JUL 15 2020

SOUTH DAKOTA INVESTMENT COUNCIL

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July 13, 2020

Executive Board
c/o Reed Holwegner, 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 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 10, 2010 and is reviewed annually by the Investment Council.

The source for the South Dakota Sudan scrutinized companies list is Florida's May 2020 published list, with the addition of the scrutinized companies' subsidiaries. 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,

Matthew L. Clark
State Investment Officer

MLC/tvo

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: 8/26/19

Compliance with 2010 Legislative Session SB 134 - Sudan Divestiture
(List of Companies from Florida Report dated 05/28/2020)

Holdings Date: 06/23/2020

Company	Date Added to SDIC List	SDIC Holdings Fund	Portfolio	Shares	Comments
Scrutinized Companies with Activities in Sudan					
AviChina Industry & Technology (AviChina)	06/30/2019	* SDRS	DFA (Indirect)	168,926	
* Aviation Industry Corporation of China (AVIC)	06/30/2020		No holdings		
* AVIC Electromechanical Systems	06/30/2020		No holdings		
AVIC International Holdings Ltd (sub of AviChina)	06/30/2019	* SDRS	DFA (Indirect)	345,732	
* AVIC International Finance	06/30/2020		No holdings		
China Avionics Systems (sub of AviChina)	06/30/2019		No holdings		
FACC AG (sub of AviChina)	06/30/2019		No holdings		
China National Petroleum Corp (CNPC)	07/01/2010		No holdings		
Bank of Kunlun Co (sub of CNPC)	06/25/2018		No holdings		
China Petroleum Engineering Corp (sub of CNPC)	06/25/2018		No holdings		
CNPC Capital Co Ltd (sub of CNPC)	06/25/2018		No holdings		
CNPC General Capital Ltd (sub of CNPC)	09/21/2012		No holdings		
CNPC HK Overseas Capital Ltd (sub of CNPC)	12/31/2011		No holdings		
Daqing Huake Group Co Ltd (sub of CNPC)	07/01/2010		No holdings		
Kunlun Energy Co Ltd (sub of CNPC)	06/25/2018	* SDRS	DFA (Indirect)	1,296	
Kunlun Financial Leasing Co Ltd (sub of CNPC)	07/01/2010		No holdings		
PetroChina Co Ltd (sub of CNPC)	07/01/2010		No holdings		
China Petrochemical Corporation (Sinopec Group)	12/31/2019		No holdings		
China Petroleum & Chemical Corp (CPCC) Sinopec (sub of Sinopec Group)	07/01/2010		No holdings		
Sinopec Capital 2013 Ltd (sub of Sinopec Group)	09/20/2013		No holdings		
Sinopec Century Bright Capital Investment Ltd (sub of Sinopec Group)	12/31/2019		No holdings		
Sinopec Engineering Group Co Ltd (sub of Sinopec Group)	03/31/2014	* SDRS	DFA (Indirect)	102,544	
Sinopec Group Overseas Development 2012-2017 (sub of Sinopec Group)	09/21/2012		No holdings		
Sinopec Kantons Holdings Ltd (sub of Sinopec Group)	07/01/2010	* SDRS	DFA (Indirect)	80,145	
Sinopec Oilfield Equipment (sub of Sinopec Group)	07/01/2010		No holdings		
Sinopec Oilfield Service Corp (sub of Sinopec Group)	07/01/2010	* SDRS	DFA (Indirect)	7,594	
Sinopec Shanghai Petrochemical (sub of Sinopec Group)	07/01/2010		No holdings		
Egypt Kuwait Holding Co SAE	07/01/2010		No holdings		
Energy House Holding Co (Energy House)	06/25/2018		No holdings		
Al-Enmaa Real Estate Co (sub of Energy House)	06/30/2019		No holdings		
Harbin Electric Co Ltd	03/31/2014	* SDRS	DFA (Indirect)	56,573	
Indian Oil Corp Ltd (IOCL)	07/01/2010		No holdings		
Chennai Petroleum Corp Ltd (sub of IOCL)	07/01/2010	* SDRS	DFA (Indirect)	3,103	
Lanka IOC Ltd (sub of IOCL)	07/01/2010		No holdings		
Jiangxi Hongdu Aviation	07/01/2010		No holdings		
Kuwait Finance House	06/25/2018		No holdings		
Managem SA	09/30/2010		No holdings		
Societe Metallurgique D'imiter (sub of Managem SA)	09/30/2010		No holdings		
Societe Nationale d'Investissement (sub of Managem SA)	03/11/2016		No holdings		
Oil & Natural Gas Corp Ltd (ONGC)					
Hindustan Petroleum Corp Ltd (sub of ONGC)	06/25/2018		No holdings		
Mangalore Refinery & Petrochemicals (sub of ONGC)	07/01/2010	* SDRS	DFA (Indirect)	10,014	
ONGC Mangalore Petrochemicals Ltd (sub of ONGC)	06/25/2018		No holdings		
ONGC Videsh Ltd (sub of ONGC)	07/01/2010		No holdings		
Oil India Ltd	05/31/2011	* SDRS	DFA (Indirect)	11,407	
Orca Gold Inc	09/20/2013		No holdings		
Petroliam Nasional (Petronas)	07/01/2010		No holdings		
Engen Botswana (sub of Petronas)	03/31/2014		No holdings		
Gas District Cooling Putrajaya Sdn Bhd (sub of Petronas)	07/01/2010		No holdings		
KLCC Property Holdings Bhd (sub of Petronas)	06/25/2018		No holdings		
Malaysia Marine & Heavy Engineering Holdings Bhd (sub of Petronas)	03/31/2014	* SDRS	DFA (Indirect)	11,800	
MISC Berhad (sub of Petronas)	06/25/2018		No holdings		
Petronas Capital Ltd (sub of Petronas)	07/01/2010		No holdings		
Petronas Chemicals Bhd (sub of Petronas)	05/31/2011		No holdings		
Petronas Dagangan Bhd (sub of Petronas)	07/01/2010		No holdings		
Petronas Gas Berhad (sub of Petronas)	07/01/2010		No holdings		
Petronas Global Sukuk (sub of Petronas)	12/31/2016		No holdings		
Putrajaya Management Sdn Bhd (sub of Petronas)	12/31/2011		No holdings		

* **DFA Note:** Holdings are an estimate based on total fair value as of 03/31/20; we are holders of the company indirectly

None Internal
None Sanders