



Michael L. Fitzgerald
Treasurer of State

Capitol Building
1007 E Grand Ave.
Des Moines, IA 50319

September 16, 2019

Honorable W. Charles Smithson,
Secretary of the Senate
Honorable Meghan Nelson,
Chief Clerk of the House
General Assembly of the State of Iowa
State Capitol Building
Des Moines, IA 50319

Dear Mr. Smithson and Ms. Nelson:

I respectfully submit to you the annual reports from the Treasurer of State regarding fiscal year 2019 investment activity related to Iowa Code 12F – Restrictions on Sudan-Related Investments. Attached are reports for the State Operating Fund, the Iowa Judicial Retirement System, and the Iowa Peace Officers' Retirement, Accident and Disability System.

Respectfully Yours,

A handwritten signature in cursive script that reads "Michael L. Fitzgerald".

Michael L. Fitzgerald
Treasurer of State

Enclosures

**Iowa State Operating Fund
Annual Report
On Sudan Divestment
For The Fiscal Year Ended June 30, 2019**

Purpose

This is the twelfth annual report required by Iowa Code Chapter 12F regarding restrictions on Sudan-related investments by the Iowa State Operating Fund (SOF). In response to the ongoing human rights situation in the Darfur region of the country of Sudan, the General Assembly passed SF361, which places restrictions on investments in certain companies that have active business operations there. Effective beginning July 1, 2007, this law intends for state funds not to be invested in companies that provide power production-related services, mineral extraction activities, oil-related activities, or military equipment to the government of Sudan.

Chapter 12F applies to SOF in the following ways:

The system must identify and make available to the public a quarterly updated list of scrutinized companies, which have active or inactive business operations in Sudan. SOF uses the research services of IW Financial, Inc. to assist in developing the list of scrutinized companies to comply with this requirement.

SOF is prohibited from directly investing in scrutinized companies with active business operations listed on the most current quarterly list. The fund was required to divest from any company with active business operations that were directly held by the fund as of July 1, 2007, after sending written notification to the company.

Any company owned indirectly through a fund is not subject to divestment, but still requires that SOF send written notification. Further, SOF is required to send written correspondence to the investment managers of funds with scrutinized company holdings urging the managers to divest of the scrutinized companies or start a separate fund free of Sudan-related holdings.

Scrutinized Companies List

SOF's final FY 2019 quarterly scrutinized company list is attached. As of June 30, 2019, SOF directly held one company (GE) that is on the quarterly divestment list.

Written Notices

During the fiscal year, GE was held directly by SOF. As per the requirements of the law, SOF sent a letter to the scrutinized company, urging them to cease all business operations in the country of Sudan. A letter was also sent to the investment manager to inform them that investment must be divested no sooner than ninety days, but no later than eighteen months, following the first written notice sent to the scrutinized company.

Divestment

The investment manager has 18 months to divest of GE.

Report Availability

This report, along with any other quarterly scrutinized company list can be obtained by contacting the Treasurer's office at 515-281-8478 or jina.bresson@tos.iowa.gov.

**Iowa Judicial Retirement System
Annual Report
On Sudan Divestment
For The Fiscal Year Ended June 30, 2019**

Purpose

This is the twelfth annual report required by Iowa Code Chapter 12F regarding restrictions on Sudan-related investments by the Iowa Judicial Retirement System (JRS). In response to the ongoing human rights situation in the Darfur region of the country of Sudan, the General Assembly passed SF361, which places restrictions on investments in certain companies that have active business operations there. Effective beginning July 1, 2007, this law intends for state funds not to be invested in companies that provide power production-related services, mineral extraction activities, oil-related activities, or military equipment to the government of Sudan.

Chapter 12F applies to JRS in the following ways:

The system must identify and make available to the public a quarterly updated list of scrutinized companies, which have active or inactive business operations in Sudan. JRS uses the research services of IW Financial, Inc. to assist in developing the list of scrutinized companies to comply with this requirement.

JRS is prohibited from directly investing in scrutinized companies with active business operations listed on the most current quarterly list. The fund was required to divest from any company with active business operations that were directly held by the fund as of July 1, 2007, after sending written notification to the company.

