

**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

**60 Empire Drive  
Suite 355  
St. Paul, MN 55103  
(651) 296-3328  
FAX (651) 296-9572**

**E-mail:  
[minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us)  
[www.sbi.state.mn.us](http://www.sbi.state.mn.us)**

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**DATE:** January 30, 2018

**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 restricted investments;
3. List of all investments divested;
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.

During the 2017 calendar year, there were fifteen companies added to the restricted list, five companies removed from the restricted list, and two companies added to the divestment list.

Attachment 1 displays a list of restricted Sudan companies sent to SBI public equity managers. The managers are explicitly instructed to refrain from purchasing shares in the stocks of companies on this list.

Attachment 2 displays the current list of companies requiring divestment. 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 2017 calendar year there was a total of 748,710 shares liquidated and a total of three companies that were in the divestment process.

Enclosures

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## ATTACHMENT 1

### Restricted Sudan Stocks

Company Name	Country
Andritz AG	Austria
Schuler AG	Austria
Orca Gold Inc.	Canada
China Gezhouba Group Company Limited	China
China North Industries Group Corporation AKA CNGC/NORINCO	China
China Petrochemical Corporation	China
China Petroleum and Chemical Corporation AKA Sinopec Corp.	China
China Petroleum Engineering Corp.	China
China Poly Group Corporation	China
CNPC Capital Co Ltd.	China
Daqing Huake Group Company Limited	China
Dongfeng Motor Group Company Limited	China
Harbin Electric Company Ltd.	China
Jiangxi Hongdu Aviation	China
Petrochina Co. Ltd AKA China National Petroleum Corporation (CNPC)	China
Poly Culture Group Corp Ltd.	China
Poly Property Group Co. Ltd.	China
Power Construction Corporation of China (PowerChina)	China
Power Construction Corporation of China Ltd.	China
Shanghai Electric Group Co. Ltd.	China
Shanghai Prime Machinery Co. Ltd.	China
Sinopec Engineering Group Co. Ltd.	China
Sinopec Oilfield Service Corp	China
Sinopec Shanghai Petrochemicals Ltd	China
Egypt Kuwait Holding Company	Egypt
Wartsila OYJ ABP	Finland
ENGIE	France
Engie Brasil Energia SA	France
Engie Energia Chile SA	France
Engie Energia Peru SA	France
Etablissements Maurel et Prom	France
Parisienne Chauffage Urbain	France
MAN SE	Germany
Renk AG	Germany
Siemens AG	Germany
Siemens Gamesa Renewable Energy SA	Germany
Volkswagen AG	Germany
Kunlun Energy Co. Ltd	Hong Kong
Sinopec Kanton Holdings Limited	Hong Kong
Bharat Electronics Limited	India
Chennai Petroleum Corporation Ltd. AKA CPCL	India
Indian Oil Corporation Ltd.	India
Lanka IOC Limited	India

### Restricted Sudan Stocks

Company Name	Country
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
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
Tuimazinsky Zavod Avtobetonovozov OJSC	Russia
Yaroclavsky Diesel Equipment Plant OAO	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, 2017

## 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	6/30/2017	12/31/2017
Atlas Copco AB	Sweden	9/30/2017	3/31/2018
Siemens AG	Germany	3/31/2018	9/30/2018

Effective Date: December 31, 2017

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July 18, 2017

Mr. Joe Kaeser  
Chairman of the Managing Board, President,  
and Chief Executive Officer  
Siemens AG  
Wittelsbacherplatz 2  
Muenchen, 80333  
Germany

Dear Mr. Kaeser:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. Siemens AG has been identified as a company with active business operations in Sudan through dealer and distributorship arrangements. The MSBI encourages Siemens AG to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by October 16, 2017.


If Siemens AG chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Stagg  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely,

  
LeaAnn M. Stagg  
Assistant Executive Director and  
Chief Operating Officer

Enclosure

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July 18, 2017

Mr. Wang Yupu  
Chairman of the China  
Petrochemical Corporation  
Sinopec Group  
22 Chaoyangmen North Street  
Chaoyangmen District  
Beijing 100728  
China

Dear Mr. Yupu:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

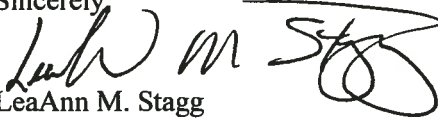
The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. China Petrochemical Corporation has been identified as a company with active business operations in Sudan through dealer and distributorship arrangements. The MSBI encourages China Petrochemical Corporation to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by October 16, 2017.

If China Petrochemical Corporation chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Stagg  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely  
  
LeaAnn M. Stagg  
Assistant Executive Director and  
Chief Operating Officer

Enclosure



**11A.243 INVESTMENT IN SUDAN.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following items have the meanings given them in this subdivision.

(b) "Active business operations" means all business operations that are not inactive business operations.

(c) "Business operations" means engaging in commerce in any form in Sudan, including by acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

(d) "Company" means any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including all wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of such entities or business associations, that exists for profit-making purposes.

(e) "Complicit" means taking actions during any preceding 20-month period that have directly supported or promoted the genocidal campaign in Darfur, including, but not limited to, preventing Darfur's victimized population from communicating with each other, encouraging Sudanese citizens to speak out against an internationally approved security force for Darfur, actively working to deny, cover up, or alter the record on human rights abuses in Darfur, or other similar actions.

(f) "Direct holdings" in a company means all securities of that company held directly by the State Board of Investment or in an account or fund in which the State Board of Investment owns all shares or interests.

(g) "Government of Sudan" means the government in Khartoum, Sudan, which is led by the national congress party (formerly known as the national Islamic front) or any successor government formed on or after October 13, 2006, including the coalition national unity government agreed upon in the comprehensive peace agreement for Sudan, and does not include the regional government of southern Sudan.

