

**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

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An Equal Opportunity
Employer

DATE: January 15, 2015

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

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

Representative Tim Sanders, Chair, House Committee on
Government Operations and Elections Policy
Representative Michael Nelson, House Committee on Government
Operations and Elections Policy

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

Representative Sarah Anderson, Chair, House Committee on
State Government Finance
Representative Sheldon Johnson, House Committee on State
Government Finance

FROM: Mansco Perry III, Executive Director *MP3*

SUBJECT: **Report on Sudan Required by *Minnesota Statutes*, Section 11A.243.**

Minnesota Statutes, Section 11A.243 requires the State Board of Investment (SBI) to submit a report to the chairs of the legislative committees and divisions with jurisdiction over the State Board of Investment concerning the SBI's identification of, communication with, and discontinuance of investment in certain companies with operations in Sudan.

Section 11A.243, subdivision 8, specifies that the SBI include in the report:

1. a summary of correspondence with companies;
2. a list of all investments divested;
3. a list of prohibited investments;
4. a description of any progress in having investment management firms create investment funds that exclude Sudan companies.

As provided for in Section 11A.243, subdivision 2, the SBI relies on publicly available information provided by the EIRIS Conflict Risk Network regarding companies with business operations in Sudan.

Attachment 1 displays copies of communications received in 2014 to which the SBI sent correspondence. During the 2014 calendar year, the SBI sent letters to four different companies. Three of the companies were later added to the divestment list and the most recent company, which was sent a letter in December, has not responded.

The law calls for divestment of securities of companies which do not publicly announce substantial action specific to Sudan within 90 days of the SBI correspondence. The SBI began the divestment process in five companies for a total of 270,321 shares of stock.

Attachment 2 displays the current list of restricted stocks sent to SBI equity managers. The managers are explicitly instructed to refrain from purchasing shares in the stocks of companies on this list.

Enclosures

ललित रावल
कार्यपालक निदेशक
(कॉर्पोरेट योजना एवं विकास)
L. K. RAWAL
Executive Director
(Corporate Planning & Development)

भारत हेवी इलेक्ट्रिकल्स लिमिटेड
Bharat Heavy Electricals Limited



Ref: AA/PLD/80
Dated: 21.01.2014

Dear LeaAnn M. Stagg,

We are in receipt of MSBI letter dated 17th December 2013, regarding BHEL's operations in Sudan. Appreciating your concern regarding our business related operations in Sudan, we would like to assure you that BHEL is fully sensitive to the issues associated with that country. BHEL is one of the leading Indian Public Sector enterprises with majority share owned by Government of India and the company functions within the legal and regulatory parameters as well as guidelines of domestic and international markets laid down by Government of India.

BHEL's Power sector business not only facilitates development of Power utility infrastructure but also fosters economic growth seeking to promote humanity and interest of deprived population in developing economies.

Clarifications regarding our Sudan related business are submitted below:

1. BHEL is presently executing Kosti Thermal Power Project, Sudan on EPC basis and the project is being set up with bilateral funding support from Government of India to Government of Sudan. Once completed, the project would be handed over to Sudanese Thermal Power Generating Company-STPG (Formerly known as National Electricity Corporation-NEC), which is a Government of Sudan Utility.
2. The aforesaid project is nearing completion. Kosti plant, after becoming fully operational, would light up millions of homes; stimulate economy and business environment enhancing employment opportunity to a number of local workers facilitating the peace process and stability of the country. Therefore, the project being set up by BHEL would aid in creating and furthering harmony and peace in that region.
3. BHEL adheres and promotes the principles of UN Global Compact in letter and spirit by embracing, supporting and enacting within its ambit of influence, core values in the areas of labor standards, human rights, environment norms and anti corruption.

Contd...2/-

4. BHEL as part of its future plans continues to seek business opportunities in its chosen areas of products, services and activities worldwide (including Sudan) within the broad framework of the legal and statutory requirements of Indian law and International laws to which India subscribes.

