SOUTH DAKOTA INVESTMENT COUNCIL

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

JUL 31 2017

July 28, 2017

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

SDCL 3-12-117 requires the South Dakota Investment Council to report semi-annually the actions taken related to the shareholder activism policy adopted per the 2010 House Concurrent Resolution No. 1012. 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 policy was adopted by the Council on April 10, 2010 and is reviewed at least annually, most recently at the February 2, 2017 meeting.

Actions taken under the policy and the resulting outcomes follow with supporting documents attached. As of July 1, 2017, one company was held on the Sudan company list. A letter was emailed to Volkswagen AG, the majority owner of MAN SE, on July 10, 2017. A response has not been received as of this date.

Investment staff views MAN Group's Sudan involvement to be minimal. SDRS continues to hold a position in Volkswagen which is considered undervalued. The risk assessment for Volkswagen considers the materiality of the Sudan activities and potential for eventual removal of the company from the Sudan list.

Sincerely,

Matthew L. Clark
State Investment Officer

MLC/tvo

Enclosures
Cc: South Dakota Investment Council

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July 10, 2017

Andreas Buchta
General Manager, Investor Relations Americas
Volkswagen Group of America, Inc.
2200 Ferdinand Porsche Drive
Herndon, VA 20171 USA

E-mail: Andreas.Buchta@vw.com

Dear Andreas:

The South Dakota Investment Council is an investor in shares of Volkswagen AG, the majority owner of MAN SE. 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 to share our concern about your business activities in Sudan. MAN SE appears on a public list of companies with business activities in Sudan that may contribute to perpetuating genocide through financial support.

The Council requests, at your earliest convenience, a written explanation of the 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 Volkswagen'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

Compliance with 2010 Legislative Session SB 134 - Sudan Divestiture
(List of Companies from Colorado Report dated 06/23/2017)

Holdings Date: 06/30/2017

Company	Date Added to SDIC List	SDIC Holdings Fund	Portfolio	Ticker Sedol	Type	Shares	Comments
Scrutinized Companies with Activities in Sudan							
Kamaz OJSC	03/11/2016		No holdings				
Neftekamsky Avtozavod	03/11/2016		No holdings				
Kuwait Finance House	07/01/2010		No holdings				
LS Industrial Systems	12/31/2011		No holdings				
MAN SE	03/31/2014		No holdings				
Renk AG	03/31/2014		No holdings				
Volkswagen AG	09/19/2014	SDRS	G6	VOW3.GR	Ordinary	5,400	
	09/19/2014	SDRS	G10	VOW3.GR	Ordinary	4,150	
Managem SA	09/30/2010		No holdings				
Societe Nationale d'Investissement	03/11/2016		No holdings				
Societe Metallurgique D'imiter	09/30/2010		No holdings				
Oil & Natural Gas Corp Ltd (ONGC)							
Mangalore Refinery & Petrochemicals	07/01/2010		No holdings				
ONGC Videsh Limited	07/01/2010		No holdings				
ONGC Videsh Vankorneft	12/31/2016		No holdings				
Oil India Ltd	05/31/2011		No holdings				
Orca Gold Inc	09/20/2013		No holdings				
Pertamina Persero PT	03/20/2015		No holdings				
PETRONAS (Petroliam Nasional Bhd)	07/01/2010		No holdings				
Engen Botswana	03/31/2014		No holdings				
Gas District Cooling Putrajaya Sdn Bhd	07/01/2010		No holdings				
KLCCP Stapled Group	03/20/2015		No holdings				
Malaysia International Shipping Company	03/20/2015		No holdings				
Malaysia Marine & Heavy Engineering Holdings Bhd	03/31/2014		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	12/31/2016		No holdings				
Putrajaya Holdings Snd Bhd	12/31/2011		No holdings				
Power Construction Corp. of China (fka Sinohydro Group Ltd.)	05/31/2011		No holdings				
Dianjian Haixing Ltd	12/31/2016		No holdings				
HydroChina Corp	12/31/2016		No holdings				
Power Construction Corp. of China (fka Sinohydro Group Ltd.)	12/31/2011		No holdings				
Power China Hydropower Development Group (fka Sichuan Power Development Co L	02/28/2013		No holdings				
Power China Real Estate	12/31/2016		No holdings				
Sepcolll Electric Power Construction Shop	12/31/2016		No holdings				
Sinohydro Bureau 4, 7, 8, 11, 14	02/28/2013		No holdings				
Shanghai Electric Group Ltd.	09/18/2015		No holdings				
Shanghai Electric Grp Glb Inc	12/31/2016		No holdings				
Shanghai Electric Group Corp.	09/18/2015		No holdings				
Shanghai Electric Newage	12/31/2016		No holdings				
Shanghai Mechanical & Electrical Industry Co. Ltd	09/18/2015		No holdings				
Trafigura Group Pte	12/31/2016		No holdings				
Trafigura Beheer	05/31/2011		No holdings				
Trafigura Funding SA	12/31/2016		No holdings				

* Recently added to list

DFA Note: Positions were not looked at since we are holders of the company indirectly

None Brandes
None Sanders