Companies Warranting Scrutiny:
Profiles of Companies That Possibly Meet Task Force Criteria for Targeted Divestment

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A Report by
The Sudan Divestment Task Force

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Preliminary List of Companies Warranting Scrutiny

NOTE: The Task Force has attempted to gather CUSIP (Committee on Uniform Securities Identification Procedures) numbers on these companies. These numbers, along with SEDOL and other identifiers can be found in accompanying spreadsheets, please contact us at info@sudandivestment.org for access to those spreadsheets. Please verify that the CUSIP number corresponds with the correct company and that each company’s investment opportunities are completely represented by the affiliated CUSIP numbers.

The following preliminary list of companies begins with the worst offenders:

- **Oil and Natural Gas Company a.k.a. ONGC (India)** – oil and gas concern
  - Publicly-traded subsidiary: **Mangalore Refinery and Petrochemicals Ltd.** – oil refinery operations; National Stock Exchange of India, Bombay Stock Exchange, Mangalore Stock Exchange; has issued convertible bonds in the past
- **PetroChina (China)** – oil and gas concern
  - CNPC Hong Kong (Hong Kong) – oil and gas concern; Hong Kong Stock Exchange (relationship with PetroChina detailed below)
  - China National Petroleum Corporation – parent company of PetroChina and CNPC Hong Kong; state-owned, but certain public equity investment opportunities available
- **Sinopec Corporation a.k.a. China Chemical and Petroleum Corporation (China)** – oil and gas concern
  - Publicly-traded subsidiary: **Sinopec Shanghai Petrochemical Co. Ltd.**
  - Parent company of Sinopec Corp: **Sinopec Group a.k.a. China Petrochemical Corporation** – state-owned but certain public equity investment opportunities available
  - Publicly-traded subsidiaries: **Petronas Gas, Petronas Dagangan** – Kuala Lumpur Stock Exchange
  - Publicly-traded subsidiary: **MISC Berhad (Malaysia International Shipping Company)** – involved in oil-related shipping; Kuala Lumpur Stock Exchange; has issued multiple corporate bonds
- **Schlumberger (France)** – oil field services; has issued corporate bonds
- **Reliance Industries (India)** – oil and gas concern; has issued corporate bonds; recently demerged into
  - Reliance Energy
  - Reliance Capital Venture
  - Reliance Communications – Bombay Stock Exchange, National Stock Exchange of India; plans to issue ADRs shortly
  - Reliance Natural Resources – Bombay Stock Exchange, National Stock Exchange of India; plans to issue corporate bonds
• Al-Thani Investment (United Arab Emirates) – oil investments; IPO for oil subsidiary African Arabian Petroleum planned for 2006 on London Stock Exchange’s Alternative Investments Market:
  http://www.digitallook.com/cgi-bin/digital/security.cgi?csi=132917&ac=&username
  http://www.ameinfo.com/70713.html
• Kuwait Foreign Petroleum Exploration Company a.k.a. Kufpec (Kuwait) – oil and gas concern; wholly-owned subsidiary of Kuwait Petroleum Company; plans for privatization (and public equity) of at least part of Kufpec made for late 2006
• Lundin Petroleum (Sweden) – oil and gas concern
• AREF Investment Group (Kuwait) – oil and gas investments; Kuwait Stock Exchange
• AO Tatneft (Russia) – oil and gas concern
• PECD Berhad (Malaysia) – construction related to oil drilling and export
• Petrofac (UK) – oil-field services; London Stock Exchange
• Rolls Royce (UK) – oil-field equipment supply; London Stock Exchange; has issued corporate bonds
• Muhibbah Engineering Berhad (Malaysia) – construction related to oil drilling and export; Kuala Lumpur Stock Exchange; company website: www.muhibbah.com
• Nam Fatt (Malaysia) – construction related to oil drilling and export; current operations need to be clarified; financial info available at www.corporateinformation.com/snapshot.asp?Cusip=C45856630
• Kejuruteraan Samudra Timur Berhad (Malaysia) – oil and gas equipment and supply company; Kuala Lampur Stock Exchange; company website: www.kstb.com.my
• Areva Group (France) – gold mining operations in Sudan through a majority-owned subsidiary; Euronext Paris Exchange
• La Mancha Resources (Canada) – gold mining operations in Sudan; Toronto Stock Exchange

• Sudan Telecommunications Company a.k.a. Sudatel (Sudan) – telecommunications company with documented complicity in the genocide; Khartoum Stock Exchange, Bahrain Stock Exchange, Abu Dhabi Stock Exchange
• Bharat Heavy Electricals (India) – power and energy company; Bombay Stock Exchange, National Stock Exchange of India; company website: www.bhel.com/bhel/home.php
• Harbin Power Equipment (China) – power and energy company

• Alstom (France) – power and energy company
• Norinco (China) – designs, develops and markets military equipment; state-run, but available to US investors through Qualified Foreign Institutional Investors (QFIIs)
• **Dongfeng Automotive Company Limited (China)** – automobile manufacturer whose affiliate sold military vehicles to Sudanese government; Shanghai Stock Exchange

• **Indian Oil Corporation Ltd. a.k.a. IOCL (India)** – training and maintenance services to Sudan’s largest oil consortium, strong desire to begin oil operations in Sudan; Bombay Stock Exchange, National Stock Exchange of India; has issued corporate bonds

• **Scomi (Malaysia)** – sells oil-related supplies in Sudan; Kuala Lumpur Stock Exchange; plans to issue shares of division with operations in Sudan (KMC Oil Tools) on Singapore’s stock exchange by early 2007; has issued several corporate bonds

• **CHC Helicopter (Canada)** – provides helicopter transportation services to Sudan’s oil consortiums; has issued several corporate bonds; Toronto Stock Exchange, New York Stock Exchange

• **ABB (Switzerland)** – power and energy company; has issued corporate bonds

• **Bolloré Group (France)** – wholly owned subsidiary, SDV, has oil-field services and port logistics operations in Sudan; Paris Stock Exchange

• **ICSA (India)** – power infrastructure company with contracts predominately in the East of Sudan; Hyderabad Stock Exchange, Bombay Stock Exchange

• **Electricity Generating Company a.k.a. EGCO (Thailand)** – power-related operations in Sudan and strong interest in future operation; Stock Exchange of Thailand

• **Total SA (France)** – oil and gas concern; has issued corporate bonds

• **Alcatel (France)** – telecommunications firm

• **AMEC (UK)** – oil and gas consulting service working with one of the largest oil consortiums in Sudan; current operations need to be clarified; London Stock Exchange

• **Concordia Maritime (Sweden)** – Swedish shipping company recently involved in shipping oil from Sudan; Stockholm Stock Exchange

• **SGS SA a.k.a. Societe Generale de Surveillance (Switzerland)** – inspection services office in Khartoum; unknown whether these services are for Sudan’s oil industry- shareholder follow-up needed; SWX Swiss Exchange

• **Petrobras a.k.a. Petróleo Brasileiro (Brazil)** – oil and gas concern; current operations need to be clarified; has both corporate bond issues and publicly traded equity available

• **White Nile Petroleum (UK)** – oil and gas concern

• **Siemens (Germany)** – telecommunications, power equipment, and medical equipment in Sudan; has issued corporate bonds
• **Nippon Yusen a.k.a. NYK Line (Japan)** – shipping company with operations at Port Sudan; unclear if they export Sudan petroleum; Tokyo Stock Exchange, Osaka Stock Exchange, Nagoya Stock Exchange, Frankfurt Stock Exchange


• **Cummins Inc. (US)** – designs and manufactures service engines; joint venture with Dongfeng Automotive Company (see above); has issued corporate bonds

*There is not enough information produced so far to know if the following companies have current operations in Sudan, but there is clear concern with past operations or clear past expression of intent to operate in Sudan:*

• **Videocon (India)** – oil and gas concern

• **Sumatec Resources (Malaysia)** – construction firm involved in oil field services; Kuala Lumpur Stock Exchange, company website: [www.sumatec.com/](http://www.sumatec.com/)

• **Ranhill (Malaysia)** – construction firm involved in oil field services

• **Bharat Electronics Limited (India)** – Indian defense company that may have been involved with selling Sudan defense equipment (not to be confused with Bharat Heavy Electricals); National Stock Exchange of India, Mumbai Stock Exchange, Bangalore Stock Exchange; company website: [www.bel-india.com](http://www.bel-india.com)

• **Weir Group (UK)** – oil field services/parts


• **Mercator Lines (India)** – oil-related shipping from Sudan; National Stock Exchange of India, Mumbai Stock Exchange, Ahmedabad Stock Exchange

• **PSL Limited (India)** – sale of oil pipelines to Sudan; Bombay Stock Exchange, National Stock Exchange of India; has issued foreign currency convertible bonds

*The following are private firms or firms wholly owned by the government. Therefore, these would only be targets for private equity (or corporate bonds if the company has issued debt instruments) although some of the firms below do have private placements through mutual fund managers and therefore may show up in fiduciary portfolios. Most of these companies are detailed in the Yale report but there is information on those that are not at the end of this report:*

• **China National Petroleum Company (China)** – parent company of PetroChina

• **Sinopec Group a.k.a China Petrochemical Corporation (China)** – parent company of Sinopec Corporation; some private placements through mutual fund managers available
• Sudapet a.k.a. Sudan Petroleum Company (Sudan) – government-owned oil and gas company

• Bentini Construction (Italy) – oil related construction projects

• Qatar Petroleum Corporation (Qatar) – oil and gas concern

• Hi Tech Petroleum (Sudan) – oil and gas concern

• Dodsal (India) – oil and gas concern

• Trafigura Beheer (Netherlands) – commodity trading company involved with Sudan oil (including ONGC)

• Lahmeyer (Germany) – energy and power development in Sudan including the Merowe Dam

• $APS Engineering Company (Italy) – oil field and oil service engineering firm

• PetroSA (South Africa) – oil and gas concern

• Vitol Group (Switzerland) – commodity trading company involved with Sudan oil (including Petronas)

• Mohan Energy Corp. (India) – power company involved in laying transmission lines around Khartoum

• Zaver Petroleum Company (Pakistan) – oil and gas concern

• Express Petroleum and Gas Company (Nigeria) – oil and gas concern

• Qatari Diar Real Estate Investment Company a.k.a. Qatari Diar (Qatar) – focused on luxury real estate development in Khartoum in contract with the Sudanese government.

