



SOUTH DAKOTA INVESTMENT COUNCIL

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

MEMORANDUM

TO: South Dakota Investment Council

FROM: Tammy V. Otten, CPA CFA *TVO*
Assistant Investment Officer Fixed Income/Derivative

Matthew L. Clark, CFA *MLC*
State Investment Officer

DATE: August 6, 2018

RE: Iran Scrutinized Companies List

The Iran divestment law (SDCL 4-5-48 to 4-5-60) went into effect on July 1, 2010. The Council utilizes two public lists, Colorado and Florida, to determine the South Dakota list of Iran scrutinized companies. The Colorado list is generally used with select additions from the Florida list.

Florida updated their list on June 13, 2018, while Colorado last updated their list on January 19, 2018.

The Council passed motions in April and June of 2012 to keep three companies not on the Colorado list on the South Dakota list until removed from the Florida list. The three companies are Sinopec, CNOOC Ltd. and China Oilfield Services Ltd. These companies remain on the June 13, 2018 Florida list and therefore will continue to be included on the South Dakota list.

Florida added one CNOOC Ltd. subsidiary, COSL Finance (BVI) Ltd, and three Petronas subsidiaries, Engen Botswana, Malaysia Marine & Heavy Engineering Holdings Bhd, and Putrajaya Holdings Snd Bhd, to their Iran Scrutinized Companies List.

The law allows SDRS to invest indirectly in companies on the list through pooled funds. SDRS has about 0.5% of total fund assets invested in a pooled fund managed by Dimensional Fund Advisors (DFA) which at times has held companies on the list. DFA has been informed of the law and their response is on file. SDRS is less than 1% of the DFA pooled fund.

Staff continues to monitor the Federal sanctions law, or its application, to determine the effect on the South Dakota Iran Scrutinized Companies List.

STAFF RECOMMENDATION: *Staff recommends adding the one CNOOC subsidiary and the three Petronas subsidiaries to the South Dakota Iran Scrutinized Companies List at the August 27, 2018 Council meeting.*

