AUG 0 4 2014

SOUTH DAKOTA INVESTMENT COUNCIL

4009 West 49th Street, Suite 300
Sioux Falls, SD 57106-3784 USA
Phone: (605) 362-2820

July 31, 2014

Executive Board
Legislative Research Council
500 E. Capitol Ave.
Pierre, SD 57501

SDCL 3-12-117 requires the 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 attached memorandum, policy and supporting documents outline the compliance with the policy. The documents include a letter sent to Alstom, a directly held company, on July 9, 2014 and their response dated July 30, 2014. The Investment Office views Alstom's Sudan involvement to be minimal. It is expected that the company will be removed from the Sudan scrutinized company list when the contractual obligation is complete. SDRS continues to hold a small position in Alstom which is considered undervalued. The risk assessment considered the limited materiality of the Sudan activities and the projected removal of the company from the Sudan list once the contractual obligations are complete.

Sincerely,

Matthew L. Clark
State Investment Officer

MLC/tvo

Enclosures
Cc: South Dakota Investment Council

SOUTH DAKOTA INVESTMENT COUNCIL

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MEMORANDUM

TO: South Dakota Investment Council

FROM: Matthew L. Clark, CFA MLC
State Investment Officer

Tammy V. Otten, CPA CFA
Assistant Investment Officer Fixed Income/Derivative

DATE: July 31, 2014

RE: Compliance with Shareholder Activism Policy

The Shareholder Activism Policy related to Federal Divestiture Enactments (attached) was adopted by the South Dakota Investment Council in April of 2010. This policy was enacted per SDCL 3-12-117 and 2010 House Concurrent Resolution No. 1012 on Sudan.
The policy requires an annual report to the Investment Council concerning communications and company responses. The law requires a semi-annual report from the Investment Council.

1. **Annual written communication:** The Shareholder Activism Policy requires an annual written communication to a company that is a current investment and appears on the scrutinized companies list (attached). As of July 1, 2014, the South Dakota Retirement System had a direct holding in Alstom. A letter dated July 9 (attached) was sent to Alstom's CEO, Patrick Kron by email. Alstom replied on July 30 (attached) explaining their presence in Sudan and their future exit strategy.

2. **Shareholder resolutions and proxies:** The policy states that the objectives of the policy should be considered when voting on shareholder resolutions and proxies for the scrutinized companies. The individual responsible for voting proxies has been informed to consider the policy.

3. **Risk Analysis:** The portfolio managers that analyze Alstom have been informed to consider the company's inherent risk in its Sudan business activities in the company valuation process as outlined in the Policy.

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: April 20, 2010

Compliance with 2010 Legislative Session SB 134 - Sudan Divestiture
(List of Companies from Colorado Report dated 06/24/14)