• Ascom Group SA (Moldova) – oil and gas concern; some private placements through mutual fund managers

• Sinohydro a.k.a. China Hydraulic and Hydroelectric Construction Group Corporation (China) – principal Chinese authority (state-owned) involved in the Merowe Dam power project

For a more detailed listing of available investment opportunities in each of the companies above, please see our Excel spreadsheets with company info and associated identifier numbers (or contact us at info@sudandivestment.org). Executive contacts and mailing addresses for the companies contained in this report are also available.

Company Profiles

Further information about companies:
The information below is supplemented by a report produced by the Yale Law School Lowenstein Human Rights Clinic; that report was used by Yale’s Advisory Committee on Investor Responsibility to help guide Yale’s final divestment decision. The report
contains details about many of the companies listed below; it should be treated as a source of adjunct information only for companies listed in this document. The Yale report is available at:


The info below is not in a particular order, but is approximately categorized by industry.

**China’s Oil Industry**

**Overview of China’s role in oil industry:**

The Yale report adequately describes China’s role in Sudan. But the following article from the Washington Times is a good summary of the negative impacts of China’s oil companies in Sudan:

http://www.washtimes.com/commentary/20060326-092759-1015.htm

Specifically quoting from this article: “In exchange for oil, Beijing provides weapons and diplomatic support. China has supplied Sudan with tanks, artillery, helicopters and fighter aircraft. China has flooded Darfur with antipersonnel mines. It is estimated as much as 80 percent of Sudan's oil revenue goes to buy arms, while the general population remains one of the poorest in the world. Beijing has also helped Sudan build its own factories to manufacture small arms and ammunition, the real weapons of mass destruction in Khartoum's campaign of ethnic cleansing. Chinese-built helicopter gunships reportedly operate from airfields maintained by the Chinese oil companies.”

**PetroChina, CNPC Hong Kong, and Sinopec Corp.:**

The parent companies of these three publicly-traded subsidiaries have undisputable and troublesome involvement in Sudan’s oil industry (see Yale report). These subsidiaries, however, do not themselves operate in Sudan. The issue then becomes how fluid the transfer of money is between these subsidiaries and their respective parent companies. The following provides ample evidence for the transfer of assets and management between these publicly-traded subsidiaries and their parent corporations (It should be noted that every major institution and/or state that has adopted Sudan divestment has decided to divest from Sinopec and PetroChina.):

**PetroChina (and parent company China National Petroleum Corporation):**

In its decision to divest from PetroChina, Harvard Corporation’s Subcommittee on Shareholder Responsibility issued the following statement regarding PetroChina’s links to CPNC:

In April 1999, CNPC announced its plans to sell $10 billion shares on the New York Stock Exchange. Human rights groups and others objected to the initial public offering, contending that the deal would be tantamount to U.S. support for
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genocide in [southern] Sudan. In response, CNPC restructured the transaction. It created a new subsidiary, PetroChina, which would operate only inside China, to be owned 90% by CNPC and 10% by private investors. On April 6, 2000, $2.9 billion dollars of shares in PetroChina were sold on the New York Stock Exchange to private investors. At that time, CNPC's investment bankers from Goldman Sachs asserted to investors that none of the money raised in the IPO would be used to fund CNPC's projects in Sudan. [Post article; China's Involvement in Sudan: Arms and Oil, Human Rights Watch, November 2003 (Human Rights Watch Report).]

Despite CNPC's assurances, several potential investors viewed with considerable skepticism CNPC's firewall strategy. Opponents of the IPO pointed out that when PetroChina was created, it incurred $15 billion in debt from CNPC, some of which was incurred in connection with the GNPOC [oil-consortium in Sudan]. [Human Rights Watch Report.] Fund managers were skeptical that PetroChina could make independent business decisions because CNPC owned 90% of its shares. As a result of these concerns, several major institutions, including such pension funds as TIAA-CREF and Calpers, elected at the time of the IPO not to invest.

Within the past few months, there have been further complaints that "[t]ransparency in the relationship between PetroChina and CNPC is so poor that investors are often in the dark about potential cross-subsidies." ["Assets Plan for PetroChina in Global Drive," The Standard, October 25, 2004.]

In an effort to determine whether PetroChina can exercise independence from CNPC despite CNPC's 90% ownership interest in it, the subcommittee examined the management of the two companies. The results of that review were striking. The Chairman of PetroChina is the President of CNPC; PetroChina's legal counsel is CNPC's President; PetroChina's Vice Chairmen, Executive Directors, and Non-executive Directors are also CNPC's Vice Presidents; and the four subcommittees of PetroChina's Board of Directors contain substantial representation from CNPC. Indeed, the investment and development subcommittee of the board of PetroChina is comprised solely of two Vice Presidents of CNPC.

Against this background come new reports that suggest the two companies are contemplating the integration of their operations. According to The Standard, "Beijing plans to create an integrated oil giant capable of competing on the global stage with the likes of Exxon-Mobil and Royal Dutch Shell by restructuring PetroChina and its parent China National Petroleum Corp. (CNPC)." [Ibid.] As a result of this contemplated corporate restructuring, PetroChina itself may become the direct owner of substantial oil assets in Sudan now owned by CNPC, or CNPC and PetroChina may establish a joint venture through which they would jointly own such assets.
**CNPC Hong Kong:**

CNPC Hong Kong is one of the publicly-traded subsidiaries of the China National Petroleum Company (the same parent company of PetroChina). Again, CNPC Hong Kong does not appear to have operations in Sudan, but the question is whether assets and management between CNPC Hong Kong and its parent company, CNPC, are fluid (as in the case of PetroChina). To date, it has yet to be determined if this is the case (at least to the same degree that the link between CNPC and PetroChina has been shown), although CNPC Hong Kong’s own annual report\(^2\) notes that its largest customer is PetroChina (another subsidiary of CNPC, the parent company) and its largest supplier is Xinjiang Petroleum Exploration Bureau (“XPEB”), an operational entity owned by CNPC.

**Sinopec Corporation (a.k.a China Chemical and Petroleum Company) and parent company Sinopec Group (a.k.a. China Petrochemical Corporation):**

Like the confusing relationship between CNPC and its subsidiaries, PetroChina and CNPC Hong Kong, the relationship between Sinopec Group (the state-owned parent company also known as China Petrochemical Corporation) and its publicly-traded subsidiary (Sinopec Corporation is also known as China Chemical and Petroleum Corporation) warrants closer inspection. Before detailing this relationship, it should be noted that Sinopec Corporation (which is the publicly-traded subsidiary of Sinopec Group) itself has a publicly-traded subsidiary named Sinopec Shanghai Petrochemical Company.

Because of the public-relations disaster that befell PetroChina’s IPO (due to investor worries about PetroChina’s potential link to Sudan-related assets), Sinopec Group decided to delay its IPO from April of 2000 to late 2000. During that intervening time, Sinopec Group sold its Sudan assets (undisclosed details) to CNPC – i.e. one state-owned company selling assets to another state-owned company. A few weeks before its IPO, a WSJ article revealed that Sinopec Group still had ties to Sudan and questioned the legitimacy of this Sinopec Group/CNPC transaction (The Wall Street Journal, October 11, 2000; “Sinopec's Ties to Sudan May Hurt Its $3.5 Billion Global Stock Issue”, by Peter Wonacott).

Since the IPO, it has become clear that Sinopec Group and several of its subsidiaries have resumed or intend to resume significant oil-based operations in Sudan. The Yale report notes that subsidiaries of Sinopec Group include:

1. One of the largest oil service providers in Sudan, including the three largest oil consortium companies in Sudan.
2. A subsidiary that just completed a $100 million oil pipeline.
3. The parent company’s ownership in the Petrodar oil consortium.

It has additionally been reported that Sinopec Group and CNPC are planning to acquire drilling rights for an oil field in Sudan valued at $600 million.

Unlike the PetroChina situation, the IPO of Sinopec Corp did not include any explicit promise to exclude Sinopec Corp or its assets from being tangled in Sudan. Instead, Sinopec Group allayed US investor concerns by “selling” its assets to CNPC. However, it is now publicly clear that Sinopec Group has resumed operations in Sudan and intends on expanding that role.