(h) "Inactive business operations" means the mere continued holding or renewal of rights to property previously operated for the purpose of generating revenues but not presently deployed for such purpose.

(i) "Indirect holdings" in a company means all securities of that company held in an account or fund, such as a mutual fund, managed by one or more persons not employed by the State Board of Investment, in which the State Board of Investment owns shares or interests together with other investors not subject to the provisions of this section.

(j) "Marginalized populations of Sudan" include, but are not limited to, the portion of the population in the Darfur region that has been genocidally victimized; the portion of the population of southern Sudan victimized by Sudan's north-south civil war; the Beja, Rashidiya, and other similarly underserved groups of eastern Sudan; the Nubian and other similarly underserved groups in Sudan's Abyei, Southern Blue Nile, and Nuba Mountain regions; and the Amri, Hamadab, Manasir, and other similarly underserved groups of northern Sudan.

(k) "Military equipment" means weapons, arms, military supplies, and equipment that readily may be used for military purposes, including, but not limited to, radar systems or military-grade transport vehicles, or supplies or services sold or provided directly or indirectly to any force actively participating in armed conflict in Sudan.

(l) "Mineral extraction activities" include exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys or oxides (ore), including gold, copper,

chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc, as well as facilitating such activities, including the provision of supplies or services in support of such activities.

(m) "Oil-related activities" include, but are not limited to, owning rights to oil blocks; exporting, extracting, producing, refining, processing, exploring for, transporting, selling, or trading of oil; constructing, maintaining, or operating a pipeline, refinery, or other oil-field infrastructure; and facilitating such activities, including the provision of supplies or services in support of such activities, provided that the mere retail sale of gasoline and related consumer products shall not be considered oil-related activities.

(n) "Power production activities" means any business operation that involves a project commissioned by the National Electricity Corporation (NEC) of Sudan or other similar government of Sudan entity whose purpose is to facilitate power generation and delivery, including, but not limited to, establishing power-generating plants or hydroelectric dams, selling or installing components for the project, providing service contracts related to the installation or maintenance of the project, as well as facilitating such activities, including the provision of supplies or services in support of such activities.

(o) "Scrutinized company" means any company that meets the criteria in clause (1), (2), or (3):

(1) the company has business operations that involve contracts with or provision of supplies or services to:

(i) the government of Sudan;

(ii) companies in which the government of Sudan has any direct or indirect equity share;

(iii) government of Sudan-commissioned consortiums or projects; or

(iv) companies involved in government of Sudan-commissioned consortiums or projects; and

(A) more than ten percent of the company's revenues or assets linked to Sudan involve oil-related activities or mineral extraction activities; less than 75 percent of the company's revenues or assets linked to Sudan involve contracts with or provision of oil-related or mineral extracting products or services to the regional government of southern Sudan or a project or consortium created exclusively by that regional government; and the company has failed to take substantial action; or

(B) more than ten percent of the company's revenues or assets linked to Sudan involve power production activities; less than 75 percent of the company's power production activities include projects whose intent is to provide power or electricity to the marginalized populations of Sudan; and the company has failed to take substantial action;

(2) the company is complicit in the Darfur genocide; or

(3) the company supplies military equipment within Sudan, unless it clearly shows that the military equipment cannot be used to facilitate offensive military actions in Sudan or the company implements rigorous and verifiable safeguards to prevent use of that equipment by forces actively participating in armed conflict, for example, through postsale tracking of such equipment by the company, certification from a reputable and objective third party that such equipment is not being used by a party participating in armed conflict in Sudan, or sale of such equipment solely to the regional government of southern Sudan or any internationally recognized peacekeeping force or humanitarian organization.

Notwithstanding any other provision to the contrary in this section, a social development company that is not complicit in the Darfur genocide shall not be considered a scrutinized company.

(p) "Social development company" means a company whose primary purpose in Sudan is to provide humanitarian goods or services, including medicine or medical equipment, agricultural supplies or infrastructure, educational opportunities, journalism-related activities, information or information materials, spiritual-related activities, services of a purely clerical or reporting nature, food, clothing, or general consumer goods that are unrelated to oil-related activities, mineral extraction activities, or power production activities.

(q) "Substantial action" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations; undertaking significant humanitarian efforts in conjunction with an international organization, the government of Sudan, the regional government of southern Sudan, or a nonprofit entity that has been evaluated and certified by an independent third party to be in substantial relationship to the company's Sudan business operations and of benefit to one or more marginalized populations of Sudan; or through engagement with the government of Sudan, materially improving conditions for the genocidally victimized population in Darfur.

**Subd. 2. Identification of companies.** (a) Within 90 days following May 23, 2007, the State Board of Investment shall make its best efforts to identify all scrutinized companies in which the State Board of Investment has direct or indirect holdings or could possibly have such holdings in the future. Such efforts shall include, as appropriate:

(1) reviewing and relying, as appropriate in the State Board of Investment's judgment, on publicly available information regarding companies with business operations in Sudan, including information provided by nonprofit organizations, research firms, international organizations, and government entities;

(2) contacting asset managers contracting with the State Board of Investment who invest in companies with business operations in Sudan; or

(3) contacting other institutional investors that have divested from or engaged with companies that have business operations in Sudan.

(b) At the first meeting of the State Board of Investment after it has completed the requirements of paragraph (a), the State Board of Investment shall assemble a list of scrutinized companies.

(c) The State Board of Investment shall update the scrutinized companies list each quarter based on continuing information, including, but not limited to, information from sources identified in paragraph (a).

**Subd. 3. Engagement of scrutinized companies.** The State Board of Investment shall use the following procedure for companies on the scrutinized companies list:

(a) After completing the list required under subdivision 2, paragraph (a), the State Board of Investment shall immediately identify the companies on the list in which the State Board of Investment owns direct or indirect holdings.

