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Media conference „Genocide in Darfur - No business with death“
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Press release „Genocide in Darfur - No business with death“

Speech by Christoph Wiedmer, Director, Society for Threatened Peoples, Switzerland (STP)

Speech by Andreas Missbach, „Banks and Financial Centre Switzerland“ Programme, Berne Declaration

Speech by Scott Wisor, Senior Field Organizer for the Sudan Divestment Task Force, a project of the Genocide Intervention Network

Background information: Detailed information on investments by Swiss financial institutions in oil companies operating in Sudan. Source: Bloomberg Financial Services

Background information: Arguments for the Efficacy of Targeted Divestment from Sudan; Source: Genocide Intervention Network

Background information: Summary of Engagement Points for Sudan; Source: Genocide Intervention Network

Background information: „The Highest Offenders“, Source: Genocide Intervention Network

Background information: graphic „The Problem“, Source: Save Darfur Coalition

Background information: graphic „The Solution“, Source: Save Darfur Coalition

„Who’s who“
Genocide in Darfur – No business with death

The genocide in Darfur relies mainly on the income of the Sudanese government from the oil industry. Involved are also Swiss financial institutions such as UBS or Credit Suisse which in total hold around 6 billion US dollars worth of investments in the controversial oil companies in Sudan. UBS plans, furthermore, to underwrite PetroChina's IPO (initial public offering) on the Shanghai stock exchange on 5 November, despite massive international criticism. The non-governmental organisations Society for Threatened Peoples, Berne Declaration, Genocide Intervention Network and Bank Track demand that the financial institutions reconsider their investments.

In today's media conference, the non-governmental organisations Society for Threatened Peoples, Berne Declaration, Genocide Intervention Network and Bank Track have disclosed the involvement of Swiss banks in companies engaged in the Sudanese oil industry. Around 70 percent of Sudan’s oil income is spent on military purposes. According to Genocide Intervention Network, PetroChina, Sinopec (China), Petronas (Malaysia) and the Indian Oil and Natural Gas Company (ONGC) belong to some of the "highest offenders" and thus are directly or indirectly connected with the genocide in Darfur. PetroChina is furthermore investing over a billion US dollars in a pipeline project in Burma, which will provide the military junta with an income of 150 million US dollars per year.

A large number of Swiss financial institutions own investments in the above mentioned oil companies - the UBS group owns investments with a stock market value of 2.7 billion US dollars and the Credit Suisse group up to around 2.8 billion US dollars. Several cantonal and private banks also own investments with a stock exchange value of millions of US dollars. Above all, UBS Securities Co. is planning to underwrite PetroChina's IPO on the Shanghai stock exchange on 5 November 2007. This would lead to one of the greatest sales of shares in the region, with an estimated value of 5.9 billion US dollars.

The genocide in Darfur can only be stopped with the additional use of effective economic pressure - this is why the four organisations call on the Swiss banks to urge their business clients acting in Sudan to take consistent measures to prevent their direct or indirect contribution to genocide. If the oil companies in question do not react, the financial institutions should pull back. In this case, the UBS must resign from underwriting PetroChina’s IPO.

Christoph Wiedmer, the manager of the Society of Threatened Peoples demands: “Economic players can no longer deny its responsibility in regions where human rights abuses of this dimension are taking place. Either the investors achieve a change of thinking in the concerned governments and oil companies, or they should cancel their business relations with the problematic companies.”

These financial connections of banks with companies supporting Sudan’s oil income are only one, albeit grave, example of how banks can come into conflict with human rights. This is why Andreas Missbach from the Berne Declaration demands: “The major banks UBS and Credit Suisse must create substantial, attainable and transparent human rights guidelines, in order to avoid becoming an accomplice in human rights violations.”
Speech by Christoph Wiedmer, Director, Society for threatened peoples Switzerland

Swiss financial institutions must reconsider their investments in Sudan

The spoken word shall prevail

Ladies and gentlemen,

Whilst Europe and the United States pass or discuss sanctions against Sudan, China and its companies invest billions of dollars in this country. The newly developed, massive oil fields in southern Sudan are especially of great strategic interest to China. China already procures 7% of its oil demand from Sudan and has become its most important oil consumer. Around 70% of Sudan’s income from the oil business is used on military expenses. China National Petroleum Corporation, together with its listed subsidiary company, PetroChina (China), as well as Sinopec (China), ONGC (India) and Petronas (Malaysia), belong to those companies that provide the Sudanese government with great revenue and can, therefore, be directly or indirectly connected with the crisis in Darfur. They are a financial mainstay of the Sudanese government.

