



**Ohio Public Employees Retirement System**

**Iran and Sudan Divestment Policy  
March 2021**



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### Revision History

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## **I. SCOPE**

This Policy applies to publicly-traded stocks and bonds in the Non-U.S. Public Equity and Fixed Income Asset Classes that are actively managed through separate accounts.

This Policy applies to the Ohio Public Employees Retirement System ("OPERS") Defined Benefit Fund ("DB Fund") and Health Care 115 Trust Fund, ("HC Fund").

## **II. PURPOSE**

This Policy addresses the management of potentially unique risks posed by certain public equity and fixed income securities issued by companies with ties to Iran and the Republic of the Sudan, sometimes referred to as North Sudan.

## **III. LEGAL AUTHORITY**

Section 145.11 (A) of the Ohio Revised Code ("ORC") states in part:

The members of the public employees retirement board shall be the trustees of the funds created by section 145.23 of the Revised Code. The board shall have full power to invest the funds. The board and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the public employees retirement system; with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and by diversifying the investments of the system so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

Section 145.11 (B) of the ORC provides that:

In exercising its fiduciary responsibility with respect to the investment of the funds, it shall be the intent of the Board to give consideration to investments that enhance the general welfare of the state and its citizens where the investments offer quality, return and safety comparable to other investments currently available to the Board.

#### **IV. INVESTMENT PHILOSOPHY**

Investments in securities of companies with ties to Iran and Sudan may pose potentially unique risks and the Board desires that Investment Staff ("Staff") identify and engage those companies. Failure of these Scrutinized Companies to remedy these potential risks may cause restrictions on new investments in the Scrutinized Companies and the divestment of existing investments in the Scrutinized Companies if comparable investments offering similar quality, return and safety are available.

These efforts will be conducted in a manner consistent with the Board's fiduciary duty, demonstrating prudence and observing best practices.

#### **V. OBJECTIVES**

This Policy establishes a goal of reducing investment exposure to the potentially unique risks associated with investments in companies with ties to Iran and the Republic of the Sudan when comparable investments offering similar quality, return and safety are available.

#### **VI. PROCESS**

Staff will maintain an Iran and Sudan Divestment Procedure ("Procedure") to identify and engage companies with ties to Iran and Sudan that includes restrictions on new investments and divestment of existing investments if comparable investments offering similar quality, return and safety are available.

#### **VII. RISK MANAGEMENT**

Divesting public equities and fixed income securities that are components of Asset Class and/or portfolio benchmarks may cause an increase in tracking error relative to the associated benchmarks. Staff will monitor the effect of this Policy on the returns and associated tracking errors.

#### **VIII. ROLES AND RESPONSIBILITIES**

##### **A. OPERS Retirement Board**

The Board is responsible for reviewing and approving this Policy and any changes to it.

##### **B. Executive Director**

The Executive Director is responsible for monitoring investment activities and reviewing reports related to this Policy.

### **C. Investment Staff**

The Board delegates authority to the Chief Investment Officer (“CIO”) to implement this Policy. Staff is responsible for monitoring the Policy and recommending changes to the Board. Staff is also responsible for ensuring that Investment Management Agreements and guidelines are consistent with this Policy and the Iran and Sudan Divestment Procedure.

All members of Staff are accountable to the CIO. The CIO is responsible for all Staff actions relative to the management of OPERS’ investments. In this regard, it is the responsibility of the CIO to satisfy himself/herself that all Policies and directives of the Board are implemented.

### **D. Investment Compliance**

The Investment Compliance area of Investment Accounting, Operations and Compliance (“IC”) is responsible for monitoring compliance with this Policy, including guidelines established pursuant to it. If IC determines that an exception to this Policy has occurred, IC shall notify Staff, the CIO, the Executive Director and the Board.

### **E. Corporate Governance Staff**

The Corporate Governance Staff is responsible for performing assigned duties in the Procedure.

### **F. Legal Staff and Fiduciary Counsel**

The Legal Services Division and fiduciary counsel are responsible for advising Staff and the Board regarding legal compliance and fiduciary duties and performing other duties assigned in the Procedure.

## **IX. MONITORING AND REPORTING**

### **A. Periodically**

The Assistant Director of Investment Accounting, Operations and Compliance (“AD”), or the AD’s delegee will report to the Board concerning compliance with this Policy or any exceptions to it.

### **B. Upon Request**

Staff shall provide to the Ohio Retirement Study Council (“ORSC”) such information about compliance with this Policy or any exceptions as the ORSC may from time to time request.

## **State Teachers Retirement System of Ohio Iran and Sudan Divestment Policy and Program**

### **POLICY**

The Board of the State Teachers Retirement System of Ohio (the Board) hereby establishes a policy that subject to the Board's fiduciary responsibilities set forth in Ohio Revised Code Chapter 3307 and when a substitute investment with similar quality, return (taking into account, among other things, transaction costs) and safety can be identified, the Board will divest itself, and restrict the purchase, of public stocks and bonds issued by restricted companies doing business in Iran and Sudan. This policy will be known as the "Iran and Sudan Divestment Policy and Program" (the Policy).

The Policy intends to address the Iran and Sudan divestment mandates contained in legislation currently under consideration by the Ohio General Assembly, while adhering to the Board's obligation to discharge its duties solely in the interest of participants and beneficiaries for the exclusive purpose of providing benefits and defraying reasonable expenses as required by Ohio Revised Code Section 3307.15(A).

### **Time Period**

The Policy will be effective as of October 18, 2007, based on STRS Ohio's international equity and international fixed income portfolio holdings as of June 30, 2007.

### **Investments Affected under the Policy**

The Policy will apply only to STRS Ohio's directly owned, actively managed international equity and international fixed income portfolios.

### **Restricted Companies Doing Business in Iran and Sudan**

Non-US Companies will be considered "restricted companies" if generally they (1) have certain threshold relationships with the governments of Sudan or Iran relating to mineral extraction, oil related activities or power production, (2) are complicit in the Darfur genocide or (3) supply military equipment to Sudan. The Deputy Executive Director, Investments, will have the authority to develop a "restricted company" definition that substantially meets the criteria outlined in Appendix A.

