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January 13, 2022

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 20, 2021 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,

A handwritten signature in black ink, appearing to read 'Matthew L. Clark'.

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: 4/22/21

Sudan Scrutinized Companies List

Florida State Board of Administration - 12/20/2021

(additions denoted by **)

AviChina Industry & Technology (AviChina)
Aviation Industry Corporation of China (AVIC)
AVIC Electromechanical Systems
AVIC International Holdings Ltd
AVIC International Finance
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 Petrochemical Corporation (Sinopec Group)
China Petroleum & Chemical Corp (CPC) Sinopec
Sinopec Capital 2013 Ltd
Sinopec Century Bright Capital Investment Ltd
Sinopec Engineering Group Co Ltd
Sinopec Group Overseas Development 2012-2018
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
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 12/20/2021:

None