Any company owned indirectly through a fund is not subject to divestment, but still requires that JRS send written notification. Further, JRS is required to send written correspondence to the investment managers of funds with scrutinized company holdings urging the managers to divest of the scrutinized companies or start a separate fund free of Sudan-related holdings.

Scrutinized Companies List

JRS' FY 2019 quarterly scrutinized company list is attached. As of June 30, 2019, JRS directly held two companies (GE and Baker Hughes) that are on the quarterly divestment list.

Written Notices

During the fiscal year, GE and Baker Hughes were held directly by JRS. As per the requirements of the law, JRS sent a letter to the scrutinized companies, urging them to cease all business operations in the country of Sudan. A letter was also sent to the investment manager to inform them that investment must be divested no sooner than ninety days, but no later than eighteen months, following the first written notice sent to the scrutinized company.

Divestment

The investment manager has 18 months to divest of GE and Baker Hughes.

Report Availability

This report, along with any other quarterly scrutinized company list can be obtained by contacting the Treasurer's office at 515-281-8478 or jina.bresson@tos.iowa.gov.

**Iowa Peace Officers' Retirement, Accident and Disability System
Annual Report
On Sudan Divestment
For The Fiscal Year Ended June 30, 2019**

Purpose

This is the twelfth annual report required by Iowa Code Chapter 12F regarding restrictions on Sudan-related investments by the Iowa Peace Officers' Retirement, Accident and Disability System (PORS). In response to the ongoing human rights situation in the Darfur region of the country of Sudan, the General Assembly passed SF361, which places restrictions on investments in certain companies that have active business operations there. Effective beginning July 1, 2007, this law intends for state funds not to be invested in companies that provide power production-related services, mineral extraction activities, oil-related activities, or military equipment to the government of Sudan.

Chapter 12F applies to PORS in the following ways:

The system must identify and make available to the public a quarterly updated list of scrutinized companies, which have active or inactive business operations in Sudan. PORS uses the research services of IW Financial, Inc. to assist in developing the list of scrutinized companies to comply with this requirement.

PORS is prohibited from directly investing in scrutinized companies with active business operations listed on the most current quarterly list. The fund was required to divest from any company with active business operations that were directly held by the fund as of July 1, 2007, after sending written notification to the company.

Any company owned indirectly through a fund is not subject to divestment, but still requires that PORS send written notification. Further, PORS is required to send written correspondence to the investment managers of funds with scrutinized company holdings urging the managers to divest of the scrutinized companies or start a separate fund free of Sudan-related holdings.

Scrutinized Companies List

PORS' final FY 2019 quarterly scrutinized company list is attached. As of June 30, 2019, PORS directly held two companies (GE and Baker Hughes) that are on the quarterly divestment list.

Written Notices

During the fiscal year, GE and Baker Hughes were held directly by PORS. As per the requirements of the law, PORS sent a letter to the scrutinized companies, urging them to cease all business operations in the country of Sudan. A letter was also sent to the investment manager to inform them that investment must be divested no sooner than ninety days, but no later than eighteen months, following the first written notice sent to the scrutinized company.

Divestment

The investment manager has 18 months to divest of GE and Baker Hughes.

Report Availability

This report, along with any other quarterly scrutinized company list can be obtained by contacting the Treasurer's office at 515-281-8478 or jina.bresson@tos.iowa.gov.

Sudan Company List

Anton Oilfield Services Group
Arabian Pipes Co
Asec Company for Mining
Baker Hughes a GE company
China Energy Engineering Corporation Limited
China Petroleum & Chemical Corp
China Yangtze Power Co
Dongfeng Motor Group Co
Dubai Investments
El Sewedy Electric Company
Energy House Holding Company K.S.C.C.
General Electric Co.
Gtl Otkrytoe Aktsionernoe Obshchest
Harbin Electric Company Limited
Indian Oil Corporation Ltd.
Kuwait Finance House
Managem
Oil & Natural Gas Corporation Ltd.
Oil India Ltd
Orca Gold Inc
PetroChina Co. Ltd.
Qalaa Holdings
Siemens AG