

OFFICE OF THE STATE TREASURER
MEMORANDUM



TO: The Honorable Shawn T. Wooden, State Treasurer

CC: Laurie Martin, Chief Investment Officer

FROM: Christine Shaw, Assistant Treasurer for Policy

DATE: June 4, 2020

SUBJECT: *Report on the Connecticut Retirement Plans and Trust Funds' Activities under Various Statutory Investment Restrictions*

INTRODUCTION

Pursuant to sections 3-13g, 3-13h and 3-21e of the Connecticut General Statutes, the Treasurer reports to the Investment Advisory Council ("IAC") each fiscal year on actions taken related to investment restrictions concerning companies doing business in Iran, Northern Ireland and Sudan. I am hereby submitting this report for purposes of updating the IAC during Fiscal Year 2020.

DISCUSSION

Northern Ireland

Connecticut's MacBride law, as set forth in Section 3-13h of the Connecticut General Statutes, is based on the MacBride Principles, which are a corporate code of conduct for companies doing business in Northern Ireland designed to address religious discrimination in the workplace. The provisions of this section expired on January 1, 2020, thereby allowing managers to purchase the securities of two companies that had previously been restricted (i.e., Domino's Pizza Inc. and Yum Brands, Inc.).

Iran

Companies doing business in Iran that are specifically restricted from investment by the CRPTF's managers are set forth on the attached lists. However, as a practical matter, investment in virtually any company doing business in Iran is restricted by virtue of two factors: the United States' withdrawal from the Joint Comprehensive Plan of Action ("JCPOA" or "Iran nuclear deal") in May of 2018, as well as reimposition of sanctions by the Trump administration.

That said, during Fiscal Year 2020, one company was removed from the restricted list – Daelim – based on its representations that it had ceased all business activities in Iran. These representations were confirmed by MSCI, the CRPTF’s third party research provider.

Sudan

The United States eliminated most economic sanctions on Sudan in October of 2017; however, it remains designated by the U.S. Department of State as a sponsor of terrorism, and has been so since 1993.

Currently, Connecticut restricts investment in eighteen companies doing business in Sudan.

Companies on the CRPTF’s Restricted Companies List are attached.

Restricted Companies List

Iran

Pursuant to Section 3-13g of the Connecticut General Statutes, the Office of the Treasurer prohibits direct investment in the following companies:

China National Offshore Oil Corporation and the following subsidiaries:

- China Bluechemical
- China Oilfield Services Ltd.
- CNOOC
- Offshore Oil Engineering Co.

Indian Oil Corporation Ltd. (IOCL) and the following subsidiaries:

- Bongaigaon Refinery & Petrochemicals
- Chennai Petroleum Corp. Ltd.
- IBP Co. Ltd.
- Lanka Ioc plc

Oil India Ltd.

Petroleos de Venezuela S.A.

Ca La Electricidad de Caracas

Sudan

Pursuant to Section 3-21e of the Connecticut General Statutes, the Office of the Treasurer prohibits direct investment in the following companies:

Bharat Heavy Electricals Ltd.

China North Industries Group and the following subsidiaries:

- China North Industries Corporation a.k.a. NORINCO
- NORINCO International Cooperation Ltd.
- North Huajin Chemical Industries Co. Ltd.
- North Navigation Control Technology Co. Ltd.

China Petroleum and Chemical Corp.

CNPC (Hong Kong)

Dongfeng Motor Corporation

Jiangxi Hongdu Aviation Industry Ltd.

Oil and Natural Gas Corp. and the following subsidiaries:

- Mangalore Refinery and Petrochemicals Ltd.
 - ONGC Nile Ganga BV, Amsterdam
 - ONGC Videsh Limited
 - ONGC Videsh Vankorneft
- PetroChina Co. Ltd.
Petronas Capital Ltd.
Sinopec Shanghai Petrochemical Corp.