Holdings Date: 06/30/2014

Company	Date Added to SDIC List	SDIC Holdings Fund	Portfolio	Ticker Sedol	Type	Shares	Comments
Scrutinized Companies with Activities in Sudan							
Alstom	07/01/2010	SDRS	G8	ALO.FP	Ordinary	27,200	Letter sent 07/09/14; response rec'd 07/30/14
	07/01/2010	SDRS	G10	ALO.FP	Ordinary	26,500	Letter sent 07/09/14; response rec'd 07/30/14
Alstom India Ltd	07/01/2010	SDRS	DFA (Indirect)	6230834		1,397	
Alstom T&D India Ltd	03/16/2012		No holdings				
Andritz AG	03/31/2014		No holdings				
Bharat Electronics Limited	03/31/2014		No holdings				
Bharat Heavy Electricals Limited	03/31/2014		No holdings				
China Gezhouba Group Company Limited	12/31/2011		No holdings				
China Hydraulic and Hydroelectric Construction Group	05/31/2011		No holdings				
Sichuan Power Development Co Ltd	02/28/2013						
Sinohydro Bureau 7 Co Ltd	02/28/2013						
Sinohydro Engineering Bureau 8 Co Ltd	03/31/2014						
Sinohydro Group Ltd.	12/31/2011		No holdings				
China Machinery Engineering Corporation	03/31/2014		No holdings				
China National Petroleum Corp (CNPC)	07/01/2010		No holdings				
CNPC General Capital Ltd	09/21/2012		No holdings				
CNPC Golden Autumn Ltd	03/16/2012		No holdings				
CNPC HK Overseas Capital Ltd	12/31/2011		No holdings				
Daqing Huake Group Co Ltd	07/01/2010		No holdings				
Daqing Petroleum Administrative Bureau	03/31/2014						
Jinan Diesel Engine Co Ltd	07/01/2010		No holdings				
Kunlun Energy Company Ltd (CNPC Hong Kong Ltd)	07/01/2010		No holdings				
PetroChina Co Ltd	07/01/2010		No holdings				
China North Industries Group Corporation	05/31/2011		No holdings				
AKM Industrial Co Ltd	05/31/2011		No holdings				
China North Industries Corporation	05/31/2011		No holdings				
Liaoning Huajin Tongda Chemicals	05/31/2011		No holdings				
NORINCO International Cooperation	05/31/2011		No holdings				
North Navigation Control Technology	05/31/2011		No holdings				
Sichuan Nitrocell Co Ltd	05/31/2011		No holdings				
China Petrochemical Corporation	07/01/2010		No holdings				
China Petroleum & Chemical Corp (CPCC) Sinopec	07/01/2010		No holdings				
Sinopec Kantons Holdings Ltd	07/01/2010	SDRS	DFA (Indirect)	6162692		18,517	
Sinopec Shanghai Petrochemical	07/01/2010		No holdings				
Sinopec Yizheng Chemical Fibre	07/01/2010	SDRS	DFA (Indirect)	6984669		40,369	
Kingdream PLC	07/01/2010		No holdings				
Sinopec Capital 2013 Ltd	09/20/2013						
Sinopec Engineering Group Co Ltd	03/31/2014						
Sinopec Finance	07/01/2010		No holdings				
Sinopec Group Overseas Development	09/21/2012		No holdings				
* China Poly Group Corporation	06/30/2014		No holdings				
* Poly Energies Holding Co Ltd	06/30/2014		No holdings				
* Poly Property Group Co Ltd	06/30/2014	SDRS	DFA (Indirect)	6220987		99,380	
DongFeng Motor Group Co Ltd	07/01/2010		No holdings				
China Dongfeng Motor Industry Import & Export	03/31/2014						
Egypt Kuwait Holding Co SAE	07/01/2010		No holdings				
Energy House Holding Co (AREF Energy Holdings Co)	07/01/2010		No holdings				
GAZ Group	03/31/2014		No holdings				
GAZ Auto Plant	03/31/2014						
Pavlosky Bus Plant	03/31/2014						
Ural Truck Plant	03/31/2014						
Glencore PLC (Glencore Xstrata PLC)	05/31/2011		No holdings				
Chemoil Energy Limited	05/31/2011		No holdings				
Glencore Funding LLC	05/31/2011		No holdings				
Glencore Finance	05/31/2011		No holdings				
Viterra Inc	02/28/2013		No holdings				
Glencore Canada Corp (Xstrata Canada Corp)	09/20/2013		No holdings				
Glencore Canada Financial Corp (Xstrata Canada Financ	09/20/2013		No holdings				
Glencore Finance Canada Ltd (Xstrata Finance Canada L	09/20/2013		No holdings				
Glencore Finance Dubai Ltd (Xstrata Finance Dubai Ltd)	09/20/2013		No holdings				
Harbin Electric Co Ltd	03/31/2014	SDRS	DFA (Indirect)	6422761		36,528	
Indian Oil Corp Ltd (IOCL)	07/01/2010		No holdings				
Chennai Petroleum Corporation Ltd	07/01/2010	SDRS	DFA (Indirect)	6121563		2,317	
Lanka IOC Ltd	07/01/2010		No holdings				
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	07/01/2010		No holdings				
JX Holdings, Inc	05/31/2011		No holdings				
Eneos Globe Co	03/16/2012		No holdings				
Nippo Corporation	12/31/2011		No holdings				
Toho Titanium Co	03/31/2014						
LS Industrial Systems	12/31/2011	SDRS	DFA (Indirect)	6378217		823	
MAN SE	03/31/2014		No holdings				

Compliance with 2010 Legislative Session SB 134 - Sudan Divestiture
(List of Companies from Colorado Report dated 06/24/14)

