

Position Statement with respect to Sudan **April 2008**

1 Background on the Current Situation in the Sudan

For many years the Sudanese government has been dominated by the Islamic and Arabic speaking North, with the Christian and animist South regarding itself as oppressed and disenfranchised. Most of the oil and other mineral reserves are in the South from which the central government receives considerable revenues, whilst the community in the South claims to have received little benefit from these resources. Although there was conflict in the South dating from the 1980s, the current troubles in Darfur extend back only to 2003. Since then, between 200,000 and 400,000 people have been killed, a further 2.5m displaced and numerous allegations of ethnic cleansing have been made. The Sudanese armed forces and the pro-government Janjaweed militia have been accused of these and other atrocities. A United Nations Security Council Resolution (1769) was passed aimed at stabilising the situation in Darfur and providing for the deployment of a joint peacekeeping force within Darfur by the African Union.

2 The Sudan Divestment movement

A presentation was made in November 2007 to the Church Investors Group by representatives of the Sudan Divestment movement: the US based Sudan Divestment Taskforce (a project of the Genocide Intervention Network) and the Aegis Trust. The presentation described the current situation in Sudan and explained their campaign to put pressure through “*targeted disinvestment*” on companies with activities in Sudan. The campaign is aimed specifically at those companies that:

- have a business relationship with the Sudanese government or government-created projects;
- impart minimal benefit to the country’s underprivileged;
- have expressed no significant corporate governance policy regarding the current situation in Darfur;
- have proven unresponsive to attempts at shareholder engagement.

The approach urged is one of a period of engagement with target companies, followed by divestment in the event that companies are unresponsive and do not reform their behaviour in Sudan. The nature of the activity in Sudan, the closeness of any relationship with the government of Sudan and whether any action has been taken to mitigate the current suffering in Sudan will also be taken into account. Shareholder divestment is a tool to influence companies to reform their behaviour rather than to withdraw from the country. This model of divestment was described as seeking “*to maximise its impact on the government of Sudan while minimising harmful effects on innocent citizens and on the health of institutional investments.*” The Sudan Divestment movement stress that responsible investment *can* occur in Sudan and that the approach is tailored to long term and comprehensive peace in the North, South and East of Sudan, as well as Darfur.

3 Companies with Activities in the Sudan

A predominance of companies with substantial operations in Sudan are based in the Far East and South East Asia. The most severe criticisms from the Sudan Divestment Taskforce are reserved for overseas state-controlled oil companies, for example the China National Petroleum Company (CNPC), Sinopec (China), ONGC (India) and Petronas (Malaysia). Action is targeted on the quoted subsidiaries of CNPC (PetroChina) and Sinopec, although none of these have direct operations in Sudan. The US government has imposed sanctions

on Sudan for a number of years. No US companies currently have problematic active business operations in Sudan.

UK-listed companies with activities in Sudan targeted by the campaign are: Petrofac and White Nile Petroleum. Weir Group has announced plans to withdraw from Sudan and as such is no longer actively targeted. AMEC and Rolls-Royce have also recently withdrawn from Sudan. There have also been a number of high-profile European withdrawals, including ABB and Siemens.

4 Statement

The Church Investors Group:

- 4.1** Deplores the current situation and urges all parties to embark on constructive engagement in the interest of human rights and the protection of the civilian population.
- 4.2** Welcomes the contribution made by the Sudan Divestment movement and its partners to increase investors' knowledge of the current situation in Sudan and the involvement in Sudan of listed companies.
- 4.3** Welcomes the emphasis to differentiate between companies either engaging in the supply of military equipment to the Sudanese government or the development of oil reserves which help fund the purchase of military equipment and those companies whose activities do not directly support the government.
- 4.4** Encourages companies operating in the region to adhere to the highest standards of corporate responsibility and to follow the recommendations set out by the Sudan Divestment Taskforce.
- 4.5** Encourages its members to reflect on their portfolios in the light of any involvement of invested companies in Sudan.