As a reward for unrestricted access to the energy sources in Sudan, China protects the Sudanese government against sanctions by the United States. In the United Nations Security Council almost every resolution against the Sudanese government has failed because of China’s veto. China also protects Burma against sanctions by the international community. PetroChina has invested more than a billion US dollars in a pipeline project for the extensive sources of gas which were found a few years ago off Burma’s coasts. This will supply Burma’s government with around 150 million US dollars income each year in terms of transit taxes. In this way, PetroChina is financially supporting the military junta in Burma.

The genocide in Sudan is continuing unabated. To date, the international community has failed to stop what is, according to the UN, the largest humanitarian catastrophe in the world. Hundreds of thousands of people have already died and over two million have become internally displaced. Whilst the Sudanese government has been able until now to resist any political pressure, it has been susceptible to economic pressure. The crimes against humanity and genocide being carried out by government-supported rebels call for a clear and consistent response from the political and economic world.

Despite widespread international criticism however, a major Swiss bank, UBS, is expected to underwrite the IPO (initial public offering) of the Chinese oil giant, PetroChina, on the Shanghai stock exchange on 5 November. This service will make around 6 billion US dollars more of new financial resources available to PetroChina. PetroChina will not only have more liquid assets because of these new resources, but their mother company, Chinese National Petroleum Corporation, will also benefit enormously.

Several Swiss financial institutions own investments in the four above-mentioned oil companies with the following stock market value. This information has been taken from the mid-October 2007 Bloomberg Financial Services:

- Credit Suisse owns investments with a market value of more than 2.8 billion US dollars; UBS, 2.7 billion US dollars.

The joint venture of the Swiss cantonal banks „Swisscanto Holding AG“ owns investments with a market value of 22 million US dollars; the Vaud cantonal bank, 15 million US dollars.

Together with other banks and insurance companies, Swiss financial institutions currently own investments with a total value of around 6 billion US dollars, which is about 7 billion Swiss francs.

Both of the major Swiss banks, UBS and Credit Suisse, rank amongst the largest, international investors in these controversial companies. They have both signed the UN Global Compact and have committed themselves to the 10 principles in the areas of human rights, work, environment and anti-corruption. Keeping business dealings with the companies in question clearly contradicts the spirit of this agreement.

We demand that Swiss financial institutions urge their business clients acting in Sudan to take consistent measures to prevent their direct or indirect contribution to genocide. If the oil companies in question do not react, the financial institutions should withdraw all services, including their investments. Furthermore, Swiss financial institutions should make commitments regarding their investments in Sudan. Such an obligation can be found in the media dossier. In this case, the UBS must resign from underwriting the IPO of PetroChina. The economy can no longer deny its responsibility in regions where human rights abuses of this dimension are taking place. Either the investors achieve a change of thinking in the concerned governments and oil companies, or they should cancel their business relations with the problematic companies.

Translation
Speech by Andreas Missbach, „Banks and Financial Centre Switzerland“ Programme, Berne Declaration

Banks lack human rights standards

Financial alliances with companies supporting Sudan’s oil income are only one, albeit grave, example of how banks can come into conflict with human rights. The resource sector is particularly vulnerable. Special representative of the UN Secretary-General, the American John Ruggie, added in his 2006 report: “Some companies have made themselves and even their entire industries targets by committing serious harm to human rights, labour standards, environmental protection, and other social concerns.”

When Berne Declaration systematically examined the major Swiss banks’ financial alliances with companies operating in the resource sector last year, the research unearthed over 60 cases of financial institutions financing resource companies which are involved in human rights abuses against the local population.

Financial commitments in China are likewise delicate involvements. Credit Suisse owns stocks in a company there which provides financial services for the China Poly Group (Poly). By its own account, Poly has a “leading role in the Chinese weapons trade”. In response to concerned customers and shareholders, Credit Suisse stated this spring that weapons deals would account for less than 10% of the total revenue and profit to China Poly Group. Since human rights abuses can also be counted on an individual basis, such an “unproblematic percentage” strikes on as highly cynical. The response demonstrates, furthermore, that banks do not realise their complicity in human rights abuses when they cannot rule out the possibility that dubious activities are being co-financed because of their involvement. Due to the close financial, structural and personal integration between PetroChina and China National Petroleum Corporation, this is also true for UBS organising the underwriting of their IPO (initial public offering).

