

October 1, 2018

Iowa General Assembly
State Capitol
Des Moines, IA 50309

Re: Iran Divestment (Iowa Code Chapter 12H)

Dear Iowa General Assembly:

The referenced statute was enacted in 2011 pertaining to the investment of public fund assets in companies doing business in or with the Country of Iran. Specifically, the statutory section provides that the retirement system actively engage with and ultimately may be required to divest its positions from companies which may be complicit in aiding and abetting the ongoing support of international terrorism.

The System is hereby complying with the requirements of the statute, 12H.5:

- 2. Annual report. On October 1, 2012, and each October 1 thereafter, each public fund shall make available to the public, and file with the general assembly, an annual report covering the prior fiscal year that includes the following:*
- a. The scrutinized companies list as of the end of the fiscal year.*
 - b. A summary of all written notices sent as required by section 12H.3 during the fiscal year.*
 - c. All investments sold, redeemed, divested, or withdrawn as provided in section 12H.4 during the fiscal year.*

The Board of Trustees respectfully submits the attached annual report.

Sincerely,



Terry Slattery
Executive Director

Attachment – October 1, 2018 Report

MFPRSI

Iran Divestment Report

A. Total Universe of Companies Per IdealsWork, Inc.

B. Summary of all written notices sent

C. Total Positions Divested

As of: June 30, 2018

A. Total Universe of Companies Per ISS Ethix

| | COMPANY | Scrutinized Active/Scrutinized Plan of Substantial Action |
|----|--|---|
| 1 | Aban Offshore Ltd. | Scrutinized Active |
| 2 | Alstom SA | Scrutinized Active |
| 3 | Arabian Pipes Co | Scrutinized Active |
| 4 | Capital Product Partners LP | Scrutinized Active |
| 5 | Chadormalu Mineral & Ind. Co. | Scrutinized Active |
| 6 | China Camc Engineering Co. Ltd | Scrutinized Active |
| 7 | China Nonferrous Metal Industry's Foreign Eng. And Const. Co. Ltd. | Scrutinized Active |
| 8 | China Oilfield Services | Scrutinized Active |
| 9 | China Petroleum & Chemical Corp | Scrutinized Active |
| 10 | China Railway Group Ltd | Scrutinized Active |
| 11 | Chiyoda Corporation | Scrutinized Active |
| 12 | Daelim Industrial | Scrutinized Active |
| 13 | Daewoo Engineering & Construction | Scrutinized Active |
| 14 | Danieli & C - Officine Meccaniche Spa | Scrutinized Active |
| 15 | DNO ASA | Scrutinized Active |
| 16 | F.L.Smith & Co. AS | Scrutinized Active |
| 17 | Gazprom OAO | Scrutinized Active |
| 18 | Gruppo Waste Italia SpA | Scrutinized Active |
| 19 | Hyundai Corporation | Scrutinized Active |
| 20 | Hyundai Engineering & Construction | Scrutinized Active |
| 21 | Hyundai Mobis | Scrutinized Active |
| 22 | Hyundai Motor | Scrutinized Active |
| 23 | Indian Oil Corporation Ltd. | Scrutinized Active |
| 24 | Inpex Corporation | Scrutinized Active |
| 25 | Inter Rao Ues JSC | Scrutinized Active |
| 26 | Japan Drilling Co., Ltd. | Scrutinized Active |
| 27 | Japan Petroleum Exploration Co.,Ltd. | Scrutinized Active |
| 28 | Korea Electric Power | Scrutinized Active |
| 29 | Korea Gas Corporation | Scrutinized Active |
| 30 | Maire Tecnimont S.p.A. | Scrutinized Active |
| 31 | Man SE | Scrutinized Active |
| 32 | Marubeni Corporation | Scrutinized Active |
| 33 | Mitsubishi Materials Corporation | Scrutinized Active |
| 34 | Motor Sich | Scrutinized Active |
| 35 | Norinco Intl Cooperation Ltd | Scrutinized Active |
| 36 | Oil & Natural Gas Corporation Ltd. | Scrutinized Active |
| 37 | Oil India Ltd | Scrutinized Active |
| 38 | OMV AG | Scrutinized Active |
| 39 | Outotec Oyj | Scrutinized Active |
| 40 | PetroChina Co. Ltd. | Scrutinized Active |
| 41 | PJSC Lukoil | Scrutinized Active |
| 42 | PJSC Tatneft | Scrutinized Active |
| 43 | Polskie Gornictwo Naftowe i Gazownictwo SA | Scrutinized Active |
| 44 | Porsche Automobil Holding SE | Scrutinized Active |
| 45 | Posco | Scrutinized Active |
| 46 | Posco Daewoo Corp | Scrutinized Active |
| 47 | Power Construction Corporation of China, Ltd. | Scrutinized Active |
| 48 | Poyry Plc | Scrutinized Active |
| 49 | Royal Dutch Shell Plc | Scrutinized Active |
| 50 | Shipping Corporation of India Ltd. | Scrutinized Active |
| 51 | Siemens AG | Scrutinized Active |
| 52 | Sinopec Engineering (Group) Co Ltd | Scrutinized Active |
| 53 | Sojitz Corp. | Scrutinized Active |
| 54 | Total S.A. | Scrutinized Active |
| 55 | United Aircraft Corporation | Scrutinized Active |
| 56 | Volkswagen AG | Scrutinized Active |
| 57 | Zio Podolsk Machinery Plant | Scrutinized Active |