### **Developing Restricted Company List**

STRS Ohio will contract with an independent third party to screen companies based on STRS Ohio's "restricted company" definition and to create a preliminary list of restricted companies. The STRS Ohio investment staff will review the preliminary list with those restricted company lists developed by the other Ohio public pension systems to attempt to achieve consistency in restricted company lists among the Ohio public pension systems. The contracted vendor will update the preliminary restricted company list on a quarterly basis. The Deputy Executive Director, Investments, will have the authority to resolve any conflicts whether a company should appear on the final restricted company list and to remove a company from the restricted company list after such company has ceased restricted business operations in Iran and/or Sudan. Upon the identification of a company on the final restricted company list, this Policy will become effective with respect to that company.

### **Procedures for Engagement/Remedy of Restricted Companies**

If a company appears on the preliminary restricted company list, STRS Ohio or its contracted vendor (in coordination with the other Ohio public pension systems to the extent possible) will contact that company and request a formal explanation of the company's operations in Iran and Sudan. The purpose of the engagement will be to seek verification and to encourage the company to cease operations in Iran and/or Sudan. Each company will be allowed 90 days to respond, and each response will be reviewed to determine if inclusion on the restricted list is warranted. If the company ceases restricted business operations in Iran and/or Sudan, the company will be removed from the restricted company list. If the company neither replies nor ceases restricted business operations in Iran and/or Sudan, the company will be identified on the final restricted company list. If a company has appeared on the restricted company list previously, then STRS Ohio or its contracted vendor may contact them as required under this paragraph only annually.



### **No Change in Performance Benchmark/Calculation of Performance**

Since STRS Ohio will only divest from or restrict investment in restricted companies having business operations in Iran and Sudan if a substitute with an equal risk/return profile can be identified, there will be no changes to the benchmark and performance calculations as a result of the Policy.

### **Reporting Requirements**

The STRS Ohio investment staff will prepare on a quarterly basis a report outlining the effort to comply with the Policy. The STRS Ohio investment staff will prepare a formal report to the Board and the Ohio Retirement Study Council (ORSC) annually and more frequently if the Board or the ORSC so requests. The formal report will adhere to the guidelines established by the ORSC. The formal report will be based on changes to the investment portfolio since June 30, 2007.

### **Additional Purchases of Public Stocks and Bonds Issued by Restricted Companies**

The Deputy Executive Director, Investments, will develop a procedure for documenting the reasons why a substitute investment of similar quality, return and safety is not available and/or why the purchase of any potential substitute investment would not fulfill STRS Ohio's fiduciary responsibilities to its participants and obtaining his approval to purchase, if a portfolio manager desires to purchase public stocks and bonds issued by a restricted company.

### **Implementing and Interpreting the Policy**

The STRS Ohio investment staff will implement the Policy and the Deputy Executive Director, Investments, will have the authority to make any interpretations or create any procedures necessary to fulfill the intent of this Policy. If an issue could be interpreted in multiple ways, the Deputy Executive Director, Investments, should resolve the matter in a way that fulfills STRS Ohio's fiduciary responsibilities to its participants.

### **Termination of the Policy**

The Policy will be terminated by the Board with respect to a country, without the need of any formal vote by the Board, if any of the following events occur with respect to that country:

#### **Sudan**

- a) Congress or the President of the United States determines that the government of Sudan has sufficiently halted the genocide in the Darfur region for at least 12 months;
- b) The federal government revokes all sanctions imposed against the government of Sudan;
- c) Congress or the President of the United States, through resolution, legislation or executive order, declares that divestment of the type provided for in this policy interferes with the conduct of United States foreign policy; or
- d) Congress or the President of the United States declares that the government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allowed for the safe and voluntary return of refugees and internationally displaced persons.

#### **Iran**

- a) Congress or the President of the United States determined that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism;
- b) The federal government revokes all sanctions imposed against the government of Iran; or
- c) Congress or the President of the United States, through resolution, legislation or executive order, declares that divestment of the type provided for in this policy interferes with the conduct of United States foreign policy.

## APPENDIX A

- I. Company:
  - (a) has business operations that involve contracts with or provision of supplies or services to:
    - (i) the government of Sudan;
    - (ii) companies in which the government of Sudan has any direct or indirect equity share;
    - (iii) consortiums or projects commissioned by the government of Sudan; **OR**
    - (iv) companies involved in consortiums or projects commission by the government of Sudan; **AND**
  - (b) either (i) or (ii) of the following:
    - (i)
      - (A) More than 10% of its revenues or assets that are linked to Sudan oil-related activities or mineral extraction activities;
      - (B) Less than 75% of its revenues or assets that are linked to Sudan involve contracts with or provision of oil-related or mineral-extracting products or services to the regional government of southern Sudan or a project or consortium created exclusively by that regional government; **AND**
      - (C) The company has failed to take substantial action specific to Sudan; **OR**
    - (ii)
      - (A) More than 10% of its revenues or assets that are linked to Sudan involve power production facilities;
      - (B) Less than 75% of its power production activities include projects whose intent is to provide power or electricity to the marginalized populations of Sudan; **AND**
      - (C) The company has failed to take substantial action specific to Sudan; **OR**
2. Company is complicit in the Darfur genocide; **OR**
3. Company supplies military equipment within Sudan; **OR**
4. Company has
  - (a) has business operations that involve contracts with or provision of supplies or services to:
    - (i) the government of Iran;
    - (ii) companies in which the government of Iran has any direct or indirect equity share;
    - (iii) consortiums or projects commissioned by the government of Iran; **OR**
    - (iv) companies involved in consortiums or projects commission by the government of Iran; **AND**
  - (b) either (i) or (ii) of the following:
    - (i) More than 10% of its revenues or assets that are linked to Iran oil-related activities, mineral extraction activities or petroleum resources; **OR**
    - (ii) The Company has, with actual knowledge, on or after August 5, 1996, made an investment of \$20M or more, or any combination of investments of at least \$10M each, which in the aggregate equals or exceeds \$20M in any 12 month

period, and which directly or significantly contributes to the enhancement of Iran's ability to develop the petroleum resources of Iran.

The following definitions will be used for determining inclusion on the STRS Ohio Iran and Sudan Restricted List.

- a. **Military Equipment** – the active business operation must be involved with the production, distribution, leasing, or supply of weapons, arms, military supplies or military equipment in Iran or Sudan; or in the supply of goods and services to any armed force actively participating in the conflict in Sudan.
- b. **Mineral Extraction** – the active business operation must be involved in the exploration, extraction, transporting or wholesale selling or trading of elemental minerals or associated metal alloys oxides; or the facilitation of such operations through service and supply activities.
- c. **Oil Related Activities** – the active business operation must be involved with owning rights to oil blocks, exporting, extracting, producing, refining, processing, exploring for, transporting, or trading of oil; or, constructing, maintaining, or operating a pipeline, refinery, or other oil-related infrastructure; or facilitating such operations through service and supply activities.
- d. **Power Production Activities** – the active business operation must be involved in any business operation that involves a project commissioned by the national electric corporation of Sudan or other similar entity of the government of Sudan, whose purpose is to facilitate power generation and delivery; or facilitating such operations through service and supply activities.