Currently, the vast majority of Sinopec Corp’s focus is on domestic oil drilling, refining, and distribution. However, the Yale report notes that Sinopec Group owns 67.2% of Sinopec Corp. The two entities have swapped assets postceding the IPO (see, for example, http://english.people.com.cn/english/200105/09/eng20010509_69531.html and Sinopec Corp Chairman of the Board’s 2005 address (http://english.sinopec.com/en-company/936.shtml)). Because corporate structure for state-owned firms in China is completely opaque, it is hard to document money transfer between Sinopec Group and Corp. However, a cursory glance at Sinopec Corp’s website reveals a pattern of governance overlap similar to that between CNPC and PetroChina. For example, Sinopec Group’s President is the Chairman of the Board of Directors for Sinopec Corp. The Vice-President and at least three other members of the Board of Sinopec Corp were previously Vice-Presidents of Sinopec Group. The supervisory group that oversees Board actions is also dominated by current or former Sinopec Group executives (www.sinopec.com). Emphasizing the connection between Sinopec Corp and its parent company, Yale’s Advisory Committee on Investor Responsibility (who made the successful recommendation to Yale Corporation for divestment from Sinopec) notes that the situation between Sinopec Corp and Sinopec Group is similar to the one between PetroChina and CNPC (see ACIR report at: http://www.acir.yale.edu/ACIRReport.pdf). Yale also noted a lack of response by Sinopec Group or Sinopec Corp to its inquiries to better decipher their relationship. The connection between Sinopec Corp and Sinopec Group was also publicized by Harvard Corporation’s recent statement on reasons the university decided to divest from Sinopec Corp in March 2006: http://www.news.harvard.edu/gazette/2006/03.23/02-divest.html.

**Sinopec Shanghai Petrochemical:**

It should again be noted that Sinopec Corporation, in turn, has one significant publicly-traded subsidiary called Sinopec Shanghai Petrochemical Company. Sinopec Shanghai is mainly involved in “downstream” processing of petrochemical products within China. However, the same questions about the relationship between Sinopec Corporation and Sinopec Group exist for the relationship between Sinopec Shanghai Petrochemical and Sinopec Corporation (and between Sinopec Shanghai and Sinopec Group). At this time, the Task Force has less data on the financial fluidity between Sinopec Corporation and Sinopec Shanghai, but there is some overlap in the Board of Directors for Sinopec Shanghai and management at Sinopec Corporation according to each company’s website.

**India’s Oil Industry**
Indian Oil Companies: Oil and Natural Gas Company (ONGC), Reliance Industries, VideoCon, Mangalore Refinery and Petrochemicals Ltd (MRPL), and Indian Oil Company Ltd (IOCL):

See Yale report and entries below. It should be noted that it is unclear what Videocon’s current operations in Sudan are and further research on VideoCon is needed.\(^3\) ONGC is one of the major players in Sudan oil. It recently made clear, in response to a decision of the California Public Employee Retirement System Board to ban future investments in ONGC, that it intends to continue with the status quo in Sudan; ONGC’s director of finance RS Sharma noted, “We do not care if CalPERS will invest with us or not. We have more than 300 FIIs as our investors. We will continue our operations in Sudan.”\(^4\) Reliance Industries recently won a major contract for oil drilling from the Sudanese government and has expressed no Darfur-related policy.\(^5\) Like China, India is making attempts to invest heavily in Sudan. The Indian government has touted its growing partnership with the Sudan, making no mention of the ongoing genocide in Darfur or the Sudanese government’s record on a variety of other human rights issues. This growing partnership, encapsulated by Indian companies like ONGC, Reliance, VideoCon, and Bharat Heavy Electricals (see below for info on Bharat), is providing Sudan with sources of revenue that are completely unlinked to the government’s record towards its own citizens. Like its relationship with China and Russia, Sudan’s increasing relationship with India (through Indian companies) is causing serious impediments to concerted international action on Darfur.

Mangalore Refinery and Petrochemicals Ltd. (MPRL):

A majority-owned subsidiary of Oil and Natural Gas Company (ONGC) of India (see entry above for description of ONGC). As such, it meets the Task Force’s criteria of a targeted company since it is a majority owned subsidiary of an offending company. MRPL deals with downstream refining of petrochemicals, including refining of ONGC-drilled oil from Sudan.

Indian Oil Corporation Ltd (IOCL):

While India’s primary oil exploration presence in Sudan is through the para-statal Oil and Natural Gas Corporation of India (ONGC), several other Indian firms, both para-statal and private, have begun to establish themselves in Sudan’s oil industry. Indian Oil Corporation, which is approximately 80% owned by the Indian government, has repeatedly made attempts to secure oil-related contracts in Sudan in the past, including

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\(^3\) VideoCon signed a memorandum of understanding with Sudan in early 2005, but it is unclear if that resulted in an actual contract. When the California Employees Retirement System (CalPERS) decided to ban investments in VideoCon in May 2006, the Indian Financial Times called VideoCon and asked about their involvement in Sudan. When contacted VN Dhoot, chairman Videocon Industries Limited said, “Neither do we have any concern in Sudan, nor any oil blocks there.” However, the Financial Times of India noted that Mr Dhoot has inked an MoU for mutual co-operation with the Khartoum State of the Republic of Sudan to invest and develop projects there. As a result, it is unclear to what extent VideoCon should be a target for scrutiny. See http://www.financialexpress.com/fe_full_story.php?content_id=127621.


\(^5\) http://www.sudantribune.com/article.php3?id_article=14188
the successful minority ownership in a $200 million oil pipeline project in 2004. That project, with ONGC as the majority owner, involved construction of a pipeline to transport oil from refineries in Khartoum to Sudan’s main oil export terminal at Port Sudan. As a sign of the company’s continued interest in Sudan’s oil industry, Indian Oil Corporation secured a contract with Sudan’s largest oil consortium, the Greater Nile Petroleum Operating Company, in September 2005 to provide training and maintenance services for the consortium. Indian Oil Corporation is a member of the UN Global Compact, suggesting a willingness to abide by business principles that ensure concern for human rights issues (although the Task Force notes that offenders like Sinopec are also part of the UN Global Compact). The Task Force recommends using the principles of the UN Global Compact as a starting point towards discussing concerns about Sudan’s oil industry and its link to Darfur’s genocide.

Other Oil Companies

**Petronas:**

Petronas is clearly a major player in the Sudanese oil industry (one of the top three big players along with Oil and Natural Gas Company of India and China National Petroleum Company (PetroChina). It has expressed no Darfur policy. The Yale report covers these details well. Petronas is wholly owned by the Malaysian government, but it does have approximately $3 billion in corporate bonds that it has issued and therefore can be targeted through removal of fixed-income investments. The company also has two publicly-traded subsidiaries; Petronas Gas is 60% owned by Petronas and trades on the Kuala Lumpur Stock Exchange while Petronas Dagangan is 70% owned by Petronas and also trades on the Kuala Lumpur Stock Exchange. Petronas also has a publicly-traded subsidiary involved in shipping of oil, MISC Berhad, that trades on the Kuala Lumpur Stock Exchange and has issued corporate bonds itself. See next entry.

**MISC Berhad (a.k.a. Malaysia International Shipping Company):**

MISC is the majority-owned subsidiary of Malaysia’s state-owned oil firm, Petronas. As such, it meets the Task Force’s criteria of a targeted company since it is a majority owned subsidiary of an offending company. MISC’s businesses mainly (but not exclusively) deal with oil/energy-related shipping, engineering, and logistics. In September 2005, MISC entered into a joint venture agreement with Sudan’s domestic Sudan Shipping Line to carry out shipping-related activities in Sudan, although the type of activity was not specified. It should also be noted that MISC entered into a joint venture in August of 2005 to provide shipping services for the UN World Food Program. Nevertheless, the company remains a target not only because of possible oil-related shipping operations in Sudan, but also because it is majority-owned by Petronas; many on MISC’s Board have overlap with management positions for Petronas - for example, MISC’s Chairman is a member of the Board of Directors for Petronas.
**Lundin Petroleum:**

Lundin prides itself on remaining in areas where no other Western firms want to be; noted to be one of the only Western oil/drilling firms that has remained behind in Sudan. Lundin also remained in South Africa during the 80’s after most other companies had pulled out on account of apartheid. Lundin’s past involvement in Sudan has been widely criticized by human rights groups (as well as Sweden’s own foreign minister and a slew of Swedish political leaders) as being irresponsible. Now that security situation in Southern Sudan is relatively stable and the Comprehensive Peace Agreement is in place, Lundin intends to resume full operations on Block 5B and has already begun seismic explorations in preparation for full drilling.

While Lundin did implement social programs in the past in an attempt to improve its behavior, those efforts have been fairly widely criticized as being a sham (see attached sections copied from Yale report).

As an update, a Sudan Tribune article from June 2006 indicates that plans for drilling on Block 5B are continuing as expected. Lundin’s CEO recently met with high level ministers in Khartoum to help solidify these burgeoning efforts.  

**Yale report on Lundin social programs:**

Human Rights Watch released a report, also in 2003, entitled *Sudan, Oil, and Human Rights*, with a chapter entitled “Lundin: Willfully Blind To Devastation In Block 5A.” Human Rights Watch alleged that Lundin attempted to ignore or cover up stories of fighting, forced displacements, and human rights abuses in Sudan throughout its involvement in Block 5A. Human Rights Watch also criticized Lundin’s so-called community development program:

“When interviewed by human rights investigators, however, those displaced from Block 5A in 2002 were not aware of any of Lundin’s “social investment” activities. The investigators noted, “Although one of the oil business’s contributions made by the Lundin Petroleum-led consortium for the development of the region was the building of a bridge over the Bahr el Ghazal [Nam] River, the bridge’s only tangible impact on the well-being of the local communities has been to enable Baggara horsemen and mechanized Government forces to access the area, and to kill, rape and chase away the people.” Block 5A was the focus of increasingly heavy government military operations from 1998 to date. In these operations government forces have relied on the oil company road and the bridge for access to the areas that they have targeted, generating increasing numbers of wounded and killed, as well as tens of thousands of displaced persons. The Sudanese government forces continued to fight to militarize and control the Lundin oil areas even after signing a ceasefire agreement in October 2002, notably in January and February 2003 during a dry season offensive in Block 5A documented by the Civilian Protection Monitoring Team (CPMT). While Lundin’s development projects may have assisted some people in the area of its operations, they cannot compensate for the abuses that those people have suffered because of the fighting connected to oil development.”


