



**OFFICE OF
STATE TREASURER
DENISE L. NAPIER**

NEWS

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TREASURY DIVESTS INVESTMENT OF COMPANY WITH TIES TO GENOCIDE

Connecticut Treasurer Denise L. Nappier is directing the state's investment managers to divest the Connecticut Retirement Plans and Trust Funds (CRPTF) of approximately \$11 million in shares from China Petroleum and Chemical Corp., which operates in Sudan, an African government that supports genocide in Darfur.

Nappier reasons that the continued unstable and violent climate in Sudan, combined with growing international pressure, jeopardizes the long-term value of China Petroleum's business and therefore poses a risk to the state's investment in that company.

She also is prohibiting direct investment in five other companies: Bharat Heavy Electricals Ltd. (BHEL), Nam Fatt Corp., Oil and Natural Gas Corp. (ONGC), PECD Group and Sudan Telecom (Sudatel).

"The bottom line has been, and continues to be, to get the best possible investment return that money can buy without bloodshed," Nappier said. "The state's overall investment portfolio remains well positioned to do just that by achieving solid performance results."

Nappier is a national leader in recognizing that corporate governance matters in regard to sustaining shareholder value. To that point, she successfully championed state legislation in 2006 that authorizes the Treasury to divest its investments in companies viewed as profiteering at the expense of basic human rights.

The state's divestment law authorizes Nappier to consider several factors when determining which organizations the state will divest its holdings from, including:

- The resources a company provides to the Sudanese government that enables genocide in Darfur or in other regions of Sudan,
- The revenues paid by a company to the government of Sudan,
- The extent to which a company engages Sudan to cease the human rights abuses and/or undertakes humanitarian efforts in Sudan.

Despite the authority to divest, Nappier prefers to first engage and urge companies with business ties in Sudan to address the humanitarian crisis. In the case of China Petroleum and the other prohibited companies, Nappier's decision came after repeated failed attempts to engage these companies regarding their business practices in Sudan.

"In the final analysis, we did what was necessary, in compliance with our state law, to divest the pension fund's investment in a company that continues to display a blatant disregard for basic human rights and the shareholders' right to proper disclosure," Nappier said. "Make no mistake, Connecticut's law has

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been praised by the investment community as model legislation because it does not dictate divestment, but rather places the ultimate decision in the hands of the fiduciary.”

Nappier is the principal fiduciary of the \$25 billion Connecticut Retirement Plans and Trust Funds, and while an independent Investment Advisory Council advises her on all investment matters, she has the authority to act in the best interests of the state. The Treasurer is also encouraging other institutional investors, particularly public funds, to follow Connecticut’s lead and advocate legislation modeled on the proposed Connecticut law. Last year, she presented Connecticut’s Sudan legislation to the National Association of State Treasurers (NAST), of which she is a member of the executive committee and is serving her second term as the organization’s treasurer.

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