(b) For each company identified in paragraph (a) with only inactive business operations, the State Board of Investment shall send a written notice to the company with information about this section and encourage it to continue to refrain from initiating active business operations in Sudan until it is able to avoid scrutinized business operations. The State Board of Investment shall continue such correspondence on a semiannual basis.

(c) For each company newly identified in paragraph (a) with active business operations, the State Board of Investment shall send a written notice informing the company of its scrutinized company status and that it may become subject to divestment by the State Board of Investment. The notice shall offer the company the opportunity to clarify its Sudan-related activities and shall encourage the company, within 90 days, to

either cease its scrutinized business operations or convert such operations to inactive business operations in order to avoid qualifying for divestment by the State Board of Investment.

(d) If, within 90 days following the State Board of Investment's first engagement with a company under paragraph (c), that company ceases scrutinized business operations, the company shall be removed from the scrutinized companies list and the provisions of this section shall cease to apply to it unless it resumes scrutinized business operations. If, within 90 days following the State Board of Investment's first engagement, the company converts its scrutinized active business operations to inactive business operations, the company shall be subject to all provisions of this section relating to inactive business operations.

**Subd. 4. Divestment.** (a) If, after 90 days following the State Board of Investment's first engagement with a company under subdivision 3, paragraph (c), the company continues to have scrutinized active business operations, and only while the company continues to have scrutinized active business operations, the State Board of Investment shall sell, redeem, divest, or withdraw all publicly traded securities of the company, except as provided in subdivisions 5 to 11, according to the following schedule:

(1) at least 50 percent of the assets in the company shall be removed from the State Board of Investment's assets under management by nine months after the company's most recent appearance on the scrutinized companies list; and

(2) 100 percent of the assets in the company shall be removed from the State Board of Investment's assets under management within 15 months after the company's most recent appearance on the scrutinized companies list.

(b) If a company that ceased scrutinized active business operations following engagement under subdivision 3, paragraph (c), resumes such operations, paragraph (a) shall immediately apply to the company and the State Board of Investment shall send a written notice to the company. The company shall also be immediately reintroduced onto the scrutinized companies list.

**Subd. 5. Prohibition on acquisition of certain securities.** At no time shall the State Board of Investment acquire securities of companies on the scrutinized companies list that have active business operations, except as provided in this section.

**Subd. 6. Exemption.** If the federal government affirmatively excludes a company from its present or any future federal sanctions regime relating to Sudan, the company is exempt from the divestment and investment requirements of subdivisions 4 and 5.

**Subd. 7. Excluded securities.** Notwithstanding any other provision in this section to the contrary, subdivisions 4 and 5 do not apply to indirect holdings in actively managed investment funds. The State Board of Investment shall submit letters to the managers of investment funds containing companies with scrutinized active business operations requesting the managers to consider removing such companies from the fund or to create a similar actively managed fund with indirect holdings that do not include the companies. If a manager creates a similar fund, the State Board of Investment shall promptly replace all applicable investments with investments in the similar fund consistent with prudent investing standards. For the purposes of this section, "private equity" funds shall be deemed to be actively managed investment funds.

**Subd. 8. Reporting.** (a) Within 30 days after creating the scrutinized companies list, the State Board of Investment shall submit the list to the chairs of the legislative committees and divisions with jurisdiction over the State Board of Investment.

(b) By January 15, 2008, and on January 15 of each year thereafter, the State Board of Investment shall submit a report to the chairs of the legislative committees and divisions with jurisdiction over the State Board

of Investment and send a copy of that report to the United States Presidential Special Envoy to Sudan or the appropriate designee or successor for the envoy. The report must include:

- (1) a summary of correspondence with companies engaged by the State Board of Investment under subdivision 3, paragraphs (b) and (c);
- (2) a list of all investments sold, redeemed, divested, or withdrawn in compliance with subdivision 4;
- (3) a list of all prohibited investments under subdivision 5; and
- (4) a description of any progress made under subdivision 7.

**Subd. 9. Expiration.** This section shall expire upon the occurrence of any of the following:

(1) the Congress or president of the United States declares that the Darfur genocide has been halted for at least 12 months;

(2) the United States revokes all sanctions imposed against the government of Sudan;

(3) the Congress or president of the United States declares that the government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons; or

(4) the Congress or president of the United States, through legislation or executive order, declares that mandatory divestment of the type provided for in this section interferes with the conduct of United States foreign policy.

**Subd. 10. Other legal obligations.** The State Board of Investment is exempt from any statutory or common law obligations that conflict with actions taken in compliance with this section, including all good faith determinations regarding companies as required by this section, including any obligations regarding the choice of asset managers, investment funds, or investments for the State Board of Investment's securities portfolios.

**Subd. 11. Reinvestment in certain companies with scrutinized active business operations.** Notwithstanding any provision of this section to the contrary, the State Board of Investment shall be permitted to cease divesting from certain scrutinized companies under subdivision 4 or to reinvest in certain scrutinized companies from which it divested under subdivision 4 if clear and convincing evidence shows that the value for all assets under management by the State Board of Investment is equal to or less than 99.5 percent (50 basis points) of the hypothetical value of all assets under management by the State Board of Investment without any divestment for any company under subdivision 4. Cessation of divestment, reinvestment, or any subsequent ongoing investment authorized by this subdivision shall be strictly limited to the minimum steps necessary to avoid the contingency. For any cessation of divestment, reinvestment, or subsequent ongoing investment authorized by this subdivision, the State Board of Investment shall provide a written report to the chairs of the legislative committees and divisions with jurisdiction over the State Board of Investment in advance of initial reinvestment, updated semiannually thereafter as applicable, setting forth the reasons and justification, supported by clear and convincing evidence, for its decisions to cease divestment, reinvest, or remain invested in companies with scrutinized active business operations. This subdivision does not apply to reinvestment in companies because they have ceased scrutinized active business operations.

