



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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RICHARD STENSURD
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December 18, 2023

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's staff provides the Board with a report measuring the system's progress. The enclosed report is through month ending September 30, 2023.

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 balance on September 30, 2023, is comprised of 9 scrutinized companies with a total market value of \$118 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

FRANK A. WEGLARZ <i>Chair, Retiree-Member</i>	MATTHEW A. KING <i>Vice-Chair, Employee-Member</i>	JEFFREY DELEONE <i>Appointed Member</i>	JAMES H. HALLER <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>	AIMEE RUSSELL <i>Employee-Member</i>	DANIEL L. WILSON <i>Appointed Member</i>

School Employees Retirement System

2023 Annual Report on Iran/Sudan Divestiture

(Submitted to ORSC 12/18/2023)

Market value of holdings with companies with scrutinized activities, FY 2007¹-09/30/2023 (in millions):

FY 2007	09/30/2023	Change in market value
\$167.8	\$117.6	(30%)

Market value of holdings with companies with scrutinized activities, 9/30/2022-09/30/2023 (in millions):

09/30/2022	09/30/2023	Change in market value
\$44.8	\$117.6	162.5%

Top five holdings (directly or through active funds):

Company	Market Value (in millions)	% of total scrutinized
Total Energies SA	\$40.7	34.6%
Shell PLC	\$38.0	32.3%
China Petro & Chemical	\$14.4	12.2%
Petro China	\$12.8	10.9%
Schneider Electric SE	\$7.8	6.6%

Comments on remaining top five holdings:

- We have a total of nine holdings remaining all held through two quantitative managers that diligently adhere to SERS' Iran Sudan Investment policy.
- Total Energies SA returned to the scrutinized list as of November 2022. They have been on and off the list throughout the years.
- One new holding was added based on the scrutinized list: Nokia OYJ
- During 2023 correspondence was sent to a total of 30 scrutinized parent 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

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

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.

Appendix

Summary of correspondences regarding scrutinized companies:

Year of Correspondence	% of Scrutinized Companies Contacted	Summary
2008/2009	100%	Contacted 75 of 77 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
2021	98%	Contacted 42 of 43 scrutinized companies; 6 responses
2022	98%	Contacted 39 of 40 scrutinized companies; 5 responses
2023	97%	Contacted 29 of 30 scrutinized companies; 6 responses

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

- 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 (current reporting year):

Company	Market value (in millions)
China Oilfield	\$36
China Petro & Chemical Corp	\$14.4
CNOOC Energy Technology & Service	\$2.3
Gazprom	\$0
Nokia OYJ	\$1.2
PetroChina	\$12.8
Schneider Electric SE	\$7.8
Shell PLC	\$38.0
Total Energies SE	\$40.7

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

Summary of Activity	2021	2022	2023
	China BlueChemical (P)	China Oilfield Services (P) (X)	Total Energies SA (X)
	CNPC Capital Co (P)	China Petroleum & Chemical (P)	Nokia OYJ (P)
	Gazprom (P)	PetroChina (P)	Siemens AG (S)
	Bharat Heavy Electricals (S)	Gazprom (P)	Shell PLC (P) (S)
	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)	CNOOC Ltd.(S) (W)		

S - Sold

R - Redeemed

P - Purchased

W - Withdrawn

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