

**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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DATE: January 13, 2017

TO: Minnesota Legislative Reference Library

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 a:

1. Summary of correspondence with companies;
2. List of all investments divested;
3. List of prohibited investments;
4. 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 a list of restricted Sudan companies. During the 2016 calendar year there were nine companies added to the restricted list, four companies removed, and one company was added to the divestment list.

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. For the 2016 calendar year there was a total of 358,679 shares liquidated and a total of two companies that were in the divestment process.

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

ATTACHMENT 1**Restricted Sudan Stocks**

Company Name	Country of Origin
Andritz AG	Austria
Orca Gold Inc.	Canada
China Gezhouba Group Company Limited	China
China North Industries Group Corporation AKA CNGC/NORINCO	China
China Petroleum and Chemical Corporation AKA Sinopec Corp.	China
China Poly Group Corporation	China
Daqing Huake Group Company Limited	China
Dongfeng Motor Group Company Limited	China
Harbin Electric Company Ltd.	China
Jiangxi Hongdu Aviation	China
NORINCO International Cooperation Ltd	China
North Huajin Chemical Industries Co.	China
North Navigation Control Technology Co. Ltd	China
Petrochina Co. Ltd AKA China National Petroleum Corporation (CNPC)	China
Poly Property Group Co. Ltd.	China
Power Construction Corporation of China Ltd.	China
Power Construction Corporation of China (PowerChina)	China
Shanghai Electric Group Co. Ltd.	China
Sinopec Engineering Group Co. Ltd.	China
Sinopec Shanghai Petrochemicals Ltd	China
Sinopec Oilfield Service Corp	China
ASEC Company for Mining (ASCOM)	Egypt
Egypt Kuwait Holding Company	Egypt
ENGIE	France
Parisienne Chauffage Urbain	France
MAN SE	Germany
Renk AG	Germany
Volkswagen AG	Germany
Kunlun Energy Co. Ltd	Hong Kong
Sinopec Kanton Holdings Limited	Hong Kong
Bharat Electronics Limited	India
Bharat Heavy Electricals Limited	India
Chennai Petroleum Corporation Ltd. AKA CPCL	India
Indian Oil Corporation Ltd.	India
Lanka IOC Limited	India
Mangalore Refinery and Petrochemicals Limited	India
Oil & Natural Gas Corp. Ltd.	India
Oil India Limited	India
Energy House Holding Co KSCC, The	Kuwait
Kuwait Finance House	Kuwait
Engen Botswana Ltd. AKA Engen	Malaysia
KLCCP Stapled Group AKA KLCC Property Holdings	Malaysia

ATTACHMENT 1

Restricted Sudan Stocks	
Company Name	Country of Origin
Malaysia International Shipping Company AKA MISC Berhad	Malaysia
Malaysia Marine and Heavy Engineering Holdings Bhd	Malaysia
Petroliam Nasional Berhad AKA Petronas	Malaysia
Petronas Chemicals Group Berhad	Malaysia
Petronas Dagangan Berhad	Malaysia
Petronas Gas Berhad	Malaysia
Managem	Morocco
Societe Metallurgique D'imiter	Morocco
GAZ Group	Russia
GAZ PJSC	Russia
Kamaz PJSC	Russia
Neftekamsky Avtozavod (aka NEFAZ)	Russia
Pavlovo Bus PJSC	Russia
LS Industrial Systems	South Korea
Atlas Copco AB	Sweden

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

Source: EIRIS Conflict Risk Network

Effective Date: December 31, 2016

ATTACHMENT 2

SUDAN STOCKS REQUIRING DIVESTMENT

Company Name	Country of Origin	Divest 50 Percent By this Date	Divest 100 Percent By this date
ENGIE	France	June 30, 2017	December 31, 2017

Effective Date: December 31, 2016

COMPLETED/HISTORICAL DIVESTMENT

Company Name	Country of Origin	Divest 50 Percent By this Date	Divest 100 Percent By this date
Shanghai Electric Group Co. Ltd.	China	March 31, 2016	September 30, 2016
Volkswagen AG	Germany	June 30, 2015	December 31, 2015
Poly Property Group	China	March 31, 2015	September 30, 2015
MAN SE	Germany	December 31, 2014	June 30, 2015
Bharat Heavy Electricals	India	September 30, 2014	March 31, 2015
Bharat Electronics Limited	India	September 30, 2014	March 31, 2015
Andritz AG	Austria	September 30, 2014	March 31, 2015
Dongfeng Motor Group Company Limited	China	March 31, 2011	September 30, 2011
China Petroleum and Chemical Corporation AKA Sinopec Corp	China	April 30, 2008	October 31, 2008
PetroChina Company	China	April 30, 2008	October 31, 2008
Oil and Natural Gas Corp AKA ONGC	India	April 30, 2008	October 31, 2008
Malaysia International Shipping Company AKA MISC Berhad	Malaysia	April 30, 2008	October 31, 2008



Minnesota State Board of Investment
LeaAnn M. Stagg
60 Empire Drive, Suite 355
Ste Paul, MN 55103-3555
USA

Paris, 27/09/2016

Dear Mrs Stagg,

Your letter dated July 12th, 2016 has received our full attention.

Please note that our Group has elaborated and implemented an embargo policy, which requires for every project in relation to major sanction countries, such as Sudan, an enhanced analysis from a sanction law compliance perspective, according to a process whereby each of our Group entities notifies to a dedicated team of experts any such envisaged transaction for clearance prior to the signature of contracts.

On the basis of this process, Engie's activity in Sudan is very limited and is mostly inherited from an acquisition of a company in 2014, after enhanced ethics and sanction due diligence carried out by a well renowned international law firm. It mainly consists in engineering services. Such activity is "*de minimis*", on the one hand, and is in compliance with the applicable EU and US sanction laws, on the other hand.

We are delighted to have you among our shareholders. Obviously, our investor relation service remains at your disposal if needed.



Isabelle KOCHER
Chief Executive Officer