# **OHIO POLICE & FIRE PENSION FUND**

## **IRAN and SUDAN DIVESTMENT POLICY (“Policy”)**

Adopted September 24, 2008, modified 6-1-2011

### **I. Purpose**

The purpose of this Policy is to divest and restrict the purchase of stocks and bonds (“direct holdings”) issued by a publicly traded Company (as defined in Appendix A) with “scrutinized active business operations” in Iran and Sudan, through attrition as directed by the Board of Trustees of the Ohio Police & Fire Pension Fund (the “Board”). The Board’s policy is in keeping with Chapters 707 and 742 of the Ohio Revised Code (“ORC”), as well as with federal law. (See Sudan Accountability and Divestment Act of 2007; Comprehensive Iran Sanctions Accountability and Divestment Act of 2010).

The purpose of this Policy is to:

1. Comply with the requirements of ORC Section 707.20
2. Provide a clear understanding of the Board’s divestment policy
3. Provide a clear understanding as to the scope of the Policy;
4. State possible investment risks of such Policy;
5. Reference the process for execution of the Policy;
6. Communicate reporting requirements; and
7. Articulate events that shall cause the Policy to be terminated.

### **II. Fiduciary Responsibilities**

The implementation of this Policy shall be accomplished in a manner that fulfills the statutory requirements as set forth in ORC Chapters 707 and 742, and in keeping with federal provisions on divestment in Iran and Sudan. ORC Section 742.11(A) provides that the Board and other fiduciaries of OP&F shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries for the exclusive purpose of providing benefits and defraying expenses. The Board has concluded after years of monitoring that it is solely in the interest OP&F beneficiaries and participants to fully divest investments in these two countries by attrition. .

### **III. Scope**

This Policy shall apply to direct holdings of publicly traded Companies with “scrutinized active business operations” in Iran or Sudan, as defined in Appendix A and consistent with the requirements of ORC Section 707.20, as amended from time to time.

#### **IV. Risk Management**

It should be understood that holdings of publicly traded Companies with scrutinized active business operations are components of various asset classes and/or portfolio benchmarks or indexes and divestment by attrition of such holdings may cause an increase in tracking error relative to the respective benchmark or index.

#### **V. Time Period**

The Divestment by Attrition Policy shall be effective July 1, 2011. The intent of the Board shall be to divest by attrition direct holdings of Companies with scrutinized active business operations when divestment would be prudent and consistent with the Board's fiduciary duties as more fully described in Article II above. This Policy shall be applied only to the extent that in doing so, such action will not violate the Board's fiduciary duties. The Board's holdings of publicly traded Companies with scrutinized active business operations as of June 30, 2008 shall be used as the starting point for the screening process and as the baseline to measure the percentage of divestment stocks and bonds of such Companies.

#### **VI. Process**

The process for implementation of this Policy is set forth under a separate cover entitled "Iran and Sudan Divestment Process".

#### **VII. Reporting Requirements**

Investment Staff will prepare a formal report to the Board annually and more frequently if the Board so requests. The Board shall report on scrutinized Companies and all correspondence and engagement of Companies consistent with the requirements Ohio Revised Code §707.20(D), as amended from time to time.

#### **VIII. Termination**

The Board will terminate this policy with respect to a country consistent with the provisions of ORC Section 707.20 and/or federal law.

## Appendix A

### Definitions

- (1) "Active business operations" means all business operations that are not inactive business operations.
- (2) "Business operations" means engaging in commerce in any form in Sudan or Iran, including by maintaining, selling, acquiring, developing, owning, possessing, operating, or leasing equipment, facilities, personnel, products, services, personal or real property, or any other apparatus of business or commerce.
- (3) "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, business association, or other entity, including any wholly-owned subsidiary, majority-owned subsidiary, parent company, or affiliate of any of those types of entities, that exists for the purpose of making a profit.
- (4) "Complicit" means taking actions during any preceding twenty-month period that directly support or promote the genocidal campaign in the Darfur region of Sudan, including, but not limited to, preventing members of the population of the Darfur region of Sudan negatively affected by genocide from communicating with each other; encouraging Sudanese citizens to speak against the internationally approved security force that provides aide to the Darfur region; actively working to deny, cover up, or alter the record on human rights abuses in Darfur; or other similar actions.
- (5) "Direct holdings" means all stocks or bonds of a company held directly by the Ohio Police and Fire Pension Fund or held in an account or fund of which the Fund owns all of the shares or interests.
- (6) "Government of Iran" means the Islamic Republic of Iran, its instrumentalities, and companies owned or controlled by the government of Iran.
- (7) "Government of Sudan" means the government in Khartoum, Sudan, that is led by the National Congress Party, formerly known as the National Islamic Front, or any successor government formed on or after October 13, 2006, including the coalition national unity government agreed upon in the "2005 Comprehensive Peace Agreement," and does not include the regional government of southern Sudan.
- (8) "Inactive business operations" means those business operations conducted by a company that involve only the continued holding or renewal of rights to property that, at one time, was used for the purpose of generating revenue for the company but is not presently used for such purpose.
- (9) "Indirect holdings" means all stocks and bonds of a company that are not direct holdings and are held in an account or fund in which the Ohio Police and Fire Pension Fund owns shares or interests together with other investors not subject to the provisions of this section, as well as any private equity fund, private equity fund-of-funds, venture capital fund, hedge fund,

hedge fund-of-funds, real estate fund or other investment vehicle that is not publicly traded, mutual funds, and pooled or securitized investment vehicles.