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6 Ibid.
**Tatneft:**

It is difficult to ascertain whether Tatneft has current operations in Sudan. However, its immediate past corporate behavior in Sudan (oil for arms) was perhaps as alarming as anything in the press regarding companies in Sudan. A summary of that behavior is in the Yale report. Given that Russia continues to sell arms to Sudan (a large portion of the Sudan military’s equipment is Russian), such a company deserves extra scrutiny. In its most recent 20-F filing with the SEC, Tatneft makes it explicitly clear that it intends to resume oil drilling operations in Sudan. The combination of this statement, the company’s past history, the Russian government’s alleged continuation of arms shipments to Sudan, and the obvious lack of transparency that companies like Tatneft engender (due to the nature of their operations) has led the Task Force to leave Tatneft high on our list of companies that warrant scrutiny.

**Al-Thani Investments:**

See Yale report in addition to information below. Al-Thani holds a 5% stake in the Petrodar oil consortium. A recent report by the European Coalition on Oil in Sudan reports on the problematic nature of Petrodar’s operations in the Melut Basin region of the Upper Nile State in Sudan. Among the report’s findings are the following:

1. Oil-rich areas in the Melut Basin have suffered the same pattern of oil-related death, destruction, and displacement as the Muglad Basin fields in Western Upper Nile, though on a smaller scale.

2. The oil fields have been developed against the background of a war in which Petrodar has not acted as a neutral party but as a loyal partner of one of the warring sides, the Government of Sudan.

3. Petrodar has shown no due regard for the natural environment or concern for the rights of the population. The signing of the Comprehensive Peace Agreement (CPA) has not brought visible changes in its attitude or business practices. Despite the fact that oil production in Melut County currently generates well over $10 million a day, the region remains extremely poor with negligible service levels.

4. Oil exploitation has coincided with a decline in the rural population in parts of Melut and Maban Counties.

5. Many of the sandy ridges where Dinka build their settlements have been excavated and used for road construction, desecrating the graveyards. The remains of the dead are now scattered in the oil roads. Oil exploitation also threatens the integrity of the world-famous Machar Marches wetland.

6. The hundreds of kilometers of all-weather roads have dammed seasonal tributaries to the Nile, including the Khor Adar. As a result, crop patterns in Melut County have changed dramatically between November 1999 and 2005.
7. The meager and contractually obligatory Community Development activities by Petrodar have served to reward militias with highly abusive records and to perpetuate forced displacement. Their benefits have gone largely unnoticed by the population.

The report detailing these problems with Al-Thani and the oil-consortium it is affiliated with was accessed through the Sudan Tribune in June 2006.\(^7\)

Al-Thani Investments is privately owned, but its subsidiary involved in Sudan, African Arabian Petroleum, will be floated on the Alternative Investments Market (AIM) of the London Stock Exchange by the end of 2006.

**Kuwait Foreign Petroleum Exploration Company a.k.a. Kufpec:**

Kufpec is the foreign exploration arm of Kuwait’s national petroleum company, Kuwait Petroleum Corporation (KPC); Kufpect has 25% ownership of Block B, the same block over which Total SA is arguing with White Nile. Kufpec has announced plans to partially privatize through an initial public offering (estimated to be 30% of assets) by “the end of 2006”:


Kuwait, along with several other Arabic Middle Eastern and North African countries, continues to invest heavily in Sudan without regard to the human rights situation in Darfur. This problematic behavior at the company level has translated into a general unwillingness of invested Arab countries to intervene in Darfur at the political level.

**AREF Investment Group:**

In a September 2006 ceremony that included meetings with Sudanese Second Vice President Ali Osman Taha, Kuwaiti Islamic investment firm Aref Investment Group announced its intention to buy a 51 percent stake in Sudan’s Higleig Petroleum Services and Investment Co for about $60 million. Higleig Petroleum Services and Investment Company Ltd. is a private Sudanese company that has an 8% ownership in Sudan’s Block C oil fields and also provides multiple services to other oil companies. Like Kufpec above, AREF Investment Group is another example of the growing investment of Arab-based money into Sudan that is dissociated from humanitarian concerns. Not surprisingly, then, the Arab League has generally sided with Sudan and against the West on the issue of Darfur.

**White Nile Petroleum:**

White Nile has completed seismic data acquisition and anticipates drilling 3 oil wells in 2007. It is one of the few European firms actively gearing up for oil drilling and has no stated Darfur policy. White Nile signed a contract with the Government of South Sudan, so it is unclear how much of oil revenues will go to Khartoum versus southern Sudan. If oil revenues principally go to southern Sudan (or, since the government of southern

\(^7\) http://www.sudantribune.com/article.php3?id_article=16289
SUDAN DIVESTMENT TASK FORCE

Sudan owns 48% of White Nile, any profits will benefit the south), then White Nile clearly does not meet the criteria of benefiting principally the central government. Follow-up letters to White Nile needed to solve this issue. Additionally, there appears to be at least initial attempts by White Nile to establish the company philanthropically in the South, although it should be emphasized that the scope of these operations has not been established (http://www.sudantribune.com/article.php3?id_article=15866).

White Nile is also in a dispute with French oil firm Total over ownership to the oil block White Nile is currently operating on. That dispute is being resolved in British courts and may takes years to settle.

Related articles:
http://www.sudantribune.com/article.php3?id_article=14552

http://www.sudantribune.com/article.php3?id_article=15576

http://online.wsj.com/article_email/SB115067000217383632-lMyQjAxMDE2NTEwOTYxNzkWj.html

**Total SA:**

While Total is not currently drilling in Sudan, it does own rights to an oil block in the country (currently in dispute with White Nile). The company has publicly stated that it intends to start drilling as soon as possible, but has also been willing to engage concerned pension funds like the California Public Employee Retirement System (CalPERS) on the issue. Since a company that expresses human rights concerns and is not currently drilling (but does own rights to a block) is much better than a company that is actively drilling and does not have a human rights policy, the Sudan Divestment Task Force’s feeling is that Total should be engaged through letters (made publicly available) and proxy voting. This is the approach that CalPERS has taken with the company. When and if Total’s operations become active, fiduciaries should then consider whether to change their approach towards Total, including consideration of divestment.

It was revealed in late 2006 that the cost for renewing Total’s oil block rights is approximately $1.5 million/year, paid to the government of Sudan.

**Petrobras:**

Petrobras is Brazil’s para-statal oil corporation. The Sudanese Ambassador to Brazil recently announced that Sudan and Petrobras had discussed preliminary investment opportunities for the company off the coast of Sudan in the Red Sea. Petrobras officials were reported to have traveled to Sudan in August 2006 to determine what types of investment options might be pursued. At this point, no contract or memorandum of understanding has been signed. More than the Indian, Chinese, Malaysian, and Russian oil companies, Petrobras has a history of social responsibility. For example, it is the first and only Latin American company that is a member of the United Nation’s Global Pact Committee, the “Board of Directors” for the UN Global Compact.
SUDAN DIVESTMENT TASK FORCE

(www.unglobalcompact.org). It is therefore the Task Force’s view that now is the optimal time to engage Petrobras and encourage the company to think about how its operations would mesh with the documented link between oil development in Sudan and the ongoing genocide in Darfur.

Article:
http://www.sudantribune.com/article.php3?id_article=16722

Upon initial inquiry by the Task Force, Petrobras’s investor relations department stated that the company had no current operations in Sudan and that no investments were planned for the country, according to the company’s 2007-2011 Strategic Plan. Based on this, there is a clear contradiction between what was stated in the Spanish Associated Press and what was stated by Petrobras itself. Further clarification through shareholder engagement is warranted to help determine whether Petrobras should move completely off the list of companies that warrant scrutiny or remain on the list (and possibly move higher in priority).

The Task Force’s contact in the investor relations department is:
Pedro Guedes Campelo
Equity Investor Coordinator
Investor Relations Department
(55-21) 3224-6914
Ê (55-21) 3224-6055
pcampelo@petrobras.com.br

An African Energy Intelligence report from November 15, 2006, claimed that Petrobras was still looking to gain oil concessions in Sudan. The Task Force therefore reemphasizes the need to engage Petrobras to fully clarify its position.

Oil-Field Services and Construction Companies

Schlumberger:
The Yale report notes that Schlumberger currently has 150 employees in Sudan and an office/contact number in Khartoum. More recent estimates reported to the Task Force have put the number of employees in Sudan at closer to 475. As Schlumberger is the French equivalent of Halliburton, it is assumed that almost all or all of its business in Sudan is related to oil and gas field services.

On January 23, 2006, Maine State Treasurer David Lemoine ordered the sale of all direct holdings in Schlumberger Ltd. stock held by Maine’s State Held Trusts. The sale was the first divestiture action taken by the Treasurer since including scrutiny of companies involved in Sudan as part of his quarterly portfolio review efforts in 2005. According to Maine (who has told the Task Force they used the Simon search system of ISS), Schlumberger Ltd. reported a 90% increase in the number of its oil rigs deployed in Sudan during 2005. The company’s own website notes that since the genocide started (Feb-April 2003), there’s been a greater than 400% increase in oil rigs deployed by the
company in the country. Their increasing investment (especially in the oil sector) in Sudan despite the ongoing genocide warrants attention. When asked by a Forbes reporter (whom the Sudan Divestment Task Force is in contact with) about their ongoing Sudan operations in the face of the genocide, Schlumberger responded that they are in the oil business and Sudan has oil (partially quoted in the following article: http://www.forbes.com/global/2006/0313/028.html). Generally, Schlumberger has a policy of not commenting on how they are invested in the dozens of countries where they do business, making it difficult to carry out an engagement campaign.

