

The State Teachers Retirement System of Ohio 2018 Annual Report on Iran/Sudan Divestiture

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

FY 2007	FY 2018	Change in market value
\$1,617.66	\$98.67	-93.90%

Market value of holdings with companies with restricted activities, FY 2017-2018 (in millions):

FY 2017	FY 2018	Change in market value
\$88.29	\$98.67	11.76%

Top five holdings (directly or through active funds):

Company	Market Value (in millions)	% of total scrutinized
SCHNEIDER ELECTRIC SA	\$ 43.9	44.5%
GAZPROM OAO	\$ 17.5	17.8%
CHINA PETROLEUM + CHEMICAL H COMMON STOCK CNY1.	\$ 13.3	13.5%
PETROCHINA CO HKD 0.1	\$ 8.8	8.9%
CNOOC LTD HKD 0.02	\$ 6.9	7.0%

Comments on remaining top five holdings:

- STRS Ohio contacts each company on the restricted company list each year to solicit a formal explanation of the company’s operations in Iran and/or Sudan, and to encourage the company to cease these operations.
- STRS Ohio will continue to pursue divestment of restricted companies subject to the Board’s fiduciary responsibilities set forth in O.R.C. 3307.15 (A) and when a substitute investment with similar quality, return and safety can be identified.

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 restricted companies:

Year of Correspondence	% of Restricted Companies Contacted	Summary
2018	100%	Contacted 77 of 77 restricted companies; 25 responses
2017	100%	Contacted 66 of 66 restricted companies; 16 responses
2016	100%	Contacted 65 of 65 restricted companies; 14 responses
2015	100%	Contacted 67 of 67 restricted companies; 11 responses
2014	100%	Contacted 70 of 70 restricted companies; 13 responses
2013	100%	Contacted 65 of 65 restricted companies; 16 responses
2012	100%	Contacted 66 of 66 restricted companies; 17 responses
2011	100%	Contacted 95 of 95 restricted companies; 24 responses
2010	100%	Contacted 84 of 84 restricted companies; 27 responses
2009	100%	Contacted 77 of 77 restricted companies; 26 responses
2008	100%	Contacted 93 of 93 restricted companies; 40 responses

Summary of activity with active managers with holdings in restricted companies (current reporting year):

- STRS Ohio provides a restricted company list to all portfolio managers affected by the Iran and Sudan Divestment Policy and Program on a semi-annual basis
- STRS Ohio requires each portfolio manager affected by the Iran and Sudan Divestment Policy and Program to confirm on a quarterly basis that they have reviewed the restricted company list and attempted to divest from any companies in which they believe a substitute of similar quality, return and safety was available.
- All purchases of securities in any company on the restricted company list must be pre-approved by the STRS Ohio Deputy Executive Director, Investments.

Market value of directly held public securities that are restricted companies (current reporting year):

Company (as of June 30, 2018)	Market Value (millions)
BHARAT HEAVY ELECTRICALS LTD	\$ -
CHINA PETROLEUM + CHEMICAL H COMMON STOCK CNY1.	\$ 13.3
CNOOC LTD HKD 0.02	\$ 6.9
CNPC HK OVERSEAS CAPITAL LIMITED	\$ 1.8
GAZPROM OAO	\$ 13.6
GAZPROM PJSC SPON ADR-EACH REPR 2 ORD SHS	\$ 3.9
MALAYSIA INT SHIP MYR1	\$ 0.8
OIL + NATURAL GAS CORP LTD INR 10.0	\$ 2.6
PETROCHINA CO HKD 0.1	\$ 8.8
SCHNEIDER ELECTRIC SA	\$ 43.9
SINOPEC GROUP OVERSEAS DEV 2013	\$ 3.1

*Ownership in BHARAT HEAVY ELECTRICALS LTD rounds to zero in this report due to their market value of less than \$10,000 as of June 30, 2018.

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

Summary of Activity	FY 2016		FY 2017		FY 2018	
	Company Name	Category	Company Name	Category	Company Name	Category
	CHINA MACHINERY ENGINEERING CORP	P	CHINA MACHINERY ENGINEERING CORP	S		
					CHINA OILFIELD SERVICES H COMMON STOCK	S
			CNPC GENERAL CAPITAL LIMITED	X	CNPC GENERAL CAPITAL LIMITED	S
			DAELIM INDUSTRIAL CO LTD	S	CNPC HK OVERSEAS CAPITAL LIMITED	X
	ENI SPA EUR	W				
	GAZPROM OAO	P				
	PETROCHINA CO LTD USD 1.0 ADR	S				
	PETRONAS CHEMICALS GROUP	P	PETRONAS CHEMICALS GROUP	S		
					SINOPEC ENGINEERING GROUP CO LTD	S
					SINOPEC GROUP OVERSEAS DEV 2013	X
	TOTAL SA COMMON STOCK EUR 2.5	W				

S - Sold

R - Redeemed

P - Purchased

W - Withdrawn

X – Previously owned security added to the restricted list in the current report period