

## OPERS

### 2018 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 2017	Change in market value
\$659	\$24	-96.36%

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

FY 2016	FY 2017	Change in market value
\$9	\$24	166.67%

*Top five holdings (through active funds):*

Company	Market Value (in millions)	% of total scrutinized
China Petroleum & Chemical Corp. <sup>3</sup>	\$1	1.63%
Gazprom	\$3	14.20%
Schneider Electric	\$19	79.81%
Sinopec Group Overseas	\$1	4.36%

*Comments on remaining top five holdings:*

- China Petroleum & Chemical Corp.
  - An energy and chemical company that explores and develops oil fields; produces crude oil and natural gas; processes and purifies crude oil; and manufactures and sells petroleum products.
  - The parent company of China Petroleum & Chemical Corp. is Sinopec Group.
  
- Gazprom
  - Controls largest global gas reserves.
  - Unique asset base with demand for their output underpinned by nearby European markets that are dependent on imported resources for their energy needs.

<sup>1</sup> None of the retirement boards had an active Iran/Sudan divestment policy in 2007. 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> Two positions purchased in June 2018 totaling \$395,000 were sold in July 2018.

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- Schneider Electric SE
  - Global leader in consolidated markets across most of its businesses with strong pricing power in an industry with high barriers to entry.
  - Uniquely positioned across industry verticals with critical power to outgrow peers.
  
- Sinopec Group Overseas
  - China's largest integrated petroleum and petrochemical company, having processed 43.9% of total crude oil processed in China in 2016.
  - Operates 32 refineries in China, including 15 with refining capacity of 10 million 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

### *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:
  - China Petroleum & Chemical Corp.
    - An energy and chemical company that explores and develops oil fields; produces crude oil and natural gas; processes and purifies crude oil; and manufactures and sells petroleum products.
    - The parent company of China Petroleum & Chemical Corp. is Sinopec Group.
  - Gazprom
    - Controls largest global gas reserves.
    - Unique asset base with demand for their output underpinned by nearby European markets that are dependent on imported resources for their energy needs.
  - Schneider Electric SE
    - Global leader in consolidated markets across most of its businesses with strong pricing power in an industry with high barriers to entry.

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- Uniquely positioned across industry verticals with critical power to outgrow peers.
- Sinopec Group Overseas
  - China's largest integrated petroleum and petrochemical company, having processed 43.9% of total crude oil processed in China in 2016.
  - Operates 32 refineries in China, including 15 with refining capacity of 10 million 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)
China Petroleum & Chemical Corp.	\$1
Gazprom	\$3
Schneider Electric	\$19
Sinopec Group Overseas	\$1

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

Summary of Activity	2013	2014	2015	2016	2017	2018
	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)**
	Eni SpA, (P, S)	China National Petroleum Corp, (P, S)	China National Petroleum Corp, (S)		Cnooc Ltd, (P, S)	Gazprom PAO (P,S)
	Gazprom PAO, (P, S)	Gazprom PAO, (P, S)	Gazprom PAO, (P, S)			Schneider Electric SE (P, S)
	China National Petroleum Corp, (P, S)	JX Holdings Inc, (P)	JX Holdings Inc, (S)			Sinopec Group Overseas (P,S)
	JX Holdings Inc, (S)	Oil India Ltd, (P)	Schneider Electric SE, (S)			
	Petroliam Nasional Bhd, (S)	Schneider Electric SE, (P)	Oil India, Ltd. (S)			
	Schneider Electric SE, (P, S)					
	Statoil ASA, (P, S)					
	TOTAL SA, (P, S)					

\* Ultimate parent of the company for capital structure purposes was used to group issuers. Bloomberg Field DZ030

\*\*All shares of China Petroleum & Chemical Corp. were sold in July 2018

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.