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JUL 15 2024

July 11, 2024

Executive Board
c/o John McCullough, Director
Legislative Research Council
500 E. Capitol Ave.
Pierre, SD 57501

SDCL 3-12c-223 requires the South Dakota Investment Council to report semi-annually the actions related to the shareholder activism policy adopted per Legislature resolution. The law states that, "The report shall include an analysis of the success of the policy in accomplishing the goal of promoting compliance with the federal enactments and its impact on all sales of affected companies." The 2010 House Concurrent Resolution No. 1012 directed the State Investment Council to activate a Social Activism Policy regarding Sudan. The enclosed policy was adopted by the Council on April 20, 2010 and is reviewed periodically by the Investment Council.

The source for the South Dakota Sudan scrutinized companies list is Florida's June 12, 2024 published list. The current South Dakota list is enclosed. No companies on the list are directly held by the South Dakota Retirement System therefore no policy engagement actions have been implemented. The Council will continue to monitor Federal government enactments regarding Sudan.

Sincerely,

A handwritten signature in black ink that reads "Matthew L. Clark". The signature is written in a cursive style with a large, sweeping flourish at the end.

Matthew L. Clark
State Investment Officer

Enclosures
Cc: South Dakota Investment Council

South Dakota Investment Council

Shareholder Activism Policy related to Federal Divestiture Enactments

The South Dakota Investment Council (SDIC) Shareholder Activism Policy relates to foreign companies whose securities are held by South Dakota public funds and may be subject to permissive divestiture enactments by the US Government.

The SDIC will make reasonable efforts, using publicly available information, to determine whether foreign companies whose securities are held by South Dakota public funds are on recognized lists in relation to the Sudan Accountability and Divestiture Act of 2007 or other federal divestiture enactments.

The SDIC will make efforts to formally engage identified companies to urge constructive change in company activities in identified countries. The shareholder activism engagement shall include:

1. **Annual written communication.** The annual written communication shall be repeated until the company is removed from recognized lists or the SDIC no longer invests in the company.
2. **Shareholder resolutions and proxies.** The SDIC shall consider the objectives of this policy when voting on shareholder resolutions and proxies.
3. **Risk Analysis.** The SDIC shall recognize, as part of the company valuation process, the risk inherent in business activities in the identified countries, which could lead to sale through the normal investment process.

The State Investment Officer shall maintain a record of written communications and report to the SDIC annually concerning communications and company responses.

Adopted: 4/20/10

Most recent review: 4/6/23

South Dakota Sudan Scrutinized Companies List

Florida State Board of Administration - 06/12/2024

(additions denoted by **)

AviChina Industry & Technology (AviChina)
Aviation Industry Corporation of China (AVIC)
AVIC International Holdings Ltd
AVIC International Finance
FACC AG

China National Petroleum Corp (CNPC)

Bank of Kunlun Co
China Petroleum Engineering Corp
CNPC Capital Co Ltd

** CNPC Finance HK Ltd
CNPC General Capital Ltd
CNPC Global Capital Ltd
CNPC HK Overseas Capital Ltd
Daqing Huake Group Co Ltd
Kunlun Energy Co Ltd
PetroChina Co Ltd

China Petrochemical Corporation (Sinopec Group)
China Petroleum & Chemical Corp (CPCC) Sinopec
Sinopec Capital 2013 Ltd
Sinopec Century Bright Capital Investment Ltd
Sinopec Engineering Group Co Ltd
Sinopec Group Overseas Development 2012-2018
Sinopec Kantons Holdings Ltd
Sinopec Oilfield Equipment
Sinopec Oilfield Service Corp
Sinopec Shanghai Petrochemical

Egypt Kuwait Holding Co SAE

Harbin Electric Co Ltd

Indian Oil Corp Ltd (IOCL)

Chennai Petroleum Corp Ltd

Lanka IOC Ltd

Jiangxi Hongdu Aviation

Managem SA

Societe Metallurgique D'imiter

Oil & Natural Gas Corp Ltd (ONGC)

Hindustan Petroleum Corp Ltd

Mangalore Refinery & Petrochemicals

ONGC Videsh Ltd

Oil India Ltd

Perseus Mining Ltd

Petroliam Nasional (Petronas)

Engen Botswana

KLCC Property Holdings Bhd

Malaysia Marine & Heavy Engineering Holdings Bhd

MISC Berhad

Petronas Capital Ltd

Petronas Chemicals Bhd

Petronas Dagangan Bhd

Petronas Gas Berhad

Petronas Global Sukuk

Putrajaya Management Sdn Bhd

Removed effective 06/12/2024:

AVIC Electromechanical Systems

China Avionics Systems

Kunlun Financial Leasing Co Ltd