**History:** 2007 c 117 s 1

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January 5, 2018

Mr. Michel Hochard  
Chief Executive Officer  
Etablissements Maurel et Prom  
51 rue d'Anjou  
75008 Paris  
France

Dear Mr. Hochard:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. Etablissements Maurel et Prom has been identified as a company with active business operations in Sudan through dealer and distributorship arrangements. The MSBI encourages Etablissements Maurel et Prom to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by April 5, 2018.

If Etablissements Maurel et Prom chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Stagg  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely,

LeaAnn M. Stagg  
Assistant Executive Director and  
Chief Operating Officer

Enclosure

cc: Aussie B. Gautama, Chairman of the Board of Directors



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January 5, 2018

Mr. Stefan Klebert  
Chief Executive Officer  
Schuler AG  
Schuler-Platz  
73033 Göppingen  
Germany

Dear Mr. Klebert:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. Schuler AG has been identified as a company with active business operations in Sudan through dealer and distributorship arrangements. The MSBI encourages

Schuler AG to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by April 5, 2018.


If Schuler AG chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Stagg  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely,

  
LeaAnn M. Stagg  
Assistant Executive Director and  
Chief Operating Officer

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St. Paul, MN 55103  
(651) 296-3328  
FAX (651) 296-9572  
E-mail:  
[minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us)  
[www.sbi.state.mn.us](http://www.sbi.state.mn.us)**

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January 5, 2018

Mr. Jaakko Eskola  
President & Chief Executive Officer  
Wartsila OYJ ABP  
John Stenbergin ranta 2  
FI-00530 Helsinki  
Finland

Dear Mr. Eskola:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. Wartsila OYJ ABP has been identified as a company with active business operations in Sudan through dealer and distributorship arrangements. The MSBI encourages Wartsila OYJ ABP to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by April 5, 2018.

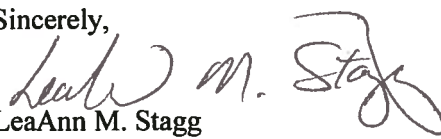
If Wartsila OYJ ABP chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Stagg  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely,

  
LeaAnn M. Stagg  
Assistant Executive Director and  
Chief Operating Officer

Enclosure

cc: Mikael Lilius, Chairman of the Board

**MINNESOTA  
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**State Auditor**  
**Rebecca Otto**

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**Attorney General**  
**Lori Swanson**

**Executive Director &  
Chief Investment  
Officer:**

**Mansco Perry**

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January 8, 2018

Mr. Xu Niansha  
Chairman  
Poly Culture Group Corporation Ltd  
25A New Poly Plaza No. 1  
Chaoyangmen North Street  
Dongcheng District  
Beijing 100010  
China

Dear Mr. Niansha:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. Poly Culture Group Corporation Limited has been identified as a company with active business operations in Sudan through dealer and distributorship arrangements. The MSBI encourages Poly Culture Group Corporation Limited to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by April 8, 2018.

If Poly Culture Group Corporation Limited chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Stagg  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely,

LeaAnn M. Stagg  
Assistant Executive Director and  
Chief Operating Officer

Enclosure

**MINNESOTA  
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**Secretary of State**  
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**Attorney General**  
**Lori Swanson**

**Executive Director &  
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Officer:**

**Mansco Perry**

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[www.sbi.state.mn.us](http://www.sbi.state.mn.us)**

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January 8, 2018

Mr. Zhiyan Zhou  
Chairman, CEO & President  
Shanghai Prime Machinery  
Company Limited  
2747 Songhuajiang Road  
Hongkou District  
Shanghai 200437  
China

Dear Mr. Zhou:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. Shanghai Prime Machinery Company Limited has been identified as a company with active business operations in Sudan through dealer and distributorship arrangements. The MSBI encourages Shanghai Prime Machinery Company Limited to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by April 8, 2018.

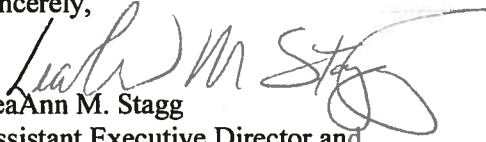
If Shanghai Prime Machinery Company Limited chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Stagg  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely,

  
LeaAnn M. Stagg  
Assistant Executive Director and  
Chief Operating Officer

Enclosure

**MINNESOTA  
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**Executive Director &  
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[www.sbi.state.mn.us](http://www.sbi.state.mn.us)**

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January 10, 2018

Mr. Weizhong Tan  
Chairman of the Board  
China Petroleum Engineering  
Corporation  
No. 2 Daqing East Road  
Dushanzi District  
Beijing 100007  
China

Dear Mr. Tan:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. China Petroleum Engineering Corporation has been identified as a company with active business operations in Sudan through dealer and distributorship arrangements. The MSBI encourages China Petroleum Engineering Corporation to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by April 10, 2018.

If China Petroleum Engineering Corporation chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Staggs  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely,

  
LeaAnn M. Staggs  
Assistant Executive Director and  
Chief Operating Officer

Enclosure

**From:** [MN\\_SBI\\_Minn\\_SBI](#)  
**To:** ["admin\\_eng@cnpcc.com.cn"; "csr@cnpcc.com.cn"](#)  
**Subject:** MSBI Letter to CNPC regarding Sudan Investments  
**Date:** Friday, January 19, 2018 1:57:00 PM  
**Attachments:** [MSBI Sudan Letter to CNPC 1.19.2018.pdf](#)

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To Whom it may concern,

*This email is being sent on behalf of LeaAnn M. Stagg, Assistant Executive Director & Chief Operating Officer of the Minnesota State Board of Investment.*

As required by provisions of Minnesota Statutes, section 11A.243, which concern investment in companies with business operations in Sudan, please forward the Minnesota State Board of Investment's attached letter to Wang Yilin, Chairman of China National Petroleum Corporation.