We do hope that the above clarifies the issues contained in your above said letter.

With best regards.

Yours Sincerely,


(L.K. Rawal)

→ LeaAnn M. Stagg
Manager, Public Programs
Minnesota State Board of Investment
60 Empire Drive, Suite 355
St. Paul MN 55103-3555.

CC:
Mr. Mansco Perry
Executive Director,
Minnesota State Board of Investment,
60 Empire Drive, Suite 355
St. Paul MN 55103-3555.



MAN SE · Ungererstr. 69 · 80805 München

LeaAnn M. Stagg
Chief Operating Officer
Minnesota State Board of Investment
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München
31.03.2014

Request for Information

Dear Ms. Stagg,

With reference to your letter dated March 17, 2014 we want to give you information to Sudan-related business of MAN.

The exposure of the MAN Group to Sudan has historically been very limited. Neither does it own any assets in Sudan nor does it operate any businesses or have any employees in the country.

On May 30, 2012 the Board of Management of MAN SE resolved that any new business with "North Sudan" (all Sudan regions except for South Sudan) is completely prohibited. The fulfilment of existing contracts and warranty obligations shall be exempt from this prohibition as far as legally possible.

Revenues derived from Sudan were about 1.2 million EUR in 2013, which represents only about 0.0078 per cent of the total 2013 revenues of the MAN Group. We expect this number to decline.

Hopefully this clarifies your enquiry.

Kind regards

MAN SE


Dr. Martin Söhnngen
Senior Legal Counsel


Helga Würtele
Head of Investor Relations

Vorsitzender des Aufsichtsrates:
Hon.-Prof. Dr. techn. h. c. Dipl.-Ing. ETH Ferdinand K. Piëch
Vorstand: Dr. Georg Pächta-Reyhofen (Sprecher)
Ulf Berkenhagen · Jochen Schumm · Dr. René Umlauf

Sitz der Gesellschaft: München
Registergericht: Amtsgericht München, HRB 179426
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Mader, Melissa (SBI)

From: Ammann, Patc (SBI)
Sent: Tuesday, November 25, 2014 4:04 PM
To: Mader, Melissa (SBI)
Subject: FW: Request regarding Sudan business activities of MAN SE / Your letter dated October 3, 2014, sent to Volkswagen AG

Please print out and put in file as the Volkswagen AG response to Mansco's 10/3/14 correspondence--Thanks!

Patricia Ammann | Minnesota State Board of Investment
651-296-9343 | patc.ammann@state.mn.us

From: Denks, Clemens [mailto:Clemens.Denks@vw.com]
Sent: Monday, November 24, 2014 2:08 PM
To: Ammann, Patc (SBI)
Subject: Request regarding Sudan business activities of MAN SE / Your letter dated October 3, 2014, sent to Volkswagen AG

Dear Patricia,

Thank you for your letter dated October 3, 2014, sent to Prof. Martin Winterkorn, CEO of Volkswagen AG, Germany, and our telephone conversation earlier today. My colleagues at MAN SE provided me with the following information which I'm pleased to share with you:

"The exposure of the MAN Group to Sudan has historically been very limited. Neither does it own any assets in Sudan nor does it operate any businesses or have any employees in the country. On May 30, 2012 the Board of Management of MAN SE resolved that any new business with "North Sudan" (all Sudan regions except for South Sudan) is completely prohibited. The fulfilment of existing contracts and warranty obligations shall be exempt from this prohibition as far as legally possible. Revenues derived from Sudan were about 1.2 million EUR in 2013, which represents only about 0.0078 per cent of the total 2013 revenues of the MAN Group. We expect this number to decline."

Please let us know in case you might have any further questions or concerns.

