternoon, only a handful of homes were available for rent, but more hosts could join the program as the week goes on.

As of Thursday afternoon, all available homes were already booked, but more hosts may join the program as the week goes on.

Evacuees can look for lodging in the following Florida counties: Bay, Escambia, Leon, Okaloosa, Santa Rosa, Walton, Holmes, Washington, Calhoun, Franklin, Jackson, Liberty, Gadsden, Gulf, Wakulla, Madison, Jefferson and Taylor. In Georgia, hosts in the greater Atlanta metropolitan area, Decatur, Grady and Thomas counties can participate in the program.

The disaster strategy is developed in coordination with local and state emergency management and disaster-relief officials, Airbnb said. As relief teams assess damage, Airbnb will continue to expand the reach of the program as necessary.

The platform has informed both hosts and users that the program is now active.

The disaster response program began in 2012 in the wake of Hurricane Sandy and has since been activated more than 75 times during natural disasters, including Hurricane Matthew in Florida in 2016 and Hurricane Harvey in Texas last month, where it is currently still active.

Florida counties in Airbnb's program: Bay, Escambia, Leon, Okaloosa, Santa Rosa, Walton, Holmes, Washington, Calhoun, Franklin, Jackson, Liberty,

Gadsden, Gulf, Wakulla, Madison, Jefferson and Taylor.

"We are hopeful that our host community will be able to help make the evacuation process easier for residents and their families," Kim Rubey, Airbnb's global director of social good, said in a statement.

As of Thursday afternoon, evacuations had begun for residents in zones A, B, and C in Miami-Dade County — [the largest evacuation in the county's history](#) — affecting about 650,000 residents. In Broward County, the [evacuation orders](#) affect those who live east of U.S. Route 1 (Federal Highway), as well as all mobile home residents.

Airbnb Offering Rentals for \$0 to Those Affected by Hurricane Matthew - ABC News

As Hurricane Matthew hits the Florida coast this morning, bringing with it powerful winds strong enough to knock out power for thousands of residents and causing millions of others to evacuate, Airbnb is hoping to come to the aid of those affected by the storm.

The rent-a-room company activated its Disaster Response Program Thursday that allows willing participants to "open their doors to those in need or find emergency accommodations," according to the [program's website](#).

Hurricane Matthew was downgraded to a Category 3 hurricane with 120 mph winds at 2 a.m. ET today.

[Hurricane Matthew Lashes Florida With 100 MPH Winds](#) [Some Coastal Residents Staying Put as Hurricane Matthew Heads Toward Southeast US](#)

As of today, the program is activated in parts of Florida, South Carolina and Georgia. That means more than 3,000 homes are available to those in need for \$0.

Any type of accommodation is offered currently on the website from a ["comfy couch"](#) in Orlando to an [entire villa](#) in Davenport, Florida.

Airbnb spokesman Nick Shapiro in a statement to ABC News added, "We encourage hosts in safe, inland areas to aid in this effort by listing their

available rooms or homes on the platform to help the growing number of evacuees. This is the first major hurricane threat this area has seen in years, and we are hopeful that Airbnb can help play a small part in making the evacuation process easier for residents and their families. Our thoughts continue to be with everyone impacted by the storm, and we thank the dedicated government and emergency response personnel who are keeping our communities safe."

Airbnb's Disaster Response Program was created after Hurricane Sandy hit the New York area in 2012. More than 1,000 Airbnb hosts in New York opened their homes free of charge.

Airbnb extends disaster response for Hurricanes Irma, Maria

By [Scott Powers](#) September 29, 2017

Airbnb, the nation's largest vacation rental home marketing business, announced Friday it is extending its Disaster Response Program two more weeks in Florida to help with displaced evacuees and relief workers from Hurricane Irma and evacuees from Hurricane Maria.

The company and a few of its host properties have agreed to offer rent-free stays for the evacuees or relief workers, dating to the Sept. 10-11 Hurricane Irma that ravaged almost all of Florida, followed by Hurricane Maria which devastated the U.S. Virgin Islands and Puerto Rico. The program was to expire Friday but will continue through Oct. 12, Airbnb announced.

Airbnb made the decision in consultation with Florida disaster management officials, who determined the extension was helpful in facilitating continued housing for those who cannot yet return to their homes due to the impact of Hurricane Irma. The program is also available to emergency relief officials as well as Puerto Rico natives who have evacuated to Florida following Hurricane Maria.

To this point, more than 230 hosts have opted into the program to list their homes for free to those in need in response to Hurricane Irma, Airbnb reported.



2,000 MEDICAL RESIDENTS BY 2020

Airbnb is offering free housing for Hurricane Michael evacuees and relief workers

[Sara M Moniuszko](#) Updated 10:19 a.m. ET Oct. 10, 2018

[Airbnb](#) is opening its doors for those affected by impending storm Hurricane Michael, which is set to [hit the Florida Panhandle](#) by Wednesday afternoon.

The short-term rental company announced Tuesday that homes in Florida, Georgia and Alabama will host guests for free from Oct. 8 to 29.

The [website](#) specifies the free housing is available for "displaced neighbors" and "relief workers deployed to help."

Over 100 hosts have opened up their homes to take in guests for free, and the website encourages others to join who are able to help.

Though the program lasts until Oct. 29, hosts are able to set their availability.

The Category 4 storm is expected to be "[potentially catastrophic](#)" and is the strongest storm ever to hit the state's exposed Panhandle.

Tracker: [Follow Hurricane Michael's path](#)

Florida Gov. Rick Scott said at a news conference Wednesday that it was too late for people in the immediate path of the storm to flee.

This isn't the first time Airbnb has activated a free housing program for

hurricane relief. The company also lined up [free housing for Hurricane Irma evacuees](#) in September 2017.

USA TODAY has reached out to Airbnb for comment.

More: [This couple endured a nightmare Airbnb experience in Los Angeles](#)

More: [Boo! Haunted places you can actually rent on Airbnb](#)



Last SlideNext Slide