Please confirm receipt of this email.

If you have any questions, contact our office at (651) 296-3328 or [minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us).

Sincerely,

**Minnesota State Board of Investment**

60 Empire Drive, Suite 355, St. Paul, MN 55103

**P** 651-296-3328 **F** 651-296-9572

**Email:** [minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us)

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[www.sbi.state.mn.us](http://www.sbi.state.mn.us)**

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January 19, 2018

Mr. Wang Yilin  
Chairman  
CNPC  
9 Dongzhimen North Street  
Dongcheng District  
Beijing 100007  
China

Dear Mr. Yilin:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. CNPC Capital Company Limited has been identified as a company with active business operations in Sudan through dealer and distributorship arrangements. As the primary company of the subsidiary listed above, the MSBI encourages CNPC to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by April 19, 2018.

If CNPC chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Stagg  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely,

LeaAnn M. Stagg  
Assistant Executive Director and  
Chief Operating Officer

Enclosure

**From:** [MN\\_SBI\\_Minn\\_SBI](#)  
**To:** ["isabelle.kocher@engie.com"](mailto:isabelle.kocher@engie.com)  
**Cc:** ["ir@engie.com"](mailto:ir@engie.com)  
**Subject:** MSBI Letter to ENGIE regarding Sudan Investments  
**Date:** Friday, January 19, 2018 1:32:00 PM  
**Attachments:** [MSBI Sudan Letter to ENGIE 1.19.2018.pdf](#)

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Dear Ms. Kocher,

*This email is being sent on behalf of LeaAnn M. Staff, Assistant Executive Director & Chief Operating Officer of the Minnesota State Board of Investment.*

As required by provisions of Minnesota Statutes, section 11A.243, which concern investment in companies with business operations in Sudan, please see the Minnesota State Board of Investment's attached letter to ENGIE.

Please confirm receipt of this email.

If you have any questions, contact our office at (651) 296-3328 or [minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us).

Sincerely,

**Minnesota State Board of Investment**

60 Empire Drive, Suite 355, St. Paul, MN 55103

**P** 651-296-3328 **F** 651-296-9572

**Email:** [minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us)



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**Attorney General**  
Lori Swanson

**Executive Director &  
Chief Investment  
Officer:**

Mansco Perry

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[www.sbi.state.mn.us](http://www.sbi.state.mn.us)**

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January 19, 2018

Ms. Isabelle Kocher  
Chief Executive Officer  
ENGIE  
1 place de Samuel de Champlain  
Faubourg de l'Arche  
Paris La Defense Cedex, 92930  
France

Dear Ms. Kocher:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. ENGIE Brasil Energia SA, ENGIE Energia Chile SA and ENGIA Peru SA have been identified as companies with active business operations in Sudan through dealer and distributorship arrangements. As the primary company of the subsidiaries listed above, the MSBI encourages ENGIE to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by April 19, 2018.

If ENGIE chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Stagg  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely,

  
LeaAnn M. Stagg  
Assistant Executive Director and  
Chief Operating Officer

cc: Eduardo Antonio Gori Sattamini, Chief Executive Director, ENGIE Brasil Energia SA  
Hendrik de Buyserie, Chief Executive Officer, ENGIE Energia Peru SA  
Philip De Cnudde, President, ENGIE Energia Chile SA

Enclosure



**From:** [MN\\_SBI\\_Minn\\_SBI](#)  
**To:** ["ir@gaz.ru"; "UKGG@gaz.ru"](#)  
**Subject:** MSBI Letter to GAZ PJSC regarding Sudan Investments  
**Date:** Friday, January 19, 2018 2:07:00 PM  
**Attachments:** [MSBI Sudan Letter to GAZ Group 1.19.2018.pdf](#)

---

Dear GAZ Group,

*This email is being sent on behalf of LeaAnn M. Stagg, Assistant Executive Director & Chief Operating Officer of the Minnesota State Board of Investment.*

As required by provisions of Minnesota Statutes, section 11A.243, which concern investment in companies with business operations in Sudan, please forward the Minnesota State Board of Investment's attached letter to Siegfried Wolf, Chairman of the Board for the GAZ Group.

Please confirm receipt of this email.

If you have any questions, contact our office at (651) 296-3328 or [minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us).

Sincerely,

**Minnesota State Board of Investment**

60 Empire Drive, Suite 355, St. Paul, MN 55103

**P** 651-296-3328 **F** 651-296-9572

**Email:** [minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us)

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**Rebecca Otto**

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**Steve Simon**

**Attorney General**  
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**Executive Director &  
Chief Investment  
Officer:**

**Mansco Perry**

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January 19, 2018

Mr. Siegfried Wolf  
Chairman of the Board  
GAZ Group  
88 Lenin Avenue  
Nizhny Novgorod 603004  
Russia

Dear Mr. Wolf:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. Yaroclavsky Diesel Equipment Plant OAO has been identified as a company with active business operations in Sudan through dealer and distributorship arrangements. As the primary company of the subsidiary listed above, the MSBI encourages GAZ PJSC to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by April 19, 2018.


If GAZ PJSC chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Stagg  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely,

  
LeaAnn M. Stagg  
Assistant Executive Director and  
Chief Operating Officer

Enclosure

**From:** [MN\\_SBI\\_Minn\\_SBI](#)  
**To:** ["logunova@kamaz.ru"; "pr@kamaz.org"; "pr@kamaz.ru"](#)  
**Subject:** MSBI Letter to KAMAZ regarding Sudan Investments  
**Date:** Friday, January 19, 2018 3:26:00 PM  
**Attachments:** [MSBI Sudan Letter to KAMAZ 1.19.2018.pdf](#)

---

Dear KAMAZ PTC,

*This email is being sent on behalf of LeaAnn M. Stagg, Assistant Executive Director & Chief Operating Officer of the Minnesota State Board of Investment.*

As required by provisions of Minnesota Statutes, section 11A.243, which concern investment in companies with business operations in Sudan, please forward the Minnesota State Board of Investment's attached letter to Sergey Chemezov, Chair of KAMAZ PJSC.

