



DENISE L. NAPIER
TREASURER

State of Connecticut
Office of the Treasurer

June 13, 2018

Members of the Investment Advisory Council

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

Dear Fellow IAC Member,

Attached you will find an interim report on the Connecticut Retirement Plans and Trust Funds' activities under various statutory investment restrictions prepared by Christine Shaw, Chief Compliance Officer. This report details the activities undertaken by the Treasury regarding investment in companies doing business in Iran, Northern Ireland and Sudan, pursuant to sections 3-13g, 3-13h and 3-21e of the Connecticut General Statutes.

Sincerely,


A handwritten signature in blue ink, appearing to read "Denise", is written over a light blue circular background.

Denise L. Nappier
State Treasurer

OFFICE OF THE STATE TREASURER
MEMORANDUM



TO: The Honorable Denise L. Nappier, State Treasurer

FROM: Christine Shaw, Chief Compliance Officer 

DATE: June 12, 2018

SUBJECT: *Interim 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. The last such report was provided to the IAC on June 14, 2017. I am hereby submitting this interim report for purposes of updating the IAC during Fiscal Year 2018.

STATUS

For each of the companies that are currently restricted from investment by the CRPTF's managers, as set forth on the attached lists, the Treasury's Policy Unit sent letters to confirm the status of each company's business operations to determine whether continued restriction was warranted. In addition, we engaged a new research service, MSCI Global Sanctions Service, to facilitate the Treasury's compliance with each of the three statutory investment restrictions. This service took effect in April of 2018, and we are currently evaluating the portfolio companies that will be recommended for engagement based on their specific business activities. A follow-up report will be submitted to the IAC at a later date.

Moreover, given recent developments with the United States' May 2018 withdrawal from the Joint Comprehensive Plan of Action ("JCPOA" or "Iran nuclear deal"), we continue to evaluate the extent to which commercial activities will be permitted in Iran, if at all, and are working with MSCI to determine next steps for engagement.

Sudan: Restricted Companies List¹

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. (BHEL)

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. (f.k.a. Liaoning Huajin Tongda Chemicals Co. Ltd.)

North Navigation Control Technology Co. Ltd. (f.k.a. China North Optical-Electrical Technology Co. Ltd.)

China Petroleum and Chemical Corp.

CNPC (Hong Kong)

Dongfeng Motor Corporation

Jiangxi Hongdu Aviation Industry Ltd.

Oil and Natural Gas Corp. (ONGC) and the following subsidiaries:

Mangalore Refinery and Petrochemicals Ltd. a.k.a. MRPL

ONGC Nile Ganga BV, Amsterdam

ONGC Videsh Limited a.k.a. OVL

ONGC Videsh Vankorneft

PetroChina Co. Ltd.

Petronas Capital Ltd.

Sinopec Shanghai Petrochemical Corp.

¹ Reflects **removal** of three (3) companies from prohibited investment status: AKM Industrial Co. Ltd.; Malaysia International Shipping Company a.k.a. MISC Bhd; and Sichuan Nitrocell Co. Ltd.

Reflects **additions** of four (4) subsidiaries of Oil and Natural Gas Corporation (ONGC): Mangalore Refinery and Petrochemicals Ltd. a.k.a. MRPL; ONGC Nile Ganga BV, Amsterdam; ONGC Videsh Limited a.k.a. OVL; and ONGC Videsh Vankorneft.

Iran: Restricted Companies List¹

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.

Daelim Industrial Co. Ltd.

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

¹ Reflects removal of one company (including subsidiaries) from prohibited investment status, Sasol Ltd.

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MacBride: Restricted Companies List¹

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

Domino's Pizza Inc.

Yum Brands, Inc.

¹ Reflects removal of one company (including subsidiaries) from prohibited investment status, Sasol Ltd.