- (10) "Iran" means the Islamic Republic of Iran.
- (11) "Marginalized populations of Sudan" includes, but is not limited to, all of the following:
  - (a) The portion of the population in the Darfur region that has been negatively affected by genocide;
  - (b) The portion of the population of southern Sudan negatively affected by the civil war that occurred between the north and south regions of Sudan;
  - (c) The Beja, Rashidiya, and other similarly underserved groups of eastern Sudan;
  - (d) The Nubian and other similarly underserved groups in the Abyei, southern blue Nile, and Nuba mountain regions of Sudan;
  - (e) The Amri, Hamadab, Manasir, and other similarly underserved groups of northern Sudan.
- (12) "Military equipment" means weapons, arms, military supplies, and equipment including, but not limited to, radar systems, or military-grade transport vehicles, that readily may be used for military purposes; or supplies or services sold or directly or indirectly provided to any force actively participating in armed conflict in Sudan.
- (13) "Mineral extraction activities" include exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys or oxides, also known as ore, including gold, copper, chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc; and includes facilitating such activities, including by providing supplies or services in support of such activities.
- (14) "Oil-related activities" includes, but is not limited to, owning rights to oil blocks; exporting, extracting, producing, refining, processing, exploring for, transporting, selling, or trading of oil; constructing, maintaining, or operating a pipeline, refinery, or other oil-field infrastructure; or facilitating such activities, including by providing supplies or services in support of such activities. "Oil-related activities" does not mean engaging in only the retail sale of gasoline and related consumer products.
- (15) "Petroleum resource" means petroleum, petroleum byproducts, or natural gas.
- (16) "Power production activities" means any business operation that involves a project commissioned by the national electricity corporation of Sudan or other similar entity of the government of Sudan whose purpose is to facilitate power generation and delivery, including, but not limited to, establishing power-generating plants or hydroelectric dams, selling or installing components for a project, providing service contracts related to the installation or maintenance of a project, or facilitating any of these activities, including by providing supplies or services in support of such activities.
- (17) "Public fund" means the assets included in any fund portfolio that is under the control of, or controlled on behalf of, the Ohio Police and Fire Pension Fund.

- (18) "Scrutinized active business operation" means active business operations that have resulted in a company becoming a scrutinized company.
- (19) "Scrutinized business operations" means business operations that have resulted in a company that meets any of the following criteria:
- (a) The company has business operations that involve contracts with or provision of supplies or services to the government of Sudan, companies in which the government of Sudan has any direct or indirect equity share, consortiums or projects commissioned by the government of Sudan, or companies involved in consortiums or projects commissioned by the government of Sudan, and more than ten per cent of the company's revenues or assets linked to Sudan involve oil-related activities or mineral-extraction activities; less than seventy-five per cent of the company's revenues or assets linked to Sudan involve contracts with or provision of oil-related or mineral-extracting products or services to the regional government of southern Sudan or a project or consortium created exclusively by that regional government; and the company has failed to take substantial action specific to Sudan; or more than ten per cent of the company's revenues or assets linked to Sudan involve power-production activities; less than seventy-five per cent of the company's power-production activities include projects whose intent is to provide power or electricity to the marginalized populations of Sudan; and the company has failed to take substantial action specific to Sudan.
  - (b) The company is complicit in the Darfur genocide.
  - (c) The company supplies military equipment within Sudan, unless it clearly shows that the military equipment cannot be used to facilitate offensive military actions in Sudan or the company implements rigorous and verifiable safeguards to prevent use of that equipment by forces actively participating in armed conflict. Examples of safeguards include post-sale tracking of such equipment by the company, certification from a reputable and objective third party that such equipment is not being used by a party participating in armed conflict in Sudan, or sale of such equipment solely to the regional government of southern Sudan or any internationally recognized peacekeeping force or humanitarian organization.
  - (d)(i) The company has business operations that involve contracts with or provision of supplies or services to the government of Iran, companies in which the government of Iran has any direct or indirect equity share, consortiums, or projects commissioned by the government of Iran, or companies involved in consortiums or projects commissioned by the government of Iran, and one of the following apply: more than ten per cent of the company's total revenues or assets are linked to Iran and involve oil-related activities, mineral-extraction activities, or petroleum resources; the company has, with actual knowledge, on or after August 5, 1996, made an investment of twenty million dollars or more, or any combination of investments of at least ten million dollars each, which in the aggregate equals or exceeds twenty million dollars in any twelve-month period, and which directly or significantly contributes to the enhancement of Iran's ability to develop the petroleum resources of Iran; the company is engaged in business with an Iranian organization labeled as a terrorist organization



by the United States government.

(ii) Any company that takes substantial action specific to Iran shall not meet the criteria to be deemed a company involved in scrutinized business operations.

- (20) "Social development company" means a company whose primary purpose in Sudan is to provide only the following humanitarian goods or services to the people of Sudan:
- (a) Medicine or medical equipment;
  - (b) Agricultural supplies or infrastructure;
  - (c) Educational opportunities;
  - (d) Journalistic activities;
  - (e) Information or information materials;
  - (f) Spiritual-related activities;
  - (g) Services of a purely clerical or reporting nature;
  - (h) Food, clothing, or general consumer goods that are unrelated to oil-related activities, mineral extraction activities, or power production activities.
- (21) "Substantial action specific to Iran" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations.
- (22) "Substantial action specific to Sudan" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations; undertaking humanitarian efforts in conjunction with an international organization, the government of Sudan, the regional government of southern Sudan, or a nonprofit entity evaluated and certified by an independent third party to be substantially in a relationship to the company's Sudan business operations and of benefit to one or more marginalized populations of Sudan; or, through engagement with the government of Sudan, materially improving conditions for the genocidally victimized population in Darfur.
- (23) "Sudan" means the Republic of the Sudan.



BD3-007

# Iran and Sudan Investment Policy

<b>Effective Date:</b>	09/27/2007	<b>Revision Date:</b>	09/27/2007	<b>Audience:</b>	Everyone
<b>Owner:</b>	Board	<b>Certifier:</b>	Richard Stensrud	<b>Co-Owner(s):</b>	Investment s
<b>Document Links:</b>	<a href="#">Purpose</a> , <a href="#">Policy</a> , <a href="#">Procedure</a> , <a href="#">Definitions</a> , <a href="#">Related Documents</a> , <a href="#">Policy History</a>				

## Purpose

Substitute House Bill 151 (the Bill), legislation introduced in the Ohio House of Representatives (the House) during the 127th General Assembly, was drafted pursuant to legislators' findings that the Islamic Republic of [Iran](#) supports terrorism and the Republic of [Sudan](#) advocates genocide, therefore making those countries unstable and high risk investment locations. The Bill mandates that Ohio Retirement Systems (the Systems) divest active, [direct holdings](#) in certain non-U.S. publicly traded companies doing business in the Islamic Republic of Iran and the Republic of Sudan. The Bill was reported by the House Financial Institutions, Real Estate and Securities Committee with a recommendation for passage.