Please confirm receipt of this email.

If you have any questions, contact our office at (651) 296-3328 or [minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us).

Sincerely,

**Minnesota State Board of Investment**

60 Empire Drive, Suite 355, St. Paul, MN 55103

**P** 651-296-3328 **F** 651-296-9572

**Email:** [minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us)

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**Attorney General**  
Lori Swanson

**Executive Director &  
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Officer:**

Mansco Perry

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[www.sbi.state.mn.us](http://www.sbi.state.mn.us)**

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January 19, 2018

Mr. Sergey Chemezov  
Chair  
KAMAZ PJSC  
2 Avtozavodskiy Prospect  
Naberezhnye Chelny  
Republic of Tatarstan 423827  
Russian Federation

Dear Mr. Chemezov:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. Tuimazinsky Zavod Avtobetonovozov OJSC has been identified as a company with active business operations in Sudan through dealer and distributorship arrangements. As the primary company of the subsidiary listed above, the MSBI encourages KAMAZ PJSC to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by April 19, 2018.

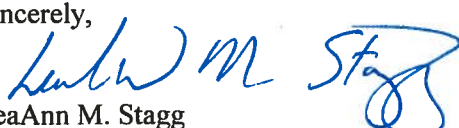
If KAMAZ PJSC chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Stagg  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely,

  
LeaAnn M. Stagg  
Assistant Executive Director and  
Chief Operating Officer

Enclosure

**From:** [MN\\_SBI\\_Minn\\_SBI](#)  
**To:** ["tobias.atzler@siemens.com"](mailto:tobias.atzler@siemens.com); ["alexander.wendel@siemens.com"](mailto:alexander.wendel@siemens.com)  
**Subject:** MSBI Letter to Siemens AG regarding Sudan Investments  
**Date:** Friday, January 19, 2018 1:45:00 PM  
**Attachments:** [MSBI Sudan Letter to Siemens AG 1.19.2018.pdf](#)

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Dear Investor Relations,

*This email is being sent on behalf of LeaAnn M. Staff, Assistant Executive Director & Chief Operating Officer of the Minnesota State Board of Investment.*

As required by provisions of Minnesota Statutes, section 11A.243, which concern investment in companies with business operations in Sudan, please forward the Minnesota State Board of Investment's attached letter to Joe Kaeser, President and Chief Executive Officer of Siemens AG.

Please confirm receipt of this email.

If you have any questions, contact our office at (651) 296-3328 or [minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us).

Sincerely,

**Minnesota State Board of Investment**

60 Empire Drive, Suite 355, St. Paul, MN 55103

**P** 651-296-3328 **F** 651-296-9572

**Email:** [minn.sbi@state.mn.us](mailto:minn.sbi@state.mn.us)

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**Executive Director &  
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Officer:**

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**[www.sbi.state.mn.us](http://www.sbi.state.mn.us)**

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January 19, 2018

Mr. Joe Kaeser  
President and Chief Executive Officer  
Siemens AG  
Werner-von Siemens-Straße 1  
Munich 80333  
Germany

Dear Mr. Kaeser:

The Minnesota State Board of Investment (MSBI) is writing to you as required by provisions of Minnesota Statutes, section 11A.243, which concerns investment in companies with business operations in Sudan.

The law requires the MSBI to identify all "scrutinized companies", defined in the law, a copy of which is attached, in which the MSBI has direct or indirect holdings or could possibly have such holdings in the future. The Board has selected the EIRIS Conflict Risk Network as its source for this information.

The Board is directed to engage all scrutinized companies in which it has direct or indirect holdings. Siemens Gamesa Renewable Energy has been identified as a company with active business operations in Sudan through dealer and distributorship arrangements. As the primary company of the subsidiary listed above, the MSBI encourages Siemens AG to either cease its scrutinized business operations or convert such operations to inactive business operations. The MSBI requests that you clarify to us in writing your current Sudan-related business operations and any future plans the company may have relating to your Sudan operations by April 19, 2018.

If Siemens AG chooses not to comply with our request, the legislation clearly calls for a phased divestment of any securities related to your company that the MSBI owns.

Please send a written response to:

LeaAnn M. Stagg  
Assistant Executive Director and Chief Operating Officer  
Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555

Please contact me at (651) 296-3328 if you have any questions.

Sincerely,

LeaAnn M. Stagg  
Assistant Executive Director and  
Chief Operating Officer

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Enclosure

**11A.243 INVESTMENT IN SUDAN.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following items have the meanings given them in this subdivision.

(b) "Active business operations" means all business operations that are not inactive business operations.

(c) "Business operations" means engaging in commerce in any form in Sudan, including by acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

(d) "Company" means any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including all wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of such entities or business associations, that exists for profit-making purposes.

(e) "Complicit" means taking actions during any preceding 20-month period that have directly supported or promoted the genocidal campaign in Darfur, including, but not limited to, preventing Darfur's victimized population from communicating with each other, encouraging Sudanese citizens to speak out against an internationally approved security force for Darfur, actively working to deny, cover up, or alter the record on human rights abuses in Darfur, or other similar actions.

(f) "Direct holdings" in a company means all securities of that company held directly by the State Board of Investment or in an account or fund in which the State Board of Investment owns all shares or interests.

(g) "Government of Sudan" means the government in Khartoum, Sudan, which is led by the national congress party (formerly known as the national Islamic front) or any successor government formed on or after October 13, 2006, including the coalition national unity government agreed upon in the comprehensive peace agreement for Sudan, and does not include the regional government of southern Sudan.

(h) "Inactive business operations" means the mere continued holding or renewal of rights to property previously operated for the purpose of generating revenues but not presently deployed for such purpose.

