

Good Afternoon, I am Jerry Porter and I chair the University of Pennsylvania Social Responsibility Advisory Committee. This is a committee of faculty, undergraduates, graduate students, staff and alumni. Our committee advises the University Trustees and the President on issues related to social responsibility and investing. In particular we make recommendations to the Trustees concerning decisions on Proxy voting. When our committee was established, it was decided that there were some issues such as divestment that were “extraordinary matters” that took place “in extraordinary times.” As a result, it was decided that the Steering Committee of University Council, as a University-wide representative body, is the appropriate mechanism for hearing the voices of the community on such issues.

Hundreds of thousands of human beings have been killed in the Darfur region of the Sudan in state sponsored “ethnic cleansing.” Both the United Nations and the US Congress have labeled this action as genocide. It is not my intention here to present the history or detail the causes of the genocide. Let it simply suffice to say that the people being killed are African Sudanese while the killers are Arab Sudanese. Furthermore the funding for the instruments of genocide, both human and mechanical, is derived in large part from the oil revenues received by the Sudanese government.

On November 3, 1997 President Clinton issued Executive Order 13067 which imposed a trade embargo prohibiting American businesses from operating in the Sudan. This sanction was renewed by President Bush on November 5, 2005. **No American companies can do business in the Sudan.**

Let me explain what happened when American Companies left the Sudan. Asian companies, in particular the China National Petroleum Company rushed in to develop the oil resources of the Sudan and it is the revenue from such companies that supports the genocide. Sudan's oil production brought in over \$2 billion in 2004 and provides 70% of the country's total export earnings.

While it is true that American companies can not do business in the Sudan, Americans can invest in Asian and European companies that do business in the Sudan. For example, **PetroChina Ltd.** , a subsidiary of **China National Petroleum Corporation (CNPC)**, went public in the US in April 2000. **Goldman Sachs** was the lead underwriter in the deal. PetroChina is widely believed to *be a capital market surrogate* for the **China National Petroleum Corporation (CNPC)**, which is the dominant and most ruthless international player in Sudan's oil sector.

Our colleagues at Yale have done an in depth study of the international companies doing business in the Sudan and have identified seven oil and construction companies that, their report concluded, support the genocide. Of these, four are publically traded companies and three are private.

The criteria they used are as follows:

A company with business dealings in the Sudan shall be presumed to be committing grave social injury if the company has knowledge of an act, or acts of genocide and renders substantial assistance to the perpetrators of the genocide.

Substantial assistance includes (but is not limited to):

1. providing significant net revenue to those committing genocide
2. providing the instrumentalities with which to commit genocide, and the company knows or should know that those instrumentalities will be used for committing genocide;
3. providing aid to perpetrators that amounts to participation in specific acts of genocide.

The four publically traded companies are PetroChina, Sinopec – a subsidiary of the China Petroleum and Chemical Company, ONGC (Oil and Natural Gas Company) an Indian Oil Company and Nam Fatt, a Malaysian construction company. The Yale committee recommended and the Yale trustees agreed not to invest in any of these companies and to divest of any current holdings. In addition, they agreed on a similar ban on Sudanese debt.

Measures supporting similar divestment have been taken by Harvard, Brown, Amherst, Stanford and by a large number of other schools as well as various governmental units such as the states of New Jersey and Maryland.

The Social Responsibility Advisory Committee (SRAC) believes that providing instrumentalities of genocide represents a grave social injury. Under University policy concerning endowment securities, *“when the Trustees determine that corporate policies or practices cause substantial social injury .. they, as responsible and ethical investors, shall give independent weight to this factor in their investment policies.”* Therefore SRAC recommends that the University exclude from its direct investments – and require the University’s separate account managers to exclude from their direct investments – any investment that it may currently have in oil companies operating in Sudan as well as in the general obligations of the Sudanese government. In addition, we ask the Investment Office to share the University’s desire to adhere to this investment philosophy with the investment managers of commingled funds in which the University invests .

We understand that all of us are dependent upon the income derived from the University’s endowment; however, we believe that as important as that is, it is more important to do all we can to stop the slaughter that is taking place in Darfur.

Thank you