An alternative to mandated divestiture, according to House leadership, permits the Systems to adopt Iran and Sudan investment policies that detail the Systems' plans to divest, in a manner consistent with their fiduciary duties, active, direct holdings in certain non-U.S. publicly traded companies based on parameters set forth in the Bill.

## Policy

The School Employees Retirement Board of Ohio hereby adopts this Iran and Sudan investment policy with the intent of divesting, in a manner consistent with its fiduciary duties, direct holdings in companies with scrutinized [active business operations](#) in Iran and Sudan.

### Board's Fiduciary Duties

R.C. 3309.15(A) provides the [Board](#) shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries. Therefore, when considering whether divestment of direct holdings in a [company](#) with scrutinized active [business operations](#) shall occur, the Board shall require [the System](#) to divest only if doing so is consistent with the Board's fiduciary duties, and [replacement holdings](#) offer quality, return and safety comparable to the holdings subject to divestment.

Similarly, when the Board considers whether the System shall acquire direct holdings of a company with [scrutinized active business operations](#), the Board must act consistent

with its fiduciary duties, and may not invest in replacement holdings unless it determines that replacement holdings offer quality, return and safety comparable to the holdings of the company with scrutinized active business operations.

## Timeline

The intent of the Board is to divest fifty percent of direct holdings in companies with scrutinized active business operations by December 31, 2007, with the ultimate goal of full divestiture from such holdings. However, divestment shall occur only to the extent that doing so does not violate the Board's fiduciary duties.

The System's direct holdings in companies as of June 30, 2007 shall be used as the starting point for the screening process, and the System's direct holdings in companies with scrutinized active business operations as of June 30, 2007 shall be used as the baseline to measure the percentage of divestment of such companies by December 31, 2007 and thereafter.

The System's [indirect holdings](#) (for example: those held in index or commingled funds, or private equity or real estate funds) are not subject to this policy.

## Screening Process

- a. The Chief Investment Officer (CIO) shall select an independent research provider, found through a due diligence search, to identify companies with scrutinized active business operations.
- b. The CIO will provide the selected independent research provider with a copy of this investment policy. The independent research provider will screen using the definitions set forth in section 8 below.
- c. The independent research provider shall provide the CIO a list of companies with scrutinized active business operations in Iran and Sudan not less than every six (6) months.
- d. The CIO will forward the list of companies with scrutinized active business operations in Iran and Sudan to all applicable investment managers with whom the Board has contracted.
- e. Investment managers shall review the System's direct holdings in the portfolio and compare those direct holdings to the list of companies with scrutinized active business operations in Iran or Sudan. The investment manager shall compile a list of companies with scrutinized active business operations in Iran and Sudan that are held in the portfolio ("[list of scrutinized companies](#)") and provide this list to the CIO and the Executive Director.

## Divestment

- a. Staff, the investment manager and/or a consultant shall send written notice ("the Notice") to each company on the list of scrutinized companies requesting the company cease their scrutinized active business operations or convert such active business operations
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to [inactive business operations](#). The company shall have ninety (90) days to respond and: (i) document that the company does not have scrutinized active business operations in Iran or Sudan and, therefore, should not be on the list of scrutinized companies; (ii) cease their scrutinized active business operations; or (iii) convert such active business operations to inactive business operations.

- b. If a company provides documentation to staff, the investment manager and/or a consultant that the company does not have scrutinized active business operations in Iran or Sudan and, therefore, should not be on the list of scrutinized companies, the CIO, in consultation with the Executive Director and staff, shall make a determination as to whether the company should remain on the list of scrutinized companies or be removed from the list. The basis for such determination shall be set forth in writing by the CIO and provided to the investment managers and the Board. The investment managers and the Board shall also be provided with a revised list of scrutinized companies prepared by the CIO.
- c. If a company that remains on the list of scrutinized companies does not cease their scrutinized active business operations or convert such active business operations to inactive business operations within ninety (90) days of receipt of the Notice, and if the investment manager determines that replacement holdings exist that offer quality, return and safety comparable to the direct holdings of the company on the list of scrutinized companies, the investment manager shall divest the System's direct holdings in the company on the list of scrutinized companies as soon as possible taking into account market conditions and transaction costs. The investment manager shall communicate to the CIO and the Executive Director, in writing, the basis for such determination, and acquire the replacement holdings.
- d. If a company on the list of scrutinized companies ceases their scrutinized active business operations or converts such active business operations to inactive business operations after the investment manager has divested the System's direct holdings in the company, the company may provide documentation to the CIO regarding their termination of scrutinized active business operations. If the CIO, in consultation with the Executive Director and staff, determines the company no longer engages in scrutinized active business operations, the basis for such determination shall be set forth in writing by the CIO and provided to the investment managers and the Board. The investment managers and the Board shall also be provided with a revised list of scrutinized companies prepared by the CIO. The company shall not be considered a company with scrutinized active business operations in Iran or Sudan and the investment managers may acquire direct holdings of the company.
- e. If the investment manager determines that replacement holdings do not exist that offer quality, return and safety comparable to the direct holdings of the company on the list of scrutinized companies, or that the direct holdings cannot be immediately divested, consistent with its fiduciary duties, due to current market conditions and/or costs the investment manager shall communicate to the CIO and the Executive Director, in writing, the basis for such determination.

## Purchases

When an investment manager is considering acquiring direct holdings of a company that appears on the list of companies with scrutinized active business operations in Iran or Sudan, the investment manager shall determine whether replacement holdings exist

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that offer quality, return and safety comparable to the direct holdings of the company with scrutinized active business operations. The investment manager shall communicate to the System, in writing, the basis for such determination, and proceed, in accordance with such determination, with the investment in either direct holdings of the company with scrutinized active business operations or replacement holdings.

## Reporting

The Executive Director shall file a report with the Ohio Retirement Study Council (the ORSC) at agreed upon intervals and in a form requested by the ORSC.

## Board May Rescind Policy

If any of the following occur, the Board may rescind this policy as it relates to addressing investments in companies with scrutinized active business operations in Iran:

- a. Congress or the president of the United States determines that the [government of Iran](#) has ceased to acquire weapons of mass destruction and support international terrorism.
- b. The federal government revokes all sanctions imposed against the government of Iran.
- c. Congress or the president of the United States, through legislation or executive order, declares that divestment of the type provided for in this policy interferes with the conduct of United States foreign policy.
- d. The Ohio General Assembly enacts legislation or adopts a resolution that in the Board's determination renders this policy moot.