The fact that the subject of banks and human rights has become of public interest in the last years is in large part thanks to Berne Declaration and their co-founded NGO network “BankTrack”. In 2003, over one hundred non-governmental organisations from all over the world had already signed the “Collectivo Declaration” which demanded six concrete steps from financial institutions in order to obtain their social licence to operate. And human rights were one of the central themes of the Declaration. “BankTrack” was also able to put forth their position at the UN talks on Business and Human rights during the financial sector hearing organised by John Ruggie. This should help to clarify the role of banks in preventing human rights abuses and enforcing human rights. BankTrack published a policy document for the hearing entitled “Human Rights, Banking Risks” (www.evb.ch/p25011847.html), in which banks were called upon to develop substantial, attainable and transparent human rights principles. To date there are, with the laudable exception of the Dutch Rabobank, a number of banks (for example, UBS) proposing little more than non-binding and vague declarations of intent.

The demands outlined in the BankTrack policy document therefore continue to be valid. Banks are to:

• Identify their human rights risk profile (regions, clients, critical business areas)
• Formulate categorical exclusion criteria
• Develop detailed actions to identify human rights risks (due diligence)
• Define a procedure for dealing with problematic customers
• Consult human rights experts and specialized NGOs
• Publish a human rights policy with clear standards and procedures
• Establish and implement a comprehensive and transparent management system for the implementation of these procedures.

The financing of oil businesses which fuel the genocide in Darfur demonstrates that Swiss banks must urgently take all necessary steps to discontinue their complicity in human rights abuses or risk comprising their credibility in other areas.

Translation
Speech by Scott Wisor, Senior Field Organizer for the Sudan Divestment Task Force, a project of the Genocide Intervention Network

As Mr. Wiedmer has just described, exerting shareholder pressure on highest offending companies in Sudan is an extremely effective way to bring an end to the atrocities in Darfur. Investors and activists should seek to reform the behavior of all of the roughly two dozen companies which meet the targeted criteria for divestment. Over two dozen companies based in Asia, the Middle East, and Europe provide unwavering financial support to the murderous regime in Sudan that is frequently accompanied by political cover and the transfer of military equipment.

However, there is no company that has a larger or more problematic presence in Sudan than China National Petroleum Corporation. CNPC raises capital through its wholly owned subsidiary corporation PetroChina. While PetroChina is the majority owned subsidiary of CNPC, investors and activists have long recognized that PetroChina is the appropriate target for shareholder pressure on CNPC. Of the over 70 institutions that have adopted Sudan divestment policies, all have included PetroChina in the list of companies that should be subject to shareholder pressure.

However, UBS has recently made the indefensible claim that PetroChina is distinct from CNPC and therefore should not be subject to scrutiny for its relationship to the genocide in Darfur. This is false. PetroChina and CNPC are two sides of a single corporate structure, and if examined by a Western court, parent and subsidiary would be treated as a single corporate entity. There is near unanimous overlap in management between PetroChina and CNPC. PetroChina and CNPC frequently exchange assets at below market rates without any transparency regarding the financing of these exchanges. PetroChina represents the majority of CNPC’s profits. When PetroChina initially listed on the New York Stock Exchange as a firewall for activists concerned about CNPC’s operations in Sudan, it did so with a promise that it would have no links to the oil industry in Sudan. However, PetroChina has recently announced that it will construct a refinery in China specifically designed to refine Sudanese crude oil from CNPC.

For UBS to claim that it should not exert pressure on PetroChina because it has no links to Sudan represents a deliberate and willful attempt to avoid a real conversation about the problematic relationship between PetroChina, CNPC, and Sudan. Difficult questions are outstanding for one of Europe’s most prominent banks. For example, why does UBS think it is appropriate to raise capital for PetroChina, which will be a windfall, just at the moment that some of the world’s largest and most prominent fiduciaries are beginning to exert pressure on this company? Why has UBS increased its position in this company by over 1 billion dollars in the past few months? This move sends a very clear signal to PetroChina/CNPC that they can continue to have access to western financial institutions and capital without establishing even the most minimal standards regarding labor practices, environmental practices, and human rights abuses. The actions of UBS clearly condone CNPC’s destructive operations in Sudan.