**Rolls Royce:**

Rolls Royce has a history of selling oil engineering equipment to Sudan. However, its current operations were unclear until two investigative groups from Norway, Norwatch and the Norwegian Council for Africa, uncovered ongoing dealings between Rolls Royce and Sudan’s oil industry in September 2006. Specifically, Rolls-Royce’s wholly-owned subsidiary, Rolls Royce Marine, is delivering land-based diesel engines and pumps (intended for oil operations) to an area immediately surrounding Darfur that is part of the larger Darfur-related conflict zone.

The contract is purported to be with China National Petroleum Company (PetroChina’s parent company) and is worth just over $10 million. The equipment will probably be used to connect new oil fields to Sudan’s main oil pipeline which traverses across Sudan to Port Sudan on the Red Sea.

Rolls-Royce has sold more than 70 engines to Sudan’s oil sector since the first pipeline was ready in 1998. In addition, the company also carries out several long-term maintenance contracts in the country.

Rolls Royce initially denied that it had contracts in Sudan when approached by Norwatch. Only after Norwatch had started collaborating on the research together with another Norwegian newspaper, and Rolls-Royce was questioned on the matter from several sides, did the company eventually confirm its current contracts and operations in Sudan.

http://www.norwatch.no/index.php?artikkelid=1529&back=1
http://www.afrol.com/articles/21316

Rolls Royce’s behavior regarding Sudan has come under increasing scrutiny from the British government; the Foreign Affairs Committee of House of Commons recently called for British companies (and specifically pointing out Rolls Royce) to withdraw from the country:

http://politics.guardian.co.uk/foreignaffairs/story/0,,1884765,00.html
PECD Berhard:
The Yale report notes that in 2004, PECD Berhad’s wholly-owned subsidiary Peremba Construction was awarded a $232 million contract to construct marine export terminal facilities for the Melut Basin Oil Development Project. Peremba Construction was awarded a $68.5 million contract in October 2005 to construct GNPOC oil consortium’s head office. In October 2005, PECD Berhad began talks with an international partner to bid for oil and gas refinery projects in Sudan worth $1 billion.

The Sudan Divestment Task Force searched PECD’s site and a variety of other sources to look for any social programs they have in place in Sudan and was unable to find any.

Petrofac:
London-based Petrofac has been involved as a supportive player in Sudan’s oil industry for several years. Petrofac Facilities Management International was awarded the machinery management contract by Greater Nile Petroleum Operating Co. Limited (GNPOC) for its Heglig and Unity power plants and oil pipeline pumping facilities in mid 2004; GNPOC is one of the largest government-run oil consortiums in the country. The three-to-four year contract, worth $40 million, covers the provision of machinery, maintenance, management, and execution, procurement management services, and training and nationalization for GNPOC staff. Specifically, the project will include routine, breakdown, and major overhaul maintenance of the two power plants, as well as six pipeline pumping stations, two metering stations, a marine oil export terminal, and some 56 individual diesel engine packages and associated auxiliary equipment.

The company’s 2006 interim report states that the company has ongoing oil-related facilities management contracts with Sudan, presumably referring to the continuation of the contract outlined above:


The company continues to maintain an office in Khartoum:

Nam Fatt:
The Yale report notes that Nam Fatt’s subsidiary and the private firm Bentini Construction won a contract from the Petrodar oil consortium in Sudan to build six oil pumping stations on the Melut Basin along with heating facilities located along the pipeline in order to transport crude oil at maximum capacity for the Petrodar consortium. It should be noted that Nam Fatt, on its website, indicated that the project was scheduled to end in January 2006. It is unclear whether the project continues today or whether Nam Fatt has any other business ties to Sudan today. A recent US Department of Energy report noted that the Melut Basin project had continued at least to the month of April 2006.8

8 http://www.eia.doe.gov/emeu/cabs/Sudan/Oil.html
Follow-up with the company through shareholder engagement should clarify its current operations. The Task Force notes that Nam Fatt has a history of doing business in Sudan, including past oil field service construction projects for another major oil consortium in Sudan, the GNPOC. Sudan Divestment Task Force members scoured the Nam Fatt website and found no documents expressing any corporate policy regarding Sudan.

Because the Malaysian state-owned oil company, Petronas, is one of the major players in Sudan’s oil industry (and in the Petrodar consortium), there are several auxiliary Malaysian firms that operate in Sudan in cooperation with Petronas. Nam Fatt is an example of such a firm.

**Muhibbah:**

A subsidiary of the Malaysian company Muhibbah, Muhibbah Petrochemical Engineering Sdn Bhd (“MPE”), has benefited significantly from contracts with Sudan’s largest oil consortiums, the Greater Nile Petroleum Operation Company (GNPOC) and the White Nile Petroleum Operating Company (WNPOC). According to the company’s website (http://www.muhibbah.com/images/corp_dev.htm), these consortiums have awarded MPE “many turnkey contracts for installation of piping, electrical, instrumentation, chemical injection skids and mechanical works for more than 100 oil wells coupled with the installation of pipelines connecting the oil wells to the central gathering and processing facility.”

According to Muhibbah’s 2005 year-end company report (http://www.muhibbah.com/images/AR2005-pt1.pdf), MPE is involved in engineering, procurement, construction and commissioning (“EPCC”) of facilities for the oil and gas, power and petrochemical industries. MPE ventured into Sudan in 2001 and as of the end of 2005, approximately 97% of the total revenue of the Oil and Gas Construction Division of MPE was derived from projects in Sudan. The company report notes that MPE is first Malaysian company to complete more than 100km of power transmission lines and substations for the oil fields. In October 2005, MPE was awarded another EPCC contract to build a processing facility for WNPOC.

Several other sources confirm Muhibbah’s involvement in Sudan’s oil projects. According to one of Malaysia’s principle business newspapers in August of 2005, the company has two oil well projects in Sudan worth over $27 million each.


Also in 2005, Muhibbah was awarded a $40+ million dollar contract to build a new headquarters facility for the major Malaysian oil-firm in Sudan, Petronas. The headquarters will be located in Khartoum and is planned for completion sometime in 2007.

http://www.theedgedaily.com/cms/content.jsp?id=com.tms.cms.article.Article_87b0fd5d-cb73c03a-bbfa5c00-8b248389

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**Kejuruteraan Samudra Timur Bhd.:**

Malaysian-based KSTB provides supplies and equipment for oil drilling and export. In August 2005, Kejuruteraan Samudra Timur Bhd accepted a letter of award from one of Sudan’s largest oil consortiums, the White Nile Petroleum Operating Co. (not to be confused with the company named White Nile, which is in dispute with Total SA over drilling rights in Sudan) for the provision of tubular handling and running tools services (i.e. services related to oil field infrastructure and oil pipeline transport). The company has said that the contract is for a period of two years with an option to extend for another year.


**Bollore Group:**

Bollore’s wholly owned subsidiary, SDV, has several different types of operations in Sudan. SDV Oilfield, which provides oil-field logistics and services, has offices in Khartoum and the government-stronghold city of Port Sudan (located in the north – one of the major cities for exporting oil out of the country). SDV oilfield’s website is at: [http://www.sdvoilfield.com/asudan.htm](http://www.sdvoilfield.com/asudan.htm). SDV Transami recently won a multimillion dollar contract to build an inland port in the southern Sudanese city of Juba. The port would serve as a focal point for incoming imports to the country and several types of exports, including oil. Report: [http://allAfrica.com/stories/200605090406.html](http://allAfrica.com/stories/200605090406.html). Since the port is being built in the war-ravaged south and appears to serve a multifunctional purpose (i.e. not just oil exports), the Task Force feels this company warrants further research, including a determination of whether the benefits of SDV’s port building operations in the south outweigh any oil-related field service contracts SDV might have with the central Khartoum government. Contact info for SDV’s representative in Khartoum (for further inquiry) is:

Ctc: Bruce Currie Tel: (249) 11 489231-4 Email: brucecurrie48@yahoo.com

SDV requires an official letter of inquiry sent to the following address in order to respond back with the extent and nature of its operations:
SDV Transintra Sudan Ltd PO Box 662 Khartoum Sudan.

As mentioned, SDV is wholly owned by its parent company, Bollore Group. Bollore appears to be traded under the ticker symbol VB on the Paris Stock Exchange. It also appears that only 10-15% of its shares are owned by the public outside of company executives.

**AMEC:**

A subsidiary of AMEC, AMEC SPIE Oil and Gas Services, operates IPEDEX, which recently (end of 2005) renewed a contract with one of Sudan’s largest oil consortiums, the Greater Nile Petroleum Operating Company (GNPOC), for operation and maintenance support services for the consortium. The ongoing contract, which has been
consistently renewed on a yearly basis, is worth a little over $2 million dollars per year. Information contact for this contract is: rose.swan@ipedex-me.com.


In August of 2006, the California Public Employee Retirement System (CalPERS) reported that AMEC will be terminating its contract in Sudan operated through IPEDEX. The Task Force has so far been unable to verify this report, but recommends follow-up engagement with the company. If the contract is indeed terminated and AMEC does not pick up any other Sudan-related operations for 2007, it will move off the Task Force’s list of companies that warrant scrutiny.

**Scomi:**
Malaysian based company involved in providing drilling fluids, drilling waste management, marine vessel transportation, distribution, and machine shop services to the oil and gas industry. Scomi’s wholly-owned subsidiary, KMC Oil Tools, sells oil-related tools and services in Sudan (including drilling fluids and filtration products), managed by an office in Khartoum. Besides its listing on the Kuala Lumpur Stock Exchange, Scomi Group intends to list its KMC Oiltools division on the Singapore Stock Exchange by early 2007.

