



OFFICE OF  
STATE TREASURER  
DENISE L. NAPIER

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# NEWS

**FOR IMMEDIATE RELEASE**

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## **Treasurer Proposes Divestment of Pension Funds from Sudan Investments**

***Nappier says law would make Sudan divestment state policy; Calls on other public pension funds to take similar steps; commends leadership of state Coalition to Save Darfur***

Connecticut Treasurer Denise L. Nappier, principal fiduciary of the \$22 billion Connecticut Retirement Plans and Trust Funds, along with Senate Majority Leader Martin Looney, today called for legislation that would specifically authorize divestment of state pension funds from businesses with financial interests in Sudan.

At a State Capitol news conference joined by legislative leaders, college student advocates, members of the State's Investment Advisory Council, and a coalition of religious and human rights leaders, Nappier described the ongoing genocide in Sudan as "reprehensible." She said the legislation would make Connecticut one of only four states to have enacted a legal framework targeting Sudan-related investments. It is also the first time that the leader of a state pension fund has initiated such a proposal in concert with legislative leaders.

"Connecticut must stand up and be counted, and we must pursue every available path to help put an end to the genocide that is being shamefully inflicted on innocent people in Darfur," Nappier said. "The State of Connecticut should not condone, or even appear to condone, genocide in our investment policies."

Nappier announced a series of steps that build on past efforts by the Treasury on the issue:

1. **Propose legislation**, to be introduced by Senators Looney and Slossberg, Rep. Cam Staples, and a bi-partisan coalition of lawmakers, that will allow the Treasurer to "divest, decide not to further invest state funds, and not enter into any future investment in any company doing business in Sudan or in any security or instrument issued by Sudan." In addition, the Treasurer would issue regular reports on actions taken by the Treasury related to Sudan divestment.
2. **Step up "constructive engagement,"** urging companies with business ties in Sudan, and in which the pension fund is currently invested, to address the humanitarian crisis, urge the government of Sudan to end the use of their tax and fee payments to support activities cited as genocide, and if companies are not responsive, initiate divestment on a case-by-case basis.
3. **Work collaboratively with other investors**, encouraging face-to-face dialogue with international companies with business ties in Sudan to assist in determining the nature of company activities.

4. **Encourage institutional investors, especially public funds**, to follow Connecticut's lead and advocate legislation modeled on the proposed Connecticut law.
5. Pursue discussions with and seek further actions by **federal officials** in the U.S. State Department and other appropriate federal agencies.

#### **Nappier to Advance Issue with State Treasurers, Commends State Coalition Efforts**

"In my view, public companies that ignore world opinion, who refuse to put pressure on the government of Sudan to stop the genocide, and who are viewed as engaged in profiteering at the expense of basic human rights, run the risk of becoming incapable of sustaining their shareholder value," Nappier said.

Nappier said she plans to discuss the situation in Sudan - and Connecticut's proposed legislation - at next month's meeting of the *National Association of State Treasurers (NAST)*, to be held next month in Washington, D.C. Nappier is a member of the NAST executive committee, having recently been elected to a second term as the organization's Treasurer, as well as a member of its corporate governance committee.

She commended the significant efforts of students from the Lowenstein Human Rights Clinic at Yale Law School, and Students Taking Action Now for Darfur (STAND), as well as Senator Looney, who have worked closely with her office during the past year. The Treasurer also praised students from Danbury High School, who produced a poignant video, "The Promise," aimed at increasing awareness and action.

Nappier pointed out that the growing strength and diversity of voices expressing outrage throughout Connecticut regarding the continuing genocide in Sudan is extremely important. She saluted the efforts of the *Connecticut Coalition to Save Darfur*, a group of 15 secular and religious organizations statewide, and noted the tremendous work of the Connecticut chapter of the *Anti-Defamation League* through the coalition.

#### **Connecticut Treasury to Pursue the Financial "Carrot and Stick"**

"I have long adhered to the view that more can be accomplished by maintaining investments and working for change as a shareholder. We have pursued that course with considerable success on a wide range of corporate governance issues," Nappier said. "This situation in Sudan, however, is dire, and I recognize that sometimes discussion, engagement and dialogue may not be enough. Under these extraordinary circumstances, the law we are proposing is sound public policy."

In making a decision to divest, or not invest, in a particular company, the Connecticut law would allow the Treasurer to consider a number of factors, including whether a company provides resources used by the Sudanese government to implement policies of genocide, the extent to which a company undertakes humanitarian efforts in Sudan, and whether a company is authorized by the U.S. government to do business in Sudan. Companies would be notified prior to divestment.

"The overwhelming human tragedy and abhorrent atrocities in the Darfur region of Sudan, demand not only our condemnation, but our action," Nappier said. "From day one, I said we intend to aggressively pursue strategies that we believe can make a significant difference. We have done so, and we will continue to do so."

Nappier said that divestment will continue to be a course of last resort, but it is an action she will not hesitate to take, consistent with her fiduciary responsibilities and state law. In 2001, Connecticut sold its existing holdings and prohibited further investments in PetroChina, the national oil company of China, because of business ties to Sudan.

Connecticut law currently provides that “among the factors to be considered by the Treasurer with respect to all securities may be the social, economic and environmental implications of investments of trust funds in particular securities or types of securities. In the investment of the state’s trust funds the Treasurer shall consider the implications of any particular investment in relation to the foreign policy and national interests of the United States.”

More than two-dozen other states have either approved resolutions voicing concern on the issue, or are currently considering legislation. During 2005, Illinois, New Jersey and Oregon approved laws related to Sudan investments, each with differing provisions.

### **Efforts with Institutional Investors, Federal Government Will Continue**

Nappier said that her office has met directly with officials at the State Department to discuss the impact of state action on the issue. Last year, Connecticut was joined by 42 other institutional investors in urging the federal government, described as the only credible and centralized authority, to identify, monitor and report domestic and international companies that may be operating contrary to U.S. interests and to provide such information to the funds.

To date, federal agencies have not been willing to provide this information, but “we will continue to urge federal agencies to fulfill this vital role, which they are uniquely qualified to perform,” Nappier said. Without such action by the federal authorities, there is no authoritative listing of companies doing business in Sudan, nor is there a formal set of international principles governing business conduct in Sudan that companies can follow.

Last year, the Connecticut Treasury was among a group of funds contacting international companies Alcatel SA, Royal Dutch/Shell, Siemens AG and Total SA, requesting full disclosure of business activities in Sudan. In addition, State Treasury officials have met face-to-face with ABB Ltd. to directly voice concerns about business relationships, and to obtain specific and detailed information regarding their operations in Sudan. Nappier stressed that companies with financial ties to Sudan, whether through the payment of taxes, fees or other business operations, may indirectly be contributing to genocide carried out by local militias funded by the government.

“Connecticut has a proud tradition of taking the lead on fundamental issues – and while the situation in Darfur is different, it is certainly no less significant. We were a founding member of the effort to end apartheid in South Africa, and we continue to be a leading voice for religious tolerance through implementation of the MacBride Principles in Northern Ireland,” Nappier said, noting that the state’s proxy voting guidelines provide for holding companies accountable for human rights violations.