Iran Scrutinized Companies List Comparison

<u>South Dakota Investment Council List</u> (proposed new list; with changes denoted by ^)	<u>Colorado List 01/19/18</u> (changes denoted by ##)	<u>Florida List 06/13/18</u> (changes denoted by **)
China National Petroleum Corp (CNPC)	China National Petroleum Corporation (CNPC)	China National Petroleum Corporation (CNPC)
Bank of Kunlun Co (sub of CNPC)		Bank of Kunlun Co Ltd
China Natural Gas Corp Ltd (sub of CNPC)		
China Petroleum Engineering Corp (sub of CNPC)		China Petroleum Engineering Corp
CNPC Capital Co Ltd (sub of CNPC)		CNPC Capital Company Ltd
CNPC General Capital Ltd (sub of CNPC)		CNPC General Capital Ltd
CNPC HK Overseas Capital Ltd (sub of CNPC)	CNPC HK Overseas Capital Ltd	CNPC HK Overseas Capital Ltd
Kunlun Energy Co Ltd (sub of CNPC)	Kunlun Energy Company Ltd (CNPC Hong Kong Ltd)	Kunlun Energy Company Ltd (CNPC Hong Kong Ltd)
Kunlun Financial Leasing Co Ltd (sub of CNPC)		Kunlun Financial Leasing Co Ltd
PetroChina Co Ltd (sub of CNPC)	PetroChina Co Ltd	PetroChina Co Ltd
China National Offshore Oil Corp Ltd (CNOOC)		China National Offshore Oil Corp Ltd (CNOOC)
China BlueChemical Ltd (sub of CNOOC)		China BlueChemical Ltd
China Oilfield Services Ltd (sub of CNOOC)		China Oilfield Services Ltd (COSL)
CNOOC Curtis Funding No.1 Pty Ltd (sub of CNOOC)		CNOOC Curtis Funding No.1 Pty Ltd
CNOOC Finance Limited (sub of CNOOC)		CNOOC Finance Limited
CNOOC Nexen Finance (sub of CNOOC)		CNOOC Nexen Finance
COSL Finance (BVI) Ltd (sub of CNOOC)	added ^	COSL Finance (BVI) Limited
Offshore Oil Engineering Co (sub of CNOOC)		Offshore Oil Engineering Co (CNOOC Ltd)
China Petroleum & Chemical Corp (CPCC Sinopec)		China Petroleum & Chemical Corp (CPCC) Sinopec
Sinopec Capital 2013 Ltd (sub of CPCC Sinopec)		Sinopec Capital 2013 Ltd
Sinopec Engineering Group Co Ltd (sub of CPCC Sinopec)		Sinopec Engineering Group Co Ltd
Sinopec Group Overseas Development 2012-2016 (sub of CPCC Sinopec)		Sinopec Overseas Development 2012-2016 (sub of CPCC Sinopec)
Sinopec Kantons Holdings Ltd (sub of CPCC Sinopec)		Sinopec Kantons Holdings Ltd
Sinopec Oilfield Equipment (sub of CPCC Sinopec)		Sinopec Oilfield Equipment Corporation (fka Kingdream PLC)
Sinopec Oilfield Service Corp (sub of CPCC Sinopec)		Sinopec Oilfield Service Corp (fka Sinopec Yizheng Chemical Fibre)
Sinopec Shanghai Petrochemical (sub of CPCC Sinopec)		Sinopec Shanghai Petrochemical
Daelim Industrial Co., Ltd.	Daelim Industrial Co., Ltd.	Daelim Industrial Co., Ltd.
Gazprom OAO		Gazprom OAO
Gazprom Neft		Gazprom Neft
		Indian Oil Corp Ltd (IOCL)
		Mosenergo
MTN Group Ltd	MTN Group Ltd	
		Oil & Natural Gas Corp (ONGC)
		Hindustan Petroleum Corp Ltd (sub of ONGC)
		Mangalore Refinery & Petrochemicals Ltd (sub of ONGC)
		ONGC Mangalore Petrochemicals Ltd (sub of ONGC)
		ONGC Videsh Limited (sub of ONGC)
Petroliam Nasional Bhd (Petronas)	Petroliam Nasional Bhd (Petronas)	Petroliam Nasional Bhd (Petronas)
Engen Botswana (sub of Petronas)	added ^	Engen Botswana
Gas District Cooling Putrajaya Sdn Bhd (sub of Petronas)	Gas District Cooling Putrajaya Sdn Bhd (sub of Petronas)	Gas District Cooling Putrajaya Sdn Bhd (sub of Petronas)
KLCC Property Holdings Bhd (sub of Petronas)	KLCC Property Holdings Bhd (sub of Petronas)	KLCC Property Holdings Bhd (sub of Petronas)
Malaysia Marine & Heavy Engineering Holdings Bhd (sub of Petronas)	added ^	Malaysia Marine & Heavy Engineering Holdings Bhd
Midciti Resources Sdn Bhd (sub of Petronas)	Midciti Resources Sdn Bhd	
MISC Berhad (sub of Petronas)	MISC Berhad	MISC Berhad
MISC Capital Ltd (sub of Petronas)	MISC Capital Ltd	
Petronas Capital Ltd (sub of Petronas)	Petronas Capital Limited	Petronas Capital Limited
Petronas Chemicals Group Bhd (sub of Petronas)	Petronas Chemicals Bhd	Petronas Chemicals Bhd
Petronas Dagangan Bhd (sub of Petronas)	Petronas Dagangan Bhd	Petronas Dagangan Bhd
Petronas Gas Berhad (sub of Petronas)	Petronas Gas Berhad	Petronas Gas Berhad
Petronas Global Sukuk (sub of Petronas)		Petronas Global Sukuk (Petronas sub)
Putrajaya Holdings Snd Bhd (sub of Petronas)	added ^	Putrajaya Management Sdn Bhd