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Mansco Perry III

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DATE: February 22, 2022

TO: Minnesota Legislative Reference Library

FROM: Mansco Perry III
Executive Director and Chief Investment Officer

A handwritten signature in dark ink, appearing to be "MP3", is written over the typed name of Mansco Perry III.

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

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

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

1. Summary of correspondence with companies engaged by the SBI as outlined in statute.
2. Recent list of scrutinized companies that are unauthorized for purchase. The SBI's scrutinized companies list is the same list used for companies prohibited for purchase.
3. List of all companies removed from the portfolio to comply with statute.
4. Description of any progress in having investment management firms create investment funds that exclude Iran companies.

As provided for in Section 11A.244, subdivision 2, the SBI retains Institutional Shareholder Services, Inc. (ISS) to provide Iran research services regarding companies with business operations in Iran.

During the 2021 calendar year, the unauthorized holdings list had 1 company added and 39 companies removed. There were no companies added to the divestment list during the 2021 calendar year.

Attachment 1 displays the summary of correspondence by the SBI to the scrutinized Iran companies in which the SBI has direct holdings. For the 2021 calendar year, the SBI did not have any direct holdings with any scrutinized Iran companies. Therefore, no correspondence was necessary.

Attachment 2 displays the unauthorized (i.e. scrutinized) list of Iran companies sent to the SBI's equity and bond investment managers. The managers are explicitly instructed to refrain from purchasing securities of companies on this list.

Attachment 3 displays the current list of Iran companies requiring divestment. The law calls for divestment of securities of companies which do not publicly announce substantial action specific to Iran within 90 days of the SBI correspondence. For the 2021 calendar year, there were no shares liquidated and no companies in the divestment process.

Enclosures

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ATTACHMENT 1

Minnesota State Board of Investment Summary of Correspondence with Iran Scrutinized Companies 2021 Calendar Year Quarterly Activity

Scrutinized Company Name	Country (Company Location)	Quarter	Date of Letter Sent by the SBI	Response Received from Scrutinized Company
The SBI did not have any direct holdings with any Iran Scrutinized Companies in 2021. Therefore, no engagement/correspondence with Iran Scrutinized Companies was necessary during CY 2021.				

ATTACHMENT 2

Minnesota State Board of Investment List of Unauthorized (Scrutinized) Iran Companies As of December 31, 2021 4Q 2021

Company Name	Country
Addax Petroleum Corp.	Switzerland
Caspian Investments Resources Ltd.	Kazakhstan
China Petroleum & Chemical Corporation	China
First International Oil Corp.	USA
Gubre Fabrikalari TAS	Turkey
Pan-Ocean Energy Corp. Ltd.	Jersey
SINOPEC Beijing Yanhua Petrochemical Co. Ltd.	China
Sinopec Capital (2013) Ltd.	Virgin Isl (UK)
Sinopec Capital Ltd.	Hong Kong
SINOPEC Engineering (Group) Co., Ltd.	China
Sinopec Kantons Holdings Limited	Bermuda
Sinopec Shanghai Petrochemical Co. Ltd.	China
Sinopec Yangzi Petrochemical Co., Ltd.	China
Sinopec Zhenhai Refining & Chemical Co. Ltd.	China
Toyo Engineering Corp.	Japan

ATTACHMENT 3

Minnesota State Board of Investment List of Iran Companies Divested Calendar Year 2021

Company Name	Country
None	-