



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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RICHARD STENSURD
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December 2, 2022

Ms. Bethany Rhodes
Ohio Retirement Study Council
88 East Broad Street, Suite 1175
Columbus, OH 43215

Dear Ms. Rhodes,

Enclosed with this letter is an annual update of SERS' compliance with its Iran and Sudan Investment Policy. SERS' policy was adopted by the Retirement Board in September 2007, and each quarter staff provides the Board with a report measuring the system's progress. The enclosed report is for the fiscal year ending June 30, 2022.

SERS' Iran and Sudan Investment Policy honors both the legislature's intent with regard to divestment, and the Board's fiduciary duties to its members. The policy provides a roadmap for staff and external investment managers regarding the engagement process with scrutinized companies on the list.

The engagement process continues to play a prominent role in SERS' divestment activities, as staff engages each company on the updated scrutinized company list each year. SERS staff receives monthly updates from our independent third-party screening entity and is in frequent communication with our external investment managers regarding the updated lists. Each year SERS' benchmark list is reset, and the new benchmark list for the fiscal year beginning July 1, 2022, is comprised of 7 scrutinized companies with a total market value of \$30 million.

SERS is encouraged by the success of its divestment efforts, and we plan to continue to engage scrutinized companies to promote this issue. I would be happy to assist you with additional information or answer any questions you may have at (614) 222-5801.

Sincerely,

Richard Stensrud
Executive Director

Enclosure

RETIREMENT BOARD

JEFFREY DELEONE <i>Chair, Appointed-Member</i>	FRANK A. WEGLARZ <i>Vice-Chair, Retiree-Member</i>	HUGH GARSIDE, JR <i>Employee-Member</i>	JAMES H. HALLER <i>Employee-Member</i>
MATTHEW A. KING <i>Employee-Member</i>	CATHERINE P. MOSS <i>Retiree-Member</i>	BARBRA M. PHILLIPS <i>Employee-Member</i>	JAMES A. ROSSLER, JR <i>Appointed Member</i>
			DANIEL L. WILSON <i>Appointed Member</i>

School Employees Retirement System

2022 Annual Report on Iran/Sudan Divestiture

(Submitted to ORSC 12/02/2022)

Market value of holdings with companies with scrutinized activities, FY 2007¹- FY 2022 (in millions):

FY 2007	FY 2022	Change in market value
\$167.8	\$30.0	(82%)

Market value of holdings with companies with scrutinized activities, FY 2021-2022 (in millions):

FY 2021	FY 2022	Change in market value
\$34.5	\$30.0	(13%)

Top five holdings (directly or through active funds):

Company	Market Value (in millions)	% of total scrutinized
CHINA Petroleum & Chemical Cor	\$11.6	39%
PetroChina	\$8.6	29%
Schneider Electric	\$4.5	15%
Oil & Natural Gas	\$3.3	11%
Oil India Ltd	\$1.2	4%

Comments on remaining top five holdings:

- We have a total of seven holdings remaining all held through two quantitative managers that diligently adhere to SERS' Iran Sudan Investment policy.
- During FY 2022 correspondence was sent to a total of 39 scrutinized companies. Of the top five held companies, one response was received.
- SERS' Iran and Sudan Investment Policy honors both the legislature's intent with regard to divestment, and the Board's fiduciary duties to its members. The policy is a roadmap for staff and external investment managers regarding the engagement process with scrutinized companies on the list. The engagement process plays a prominent role in SERS' divestment activities, as staff engages each company on the updated scrutinized company list each year. SERS is encouraged by the success of its divestment efforts, and we plan to continue to engage scrutinized companies to promote this issue.

¹ None of the retirement boards had an active Iran/Sudan divestment policy in 2007. 2007 serves as the baseline to measure changes.

Appendix

Summary of correspondences regarding scrutinized companies:

Year of Correspondence	% of Scrutinized Companies Contacted	Summary
2008/2009	100%	Contacted 75 of 75 scrutinized companies; 19 responses
2010	100%	Contacted 68 of 68 scrutinized companies; 24 responses
2011	100%	Contacted 78 of 78 scrutinized companies; 18 responses
2012	100%	Contacted 52 of 52 scrutinized companies; 9 responses
2013	100%	Contacted 54 of 54 scrutinized companies; 14 responses
2014	100%	Contacted 54 of 54 scrutinized companies; 9 responses
2015	100%	Contacted 47 of 47 scrutinized companies; 8 responses
2016	94%	Contacted 48 of 51 scrutinized companies; 7 responses
2017	98%	Contacted 47 of 48 scrutinized companies; 6 responses
2018	91%	Contacted 43 of 47 scrutinized companies; 5 responses
2019	100%	Contacted 48 of 48 scrutinized companies; 9 responses
2020	98%	Contacted 43 of 44 scrutinized companies; 8 responses (to date)
2021	98%	Contacted 42 of 43 scrutinized companies; 6 responses (to date)
2022	98%	Contacted 39 of 40 scrutinized companies; 5 responses (to date)

Summary of activity with active managers with holdings in scrutinized companies (thru 9/30/22):

- One letter was returned to sender during this annual engagement.
- Every month, an updated list of scrutinized companies, from MSCI is reviewed by SERS Investment Compliance and then distributed to our equity and fixed income managers who have the potential to hold scrutinized companies.
- Managers are required to report, real time, when purchases are made involving a company on the scrutinized list as well as to summarize all Iran/Sudan activity at the end of the month through required compliance reporting.
- Scrutinized holdings are reported to our Board on a quarterly basis with comparison to the prior fiscal year and the 2008 benchmark list along with a Board Memo summarizing managers' Iran/Sudan compliance reporting.

Market value of directly held public securities that are scrutinized companies (as of 9/30/2022):

Company	Market value (in millions)
China Oilfield	\$.3
China Petroleum & Chemical Cor	\$11.2
Gazprom OAO	\$0
Oil & Natural Gas	\$1.4
PetroChina	\$7.6
Schneider Electric SE	\$4.9
Shell PLC	\$19.0
Siemens AG	\$.4

*Summary of sold, redeemed, purchased, withdrawn securities of scrutinized companies
(previous three years):*

	2020	2021	2022
Summary of Activity	China Oilfield Services (P)	China BlueChemical (P)	China Oilfield Services (P) (X)
	CNOOC LTD (S)	CNPC Capital Co (P)	China Petroleum & Chemical (P)
	Harbin Electric (P)	Gazprom (P)	PetroChina (P)
	Petronas Chemical Group BHD (S)	Bharat Heavy Electricals (S)	Gazprom (P)
	Schneider Electric (P)	Sinopec Engineering Group (S)	Schneider Electric (P)
		Oil & Natural Gas Corp (ONGC) (S)	CNPC Capital Co (S) (W)
		Siemens AG (S)	China BlueChemical (S) (W)
		China Oilfield Services (S)	Oil India (S)
		Harbin Electric Co (S)	Oil & Natural Gas Corp (ONGC) (P) (X)
		PetroChina (P)	

S - Sold

R - Redeemed

P - Purchased

W - Withdrawn

X- Previously owned