

Investors Against Genocide

Draw the line at investing in genocide

FOR IMMEDIATE RELEASE

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UN GLOBAL COMPACT CALLED UPON TO INFLUENCE PETROCHINA TO HELP DARFUR ***Over 80 organizations and individuals ask UN Global Compact to uphold its principles***

Boston, MA – May 12, 2008 - Three days before PetroChina's annual meeting of shareholders, over 80 civil society organizations including human rights, corporate accountability, religious and anti-genocide groups from 17 countries have signed an open letter to the United Nations Global Compact. The letter calls upon the UN Global Compact to use its influence with PetroChina, a compact participant, to help bring an end to the humanitarian crisis in Sudan. PetroChina, the listed arm of China National Petroleum Corporation (CNPC), Sudan's largest oil industry partner, is indisputably linked to the regime perpetuating the five-year humanitarian crisis in Darfur which many consider to be genocide.

The letter, which was coordinated by Boston-based Investors Against Genocide, was also signed by members of US Congress, Canadian Parliamentarians, actor Mia Farrow, and Sudan researcher and analyst Eric Reeves. For the full text of the letter including signatories, visit www.InvestorsAgainstGenocide.org/UNGCandPetroChina.

"The challenge for the UN Global Compact," states Eric Cohen, chairperson of Investors Against Genocide, "is to take firm steps to ensure that its principles are upheld in the face of the most egregious human rights violations on the planet. We therefore respectfully request that the United Nations Global Compact use its own good offices to encourage PetroChina, in partnership with its closely related parent company, CPNC, to engage the Government of Sudan to help bring a swift end to the ongoing crisis in Sudan. We believe that such engagement by PetroChina and CNPC would have a dramatic impact on curtailing the gross violations of human rights that have been committed in Sudan for decades."

This request for the UN Global Compact to engage with its participant, PetroChina, is particularly timely since the Secretary-General has asked all parts of the United Nations to recognize 2008 as the 60th anniversary of the Universal Declaration of Human Rights (UDHR). The UN Global Compact derives the first two of its ten principles from the UDHR. The first principle of the Un Global Compact states that businesses should support and respect the protection of internationally proclaimed human rights. The second principle requires that businesses ensure that they are not complicit in human rights abuses.

The Global Compact is currently the world's largest and most widely known voluntary corporate responsibility initiative, with over 4,000 corporate participants. It is often criticized by civil society organizations because of its purely voluntary nature. According to Bart Slob, a Senior Researcher for the Amsterdam-based Centre of Research on Multinational Corporations (SOMO), there are concerns related to the Compact's assumption that the current form of globalization can be made sustainable and equitable, and the lack of independent monitoring. "Without any effective monitoring and enforcement provisions, the Global Compact fails to hold corporations accountable," explains Slob. "It is particularly concerning when participants, such as PetroChina, that do not uphold the compact's principles use the prestige of the UN in their public relations."

In its recently published 2007 Corporate Social Responsibility (CSR) Report, PetroChina proudly cites its entry to the Global Compact. PetroChina's CSR report mentions the Global Compact 12 times, while there is no mention of PetroChina's support for the Sudanese government that has committed human rights violations in Darfur. "The participation of this company in the Global Compact is detrimental to the reputation of the United Nations," states Slob. "PetroChina is wrapping itself in the UN flag to "bluewash" its image."

The letter asks the UN Global Compact to influence PetroChina and CNPC to independently, or collectively with other foreign oil companies operating in Sudan, request that the Government of Sudan (GoS) fully and promptly implement all provisions of United Nations Security Council Resolution 1769, ensure free and unfettered access for humanitarian aid workers to the people of Darfur, provide full and unrestricted land access for peacekeeping troops (including land for UN bases), cease support for the Janjaweed militia without delay, and genuinely engage in the Darfur peace process. Further, the letter asks for the Global Compact to influence PetroChina/CNPC to make all possible efforts to contribute to the success of Sudan's Comprehensive Peace Agreement, including utilizing leverage on its business affiliates, on the GoS, and on the Government of South Sudan to ensure that the CPA is implemented without further delay.

"If PetroChina in concert with CNPC does not fulfill these requests, and also does not provide a comprehensive report to the UNGC and the undersigned within three months from PetroChina's annual meeting," the letter reads, "we respectfully request that PetroChina be placed on probationary status as a Global Compact participant until such actions have been satisfactorily taken and reported."

The Government of Sudan has a well-documented history of susceptibility to economic pressure. It is highly reliant on foreign direct investment not only to pay its debts and subsidize government expenditures, but also to fund its military and finance the conflict in Darfur."

To ensure that the integrity of the United Nations Global Compact is safeguarded at all times, the Secretary-General has adopted several "Integrity Measures" which state that "safeguarding the reputation, integrity and good efforts of the Global Compact and its participants requires transparent means to handle credible allegations of systematic or egregious abuse of the GC's overall aims and principles."

Although PetroChina has claimed independence from CNPC, the two companies are inseparable. Management at CNPC and PetroChina almost completely overlap and the same individual, Jiang Jiemin, is president of both companies. Frequent asset transfers between the two entities, which often take place at subsidized rates, have made CNPC completely reliant on PetroChina for its financial health. In a May 2007 report on the relationship between PetroChina and CNPC, KLD Research & Analytics, an independent research firm, concluded that "investors should treat CNPC and PetroChina as if they were a single entity." Comprehensive research by the Genocide Intervention Network on the intimate, opaque, and symbiotic relationship among PetroChina, CNPC, and CNPC's extensive and problematic operations in Sudan reaches the same conclusion.

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Investors Against Genocide is a non-profit organization dedicated to ending investment in genocide. The organization works with individuals, companies, organizations, financial institutions, the press, and government agencies to build awareness and to create financial, public relations, and regulatory pressure for investment firms and companies to change. The ultimate goals are that the Government of Sudan ends its deadly genocide in Darfur and that companies and investment firms avoid investing in genocide. For more information, visit www.investorsagainstgenocide.org.

The Centre for Research on Multinational Corporations (SOMO) is a Dutch non-profit research organization. Established in 1973, SOMO undertakes research on the impact of multinational enterprises and the consequences of the internationalisation of business, particularly for developing countries. For more information, visit www.somo.nl.