If any of the following occur, the Board may rescind this policy as it relates to addressing investments in companies with scrutinized active business operations in Sudan:

- a. Congress or the president of the United States determines that the [government of Sudan](#) has sufficiently halted the genocide in the Darfur region.
- b. The federal government revokes all sanctions imposed against the government of Sudan.
- c. Congress or the president of the United States, through legislation or executive order, declares that divestment of the type provided for in this policy interferes with the conduct of United States foreign policy.
- d. Congress or the president of the United States declares that the government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons.
- e. The Ohio General Assembly enacts legislation or adopts a resolution that in the Board's determination renders this policy moot.

## Definitions

(A) "Active business operations" means all business operations that are not inactive business operations.

(B) "Board" means the School Employees Retirement Board of Ohio.

(C) "Business operations" means engaging in commerce in any form in Sudan or Iran, including by maintaining, selling, acquiring, developing, owning, possessing, operating, or leasing equipment, facilities, personnel, products, services, personal or real property, or any other apparatus of business or commerce.

(D) "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, business association, or other entity, including any wholly-owned subsidiary, majority-owned subsidiary, parent company, or affiliate of any of those types of entities, that exists for the purpose of making a profit and is headquartered, domiciled, and incorporated outside the United States.

(E) "Complicit" means taking actions during any preceding twenty-month period that directly support or promote the genocidal campaign in the Darfur region of Sudan, including, but not limited to, preventing members of the population of the Darfur region of Sudan negatively affected by genocide from communicating with each other; encouraging Sudanese citizens to speak against the internationally approved security force that provides aide to the Darfur region; actively working to deny, cover up, or alter the record on human rights abuses in Darfur; or other similar actions.

(F) "Direct holdings" means all stocks or bonds of a company held directly by the System or held in an account or fund of which the System owns all of the shares or interests.

(G) "Government of Iran" means the Islamic republic of Iran, its instrumentalities, and companies owned or controlled by the government of Iran.

(H) "Government of Sudan" means the government in Khartoum, Sudan, that is led by the national congress party, formerly known as the national Islamic front, or any successor government formed on or after October 13, 2006, including the coalition national unity government agreed upon in the "2005 Comprehensive Peace Agreement," and does not include the regional government of southern Sudan.

(I) "Inactive business operations" means those business operations conducted by a company that involve only the continued holding or renewal of rights to property that, at one time, was used for the purpose of generating revenue for the company but is not presently used for such purpose.

(J) "Indirect holdings" means all stocks and bonds of a company that are not direct

holdings and are held in an account or fund in which the System owns shares or interests together with other investors not subject to the provisions of this policy, as well as any private equity fund, private equity fund-of-funds, venture capital fund, hedge fund, hedge fund-of-funds, real estate fund or other investment vehicle that is not publicly traded, mutual funds, and pooled or securitized investment vehicles.

(K) "Iran" means the Islamic republic of Iran.

(L) "List of scrutinized companies" means the list compiled by an investment manager based on a comparison of the System's direct holdings in the portfolio managed by the investment manager with those companies on the list of companies with scrutinized active business operations in Iran and Sudan.

(M) "Marginalized populations of Sudan" includes, but is not limited to, all of the following:

- (1) The portion of the population in the Darfur region that has been negatively affected by genocide;
- (2) The portion of the population of southern Sudan negatively affected by the civil war that occurred between the north and south regions of Sudan;
- (3) The Beja, Rashidiya, and other similarly underserved groups of eastern Sudan;
- (4) The Nubian and other similarly underserved groups in the Abyei, southern blue Nile, and Nuba mountain regions of Sudan;
- (5) The Amri, Hamadab, Manasir, and other similarly underserved groups of northern Sudan.

(N) "Military equipment" means weapons, arms, military supplies, and equipment including, but not limited to, radar systems, or military-grade transport vehicles, that readily may be used for military purposes; or supplies or services sold or directly or indirectly provided to any force actively participating in armed conflict in Sudan.

(O) "Mineral extraction activities" include exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys or oxides, also known as ore, including gold, copper, chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc; and includes facilitating such activities, including by providing supplies or services in support of such activities.

(P) "Oil-related activities" includes, but is not limited to, owning rights to oil blocks; exporting, extracting, producing, refining, processing, exploring for, transporting, selling, or trading of oil; constructing, maintaining, or operating a pipeline, refinery, or other oil-field infrastructure; or facilitating such activities, including by providing supplies or

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services in support of such activities. "Oil-related activities" does not mean engaging in only the retail sale of gasoline and related consumer products.

(Q) "Petroleum resource" means petroleum, petroleum byproducts, or natural gas.

(R) "Power production activities" means any business operation that involves a project commissioned by the national electricity corporation of Sudan or other similar entity of the government of Sudan whose purpose is to facilitate power generation and delivery, including, but not limited to, establishing power-generating plants or hydroelectric dams, selling or installing components for a project, providing service contracts related to the installation or maintenance of a project, or facilitating any of these activities, including by providing supplies or services in support of such activities.

(S) "Replacement holdings" means direct holdings of companies that are not on the list of scrutinized companies or the list of companies with scrutinized active business operations in Iran or Sudan that an investment manager may consider in determining whether to divest or purchase.

(T) "Scrutinized active business operation" means active business operations that have resulted in a company becoming a scrutinized company.

(U) "Scrutinized business operations" means business operations that have resulted in a company that meets any of the following criteria:

(1) The company has business operations that involve contracts with or provision of supplies or services to the government of Sudan, companies in which the government of Sudan has any direct or indirect equity share, consortiums or projects commissioned by the government of Sudan, or companies involved in consortiums or projects commissioned by the government of Sudan, and more than ten per cent of the company's revenues or assets linked to Sudan involve oil-related activities or mineral-extraction activities; less than seventy-five per cent of the company's revenues or assets linked to Sudan involve contracts with or provision of oil-related or mineral-extracting products or services to the regional government of southern Sudan or a project or consortium created exclusively by that regional government; and the company has failed to take substantial action specific to Sudan; or more than ten per cent of the company's revenues or assets linked to Sudan involve power-production activities; less than seventy-five per cent of the company's power-production activities include projects whose intent is to provide power or electricity to the marginalized populations of Sudan; and the company has failed to take substantial action specific to Sudan.

(2) The company is complicit in the Darfur genocide.