**SGS SA (Societe Generale de Surveillance):**
Swiss-based SGS is one of the largest inspection, verification, testing, and certification companies in the world. The group performs inspection services for the oil and gas industry and has an office in Khartoum. However, it is unknown whether SGS’s operations in Sudan are related to oil and gas inspection or inspection of other goods – the company’s website does not specify the types of operations it carries out in Sudan. The Task Force’s view is that SGS should be engaged to determine whether it provides inspection services in Sudan related to the oil, energy, or power industries. If so, the company likely meets the Task Force’s criteria for an offending company. If not, the Task Force intends to remove the company from the list of companies for scrutiny. It should be noted that SGS was on the Dow Jones’ Sustainability index for 2005, suggesting a possible willingness to engage shareholders on questions about its Sudan operations.

**CHC Helicopter:**
Canadian-based firm that specializes in providing helicopter transportation services to the oil and gas industry. In mid 2005, CHC, through its Schreiner Aviation subsidiary, was awarded a new two-year contract (plus one option year) by the largest oil consortium in Sudan (the Greater Nile Petroleum Operating Company, partly owned by the government). The contract was for the provision of two Dauphin N2 aircraft. The value of the contract was more than $10 million over the fixed two-year term. It is unclear to the Task Force if CHC Helicopter has had past contracts with oil consortiums in Sudan preceding this agreement.
Primary Mineral Extraction Companies

**Areva Group:**

Until mid-2006, Areva Group’s wholly-owned subsidiary, Areva NC, held a 40% stake in the only mineral mining operation in Sudan, the Ariaban Mining Company (AMC) consortium. The consortium was 40% owned by Areva NC’s wholly-owned subsidiary, Compagnie Générale des Matières Nucléaires SA (CFMM), 4% owned by a private French company, and 56% owned by the Government of Sudan. AMC’s operations, which involve gold extraction, provide a significant source of revenue for the Government of Sudan (given its 56% stake in the venture and collection of 7% royalties off of revenues made by other members of the consortium). In mid-2006, CFMM sold its operations in Sudan to the Canadian firm La Mancha Resources, but, in exchange for this sale, CFMM acquired a 63% equity share in La Mancha, making CFMM (and its parent company, Areva Group) majority owners of La Mancha’s operations in Sudan. Additionally, most of La Mancha’s new leadership (Board and Directors) after the Avena/La Mancha transaction are Areva executives.

The operations of Areva/La Mancha in Sudan are concerning not only because gold mining provides minimal benefit to those outside the government of Sudan, but also because Areva/La Mancha is largely at the whim of the Sudanese government in terms of its operations; indeed, the chairman of the Ariab Mining Company (AMC) consortium is Dr. Awad Ahmed El Jaz, the Sudanese Minister of Energy and Mines. Finally, AMC is the only mining venture currently operating in Sudan. As such, Areva/La Mancha have noted that they are in a strong position to pursue further growth in Sudan in the absence of established foreign competitors. In the past four years, AMC paid approximately $50 million in dividends.

**La Mancha Resources:**

La Mancha Resources has a 40% stake in Sudan’s only mining operations, a gold mining consortium between La Mancha (40% stake), the government of Sudan (56% stake), and a private French company (4% stake). The consortium, called Ariab Mining Company, is described in full detail in the entry for Avena Group. See Avena Group entry above for full detail.

Power Companies

**Overview:**

The four major power companies on the Sudan Divestment Task Force list are considered together (it appears that Siemens has already finished its power projects in Sudan so they are discussed separately): Harbin Power Company, ABB, Bharat Heavy Electricals, and Alstom. The Task Force has discovered some smaller power company now operating in
Sudan, including ICSA India and Electricity Generating Company (EGCO) of Thailand. These companies are also considered separately because their primary operations are either in the East of Sudan or relatively small at present time.

In general, power is critical to infrastructure, so any action against these firms would require a demonstrably higher level of complicity than that of oil companies. Unfortunately, all four of these major power companies (Harbin, ABB, Bharat Heavy Electricals, and Alstom) are working on power projects that appear to have minimal benefit to those outside the government-dominated city of Khartoum and its immediately surrounding area. Eric Reeves, independent Sudan expert and consultant for numerous NGOs, notes that Sudan is the size of the US east of the Mississippi, but these types of projects go to benefit an area the size of Delaware. About 70% of the electricity produced in Sudan is consumed in the Khartoum area. Rural areas are without access to electricity, except for some large, export-oriented agricultural schemes that benefit primarily the government rather than local populations. This discrepancy between investments in Khartoum (that tend to prop up the government of Sudan) and the lack of investments in Sudan’s neglected periphery was brought into stark contrast in an August 2006 *Economist* magazine article and in a November 2006 *Washington Post* piece:

**An Island Unto Itself:**
Sudanese Capital Benefits Most from an Economic Boom  

**A Boomtown Ignores Reek of War**  

Examples of this power infrastructure investment discrepancy start with ABB, which is building power lines to connect the Merowe Dam Project to Khartoum, Port Sudan (a main government-controlled oil export terminal), and a resort by the Nile – but nowhere else in the country. Additionally, both the Merowe and Kajbar Dam projects have been heavily criticized for the forced displacement of area inhabitants (to arid desert). That is partially documented in the Yale report, but it is more completely documented at the website of a non-profit specifically engaged on the Merowe dam project, the International Rivers Network (IRN). They note that the Merowe Dam violates the World Bank policies on Environmental Assessment (on 38 counts), on Natural Habitats (on 10 counts), on Involuntary Resettlement (on 12 counts), and on Cultural Property (on 3 counts).

IRN’s information is at:  

New information on the continued problems with the Merowe Dam Project was released in March of 2006 and appears in the prestigious science journal, *Nature*. The independent Environmental Impact Assessment review of the project, carried out by the Swiss Federal Institute of Aquatic Science and Technology (EAWAG), found that the dam was of poor
quality and does not address many of the project’s potential impacts on the environment.9

9 The International Rivers Network summarized the study as follows:
The Merowe Dam is a prominent example of China’s expansive role as an investor in international energy and mining projects. International Rivers Network calls on the companies that are developing the project - China’s CCMD Consortium, Alstom, Lahmeyer International and ABB - to suspend project construction until the environmental impacts have been adequately addressed.

The main conclusions of the EAWAG review are:
*Poor quality EIA: According to the review, "key environmental issues such as reservoir sedimentation, irrigation, water quality and downstream ecological impacts (...) were not addressed adequately."
*Fluctuating water levels: Dam operations will cause the downstream water level to fluctuate by 4-5 meters every day. The reservoir surface will fluctuate between 350-800 square kilometers every year. The strong fluctuations will erode the river banks, making it difficult for farmers to collect water and fish in the river and reservoir.
*Sedimentation: Up to 130 million tons of sediment will be deposited in the reservoir every year. As a consequence, the storage capacity will be reduced by 34% within 50 years. This will seriously diminish the capacity of the project to generate electricity.
*Aquatic Ecology: The dam will block fish migration. The fluctuating water levels and erosion of the river banks will destroy fish spawning areas and the habitats of other organisms.
*Water quality and health: Pollution and the decomposition of organic matter may create public health hazards for people drinking water or eating fish from the reservoir. Furthermore, "stagnant water and exposure of a large area of the river bed can create perfect breeding conditions for mosquitoes, vectors of malaria and yellow fever and the water flea, host of the guinea-worm."
*Climate change: Large amounts of plant matter, algae and soil will decompose in the Merowe reservoir, and will produce carbon dioxide and methane in the process. According to IRN calculations, the Merowe Project will emit roughly the same amount of greenhouse gases as a natural gas project generating the same amount of electricity.

Peter Bosshard, Policy Director of International Rivers Network, says:
"The Merowe Dam will have serious environmental impacts on the Nile Valley, the lifeline for Northern Sudan. The project violates Sudan’s Environmental Protection Act and all internationally accepted environmental standards. The Merowe Dam could not be built in most other countries, and is a test case for the commitment of leading hydropower companies to the minimal standards of environmental stewardship. The companies that are developing the project should suspend construction until the serious environmental impacts have been adequately addressed."

The Merowe Dam on the Nile is the largest hydropower project currently under construction in Africa. Once completed in 2008/09, the dam’s reservoir will be 200 kilometers long, and will have the capacity to produce 1,250 megawatts of power. The project is currently displacing 50,000 people from the fertile Nile valley to arid locations in the Nubian Desert.

For further information:
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The review of the Merowe Dam EIA is available from IRN, and will be accessible from www.eawag.ch from March 23.

The journal Nature covered the review of the Merowe EIA in its March 23 issue. See www.nature.com/journal/v440/n7083/index.html
Additionally, government-sponsored massacres of those displaced by the Merowe dam continue, as detailed in a recent report co-released by International Rivers Network and a local association of displaced persons. 10 In August of 2006, the government of Sudan flooded 2,200 local families out of their homes, without warning, when the government began filling the dam’s reservoir. Those flooded out of their homes are living in the open desert without relief. 11

The main power projects in Sudan and companies involved are as follows:

The Merowe Dam Project: Harbin Power Company, ABB, Alstom, Landmeyer (private)
The Kajbar Dam Project: Alstom
Technical/operational expertise to Sudan’s Greater Nile Petroleum Operating Company (the largest oil consortium in the country): ABB
A power station near Khartoum: Bharat Heavy Electricals

With this general introduction, the following is an analysis of each company individually:

For more background information about the Merowe Dam, see www.irn.org/programs/merowe/ (IRN) and www.merowedam.com/en/index.php (project authority).

10 “April 22, 2006: Sudan Government Massacres Merowe Dam Affected People: Three killed and more than fifty wounded - civil society demands protection of affected people and immediate suspension of project construction and displacement.”