(i) "Indirect holdings" in a company means all securities of that company held in an account or fund, such as a mutual fund, managed by one or more persons not employed by the State Board of Investment, in which the State Board of Investment owns shares or interests together with other investors not subject to the provisions of this section.

(j) "Marginalized populations of Sudan" include, but are not limited to, the portion of the population in the Darfur region that has been genocidally victimized; the portion of the population of southern Sudan victimized by Sudan's north-south civil war; the Beja, Rashidiya, and other similarly underserved groups of eastern Sudan; the Nubian and other similarly underserved groups in Sudan's Abyei, Southern Blue Nile, and Nuba Mountain regions; and the Amri, Hamadab, Manasir, and other similarly underserved groups of northern Sudan.

(k) "Military equipment" means weapons, arms, military supplies, and equipment that readily may be used for military purposes, including, but not limited to, radar systems or military-grade transport vehicles, or supplies or services sold or provided directly or indirectly to any force actively participating in armed conflict in Sudan.

(l) "Mineral extraction activities" include exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys or oxides (ore), including gold, copper,

chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc, as well as facilitating such activities, including the provision of supplies or services in support of such activities.

(m) "Oil-related activities" include, but are not limited to, owning rights to oil blocks; exporting, extracting, producing, refining, processing, exploring for, transporting, selling, or trading of oil; constructing, maintaining, or operating a pipeline, refinery, or other oil-field infrastructure; and facilitating such activities, including the provision of supplies or services in support of such activities, provided that the mere retail sale of gasoline and related consumer products shall not be considered oil-related activities.

(n) "Power production activities" means any business operation that involves a project commissioned by the National Electricity Corporation (NEC) of Sudan or other similar government of Sudan entity whose purpose is to facilitate power generation and delivery, including, but not limited to, establishing power-generating plants or hydroelectric dams, selling or installing components for the project, providing service contracts related to the installation or maintenance of the project, as well as facilitating such activities, including the provision of supplies or services in support of such activities.

(o) "Scrutinized company" means any company that meets the criteria in clause (1), (2), or (3):

(1) the company has business operations that involve contracts with or provision of supplies or services to:

(i) the government of Sudan;

(ii) companies in which the government of Sudan has any direct or indirect equity share;

(iii) government of Sudan-commissioned consortiums or projects; or

(iv) companies involved in government of Sudan-commissioned consortiums or projects; and

(A) more than ten percent of the company's revenues or assets linked to Sudan involve oil-related activities or mineral extraction activities; less than 75 percent of the company's revenues or assets linked to Sudan involve contracts with or provision of oil-related or mineral extracting products or services to the regional government of southern Sudan or a project or consortium created exclusively by that regional government; and the company has failed to take substantial action; or

(B) more than ten percent of the company's revenues or assets linked to Sudan involve power production activities; less than 75 percent of the company's power production activities include projects whose intent is to provide power or electricity to the marginalized populations of Sudan; and the company has failed to take substantial action;

(2) the company is complicit in the Darfur genocide; or

(3) the company supplies military equipment within Sudan, unless it clearly shows that the military equipment cannot be used to facilitate offensive military actions in Sudan or the company implements rigorous and verifiable safeguards to prevent use of that equipment by forces actively participating in armed conflict, for example, through postsale tracking of such equipment by the company, certification from a reputable and objective third party that such equipment is not being used by a party participating in armed conflict in Sudan, or sale of such equipment solely to the regional government of southern Sudan or any internationally recognized peacekeeping force or humanitarian organization.

Notwithstanding any other provision to the contrary in this section, a social development company that is not complicit in the Darfur genocide shall not be considered a scrutinized company.



(p) "Social development company" means a company whose primary purpose in Sudan is to provide humanitarian goods or services, including medicine or medical equipment, agricultural supplies or infrastructure, educational opportunities, journalism-related activities, information or information materials, spiritual-related activities, services of a purely clerical or reporting nature, food, clothing, or general consumer goods that are unrelated to oil-related activities, mineral extraction activities, or power production activities.

(q) "Substantial action" means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within one year and to refrain from any such new business operations; undertaking significant humanitarian efforts in conjunction with an international organization, the government of Sudan, the regional government of southern Sudan, or a nonprofit entity that has been evaluated and certified by an independent third party to be in substantial relationship to the company's Sudan business operations and of benefit to one or more marginalized populations of Sudan; or through engagement with the government of Sudan, materially improving conditions for the genocidally victimized population in Darfur.

**Subd. 2. Identification of companies.** (a) Within 90 days following May 23, 2007, the State Board of Investment shall make its best efforts to identify all scrutinized companies in which the State Board of Investment has direct or indirect holdings or could possibly have such holdings in the future. Such efforts shall include, as appropriate:

(1) reviewing and relying, as appropriate in the State Board of Investment's judgment, on publicly available information regarding companies with business operations in Sudan, including information provided by nonprofit organizations, research firms, international organizations, and government entities;

(2) contacting asset managers contracting with the State Board of Investment who invest in companies with business operations in Sudan; or

(3) contacting other institutional investors that have divested from or engaged with companies that have business operations in Sudan.

(b) At the first meeting of the State Board of Investment after it has completed the requirements of paragraph (a), the State Board of Investment shall assemble a list of scrutinized companies.

(c) The State Board of Investment shall update the scrutinized companies list each quarter based on continuing information, including, but not limited to, information from sources identified in paragraph (a).

**Subd. 3. Engagement of scrutinized companies.** The State Board of Investment shall use the following procedure for companies on the scrutinized companies list:

(a) After completing the list required under subdivision 2, paragraph (a), the State Board of Investment shall immediately identify the companies on the list in which the State Board of Investment owns direct or indirect holdings.

