

Investor Statement on North Carolina House Bill 2

We, the undersigned investors representing \$2.1 trillion in collective assets under management, believe that equality is a fundamental part of a successful workplace and community. Therefore, we stand together against North Carolina House Bill 2 (HB2), which overturns municipal non-discrimination protections for lesbian, gay, bisexual, and transgender (LGBT) people and prohibits transgender people from using restrooms consistent with their gender identity. Not only does this bill invalidate the human rights of individuals across the state, but it also has troubling financial implications for the investment climate in North Carolina.

As long-term investors in companies doing business in North Carolina, we are concerned that HB2 is making it difficult for our portfolio companies to provide the safe, open, and inclusive environment necessary for a successful workplace. Nearly 93 percent of the Fortune 500 have adopted inclusive non-discrimination policies protecting their employees on the basis of sexual orientation and 75 percent of the Fortune 500 also include gender identity/expression in order to better position themselves to attract and retain the best talent.¹ Research has also shown that LGBT-supportive policies lead to positive business outcomes, lower staff turnover, and increased job satisfaction.² As investors in companies that employ thousands of people across the state, we want North Carolina's business community to continue to thrive and be a leader in our country. Legislation such as HB2 undermines these opportunities and may constrain the ability to invest throughout the state.

Not only does HB2 make hiring top talent difficult, but it also has negative financial implications that reverberate across North Carolina. It has been estimated that the law has placed as much as \$5 billion in annual federal funding at risk.³ In terms of private investment in North Carolina, venture capital and private equity deals⁴ – which provide the foundation for much of the state's innovation economy rooted in science, technology, knowledge industries, financial services, and advanced manufacturing – are already being placed at risk. Prominent private equity investors have begun to boycott the state. In public finance, major credit rating agencies such as Moody's and Standard & Poor's have both issued guidance related to the law based on the potential negative economic impacts the law may have on the state and key municipalities that issue municipal bonds. Fixed-income investors now receive regular inquiries from clients who no longer want exposure to NC municipal bonds because of HB2.⁵ The law has suddenly placed the state's long-standing AAA credit rating at serious risk for downgrade, which would lead to a much higher cost of capital for cities, local authorities, and the state as a whole, at a time when interest rates are beginning to rise.

Quite simply, HB2 is bad for business and investors do not support legislation that limits discrimination protections and hampers the ability of our companies to offer open and productive workplaces and communities. According to the Williams Institute more than \$40 million in business investment has already been withdrawn from the state,⁶ and far more is at risk in future private equity deals and municipal bond issuance. As long-term investors in North Carolina, we seek a predictable, stable business climate where our portfolio companies can thrive. HB2 is undermining that basic condition for sound investment.

The undersigned investors are therefore united in calling for a full repeal of HB2. By taking this positive step, North Carolina would assert itself as an inclusive and competitive place for businesses and investors alike.

¹ <http://www.hrc.org/campaigns/corporate-equality-index>

² <http://williamsinstitute.law.ucla.edu/wp-content/uploads/Business-Impact-of-LGBT-Policies-May-2013.pdf>

³ <http://williamsinstitute.law.ucla.edu/research/discrimination-diversity-and-development-the-legal-and-economic-implications-of-north-carolinas-hb2/>

⁴ <http://www.recode.net/2016/4/1/11585792/google-ventures-north-carolina-hb2-ban>

⁵ https://eresearch.fidelity.com/eresearch/markets_sectors/news/story.jhtml

⁶ <http://williamsinstitute.law.ucla.edu/press/hb2-could-cost-north-carolina-almost-5-billion-a-year/>

Matthew Patsky, CFA
CEO
Trillium Asset Management LLC

Joshua Humphreys
President
Croatan Institute

Heather Slavkin Corzo
Director, Office of Investment
AFL-CIO

Andrew Friedman
President & Founder
AJF Financial Services, Inc.

