

## OPERS

### 2019 Annual Report on Iran/Sudan Divestiture

*Market value of holdings with companies with scrutinized activities, FY 2007<sup>1</sup>-Present (in millions):<sup>2</sup>*

FY 2007	FY 2018	Change in market value
\$659	\$44	-93.32%

*Market value of holdings with companies with scrutinized activities, FY 2016-2017 (in millions):*

FY 2017	FY 2018	Change in market value
\$24	\$44	83.33%

*Top five holdings (through active funds):*

Company	Market Value (in millions)	% of total scrutinized
Schneider Electric	\$22	49.76%
Siemens Ag <sup>3</sup>	\$17	37.85%
Hindustan Petroleum <sup>3</sup>	\$2	5.06%
Gazprom	\$2	4.71%
Sinopec Group Overseas	\$1	2.63%

*Comments on remaining top five holdings:*

- Schneider Electric SE
  - Global leader of manufacturing power distribution and automation systems with unique opportunities to invest in energy efficiency and electrification as policy makers struggle to meet climate change policy goals.
  - Growth has reaccelerated supported by European construction demand and structural investment demand from applications such as data centers, charging networks, renewable energy infrastructure connections and electric vehicles.
- Siemens Ag
  - One of the largest electronics and engineering companies in the world with facilities around the world supporting a global customer base.

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

<sup>2</sup> Holdings are as of 6/30 for the subsequent year reported.

<sup>3</sup> Name added to the Corporate Governance Iran and Sudan List in July 2018.

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- Diversified across nine billion-dollar business segments including healthcare, building technologies, factory automation and power distribution equipment.
- Hindustan Petroleum
  - One of the largest oil refiners in India with the refining capacity of more than 17 million metric tons per year and holds the second largest share of product pipelines in India.
  - Expect demand for oil in India to increase over the next two decades as the volume of passenger cars increase in the country and with the projected replacement of household fuel source from kerosene and wood to liquified petroleum gas.
- Gazprom
  - Controls the largest global gas reserves.
  - Sales in Europe account for over 30% of the market share as the region continues to phase out nuclear energy and some domestic gas producers.
- Sinopec Group Overseas
  - China's largest integrated petroleum and petrochemical company with proved reserves of 1,666 million barrels of crude oil and 6,807 billion cubic feet of natural gas as of December 2018.
  - Operates 32 refineries in China, including 15 with refining capacity of 10 million metric tons or more annually.

## Appendix

### *Summary of correspondences regarding scrutinized companies*

Year of Correspondence	% of Scrutinized Companies Contacted	Summary
2008	100%	Contacted 81 of 81 scrutinized companies; 25 responses
2009	100%	Contacted 98 of 98 scrutinized companies; 21 responses
2010	100%	Contacted 90 of 90 scrutinized companies; 18 responses
2011	100%	Contacted 87 of 87 scrutinized companies; 9 responses
2012	100%	Contacted 77 of 77 scrutinized companies; 21 responses
2013	100%	Contacted 62 of 62 scrutinized companies; 7 responses
2014	100%	Contacted 69 of 69 scrutinized companies; 10 responses
2015	100%	Contacted 60 of 60 scrutinized companies; 12 responses
2016	100%	Contacted 65 of 65 scrutinized companies; 14 responses
2017	100%	Contacted 67 of 67 scrutinized companies; 15 responses
2018	100%	Contacted 79 of 79 scrutinized companies; 10 responses
2019	100%	Contacted 89 of 89 scrutinized companies; 16 responses

### *Summary of activity with active managers with holdings in scrutinized companies (current reporting year)*

- All Active External Managers provide Exposure Rationale to OPERS twice a year.
- Summary of Responses:
  - Schneider Electric SE
    - Global leader of manufacturing power distribution and automation systems with unique opportunities to invest in energy efficiency and electrification as policy makers struggle to meet climate change policy goals.
    - Growth has reaccelerated supported by European construction demand and structural investment demand from applications such as data centers, charging networks, renewable energy infrastructure connections and electric vehicles.
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  - Operates 32 refineries in China, including 15 with refining capacity of 10 million metric tons or more annually.

*Market value of directly held public securities held in active funds that are scrutinized companies (current reporting year)*

Company	Market value (in millions)
Schneider Electric	\$22
Siemens Ag	\$17
Hindustan Petroleum	\$2
Gazprom	\$2
Sinopec Group Overseas	\$1

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*Summary of sold, redeemed, purchased, withdrawn securities of scrutinized companies (2013-present)<sup>4</sup>*

	2013	2014	2015	2016	2017	2018	2019
<b>Summary of Activity</b>	China National Offshore Oil Co, (S)	China National Offshore Oil Co, (P, S)	China National Offshore Oil Co, (S)	Gazprom PAO, (P, S)	Gazprom PAO, (P, S)	China Petroleum & Chemical Corp (P)	China Petroleum & Chemical Corp (P, S)
	Eni SpA, (P, S)	China National Petroleum Corp, (P, S)	China National Petroleum Corp, (S)		Cnooc Ltd, (P, S)	Gazprom PAO (P,S)	Petrochina Co. Ltd. (P, S)
	Gazprom PAO, (P, S)	Gazprom PAO, (P, S)	Gazprom PAO, (P, S)			Schneider Electric SE (P, S)	Gazprom PAO (P, S)
	China National Petroleum Corp, (P, S)	JX Holdings Inc, (P)	JX Holdings Inc, (S)			Sinopec Group Overseas (P,S)	Hindustan Petroleum Corp Ltd. (X, S)
	JX Holdings Inc, (S)	Oil India Ltd, (P)	Schneider Electric SE, (S)				Schneider Electric SE (P, S)
	Petroliam Nasional Bhd, (S)	Schneider Electric SE, (P)	Oil India, Ltd. (S)				Siemens Healthineers AG (X, S)
	Schneider Electric SE, (P, S)						
	Statoil ASA, (P, S)						
	TOTAL SA, (P, S)						

S – Sold

R- Redeemed

P- Purchased

W-Withdrawn

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

<sup>4</sup> Transactions recorded from July 1st of prior year to June 30th of reporting year listed.