Merowe Dam militia armed with machine guns and heavy artillery attacked a group of persons displaced by the Merowe dam project in late April as they were meeting in a local school. The group has been vigorously resisting displacement months and utilizes the school as a meeting place. The attacking militia opened fire on people without warning when they were having breakfast in the school courtyard. Three people were immediately killed and more than fifty injured, including 30 persons in critical condition. Further reports from the area confirmed that dam security also arrested people who drove the injured to a nearby hospital in Kariema. Unconfirmed reports say the number of detainees could be more than thirty.

The conflict between the dam authority and the affected people is about locations for resettlement. Whereas affected people demand to be resettled around the dam reservoir, the dam authority insists on resettling the people in Bayouda desert, a location lacking basic resources such as water and plant life. Affected people allege that the dam authority has forcibly sold their land.

Construction of the Merowe Dam is financed by China Exim Bank and different Arab Funds, and executed by Chinese and European companies, including Lahmeyer International (private), Alstom, and ABB.

The Leadership Office of Hamdab Affected People (LOHAP), the Corner House and International Rivers Network call on the United Nations and Western embassies in Khartoum to take immediate steps to protect the people affected by the Merowe Dam from further atrocities, and to investigate the massacre at the school. They call on the Sudanese government and all the companies involved in the Merowe Dam project to immediately halt construction of the Merowe Dam and displacement of the affected people.

All parties except for the National Congress Party condemned the attacks.

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Peter Bosshard, IRN, (510) 848-1155, (510) 213-1438

11 http://www.sudantribune.com/spip.php?article17192
Bharat Heavy Electricals:
Bharat Heavy Electricals’ (BHEL) recent contract to build a power station in Kosti represents one of the largest ever contracts signed between Sudan and India. As has been documented by the Sudan Divestment Task Force and Sudan experts, India’s commercial interests in Sudan are preventing the Indian government from applying more aggressive pressure on the government of Sudan to end Darfur’s genocide. Therefore, Indian-based firms warrant special scrutiny for whether they are helping to entrench a relationship between Sudan and India.

In the case of BHEL, ceremonies for the signing of the power plant contract and the laying of the first foundation stone were attended by high level ministers from both India and Sudan. India’s minister of Heavy Industries and Public Enterprises specifically noted the growing friendship and economic ties between the two countries and cited ONGC and BHEL (India’s two leading public sector undertakings) as salient examples. Furthermore, because of BHEL’s project in Sudan, the Indian government extended Sudan a $350 million line of credit, the type of loan that could not come from Western countries because Sudan doesn’t meet basic human rights standards. In essence, the partnership of BHEL with Sudan allows Khartoum access to stipulation-free loans. It should also be noted that the power station, by way of its location in the North of Sudan, appears to be headed for supplying power to Khartoum and its immediate surrounding areas – not to the country’s disaffected regions in the East, South, and West. Finally, there have been no statements made by BHEL regarding the situation in Darfur (or the rest of Sudan). Indeed, all comments from BHEL regarding Sudan have painted an optimistic picture of business collaboration.

Alstom:
Alstom has been engaged on the Merowe Dam project. The International River Networks (IRN) has said (personal communication) that Alstom is essentially unresponsive to engagement (as contrasted to IRN’s ability to engage ABB). The company appears to be unconcerned with recent reports on the poor quality, environmental problems, and forced displacement surrounding its dam projects. Furthermore, the company has stated to CalPERS that it has not done anything to directly protect or promote human rights in Sudan, claiming that responsibility falls to the Dam authority that employs Alstom. The company also provides customer service for the rehabilitation of generators and turbines at the North Khartoum Power Plant.

ABB:
Of all the power companies on the Task Force’s scrutiny list, ABB has been the most engaged with outside investors on its role in Sudan according to the non-profits that the Sudan Divestment Task Force is in communication with. It should also be noted that ABB formed a Business Leaders in Human Rights initiative that appears to be more than simple window-dressing. However, its corporate responsibility behavior should be contrasted with its actions in Sudan. Besides the Merowe Dam Project, ABB is also providing equipment to Sudan’s GNPOC oil consortium. It should also be noted that
ABB admitted in February 2006 to violations of anti-bribery rules in some of its international operations. It’s not clear if its operations in Sudan were involved, but it has been documented that ABB was guilty of bribery charges in its operations in Nigeria in the 1990’s. Because ABB seems willing to engage but still has concerning business practices in Sudan, there is debate on whether the company should be engaged or a target for divestment.

**Harbin Power Company:**

All of the projects by Harbin Power are, once again, projects destined for Khartoum and its immediately surrounding area. Harbin Power’s involvement in several power projects has also been a reason that the Chinese have extended loans to Sudan. For example, Chinese banks are funding 75% of the Kajbar Dam Project. Even more than India or Russia, China has been the biggest international impediment to international collaboration on ending the Darfur genocide. It has used its position on the UN Security Council to block almost all substantive action proposed regarding Darfur. While the government of China has not flaunted its relationship with Harbin Power as much as India has with Bharat Heavy Electricals, it is clear that Chinese loans (like the Kajbar Dam Project) are coming into Sudan because of Chinese-based companies there. Feedback from the fiduciaries the Task Force is in contact with indicates that Harbin Power is almost impossible to engage.

**ICSAM India:**

In April 2006, ICSA India won a $139.95 million dollar contract with the National Electricity Corporation (NEC) of Sudan, the primary government-owned electricity provider in Sudan, to lay 514 km of transmission lines and construction of power substations in four primary locations and two secondary locations. The contract is to be executed over the next 30 months.

More specifically, the contract calls for sub-stations to be build in Girba, Kassala, New Halfa, and Abu Hamad with two “bay extensions” at Gadaref and Atbara. While these types of power projects have historically not benefited local populations (as elucidated in the general discussion on power projects in Sudan above), the majority of these projects are in what is considered the disaffected Eastern portion of Sudan that includes the States of Gedaref, Kassala, and Red Sea (specifically, the towns/cities of Kassala, New Halfa, Gadaref, and Girba are in these states). On the other hand, the contract is with the central government rather than with any regional authority in Eastern Sudan, which makes it less likely that even those projects in Eastern Sudan will substantially contribute to benefiting the local population. Because of all these factors, ICSA appears on our list of companies that warrant scrutiny, but it is ranked significantly lower than the four other major international power companies operating in Sudan.

Articles related to ICSA:

http://www.sudantribune.com/article.php3?id_article=14990
Electricity Generating Company PCL (EGCO):

EGCO is the major publicly-traded electricity-generating company of Thailand. The Thai government’s national power utility, the Electricity Generating Authority of Thailand (EGAT), is the largest shareholder of EGCO with a 25% interest. EGCO made its debut in Sudan in 2004 when its services affiliate, EGCO Engineering and Services Company, was awarded a consultancy and maintenance contract from Sudan’s governmental electricity authority, the National Electric Corporation (NEC). The contract covers the El Gaili power plant just north of Khartoum, a plant providing electricity primarily to government-controlled areas in and around Khartoum. EGCO has stated its intention to dramatically expand its operations in Sudan. For example, in late 2006, EGCO joined forces with EGAT (100% state owned) and PTT PCL (majority owned by Thai government) to offer to build a 300 MW power plant in Sudan. The project would subsequently put PTT in a position to obtain oil licenses in Sudan. EGCO’s proposal is the second it has made in Sudan. Last year the firm, which is partially controlled by the Hong Kong concern CLP Holdings, teamed up with Petronas of Malaysia to submit a similar power plant project to the Sudanese authorities. Similar to the way Petronas’ presence in Sudan facilitated the establishment of other Malaysian firms in Sudan’s oil sector, the Task Force is worried that further expansion of EGCO’s role in Sudan will lead to the presence of many more Thai firms in Sudan’s problematic oil, power, and energy sectors.

Defense-Related Companies

Overview:

While defense-related companies involved in contracts with Sudan would normally appear high on the list of companies warranting scrutiny, in many cases, it has been hard to clearly substantiate links between publicly-traded companies and weapons in Sudan. Most of the arms trade to Sudan is carried out at the country level, with Russia, Belarus, and China currently supplying the majority of weapons imports for Sudan. Nevertheless, some indirect links have been made.

NORINCO (China North Industries Group):

Norinco (China North Industries Group) is a Chinese defense-industrial enterprise that develops, markets, and produces a variety of military equipment. According to a June 2006 Amnesty International report, Norinco has the following ties to Sudan:

“Arms made by the Chinese company, Norinco, have been seen in the hands of fighters for the United Front for Democratic Change (Front Uni pour le Changement Démocratique au Chad, FUC) [FUC is one of the major Chad rebel groups that are supported by the Sudanese government. These rebel groups have attacked Darfurians, both in Western Sudan and those Darfuri refugees who have fled to Eastern Chad for cover]. Members of the group were photographed carrying [Norinco-made] QLZ87 35mm automatic grenade launchers outside the town of El Geneina in Western Darfur,
Sudan, near the Chad border, on 28 February 2006. The weapons appear not to be very old, and it is not clear how they ended up in the hands of a Chadian armed group.”

Despite the fact that NORINCO is state-run and the US has sanctions on the company, US investors may still be potentially exposed. In a 2005 testimony before the U.S.-China Economic and Security Review Commission (http://www.uscc.gov/about/overview.php), Center for Security Policy President, Frank J. Gaffney Jr., reported:

“Norinco is arguably the most famous serial [arms] proliferator in China, yet its stocks trade on the ‘A-share’ market of China’s Shenzhen exchange, to which American portfolios have access only via what Beijing dubs ‘qualified foreign institutional investors’ (QFIIs) such as Goldman Sachs and Morgan Stanley [among others].”