(3) The company supplies military equipment within Sudan, unless it clearly shows that the military equipment cannot be used to facilitate offensive military

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actions in Sudan or the company implements rigorous and verifiable safeguards to prevent use of that equipment by forces actively participating in armed conflict. Examples of safeguards include post-sale tracking of such equipment by the company, certification from a reputable and objective third party that such equipment is not being used by a party participating in armed conflict in Sudan, or sale of such equipment solely to the regional government of southern Sudan or any internationally recognized peacekeeping force or humanitarian organization.

(4)(a) The company has business operations that involve contracts with or provision of supplies or services to the government of Iran, companies in which the government of Iran has any direct or indirect equity share, consortiums, or projects commissioned by the government of Iran, or companies involved in consortiums or projects commissioned by the government of Iran, and one of the following apply:

(i) More than ten per cent of the company's total revenues or assets are linked to Iran and involve oil-related activities, mineral-extraction activities, or petroleum resources;

(ii) The company has, with actual knowledge, on or after August 5, 1996, made an investment of twenty million dollars or more, or any combination of investments of at least ten million dollars each, which in the aggregate equals or exceeds twenty million dollars in any twelve-month period, and which directly or significantly contributes to the enhancement of Iran's ability to develop the petroleum resources of Iran;

(iii) The company is engaged in business with an Iranian organization labeled as a terrorist organization by the United States government.

(b) Any company that takes substantial action specific to Iran with respect to divisions (U)(4)(a)(i) and (U)(4)(a)(ii) of this section shall not meet the criteria to be deemed a company involved in scrutinized business operations.

(c) A social development company that is not complicit in the Darfur genocide shall not be deemed a company involved in scrutinized business operations.

(V) "Social development company" means a company whose primary purpose in Sudan is to provide only the following humanitarian goods or services to the people of Sudan:

(1) Medicine or medical equipment;

(2) Agricultural supplies or infrastructure;

(3) Educational opportunities;

- (4) Journalistic activities;
- (5) Information or information materials;
- (6) Spiritual-related activities;
- (7) Services of a purely clerical or reporting nature;
- (8) Food, clothing, or general consumer goods that are unrelated to oil-related activities, mineral extraction activities, or power production activities.

(W) "Substantial action specific to Iran" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations.

(X) "Substantial action specific to Sudan" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations; undertaking humanitarian efforts in conjunction with an international organization, the government of Sudan, the regional government of southern Sudan, or a nonprofit entity evaluated and certified by an independent third party to be substantially in a relationship to the company's Sudan business operations and of benefit to one or more marginalized populations of Sudan; or, through engagement with the government of Sudan, materially improving conditions for the genocidally victimized population in Darfur.

(Y) "Sudan" means the republic of the Sudan.

(Z) "System" means the School Employees Retirement System of Ohio.

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## Procedures None

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## Definitions

**Active business operation:** means all business operations that are not inactive business operations.

**Board:** means the School Employees Retirement Board of Ohio.

**Business Operations:** means engaging in commerce in any form in Sudan or Iran, including by maintaining, selling, acquiring, developing, owning, possessing, operating, or leasing equipment, facilities, personnel, products, services, personal or real property, or any other apparatus of business or commerce.

**Company:** means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, business association, or other entity, including any wholly-owned subsidiary, majority-owned subsidiary, parent company, or affiliate of any of those types of entities, that exists for the purpose of making a profit and is headquartered, domiciled, and

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incorporated outside the United States.

**Complicit:** means taking actions during any preceding twenty-month period that directly support or promote the genocidal campaign in the Darfur region of Sudan, including, but not limited to, preventing members of the population of the Darfur region of Sudan negatively affected by genocide from communicating with each other; encouraging Sudanese citizens to speak against the internationally approved security force that provides aide to the Darfur region; actively working to deny, cover up, or alter the record on human rights abuses in Darfur; or other similar actions.

**Direct holdings:** means all stocks or bonds of a company held directly by the System or held in an account or fund of which the System owns all of the shares or interests.

**Government of Iran:** means the Islamic republic of Iran, its instrumentalities, and companies owned or controlled by the government of Iran.

**Government of Sudan:** means the government in Khartoum, Sudan, that is led by the national congress party, formerly known as the national Islamic front, or any successor government formed on or after October 13, 2006, including the coalition national unity government agreed upon in the "2005 Comprehensive Peace Agreement," and does not include the regional government of southern Sudan.

**Inactive business operations:** means those business operations conducted by a company that involve only the continued holding or renewal of rights to property that, at one time, was used for the purpose of generating revenue for the company but is not presently used for such purpose.

**Indirect Holdings:** means all stocks and bonds of a company that are not direct holdings and are held in an account or fund in which the System owns shares or interests together with other investors not subject to the provisions of this policy, as well as any private equity fund, private equity fund-of-funds, venture capital fund, hedge fund, hedge fund-of-funds, real estate fund or other investment vehicle that is not publicly traded, mutual funds, and pooled or securitized investment vehicles.

**Iran:** means the Islamic republic of Iran.

**List of scrutinized companies:** means the list compiled by an investment manager based on a comparison of the System's direct holdings in the portfolio managed by the investment manager with those companies on the list of companies with scrutinized active business operations in Iran and Sudan.

**Marginalized populations of Sudan:** includes, but is not limited to, all of the following:

- a. The portion of the population in the Darfur region that has been negatively affected by genocide;
- b. The portion of the population of southern Sudan negatively affected by the civil war that occurred between the north and south regions of Sudan;
- c. The Beja, Rashidiya, and other similarly underserved groups of eastern Sudan;
- d. The Nubian and other similarly underserved groups in the Abyei, southern blue Nile, and Nuba mountain regions of Sudan;
- e. The Amri, Hamadab, Manasir, and other similarly underserved groups of northern

Sudan.

**Military equipment:** means weapons, arms, military supplies, and equipment including, but not limited to, radar systems, or military-grade transport vehicles, that readily may be used for military purposes; or supplies or services sold or directly or indirectly provided to any force actively participating in armed conflict in Sudan.

**Mineral extraction activities:** include exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys or oxides, also known as ore, including gold, copper, chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc; and includes facilitating such activities, including by providing supplies or services in support of such activities.

**Oil-related activities:** includes, but is not limited to, owning rights to oil blocks; exporting, extracting, producing, refining, processing, exploring for, transporting, selling, or trading of oil; constructing, maintaining, or operating a pipeline, refinery, or other oil-field infrastructure; or facilitating such activities, including by providing supplies or services in support of such activities. "Oil-related activities" does not mean engaging in only the retail sale of gasoline and related consumer products.