Holdings Date: 06/30/2014

Company	Date Added to SDIC List	SDIC Holdings Fund	Portfolio	Ticker Sedol	Type	Shares	Comments
Scrutinized Companies with Activities in Sudan							
Renk Ag	03/31/2014						
Managem SA	09/30/2010		No holdings				
Groupe ONA (ONA SA)	09/30/2010		No holdings				
Societe Metallurgique D'imiter	09/30/2010		No holdings				
Oil & Natural Gas Corp Ltd							
Mangalore Refinery & Petrochemicals	07/01/2010	SDRS	DFA (Indirect)	6121530		2,245	
ONGC Videsh Limited	07/01/2010		No holdings				
Oil India Ltd	05/31/2011		No holdings				
Orca Gold Inc	09/20/2013		No holdings				
Petroliam Nasional (Petronas)	07/01/2010		No holdings				
Engen	03/31/2014						
Gas District Cooling (Putrajaya) Sdn Bhd	07/01/2010		No holdings				
KLCC Property Holdings Bhd	07/01/2010	SDRS	DFA (Indirect)	B92NSW7		9,919	
Malaysia Marine & Heavy Engineering Holdings Bhd	03/31/2014						
MISC Berhad	07/01/2010		No holdings				
MISC Capital Ltd	07/01/2010		No holdings				
Midciti Sukuk Bhd (fka: Midciti Resources Sdn Bhd)	07/01/2010		No holdings				
Petronas Capital Limited	07/01/2010		No holdings				
Petronas Chemicals Bhd	05/31/2011		No holdings				
Petronas Dagangan Bhd	07/01/2010		No holdings				
Petronas Gas Berhad	07/01/2010		No holdings				
Petronas Global Sukuk Ltd	09/20/2013		No holdings				
Putrajaya Holdings Snd Bhd	12/31/2011		No holdings				
PT Pertamina Persero	12/31/2011		No holdings				
Ranhill Bhd	07/01/2010		No holdings				
Ranhill Power Snd Bhd	07/01/2010		No holdings				
Ranhill Powertron Sdn	07/01/2010		No holdings				
Ranhill Powertron II Sdn	09/20/2013		No holdings				
Reliance Industries Limited	12/31/2011		No holdings				
Infotel Broadband Services Ltd	12/31/2011		No holdings				
Reliance Holdings USA Inc	12/31/2011		No holdings				
Scomi Group Bhd	07/01/2010	SDRS	DFA (Indirect)	B00PKJ3		114,004	
KMCOB Capital Bhd	07/01/2010		No holdings				
Scomi Energy Service Bhd	03/31/2014	SDRS	DFA (Indirect)	6081593		43,395	
Scomi Engineering BHD	07/01/2010		No holdings				
Statesman Resources Limited	02/28/2013						
Trafigura Beheer	05/31/2011		No holdings				

* Recently added to list

DFA Note: Holdings are an estimate based on total fair value as of 04/30/14

None Brandes
None Sanders

SOUTH DAKOTA INVESTMENT COUNCIL

4009 West 49th Street, Suite 300
Sioux Falls, SD 57106-3784 USA
Phone: (605) 362-2820

July 9, 2014

Patrick Kron, CEO
Alstom
3, avenue Andre Malraux
92309 Levallois-Perret Cedex
France

E-mail: investor.relations@chq.alstom.com

Dear Mr. Kron:

The South Dakota Investment Council is an investor in shares of Alstom. The Investment Council manages retirement funds for teachers and other public employees of the State of South Dakota. In order to comply with the 2010 HOUSE CONCURRENT RESOLUTION NO. 1012 of the South Dakota Legislature and Council policy, we are required to contact your company annually to share our concern about your business activities in Sudan. Your company continues to appear on public lists of companies with business activities in Sudan that may contribute to perpetuating genocide through financial support.

The Council requests, at your earliest convenience, an updated written explanation of your business activities in Sudan and any efforts to assure the activities play a helpful role.

The Council strongly encourages you to cease or to convert to inactive status any business activities that are not consistent with helping end the genocide. We believe failure to do so will cause harm to Alstom's world-wide reputation which may negatively impact future business prospects. This may also subject your company to divestiture actions by many large investors throughout the world which may affect the investment value of your company.

Sincerely,

Matthew L. Clark
State Investment Officer

MLC/tvo

Chairman and Chief Executive Officer

ALSTOM

Mr. Matthew L. Clark
State Investment Officer
South Dakota Investment Council
4009 West 49th Street, Suite 300
Sioux Falls, SD 57106-3784
USA

Levallois-Perret, 30 July 2014

Dear Mr Clark,

Thank you for your letter dated 9 July 2014 and the opportunity you give us to update you on our situation in Sudan.

As you know Alstom has been involved in only one project in Northern Sudan, awarded in 2003 in a far different situation from that of today, and complied at the time with the export control rules from the countries of origin. The Group has since **decided not to pursue any new business** until the international community is satisfied with the situation in the country.

Alstom has now performed the works for the Merowe Dam project in which the Group's scope of supply included 10 hydro turbines and generators, each with an output of 125 MW, the balance of plant, control system and engineering. All turbines are now in operation and Alstom's personnel have left the site but the delivery of certain spare parts is pending.

Over the fiscal year 2013/14 (ended 31 March 2014), Alstom had no sale in Sudan.

We have no direct investment in Sudan, as we solely installed equipment which was imported, and did not manufacture any domestically. Alstom does not own any properties in the country and does not directly provide any revenues to the government of Sudan.

.../...

ALSTOM
Société Anonyme au capital de 1 935 625 910 €
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ALSTOM

Whilst we must honour our remaining contractual obligations, **we do not intend to develop any new activity in the country and will neither pursue new opportunities nor participate in any new project until the international community is satisfied with the situation in Sudan.**

We hope this update answers any question you may have had regarding Alstom's activities in this country and remain at your disposal for any further information.

Sincerely yours,

Patrick Kron
Chairman & CEO