(b) For each company identified in paragraph (a) with only inactive business operations, the State Board of Investment shall send a written notice to the company with information about this section and encourage it to continue to refrain from initiating active business operations in Sudan until it is able to avoid scrutinized business operations. The State Board of Investment shall continue such correspondence on a semiannual basis.

(c) For each company newly identified in paragraph (a) with active business operations, the State Board of Investment shall send a written notice informing the company of its scrutinized company status and that it may become subject to divestment by the State Board of Investment. The notice shall offer the company the opportunity to clarify its Sudan-related activities and shall encourage the company, within 90 days, to

either cease its scrutinized business operations or convert such operations to inactive business operations in order to avoid qualifying for divestment by the State Board of Investment.

(d) If, within 90 days following the State Board of Investment's first engagement with a company under paragraph (c), that company ceases scrutinized business operations, the company shall be removed from the scrutinized companies list and the provisions of this section shall cease to apply to it unless it resumes scrutinized business operations. If, within 90 days following the State Board of Investment's first engagement, the company converts its scrutinized active business operations to inactive business operations, the company shall be subject to all provisions of this section relating to inactive business operations.

**Subd. 4. Divestment.** (a) If, after 90 days following the State Board of Investment's first engagement with a company under subdivision 3, paragraph (c), the company continues to have scrutinized active business operations, and only while the company continues to have scrutinized active business operations, the State Board of Investment shall sell, redeem, divest, or withdraw all publicly traded securities of the company, except as provided in subdivisions 5 to 11, according to the following schedule:

(1) at least 50 percent of the assets in the company shall be removed from the State Board of Investment's assets under management by nine months after the company's most recent appearance on the scrutinized companies list; and

(2) 100 percent of the assets in the company shall be removed from the State Board of Investment's assets under management within 15 months after the company's most recent appearance on the scrutinized companies list.

(b) If a company that ceased scrutinized active business operations following engagement under subdivision 3, paragraph (c), resumes such operations, paragraph (a) shall immediately apply to the company and the State Board of Investment shall send a written notice to the company. The company shall also be immediately reintroduced onto the scrutinized companies list.

**Subd. 5. Prohibition on acquisition of certain securities.** At no time shall the State Board of Investment acquire securities of companies on the scrutinized companies list that have active business operations, except as provided in this section.

**Subd. 6. Exemption.** If the federal government affirmatively excludes a company from its present or any future federal sanctions regime relating to Sudan, the company is exempt from the divestment and investment requirements of subdivisions 4 and 5.

**Subd. 7. Excluded securities.** Notwithstanding any other provision in this section to the contrary, subdivisions 4 and 5 do not apply to indirect holdings in actively managed investment funds. The State Board of Investment shall submit letters to the managers of investment funds containing companies with scrutinized active business operations requesting the managers to consider removing such companies from the fund or to create a similar actively managed fund with indirect holdings that do not include the companies. If a manager creates a similar fund, the State Board of Investment shall promptly replace all applicable investments with investments in the similar fund consistent with prudent investing standards. For the purposes of this section, "private equity" funds shall be deemed to be actively managed investment funds.

**Subd. 8. Reporting.** (a) Within 30 days after creating the scrutinized companies list, the State Board of Investment shall submit the list to the chairs of the legislative committees and divisions with jurisdiction over the State Board of Investment.

(b) By January 15, 2008, and on January 15 of each year thereafter, the State Board of Investment shall submit a report to the chairs of the legislative committees and divisions with jurisdiction over the State Board

of Investment and send a copy of that report to the United States Presidential Special Envoy to Sudan or the appropriate designee or successor for the envoy. The report must include:

- (1) a summary of correspondence with companies engaged by the State Board of Investment under subdivision 3, paragraphs (b) and (c);
- (2) a list of all investments sold, redeemed, divested, or withdrawn in compliance with subdivision 4;
- (3) a list of all prohibited investments under subdivision 5; and
- (4) a description of any progress made under subdivision 7.

**Subd. 9. Expiration.** This section shall expire upon the occurrence of any of the following:

- (1) the Congress or president of the United States declares that the Darfur genocide has been halted for at least 12 months;
- (2) the United States revokes all sanctions imposed against the government of Sudan;
- (3) the Congress or president of the United States declares that the government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons; or
- (4) the Congress or president of the United States, through legislation or executive order, declares that mandatory divestment of the type provided for in this section interferes with the conduct of United States foreign policy.

**Subd. 10. Other legal obligations.** The State Board of Investment is exempt from any statutory or common law obligations that conflict with actions taken in compliance with this section, including all good faith determinations regarding companies as required by this section, including any obligations regarding the choice of asset managers, investment funds, or investments for the State Board of Investment's securities portfolios.

**Subd. 11. Reinvestment in certain companies with scrutinized active business operations.** Notwithstanding any provision of this section to the contrary, the State Board of Investment shall be permitted to cease divesting from certain scrutinized companies under subdivision 4 or to reinvest in certain scrutinized companies from which it divested under subdivision 4 if clear and convincing evidence shows that the value for all assets under management by the State Board of Investment is equal to or less than 99.5 percent (50 basis points) of the hypothetical value of all assets under management by the State Board of Investment without any divestment for any company under subdivision 4. Cessation of divestment, reinvestment, or any subsequent ongoing investment authorized by this subdivision shall be strictly limited to the minimum steps necessary to avoid the contingency. For any cessation of divestment, reinvestment, or subsequent ongoing investment authorized by this subdivision, the State Board of Investment shall provide a written report to the chairs of the legislative committees and divisions with jurisdiction over the State Board of Investment in advance of initial reinvestment, updated semiannually thereafter as applicable, setting forth the reasons and justification, supported by clear and convincing evidence, for its decisions to cease divestment, reinvest, or remain invested in companies with scrutinized active business operations. This subdivision does not apply to reinvestment in companies because they have ceased scrutinized active business operations.

**History:** 2007 c 117 s 1