**Petroleum resource:** means petroleum, petroleum byproducts, or natural gas.

**Power production activities:** means any business operation that involves a project commissioned by the national electricity corporation of Sudan or other similar entity of the government of Sudan whose purpose is to facilitate power generation and delivery, including, but not limited to, establishing power-generating plants or hydroelectric dams, selling or installing components for a project, providing service contracts related to the installation or maintenance of a project, or facilitating any of these activities, including by providing supplies or services in support of such activities.

**Replacement holdings:** means direct holdings of companies that are not on the list of scrutinized companies or the list of companies with scrutinized active business operations in Iran or Sudan that an investment manager may consider in determining whether to divest or purchase.

**Scrutinized active business operation:** means active business operations that have resulted in a company becoming a scrutinized company.

**Scrutinized business operations:** means business operations that have resulted in a company that meets any of the following criteria:

- a. The company has business operations that involve contracts with or provision of supplies or services to the government of Sudan, companies in which the government of Sudan has any direct or indirect equity share, consortiums or projects commissioned by the government of Sudan, or companies involved in consortiums or projects commissioned by the government of Sudan, and more than ten per cent of the company's revenues or assets linked to Sudan involve oil-related activities or mineral-extraction activities; less than seventy-five per cent of the company's revenues or assets linked to Sudan involve contracts with or provision of oil-related or mineral-extracting products or services to the regional government of southern Sudan or a project or consortium created exclusively by that regional government; and the company has failed to take substantial action specific to Sudan; or more than ten per cent of the company's

revenues or assets linked to Sudan involve power-production activities; less than seventy-five per cent of the company's power-production activities include projects whose intent is to provide power or electricity to the marginalized populations of Sudan; and the company has failed to take substantial action specific to Sudan.

- b. The company is complicit in the Darfur genocide.
- c. The company supplies military equipment within Sudan, unless it clearly shows that the military equipment cannot be used to facilitate offensive military actions in Sudan or the company implements rigorous and verifiable safeguards to prevent use of that equipment by forces actively participating in armed conflict. Examples of safeguards include post-sale tracking of such equipment by the company, certification from a reputable and objective third party that such equipment is not being used by a party participating in armed conflict in Sudan, or sale of such equipment solely to the regional government of southern Sudan or any internationally recognized peacekeeping force or humanitarian organization.
- d. The company has business operations that involve contracts with or provision of supplies or services to the government of Iran, companies in which the government of Iran has any direct or indirect equity share, consortiums, or projects commissioned by the government of Iran, or companies involved in consortiums or projects commissioned by the government of Iran, and one of the following apply:
  - i. More than ten per cent of the company's total revenues or assets are linked to Iran and involve oil-related activities, mineral-extraction activities, or petroleum resources;
  - ii. The company has, with actual knowledge, on or after August 5, 1996, made an investment of twenty million dollars or more, or any combination of investments of at least ten million dollars each, which in the aggregate equals or exceeds twenty million dollars in any twelve-month period, and which directly or significantly contributes to the enhancement of Iran's ability to develop the petroleum resources of Iran;
  - iii. The company is engaged in business with an Iranian organization labeled as a terrorist organization by the United States government.
- e. Any company that takes substantial action specific to Iran with respect to divisions (U)(4)(a)(i) and (U)(4)(a)(ii) of this section shall not meet the criteria to be deemed a company involved in scrutinized business operations.
- f. A social development company that is not complicit in the Darfur genocide shall not be deemed a company involved in scrutinized business operations.

**Social development company:** means a company whose primary purpose in Sudan is to provide only the following humanitarian goods or services to the people of Sudan:

- a. Medicine or medical equipment;
- b. Agricultural supplies or infrastructure;
- c. Educational opportunities;
- d. Journalistic activities;
- e. Information or information materials;
- f. Spiritual-related activities;

- g. Services of a purely clerical or reporting nature;
- h. Food, clothing, or general consumer goods that are unrelated to oil-related activities, mineral extraction activities, or power production activities.

**Substantial action specific to Iran:** means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations.

**Substantial action specific to Sudan:** means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations; undertaking humanitarian efforts in conjunction with an international organization, the government of Sudan, the regional government of southern Sudan, or a nonprofit entity evaluated and certified by an independent third party to be substantially in a relationship to the company's Sudan business operations and of benefit to one or more marginalized populations of Sudan; or, through engagement with the government of Sudan, materially improving conditions for the genocidally victimized population in Darfur.

**Sudan:** means the republic of the Sudan.

**System:** means the School Employees Retirement System of Ohio.

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## Related Documents and Information

Statutes:	3309.15
Rules:	N/A
Document Links:	<a href="#">Purpose</a> , <a href="#">Policy</a> , <a href="#">Procedure</a> , <a href="#">Definitions</a> , <a href="#">Related Documents</a> , <a href="#">Policy History</a>
Forms:	---

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## Policy History

Version 1 – September 27, 2007 – Created – Approved by Board



## Highway Patrol Retirement System

6161 Busch Blvd. • Suite 119 • Columbus, OH 43229-2553 • 614.431.0781  
fax 614.431.9204 • www.ohprs.org

June 28, 2007

Mr. Aristotle Hutras, Director  
Ohio Retirement Study Council  
88 East Broad Street, Suite 1175  
Columbus, OH 43215

Dear Director Hutras:

At the Board meeting of June 28, 2007 the following actions were taken by the HPRS Trustees.

Davis moved and Davies seconded a motion for the Board to oppose any mandatory investment or divestment of holdings in companies as provided in the current version of Substitute House Bill 151, or any similar legislation, as such mandatory investment or divestment is inconsistent with the Board's fiduciary duties to the membership.

**MOTION CARRIED**

Davies moved and Boyer seconded a motion for the Board to direct the HPRS Staff to develop language to be included in the investment policy of the HPRS to make it clear that the Board does not support terrorism or genocide practiced or supported by any country; and further the Board's policy is not to invest in any companies that support terrorism or genocide.

**MOTION CARRIED**

Davies moved and Boyer seconded a motion for the Board to direct the HPRS staff to develop a policy and program consistent with the Board's fiduciary duties to voluntarily divest any holdings in non- U.S. publicly traded companies that have Iranian and Sudanese related business activities, as described in HB 151, when other investment opportunities offering equal security, quality and cost can be found.

**MOTION CARRIED**

Please share these actions with members of the Ohio Retirement Study Council.

Sincerely,

Richard A. Curtis  
Executive Director