Thank you, and best regards,

Clemens

Clemens Denks
Investor Relations Liaison Office

Volkswagen Group of America, Inc.
2200 Ferdinand Porsche Drive
Herndon, VA 20171
USA

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Fax: +1-703-364-7080
mailto: clemens.denks@vw.com
<http://www.vw.com>

ATTACHMENT 2

Restricted Sudan Stocks	
Company Name	Country of Origin
Andritz AG	Austria
Orca Gold Inc.	Canada
Meyas Sand Minerals Co. Ltd	Canada
Panorama Petroleum	Canada
Statesman Resources Limited	Canada
China Poly Group Corporation	China
Poly Property Group Co. Ltd.	China
China Gezhouba Group Company Limited	China
Power Construction Corporation of China Ltd. AKA China Hydraulic and Hydroelectric Construction Group AKA Sinohydro Group	China
China Machinery Engineering Corporation	China
Petro China Co. Ltd AKA China National Petroleum Corporation (CNPC)	China
Daqing Huake Group Company Limited	China
Daqing Oilfield Drilling & Exploration Engineering Corporation	China
China Petroleum Pipeline Engineering Corporation	China
Jinan Diesel Company Limited	China
China North Industries Group Corporation AKA CNGC/NORINCO	China
NORINCO International Cooperation Ltd	China
North Huajin Chemical Industries Co. aka Liaoning Huajin Tongda Chemical Co. Ltd.	China
Sichuan Nitrocell Co. Ltd	China
North Navigation Control Technology Co. Ltd (formerly China North Optical-Electrical Technology Company Limited)	China
AKM Industrial Company Limited	China
China Petroleum and Chemical Corporation AKA Sinopec Corp.	China
Sinopec Engineering Group Co. Ltd.	China
Kingdream PLC	China
Sinopec Shanghai Petrochemicals Ltd	China
Sinopec Yizheng Chemical Fibre Co Ltd	China
Jiangxi Hongdu Aviation AKA Hongdu Aviation	China
Dongfeng Motor Group Company Limited	China
Harbin Electric Company Ltd.	China
Schlumberger Ltd.	Curacao
Egypt Kuwait Holding Company	Egypt
Alstom	France
Etablissements Maurel et Prom	France
MAN SE	Germany
Renk AG	Germany
Volkswagen AG	Germany
Kunlun Energy Co. Ltd	Hong Kong
Sinopec Kanton Holdings Limited	Hong Kong
Alstom India Ltd	India
Alstom T&D India Ltd. (formerly Areva T&D India)	India
Bharat Electronics Limited	India
Bharat Heavy Electricals Limited	India
Indian Oil Corporation Ltd. AKA IOCL	India
Chennai Petroleum Corporation Ltd. AKA CPCL	India
Lanka IOC Limited	India
Oil and Natural Gas Company AKA ONGC	India
Mangalore Refinery and Petrochemicals Limited	India
Oil India Limited	India

ATTACHMENT 2

Restricted Sudan Stocks	
Company Name	Country of Origin
Energy House Holding Co KSCC, The (formerly AREF Energy Holding Company)	Kuwait
Petroliaam Nasional Berhad AKA Petronas	Malaysia
Engen	Malaysia
KLCC Property Holdings Bhd	Malaysia
Malaysia International Shipping Company AKA MISC Berhad	Malaysia
Malaysia Marine and Heavy Engineering Holdings Bhd	Malaysia
Petronas Gas Berhad	Malaysia
Petronas Dagangan Berhad	Malaysia
Petronas Chemicals Group Berhad	Malaysia
Scomi Group Berhad	Malaysia
Scomi Engineering Berhad	Malaysia
Scomi Energy Services Bhd	Malaysia
Managem	Morocco
MCM Co. Ltd-Soudan	Morocco
Societe Metallurgique D'imiter	Morocco
GAZ Group	Russia
GAZ Auto Plant	Russia
Pavlovsky Bus Plant	Russia
LS Industrial Systems	South Korea

Note: List contains parent companies and subsidiaries publicly traded.
AKA means "Also Known As"

Source: EIRIS Conflict Risk Network

SBI Effective Date: December 31, 2014