

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**ANNUAL REPORT**  
**ON SUDAN DIVESTMENT**  
**For the Fiscal Year Ended June 30, 2025**

Iowa Code chapter 12F requires the Iowa Public Employees' Retirement System (IPERS) to scrutinize companies with business operations in the Sudan, and under certain circumstances, to restrict its purchases of, and/or divest of, holdings of any company determined to have active business operations in the Sudan. Chapter 12F specifies certain procedures to be followed in engaging companies doing business in the Sudan and requires IPERS to annually report to the General Assembly on its activities concerning the Sudan divestment law.

### **Implementation**

IPERS developed a list of scrutinized companies using the research and findings of ISS-ESG (ISS) in fiscal year 2025. IPERS considers companies characterized by ISS as "Scrutinized" to be companies with active business operations in the Sudan.

IPERS sends a letter to each company with active business operations asking them to discontinue their operations in the Sudan. Companies are given the opportunity to provide evidence that contradicts ISS' findings. The letter also notifies the company that IPERS will prohibit further investment and divest of its holdings in the company's securities if the company does not meet the requirements of the law. If the company does not respond or fails to provide convincing evidence within the time period established by law, then IPERS places the company on its prohibited companies list. The prohibited companies list is updated annually and is provided to the public on IPERS' web site at [www.ipers.org](http://www.ipers.org).

IPERS' investment managers are prohibited from purchasing securities issued by companies on the prohibited companies list. Investment managers that have any existing direct holdings<sup>1</sup> of a prohibited company must sell (divest) the position within 18 months of the date the company was first notified. An investment manager has the discretion to decide when to sell its holdings within the 18-month period.

Chapter 12F requires IPERS to engage only those scrutinized companies in which it has direct holdings. However, IPERS has opted to send letters to all scrutinized companies and will place a scrutinized company on the prohibited companies list if warranted, regardless of whether IPERS has any direct holdings in the company. This is done because IPERS prefers to engage a company and determine whether it is a prohibited company before an

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<sup>1</sup> It is important to note that chapter 12F makes a distinction between direct holdings and indirect holdings. *Direct holdings* are securities directly owned and held in IPERS' name. *Indirect holdings* refer to situations where IPERS may indirectly own an interest in a security because of its ownership of shares in a commingled investment vehicle, such as a mutual fund. The General Assembly recognized that it may not be possible to efficiently divest of prohibited companies held in a commingled fund and exempted indirect holdings from many provisions of chapter 12F. IPERS is required to analyze the prudence of moving its indirect holdings to Sudan-free commingled funds if such an option exists. See section on Indirect Holdings.

investment manager purchases any securities of such company. The investment manager wants to know if a company is prohibited before buying it— not afterwards.

Chapter 12F also requires IPERS to contact companies that have inactive business operations in the Sudan. However, the purpose of such letter is to encourage them to keep their business activities inactive until the genocide stops in the Sudan. IPERS uses information from ISS to determine which companies have inactive business operations in the Sudan.

### **Fiscal Year 2025 Engagement Activity**

IPERS updates and publishes its prohibited companies list on an annual basis. During fiscal year 2025, two companies were added to the prohibited companies list, and three companies were removed. The companies were removed because ISS no longer considered them to be “Scrutinized.” IPERS’ prohibited companies list as of June 30, 2025, follows this report.

Additionally, IPERS staff sent annual reminder letters to the 18 companies on the prohibited list on June 30, 2025. These letters encouraged the companies to transition their active Sudan operations into inactive operations. Chapter 12F mandates this yearly communication with each company on the prohibited list.

### **Fiscal Year 2025 Divestment Activity**

There was no divestment activity in fiscal year 2025.

### **Indirect Holdings**

As noted earlier, chapter 12F makes a distinction between direct and indirect holdings. IPERS held nine indirect holdings in the stock of companies listed on the prohibited companies list on June 30, 2025. They were valued at \$47,356,720. IPERS indirectly held no bonds of companies listed on the prohibited companies list on June 30, 2025. In total, IPERS had \$47,356,720 worth of indirect holdings as of June 30, 2025, which comprised approximately 0.10% of the total IPERS fund. While indirect holdings are generally exempt from most of the provisions of the law, IPERS is required to evaluate the potential costs associated with moving its indirect investments to funds that will comply with chapter 12F, if it is prudent to do so. Based on potential trading costs and fees, IPERS does not believe it is prudent to take such action given the relatively small indirect exposures to prohibited companies.

### **Fiscal Year 2025 Program Costs**

The cost to implement the Sudan monitoring and divestment program has been very low. IPERS incurred third party costs of \$1,667.00 for research services in fiscal year 2025 and did not incur any staff overtime costs to implement the program.

## **For More Information**

For all of IPERS' prohibited companies lists see it's website at <https://ipers.org/about/investments/restrictions>. IPERS staff can be reached by email at [investments@ipers.org](mailto:investments@ipers.org) or by telephone at 515-281-0030.

# Sudan Prohibited Companies List

June 30, 2025

COMPANY	
» ASEC Co. for Mining	» Hyundai Motor Co., Ltd.
» Bharat Heavy Electricals Limited	» Indian Oil Corp. Ltd.
» BYD Company Limited	» Managem SA
» China Energy Engineering Corp. Ltd.	» Oil India Limited
» China Yangtze Power Co., Ltd.	» Pan African Resources Plc
» Dongfeng Motor Group Company Limited	» Perseus Mining Limited
» Elsewedy Electric Co.	» Qala For Financial Investments
» Gas To Liquid PJSC	» Siemens Energy AG
» Harbin Electric Co. Ltd.	» Volkswagen AG

» Denotes wholly- or majority-owned subsidiaries, parent companies, or affiliates of companies that have the most problematic operations in Sudan.

Companies Removed from <a href="#">Prohibited Companies List</a>
» China Petroleum & Chemical Corporation
» KAMAZ PTC
» Wildcat Petroleum Plc

Companies Added to <a href="#">Prohibited Companies List</a>
» Bharat Heavy Electricals Limited
» Kuwait Finance House KSC