Keith Mestrich
CEO
Amalgamated Bank

Steve Waygood
Chief Responsible Investment Officer
Aviva Investments

Sarah Morris
Chief People Officer
Aviva PLC

Michael Whelchel
Co-Founder & Partner
Big Path Capital

Lisa Renstrom
Director
Bonwood Social Investments

Lauren Compere
Director of Shareholder Engagement
Boston Common Asset Management

Shade Brown
Senior Sustainability Analyst
Calvert Investments

Shelley Alpern
Director of Social Research & Advocacy
Clean Yield Asset Management

Scott M. Stringer
New York City Comptroller
New York City, Office of the Comptroller

David F. Sand
Chief Investment Strategist & Chief Impact
Investment Officer
Community Capital Management

Jennifer Sokolove
Program Director
Compton Foundation

Denise L. Napier
Treasurer, State of Connecticut
Connecticut Retirement Plans and Trust Funds

Erika Karp
Founder & CEO
Cornerstone Capital Group

Carole Laible
CEO
Domini Social Investments

Martin Parsons
Project & Risk Officer
Environment Agency Pension Fund

Gregory D. Wait
President & Founding Member
Falcons Rock Investment Counsel, LLC

Jeffrey Perkins
Executive Director
Friends Fiduciary Corporation

Kevin Jones
Co-Founder
Good Capital

Tim Goodman
Director
Hermes Equity Ownership Services

Truman Semans
CEO & Co-Founder
Intersect

Bonny Moellenbrock
Executive Director
Investors' Circle

Christine Jantz
President
Jantz Management LLC

Genaro Lopez-Rendon
President
Jessie Smith Noyes Foundation

Andrew G. Arnott
President & CEO
John Hancock Investments

Peter W. Krull
President & Founder
Krull and Company

Jennifer Lazarus
Financial Planner
Lazarus Financial Planning

Larisa Ruoff
Director of Shareholder Advocacy & Corporate
Engagement
Loring Wolcott & Coolidge

Justin Maxson
Executive Director
Mary Reynolds Babcock Foundation

Dan Simkowitz
Head of Investment Management
Morgan Stanley Investment Management

Michael Kramer
Managing Partner
Natural Investments LLC

Thomas P. DiNapoli
New York State Comptroller
New York State Common Retirement Fund

Todd Sears
Founder & Principal
Out Leadership

Bruce Herbert
Chief Executive
Newground Social Investment

Kristin Hull
President
Nia Community Fund

Kristin Hull
Founder & Director
Nia Global Solutions

Julie Goodridge
Founder & CEO
NorthStar Asset Management, Inc.

Brian H. Waldner
Director of Investment Strategy
O'Brien Wealth Partners

Fr. Séamus Finn
Chief of Faith-Consistent Investing
OIP Investment Trust, Missionary Oblates of
Mary Immaculate

Susan White
Trust Director
Oneida Trust

Julie Gorte
Senior Vice President
Pax World Management LLC

Krista Stroffner
Financial Advisor
Principled Investing LLC

Wanda Brackins
Head of Wealth Management Global Diversity
RBC Wealth Management

Carrie Endries
Senior Portfolio Manager
Reynders McVeigh Capital Management

Seth Magaziner
General Treasurer
State of Rhode Island, Office of the General
Treasurer

Meredith Block
Vice President
Rockefeller & Co.

Martin Eakes
CEO
Self-Help Credit Union

David Kirkpatrick
Managing Partner
SJF Ventures

Carol Peppe Hewitt
Executive Director
Slow Money NC

Steve Monti
Managing Director
Solidarity Capital Group

Danielle Jezienicki
Associate Director
Sonen Capital

Katie McCloskey
Director, Social Responsibility
United Church Funds

Patricia Farrar-Rivas
CEO
Veris Wealth Partners

Carly Greenberg
ESG Analyst
Walden Asset Management

Sonia Kowal
President
Zevin Asset Management, LLC