To date the Sudan divestment efforts has had truly stunning successes. Major multi-national companies including Siemens AG, Rolls Royce Plc, ABB Ltd., and CHC Helicopter Co. have all left Sudan since the beginning of the divestment campaign. La Mancha, a Canadian mining company, and Schlumberger, a French oil-field services company, have both committed to responsible business plans to remain in the country that include extensively

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expanding humanitarian outreach. ICSA of India left Sudan citing “the undesirable policies of the government of Sudan.”

These successes are the result of the efforts of campaigners in over a dozen countries. From the United Kingdom to South Africa, from Japan to Australia, activists are demanding that genocide should not happen on their watch, and should not happen on their dime. There are active Sudan divestment campaigns in over a dozen countries, and this growing pressure has been noted in statements by government leaders, including the European Parliament Resolution of July 8, 2007 which called for the divestment of European funds from Sudan.

It will take a truly global effort to bring peace to an area the United Nations has described as the world’s worst humanitarian disaster. We cannot hide behind convenient mistruths to avoid taking the important steps that will be necessary to end the suffering in Sudan. There is no doubt that the failure to change corporate behavior in Sudan is a failure of the first order. How many thousands more need to be murdered, how many millions more displaced, before investors address the companies that provide the economic lifeline for genocide?

Thank you.
Background information: Arguments for the Efficacy of Targeted Divestment from Sudan

Conclusions of the Report by the Sudan Divestment Task Force (July 19, 2007)

While the Sudanese regime has been resistant to political pressure, it has been historically responsive to economic pressure. Targeted divestment is therefore a critical tool with which to influence the government in Khartoum. Far from punishing the government of Sudan for making peace, continuing targeted divestment reinforces the message that only concrete and substantive progress in implementing the Darfur Peace Agreement and allowing multinational peacekeepers into Darfur will be rewarded.

A successful targeted divestment campaign will have the ability to convince the government of Sudan that it has a stake in stability in Darfur. Under the Sudan Divestment Task Force’s model, divestment will end when the Darfur genocide has been halted for at least 12 months or Sudan has honored its treaty obligations. Divestment therefore punishes the Sudanese regime only as long as the regime continues to commit genocide.

Besides providing Khartoum a “buy-in” for establishing stability in Darfur, the Sudan Divestment Task Force’s model of targeted divestment carries several additional benefits. First, the model helps minimize potential harm to the vast majority of Sudan’s citizens, because they benefit little from the oil revenues. Second, the targeted divestment campaign has already changed company behavior in Sudan for the better and promises to continue doing so. Third, targeted divestment sends a strong signal to the home countries of highest offending companies - especially China - that faithfully protecting Sudan’s regime against multilateral action is unacceptable. Finally, the targeted divestment campaign has garnered significant media attention, a critical prerequisite for concerted international action.

Source: Genocide Intervention Network
Background information: Summary of Engagement Points for Sudan

*Companies with problematic operations in Sudan should consider the following actions currently utilized by investors as points of engagement:*

- Halt expansion of operations and prohibit future contracts in Sudan until a robust peacekeeping force consistent with United Nations Security Council Resolution (UNSCR) 1769 has been comprehensively deployed to Darfur, and the Khartoum government has facilitated full implementation of all provisions in UNSCR 1769 and consider the following actions:

  - Engage the government of Sudan, either independently or, if possible, collectively with other companies operating in Sudan, requesting Khartoum fully and promptly implement all provisions of UNSCR 1769, including the implementation of the Darfur Peace Agreement, free and unfettered access to humanitarian aid for Darfur, and disarmament of the Janjawid militia, AND;

  - Implement a substantial humanitarian program in Sudan, developed in conjunction with the local community and international organizations and/or governmental entities that have a macroscopic perspective on Sudan’s development, that benefits one or more of Sudan’s historically marginalized populations, is substantial in relation to the size and scope of the company’s involvement in Sudan, and is verified by a reputable third party to meet these requirements, AND;

  - Report on the efforts made to meet conditions set by the Government of South Sudan that oil companies operating in its territory hire local Sudanese, fund environmental impact studies, address community development issues, and cease the use of security forces that are illegal according to the Comprehensive Peace Agreement, AND;

  - Provide full disclosure about the company’s financial relationship with the Government of Sudan, Government of South Sudan, other companies or consortiums operating in Sudan, and any affiliated companies, including parents and subsidiaries with operations in Sudan, OR;

  - Consistent with legal obligations, suspend current operations in Sudan until a robust peacekeeping force consistent with UNCSR 1769 has been comprehensively deployed to Darfur, and the Khartoum government has facilitated full implementation of all provisions in UNSCR 1769.

