

MINNESOTA
STATE
BOARD OF
INVESTMENT



Board Members:

Governor
Mark Dayton

State Auditor
Rebecca Otto

Secretary of State
Steve Simon

Attorney General
Lori Swanson

Executive Director &
Chief Investment
Officer:

Mansco Perry

DATE: January 11, 2016

TO: Minnesota Legislative Reference Library

FROM: Mansco Perry III, Executive Director *MP3*

SUBJECT: **Report on Iran Required by *Minnesota Statutes*, Section 11A.244**

Minnesota Statutes, section 11A.244, requires the State Board of Investment (SBI) to submit a report to the chairs of the legislative committees and divisions with jurisdiction over the SBI concerning the SBI's identification of, communication with and discontinuance of investment in certain companies with operations in Iran.

Section 11A.244, subdivision 9 specifies that the SBI include in the report a:

1. List of scrutinized companies;
2. Summary of correspondence with companies;
3. List of investments divested;
4. List of prohibited investments;
5. Description of any progress in having investment management firms create investment funds that exclude Iran companies.

As provided for in Section 11A.244, subdivision 2, the SBI purchases Iran research services regarding companies with business operations in Iran from IW Financial through Glass Lewis.

Attachment 1 displays a list of restricted Iran companies. There were five companies added to the restricted list in 2015 and four companies were removed.

The law calls for divestment of securities of companies which do not publicly announce substantial action specific to Iran within 90 days of the SBI correspondence. For the calendar year 2015 the SBI began the divestment process in three companies for a total of 200,000 shares of stock.

Attachment 2 is the list of restricted and scrutinized companies sent to SBI equity and bond managers. The managers are explicitly instructed to refrain from purchasing securities of companies on this list.

Enclosures

60 Empire Drive
Suite 355
St. Paul, MN 55103
(651) 296-3328
FAX (651) 296-9572
E-mail:
minn.sbi@state.mn.us
www.sbi.state.mn.us

An Equal Opportunity
Employer

ATTACHMENT 1
RESTRICTED IRAN COMPANIES
SECURITIES OF COMPANIES MAY NOT BE PURCHASED FOR PORTFOLIO

COMPANY NAME	COUNTRY
Bharat Petroleum Corporation Ltd.	India
China Petroleum & Chemical Corp	China
Eni Spa	Italy
Gail (India) Ltd.	India
Gazprom OAO	Russia
GS Engineering & Construction Corp	South Korea
Gubre Fabrikalari T.A.S.	Turkey
Indian Oil Corporation Ltd.	India
L G International	South Korea
Lukoil Oil Co.	Russia
Mitsui & Co. Ltd	Japan
Oil & Natural Gas Corporation Ltd.	India
PetroChina Co. Ltd.	China
Toyo Engineering Corporation	Japan
Toyota Tsusho Corporation	Japan

Effective Date: December 31, 2015

ATTACHMENT 2

LIST OF IRAN COMPANIES REQUIRING DIVESTMENT

Company Name	Country of Origin	Divest 50 Percent By this Date	Divest 100 Percent By this Date
GS Engineering & Construction Corp	South Korea	June 30, 2016	December 31, 2016
Gazprom OAO	Russia	December 31, 2015	June 30, 2016

Effective Date: December 31, 2015

HISTORICAL DIVESTMENTS

Company Name	Country of Origin	Divest 50 Percent By this Date	Divest 100 Percent By this Date
Lukoil Oil Co.*	Russia	March 31, 2016	September 30, 2016
Mitsui & Company, Ltd.	Japan	September 30, 2012	March 31, 2013
Toyota Tsusho	Japan	September 30, 2012	March 31, 2013

* Divested entire position during 4Q15.