

**MINNESOTA
STATE
BOARD OF
INVESTMENT**



Board Members:

Governor
Mark Dayton

State Auditor
Rebecca Otto

Secretary of State
Mark Ritchie

Attorney General
Lori Swanson

Executive Director:

Howard J. Bicker

DATE: January 31, 2013

TO: Senator Tom Saxhaug, Chair, Senate Committee on
State Departments and Veterans Division
Senator Roger C. Chamberlain, Senate Committee on State
Departments and Veterans Division

Senator Richard Cohen, Chair, Senate Committee on Finance
Senator Michelle L. Fischbach, Senate Committee on Finance

Representative Michael V. Nelson, Chair, House Committee on
Government Operations

Representative Joyce Peppin, House Committee on Government
Operations and Elections

Representative Lyndon Carlson, Sr., Chair, House Committee
on Ways and Means

Representative Mary Liz Holberg, House Committee on Ways
and Means

Representative Mary Murphy, Chair, House Committee on
State Government Finance and Veterans Affairs

Representative Bob Dettmer, House Committee on State
Government Finance and Veterans Affairs

FROM: Howard Bicker, Executive Director

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:

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

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

Attachment 1 is the list of scrutinized companies.

The SBI sent a letter to one company, Linde AG, in September 2012, but has not received a response from the company. Linde AG was removed from the restricted list later in the year.

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. The SBI divested approximately 1.33 million shares of stock of eight companies in 2012.

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

Enclosures

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
Daelim Industrial	Korea South
Gail (India) Ltd.	India
Gazprom	Russia
GS Engineering & Construction Corp	Korea South
GS Holdings	Korea South
Gubre Fabrikalari T.A.S.	Turkey
Ina-Industrija Nafta DD	Croatia
Indian Oil Corporation Ltd.	India
L G International	Korea South
Liquefied Natural Gas Ltd	Australia
Mitsui & Co. Ltd	Japan
Nagarjuna Fertilizers & Chemicals Ltd.	India
Oil & Natural Gas Corporation Ltd.	India
PetroChina Co. Ltd.	China
Petrofac	United Kingdom
Petronet LNG Ltd.	India
Punj Lloyd Ltd.	India
Saipem Spa	Italy
Sasol Ltd	South Africa
Technip	France
Toyo Engineering Corporation	Japan
Toyota Tsusho Corporation	Japan

Effective Date: December 14, 2012

ATTACHMENT 2
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
Daelim Industrial	Korea South
Gail (India) Ltd.	India
Gazprom	Russia
GS Engineering & Construction Corp	Korea South
GS Holdings	Korea South
Gubre Fabrikalari T.A.S.	Turkey
Ina-Industrija Nafta DD	Croatia
Indian Oil Corporation Ltd.	India
L G International	Korea South
Liquefied Natural Gas Ltd	Australia
Mitsui & Co. Ltd	Japan
Nagarjuna Fertilizers & Chemicals Ltd.	India
Oil & Natural Gas Corporation Ltd.	India
PetroChina Co. Ltd.	China
Petrofac	United Kingdom
Petronet LNG Ltd.	India
Punj Lloyd Ltd.	India
Saipem Spa	Italy
Sasol Ltd	South Africa
Technip	France
Toyo Engineering Corporation	Japan
Toyota Tsusho Corporation	Japan

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