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State Auditor Julie Blaha
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DATE: February 6, 2023

TO: Minnesota Legislative Reference Library

FROM: Jill E. Schurtz
Executive Director and Chief Investment Officer

A handwritten signature in black ink, appearing to be "JS", is written over the printed name and title of Jill E. Schurtz.

SUBJECT: Report on Investment in 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 2022 calendar year, the unauthorized holdings list had 22 companies added and no companies removed. There was 1 company added to the divestment list during the 2022 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 2022 calendar year, the SBI had holdings in 1 scrutinized Iran company.

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 2022 calendar year, there were no shares liquidated and one company in the divestment process.

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ATTACHMENT 1

**Minnesota State Board of Investment
Summary of Correspondence with Iran Scrutinized Companies
2022 Calendar Year Quarterly Activity**

Scrutinized Company Name	Country (Company Location)	Quarter	Date of Letter Sent by the SBI	Response Received from Scrutinized Company
Gazprom OAO	Russia	3Q2022	10/12/2022	No response received.

ATTACHMENT 2

**Minnesota State Board of Investment
List of Unauthorized (Scrutinized) Iran Companies
As of December 31, 2022
4Q 2022**

Company Name	Country
Addax Petroleum Corp.	Switzerland
Addax Petroleum Corp.	Switzerland
Caspian Investments Resources Ltd.	Kazakhstan
Caspian Investments Resources Ltd.	Kazakhstan
China Petroleum & Chemical Corporation	China
China Petroleum & Chemical Corporation	China
First International Oil Corp.	USA
First International Oil Corp.	USA
Gaz Capital SA*	Luxembourg
Gaz Capital SA*	Luxembourg
Gaz Finance Plc*	United Kingdom
Gaz Finance Plc*	United Kingdom
Gazprom Capital OOO*	Russia
Gazprom Capital OOO*	Russia
Gazprom Gazoraspredelenie Rostov-na-Donu OJSC*	Russia
Gazprom International SA*	Luxembourg
Gazprom Neft PJSC*	Russia
Gazprom Neftekhim Salavat JSC*	Russia
Gazprom PJSC*	Russia
Gazpromneft Yaroslavl*	Russia
Gazpromneft Yaroslavl*	Russia
Gazpromneft-Moscow Refinery OJSC*	Russia
Gazpromneft-Omsk Refinery OJSC*	Russia
Gazpromneft-Omsk Refinery OJSC*	Russia
Gazpromneft-Tyumen OAO*	Russia
Gazpromneft-Tyumen OAO*	Russia
Gazstream SA*	Luxembourg
GPN Capital SA*	Luxembourg
GPN Capital SA*	Luxembourg
Gubre Fabrikalari TAS	Turkey
Mezhregionteplosetenergoremont PJSC*	Russia
Moscow Integrated Power Co.*	Russia
Moscow Integrated Power Co.*	Russia
Mosenergo OAO*	Russia
Pan-Ocean Energy Corp. Ltd.	Jersey
Penzagazifikatsiya OAO*	Russia
Renaissance Capital Ltd.*	United Kingdom
SINOPEC Beijing Yanhua Petrochemical Co. Ltd.	China
Sinopec Capital (2013) Ltd.	Virgin Isl (UK)

Minnesota State Board of Investment
List of Unauthorized (Scrutinized) Iran Companies
As of December 31, 2022
4Q 2022

Company Name	Country
Sinopec Capital (2013) Ltd.	Virgin Isl (UK)
Sinopec Capital Ltd.	Hong Kong
Sinopec Capital Ltd.	China
SINOPEC Engineering (Group) Co., Ltd.	China
SINOPEC Engineering (Group) Co., Ltd.	China
Sinopec Kantons Holdings Limited	Bermuda
Sinopec Kantons Holdings Limited	Bermuda
Sinopec Shanghai Petrochemical Co. Ltd.	China
Sinopec Shanghai Petrochemical Co. Ltd.	China
Sinopec Yangzi Petrochemical Co., Ltd.	China
Sinopec Zhenhai Refining & Chemical Co. Ltd.	China
Territorial Generating Co. No 1 PJSC*	Russia
Tomskneft JSC*	Russia
Toyo Engineering Corp.	Japan
Toyo Engineering Corp.	Japan
Volgogazoapparat OAO*	Russia

***Currently also on the SBI's Russian/Belarus restricted list**

ATTACHMENT 3

**Minnesota State Board of Investment
List of Iran Companies Divested
Calendar Year 2022**

Company Name	Country
No companies divested in 2022	-