



OFFICE OF THE STATE TREASURER MEMORANDUM

TO: The Honorable Shawn T. Wooden, State Treasurer

CC: Steve Meier, Interim Chief Investment Officer
Raynald Leveque, Deputy Chief Investment Officer
John Flores, General Counsel

FROM: Barbara Housen, Chief Compliance Officer & Deputy General Counsel

DATE: May 28, 2021

SUBJECT: Report on the Connecticut Retirement Plans and Trust Funds' Statutory Investment Restrictions

I. INTRODUCTION

Pursuant to Connecticut General Statutes §§ 3-13g¹, and 3-21e² the Treasurer reports to the Investment Advisory Council (IAC) each fiscal year on actions taken in connection with Connecticut's statutory investment restrictions on companies doing business in, and with Iran and Sudan. This Report is for fiscal year 2021.

II. STATUS

The list of Iran and Sudan restricted companies that CRPTF's managers are prohibited from investing in (hereinafter "list" or "restricted list") is located on page 3 of this Report. In November 2020, all CRPTF managers were provided the list and asked to certify that they are in compliance with these restrictions. To date, 100% of active investment managers provided the required certification. Certifications were not received for a few inactive funds, which had either been terminated, sold all investments, or transferred any remaining assets to a liquidating trust as of December 31, 2020.³

¹ Prohibits investment of CRPTF assets in companies doing business in Iran, or with the government of Iran.

² Prohibits investment of CRPTF assets in companies doing business in Sudan, or with the government of Sudan.

³ The inactive funds are Prudence Crandall I Permal Limited Partnership, Prudence Crandall II Permal Limited Partnership, Crescendo III, L.P., Gilbert Global Equity Partners, L.P., StepStone Pioneer Capital Buyout Fund II, L.P., and Syndicated Communications V, L.P.

The CRPTF is in the process of engaging the services of MSCI Global Sanctions Service (“MSCI”), to assist with updating the restricted list. It is anticipated that the MSCI service will commence in early June 2021.

Iran

As was noted in last year’s report to the IAC, the companies appearing on the Iran list are restricted, “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 2018, as well as re-imposition of sanctions by the Trump administration.”⁴ The Biden administration has vowed to bring the U.S. back into compliance with the Iran nuclear deal, but to date that has not occurred. The situation is being monitored by the State Treasury.

Sudan

On May 19, 2021, the U.S. Department of the Treasury, Office of Foreign Asset Control issued a notification that the U.S. Secretary of State rescinded the designation of Sudan as a State Sponsor of Terrorism.⁵ The Treasury will be working closely with MSCI to determine what changes are to be made to the Sudan list based on the rescission of the designation.

⁴ June 4, 2020 Investment Restrictions Report to the IAC, prepared by Christine Shaw, then Assistant Treasurer for Policy.

⁵ U.S. Department of the Treasury, Office of Foreign Asset Control May 19, 2021 electronic notification to the Connecticut State Treasury.

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.