SOUTH DAKOTA INVESTMENT COUNCIL

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January 14, 2021

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

The source for the South Dakota Sudan scrutinized companies list is Florida's December 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

Sudan Scrutinized Companies List

Florida State Board of Administration - 12/15/2020
(additions denoted by **)

AviChina Industry & Technology (AviChina)
- AVIC International
- China Avionics Systems
- FACC AG

China National Petroleum Corp (CNPC)
- Bank of Kunlun Co
- China Petroleum Engineering Corp
- CNPC Capital Co Ltd
- CNPC General Capital Ltd
- ** CNPC Global Capital Ltd
- CNPC HK Overseas Capital Ltd
- Daqing Huake Group Co Ltd
- Kunlun Energy Co Ltd
- Kunlun Financial Leasing Co Ltd
- PetroChina Co Ltd

China Petroleum & Chemical Corp (CPCC Sinopec)
- Sinopec Capital 2013 Ltd
- Sinopec Engineering Group Co Ltd
- Sinopec Group Overseas Development 2012-2017
- ** Sinopec Group Overseas Development 2015 & 2018
- Sinopec Kantons Holdings Ltd
- Sinopec Oilfield Equipment
- Sinopec Oilfield Service Corp
- Sinopec Shanghai Petrochemical

Egypt Kuwait Holding Co SAE

Energy House Holding Co (Energy House)
- Al-Enmaa Real Estate Co

Harbin Electric Co Ltd

Indian Oil Corp Ltd (IOCL)
- Chennai Petroleum Corp Ltd
- Lanka IOC Ltd

Jiangxi Hongdu Aviation

Kuwait Finance House

Managem SA
- Societe Metallurgique D'imiter
- Societe Nationale d'Investissement

Oil & Natural Gas Corp Ltd (ONGC)
- Hindustan Petroleum Corp Ltd
- Mangalore Refinery & Petrochemicals
- ONGC Videsh Ltd

Oil India Ltd

Orca Gold Inc

Petroliam Nasional (Petronas)
- Engen Botswana
- Gas District Cooling Putrajaya Sdn Bhd
- 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 12/15/2020:
- ONGC Mangalore Petrochemicals Ltd