B. Summary of all written notices

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August 10th, 2017

MFPRS! mailed out letters to all firms below with the quarterly "scrutinized companies" list from the IW Financial with response date of August 31, 2017.

Firms:
 State Street
 DFA
 Baillie Gifford
 Mondrian
 Aberdeen
 JP Morgan
 GMO
 Intech
 Dodge & Cox
 Schroders

October 25th, 2017

All firms responded to letter with any holdings of securities on "scrutinized companies" list.

October 26th, 2017

MFPRS! mailed letters to the following companies that were held indirectly in the portfolio informing them of possible divestment from the company and to respond within 90 days of the date of letter with any other information they were able to provide.

Following up annually with companies that remain on the list

Companies:
 Alstom
 Bharat Petroleum Corporation Ltd.
 China Oilfield Services
 China Petroleum and Chemical
 Chiyoda Corporation
 Daelim Industrial
 Danieli & C - Officine Meccaniche Spa
 DNO ASA
 Engineers India Ltd
 Eni Spa
 F.L. Smidth & Co. AS
 Gazprom
 Glencore Funding
 Hyundai Engineering & Construction
 Hyundai Mobis
 Hyundai Motor
 Indian Oil Corp Ltd
 Inpex Corp.
 Japan Drilling Co. Ltd.
 Japan Petroleum Exploration Co.,Ltd.
 Korea Electric Power
 Maire Tecnimont Spa
 Marubeni Corporation
 Mitsubishi Materials
 Oil & Natural Gas Corp Ltd
 OMV Ag
 PetroChina Co. Ltd.
 Polskie Gornictwo Naftowe i Gazownictwo SA
 Posco Daewoo Corp
 Royal Dutch Shell Plc
 Shipping Corporation of India Ltd.

B. Summary of all written notices

October 30th, 2017

MFPRSI mailed out letters to following firms who hold Indirect securities informing them to consider divestment from the companies held.

Firms:
Schroders

November 20th, 2017

MFPRSI mailed out letters to all firms below with the quarterly "scrutinized companies" list from the IW Financial with response date of November 30, 2017.

Firms:
State Street
DFA
Baillie Gifford
Mondrian
Aberdeen
JP Morgan
GMO
Intech
Dodge & Cox
Schroders

December 13th, 2017

All firms responded to letter with any holdings of securities on "scrutinized companies" list.

February 15th, 2018

MFPRSI mailed out letters to all firms below with the quarterly "scrutinized companies" list from the IW Financial with response date of February 28, 2018.

Firms:
State Street
DFA
Baillie Gifford
Mondrian
Artio
JP Morgan
GMO
Intech
Dodge & Cox
Schroders

B. Summary of all written notices

March 3rd, 2018

All firms responded to letter with any holdings of securities on "scrutinized companies" list.

April 20th, 2018

MFPRS I mailed out letters to following firms who hold Indirect securities informing them to consider divestment from the companies held.

Firms:
GMO
Schroders

May 16th, 2018

MFPRS I mailed out letters to all firms below with the quarterly "scrutinized companies" list from the IW Financial with response date of May 31, 2018.

Firms:
State Street
DFA
Baillie Gifford
Mondrian
JP Morgan
GMO
Intech
Dodge & Cox
Schroders

June 14th, 2018

All firms responded to letter with any holdings of securities on "scrutinized companies" list.

C. Total Positions Divested

FY 2018

| Company | Security | Manager | Category | Active/Inactive | Shares | Prior Qtr Value | Sales Proceeds | Gain/Loss |
|---------|----------|---------|----------|-----------------|--------|-----------------|----------------|-----------|
|---------|----------|---------|----------|-----------------|--------|-----------------|----------------|-----------|

No positions were divested in FY 2018