*Source: Genocide Intervention Network*
Background information: "The highest Offenders"

Ranked Categories of Companies Warranting Scrutiny

NOTE: Before reading this ranked list, please see the "Critical Background Information" notice above.

Category One: Highest Offenders

The following category of companies represents those businesses with the most problematic operations in Sudan according to the SDTF model of targeted divestment:

(www.sudandinvestment.org/docs/task_force_targeted_divestment_model.pdf)

and/or the SDTF sample Investment Policy Statement:

(www.sudandinvestment.org/docs/SDTF_Investment_Policy_Statement.pdf)

In general, these companies have proven to be largely unengageable by shareholders or unwilling to consider altering problematic practices in Sudan. While SDTF strongly recommends engagement with all companies before any divestment decision is made, SDTF considers companies in this category to be likely candidates for divestment at present time. This classification is based upon a combination of what these companies are doing in Sudan and how these companies have responded to the SDTF and the fiduciaries SDTF interacts with over the past 15 months.

The companies in this category are ranked from worst at the top to less problematic at the bottom, although all companies in this category are likely candidates for divestment. Since the targeted divestment model targets both parent companies and majority-owned subsidiaries of problematic companies, these affiliates have been included in the list below.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Country of Origin</th>
<th>Business Operations</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>PetroChina (majority-owned, publicly traded subsidiary of CNPC, see below)</td>
<td>China</td>
<td>Oil and gas concern</td>
<td>State-owned, but a very small number of public equity investment opportunities available</td>
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<tr>
<td>CNPC Hong Kong</td>
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<tr>
<td>China National Petroleum Corporation a.k.a. CNPC (parent company of PetroChina and CNPC Hong Kong)</td>
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<td>Company Name</td>
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<td><strong>Petronas/Petronas Capital Limited</strong></td>
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<td>Malaysia</td>
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<td>Oil and gas concern</td>
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<td>Corporate bonds—no public equity</td>
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<td><strong>Oil and Natural Gas Company a.k.a. ONGC</strong></td>
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<td>India</td>
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<td>Oil and gas concern</td>
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<td>Oil refinery operations</td>
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<td><strong>Sinopec Corporation a.k.a. China Petroleum and Chemical Corporation</strong> (majority-owned, publicly traded subsidiary of Sinopec Group; see below)</td>
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<td>China</td>
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<td>Oil and gas concern</td>
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<td>State-owned but a very small number of public equity investment opportunities available</td>
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<td>United Arab Emirates</td>
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<td>Oil investments</td>
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<td><strong>Lundin Petroleum</strong></td>
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<td>Sweden</td>
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<td>Oil and gas concern</td>
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<td><strong>Reliance Industries a.k.a. RIL</strong></td>
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<td>India</td>
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<td>Oil and gas concern</td>
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<td>Received rights to oil block in Darfur; reported to be in advanced negotiations for partial rights to another oil block in Sudan</td>
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<td><strong>AREF Investment Group</strong></td>
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<td>Kuwait</td>
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<td>Oil and gas investments</td>
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<tr>
<td><strong>Kuwait Foreign Petroleum Exploration Company a.k.a.</strong></td>
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<td>Kuwait</td>
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<td>Oil and gas concern</td>
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<tr>
<td>Wholly-owned subsidiary of Kuwait Petroleum Company; plans for privatization (and public equity) of 30% of Kufpec sometime in 2007</td>
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</table>

Source: Genocide Intervention Network
Who’s who

**Christoph Wiedmer** is director of the Society for Threatened Peoples, Switzerland (STP), a human rights organization promoting the protection of minorities and indigenous peoples.
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**Scott Wisor** is senior field organizer for the Sudan Divestment Task Force, a project of the Genocide Intervention Network. The Sudan Divestment Task Force coordinates divestment campaigns in universities, at state level and with private investors.
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