

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
ANNUAL REPORT  
ON COMPANIES THAT BOYCOTT ISRAEL DIVESTMENT  
For the Fiscal Year Ended June 30, 2025**

Iowa Code chapter 12J requires the Iowa Public Employees' Retirement System (IPERS) to scrutinize companies that may be boycotting Israel, and under certain circumstances, to restrict its purchases of, and/or divest of holdings of any company determined to be boycotting Israel. Chapter 12J requires IPERS to annually report to the General Assembly on its activities concerning companies that boycott Israel.

### **Implementation**

IPERS utilizes the services of ISS-ESG (ISS) to search for companies that meet the criteria of chapter 12J. If a company is identified by ISS as meeting the criteria, IPERS sends a letter to the company asking them to discontinue their boycott of Israel. Companies are given the opportunity to provide evidence that contradicts ISS' findings. The letter also notifies the company that IPERS will prohibit further investment and divest of its holdings in the company's securities if the company does not meet the requirements of the law. If the company does not respond or fails to provide convincing evidence within the time period established by law, IPERS will place the company on its prohibited companies list. The prohibited companies list is updated annually and is provided to the public on IPERS' website at [www.ipers.org](http://www.ipers.org).

IPERS' investment managers are prohibited from purchasing securities issued by companies on the prohibited companies list. Investment managers that have any existing direct holdings<sup>1</sup> of a prohibited company must sell (divest) the position within 18 months of the date the company was first notified. An investment manager has the discretion to decide when to sell its holdings within the 18-month period.

Chapter 12J requires IPERS to engage only those scrutinized companies in which it has direct holdings. However, IPERS has opted to send letters to all scrutinized companies and will place a scrutinized company on the prohibited companies list if warranted, regardless of whether IPERS has any direct holdings in the company. This is done because IPERS prefers to engage a company and determine whether it is a prohibited company before an investment manager purchases any securities of such company. The investment manager wants to know if a company is prohibited before buying it— not afterwards.

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<sup>1</sup> It is important to note that chapter 12J makes a distinction between direct holdings and indirect holdings. *Direct holdings* are securities directly owned and held in IPERS' name. *Indirect holdings* refer to situations where IPERS may indirectly own an interest in a security because of its ownership of shares in a commingled investment vehicle, such as a mutual fund. The General Assembly recognized that it may not be possible to efficiently divest of prohibited companies held in a commingled fund and exempted indirect holdings from many provisions of chapter 12J. IPERS is required to analyze the prudence of moving its indirect holdings to commingled funds that do not contain companies that boycott Israel if such an option exists.

## **Fiscal Year 2025 Engagement Activity**

During fiscal year 2025, one company was added to the prohibited companies list, and one company was removed. Companies can be removed if they provide information that ISS believes indicates the companies are not boycotting Israel. IPERS' prohibited companies list as of June 30, 2025, follows this report.

Additionally, IPERS staff sent annual reminder letters to the five companies on the prohibited list on June 30, 2025. These letters encouraged the companies to cease their active boycotting of Israel operations. Chapter 12J mandates this yearly communication with each company on the prohibited list.

## **Fiscal Year 2025 Divestment Activity**

There was no divestment activity in fiscal year 2025.

## **Indirect Holdings**

As noted earlier, chapter 12J makes a distinction between direct and indirect holdings. IPERS had indirect stock holdings valued at \$29,176,436 and no bond holdings on June 30, 2025. Together, IPERS' holdings in prohibited securities were valued at \$29,176,436, which was approximately 0.06% of the total IPERS Fund value.

While indirect holdings are generally exempt from most of the provisions of the law, IPERS is required to evaluate the potential costs associated with moving its indirect investments to funds that will comply with chapter 12J, if it is prudent to do so. IPERS does not believe it is prudent to expend trading costs to move to a different commingled fund just to eliminate exposure to one small position. Staff will continue to monitor.

## **Fiscal Year 2025 Program Costs**

IPERS incurred third party costs of \$1,666.00 for research services in fiscal year 2025 for this divestment program.

## **For More Information**

For all of IPERS' prohibited companies lists see it's website at <https://ipers.org/about/investments/restrictions>. IPERS staff can be reached by email at [investments@ipers.org](mailto:investments@ipers.org) or by telephone at 515-281-0030.

# Companies that Boycott Israel Prohibited Companies List

June 30, 2025

| Company  |
|--|
| » ASN Bank NV  |
| » Co-operative Group Ltd.                                  |
| » DNB Bank ASA   |
| » Kommunal Landspensjonskasse Gjensidig Forsikringsselskap |
| » Storebrand ASA   |
| » Unilever Plc   |

| Companies Removed from <a href="#">Prohibited Companies List</a> |
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| » de Volksbank NV  |

| Companies Added to <a href="#">Prohibited Companies List</a> |
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| » ASN Bank NV  |