QFIIs are further explained in the following excerpt from the Bloomberg Corporate Law Journal:

“In order to give foreign investors access to the A share market, the Qualified Foreign Institutional Investor (QFII) scheme was introduced. This allowed qualifying investors to apply for an allocation to purchase A shares. As the name of the scheme suggests, the intended investors are institutional investors and there are significant asset size and asset under management (AUM) requirements. Smaller investors who do not qualify have to participate indirectly through a QFII...”

Given China’s prominent current and historical role in providing the Sudanese government with arms and defense equipment and given that Norinco has already been sanctioned by the US government because of its historically problematic arms-sales activities, the above revelations are deeply concerning.

**Dongfeng Automobile Company Limited:**

Dongfeng is a Chinese automobile manufacturing firm that has sold military vehicles to Sudan (and to another human-rights abusing regime, Myanmar/Burma). According to a June 2006 Amnesty International report:

“In Sudan in August 2005 a UN panel, which was investigating violations of the international arms embargo on Sudan, saw a shipment of green Dongfeng military trucks in Port Sudan. New green trucks of a similar type were also seen on the Sudanese air force premises in Darfur in October…The investigation showed that a total of 222 vehicles (212 military trucks of model EQ2100E6D and 10 chassis workshop of model EQ1093F6D) were procured from Dongfeng Automobile Import and Export Limited, [a subsidiary of Dongfeng Automobile Company] in China… The consignee was the

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12 http://web.amnesty.org/library/index/engasa170302006
Ministry of Finance and National Economy of the Sudan. Further reports received indicated that the vehicles were consigned on behalf of the Ministry of Defense.”

Again, Dongfeng’s actions should be put in the context of China’s general role as a significant military equipment supplier to Sudan. It is the Task Force’s view that Dongfeng should be fully aware of where its military vehicles end up, especially when there is documentation of some of those vehicles being sold to the government of Sudan.

**Cummins:**

Cummins Inc. is a U.S. company based out of Columbus, Indiana that designs, manufactures, and distributes service engines and related technology. Engines produced by Cummins were recently discovered in military vehicles sent to Sudan by the Chinese Dongfeng Automobile Company Ltd (see above). According to a June 2006 Amnesty International report:

“[T]he EQ2100E6D truck [made by Dongfeng and sold to Sudan] is powered by Cummins [Inc.’s] 6BT5.9 turbo charged diesel engine.”

Through a phone conversation with the public relations department of Cummins Inc., the Task Force has confirmed that Cummins does run a joint venture in China, Dongfeng Cummins Engine Co. (DCEC) with Dongfeng Automotive Company Limited (DFAC). According to Cummins, the engines in question (installed in the 212 EQ2100E6D trucks) were produced by DCEC, sold to DFAC, sold to a DFAC affiliate, Dongfeng Limited, installed in the trucks, and finally sold to the Sudanese government.

According to a letter from Cummins Inc. to Amnesty International in late June 2006, the company has taken the following steps after the above was disclosed in the June 2006 Amnesty Report:

- “Effective immediately, Cummins will ban all sales of its products in Sudan and Myanmar. The Company has begun notifying its sales organizations, distributors and dealers around the world of the change in policy. This decision goes well beyond Cummins’ legal obligation under U.S. law, but we feel it is necessary given potential uncertainty over the end use of our products in these countries of concern.

- Cummins’ most senior U.S.-based executive responsible for our operations in China was sent from the U.S. [in June 2006] to meet our partners at DFAC and Dongfeng Limited to gain more information about the truck sales to Sudan. In those meetings, Cummins told its partners that it did not want components produced by our joint venture being used in equipment sold to Sudan. Our partners understood our position and expressed a willingness to work with us on this issue.

15 [http://web.amnesty.org/library/index/engasa170302006](http://web.amnesty.org/library/index/engasa170302006)
16 [http://web.amnesty.org/library/index/engasa170302006](http://web.amnesty.org/library/index/engasa170302006)
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• Cummins also intends to hold similar discussions in the near future with other
to joint venture partners to communicate that we do not want products manufactured
for our joint venture companies installed in equipment sold to this market.”

The Sudan Divestment Task Force commends Cummins Inc. for taking swift steps
towards a substantive policy on Sudan. Cummins Inc. remains on our list of companies
that warrant scrutiny while we track the company’s progress in communicating its
concerns to Dongfeng Automotive Company Limited (DFAC), its partner in the DCEC
venture. The Task Force advocates that institutional investors likewise begin a dialogue
with Cummins Inc. to ensure that it continues to exert appropriate pressure on Dongfeng.

Telecommunications Companies

Overview:
There is a strong bias against taking action on telecommunications companies because
they can contribute to infrastructure and social development. While some
telecommunications companies in Sudan were not even considered for the Task Force’s
scrutiny list, others had concerning practices, especially Sudatel. Those practices are
documented below:

Alcatel:
Alcatel’s business in Sudan lies solely in telecommunications. However, it was noted that
a major portion of Alcatel’s business in Sudan is to provide telecommunications for the
oil consortium Petrodar (one of the larger oil consortiums in the country). It should also
be noted that Amherst divested from Alcatel and that the California Public Employee
Retirement System (CalPERS), after corresponding and meeting with top executives at
Alcatel, sent a letter to Alcatel asking them to halt all their business in Sudan (in contrast,
they did not take the same action for Royal Dutch Shell). CalPERS noted that in their
conversation with Alcatel, the company had not engaged in any specific policy regarding
Darfur or Sudan.

Sudatel and Mobitel:
Sudatel (which is 25% owned by the government and has a market capitalization of some
$2 billion dollars) provides substantial revenue to the Sudanese government. The
company has also been actively complicit in genocide (see below); importantly, the
government has an 80% voting share in what Sudatel does, allowing the company to
carry out government policies. The negative aspect of Sudatel may outweigh the positive
benefit of telecommunications infrastructure, at least in the short-term.

Before February 2006, Mobitel was 60% owned by Sudatel. However, in February of
2006, the Kuwaiti parent company of Mobitel, Mobile Telecommunications Company,
purchased full ownership of the company from the Sudanese government. Therefore,
Mobitel action before February of 2006 (see below) was presumably motivated by Mobitel’s direct connection to the Sudanese government.

Company information on Sudatel and Mobitel is available from the Yale report (including social programs by Sudatel). Additional information is provided below:

Testimony
The Sudan Divestment Task Force has consulted extensively with Brian Steidle, a former Marine captain who served as the U.S. representative to the African Union’s peacekeeping mission in Darfur from September 2004 to February 2005, on Sudatel and Mobitel. Mr. Steidle reported that while in Darfur he utilized Mobitel phones on the Sudatel cellular network. According to Mr. Steidle, before village raids, the cell phone network would be disabled in order to prevent villagers from warning one another (directly witnessed multiple times by Steidle). Mr. Steidle also reported that he investigated the owner of the major Mobitel store in Nyala, Darfur (capital city of South Darfur), who was also the commander of the Janjaweed militias in the Netega area of Darfur. Steidle attested to the fact that Janjaweed militiamen utilize these cell phones and networks to coordinate before engaging in an attack. Finally, when asked if the cell phone networks were vital to humanitarian and security operations, Mr. Steidle reported that these groups are currently utilizing satellite phones as a result of the instability of the cell networks.

Additional Information
According to a Reuters report, in April 2005, Mobitel text messaged subscribers to organize a protest in Khartoum in response to a UN resolution that referred war criminals of the Darfur conflict to the International Criminal Court:

http://www.sudantribune.com/article.php3?id_article=8886

The above information suggests that Sudatel is complicit in the Darfur genocide while Mobitel’s actions were questionable. With the recent transfer of Mobitel ownership entirely to the parent Kuwaiti company, Mobitel likely does not warrant the same treatment as Sudatel, but should still be engaged to determine evaluate its actions in Sudan, include scope of operations and participation in the concerning events mentioned above.

Miscellaneous Companies

Siemens:
Some information regarding Siemens is available in the Yale report. The company is involved in the building of power plants (recently completed), telecommunications, and medical equipment in the country. A detailed accounting of Siemens’ involvement in Sudan can be viewed through the California Public Employee Retirement System (CalPERS) site, which after engaging Siemens, recently asked it to stop its operations in the country. Siemens told CalPERS that it will not cease its operations and noted that
while it is very cognizant of the situation in Darfur, it has a general policy of not leaning on governments in the countries where it operates. Details of CalPERS/Siemens interactions can be viewed on pp. 9-10 of the following document:

http://www.calpers.ca.gov/eip-docs/about/board-cal-agenda/agendas/invest/200602/item06d-01.pdf

Siemens revenue from Sudan-related projects amounted to approximately $33 million in 2005. In October of 2006, the telecommunications arm of the company signed a contract with Mobitel (parent company: Mobile Telecommunications Company) worth $25 million to provide wireless infrastructure aimed at facilitating voice and high speed data transmission in the country. The Sudan Divestment Task Force view is that Siemens probably warrants an ongoing dialogue in the form of public letters of concern rather than divestment. This is especially true if Siemens’ efforts in Sudan consist principally of telecomm and medical device sales. As described above, power projects carried out in the greater Khartoum area are more concerning. If Siemens resumes such projects, they would likely warrant even close scrutiny.

**Nippon Yusen (NYK Line):**

Japanese-based shipping and logistics company. Company website states that it services Port Sudan, Sudan’s major oil export terminal, two to three times a month:

http://www2.nyline.com/nyinfo/car_carrier_services/service_network/PDF/all.pdf (p. 15)

NYK is involved in shipping of multiple types of cargo, but a significant portion of the company’s business involves petroleum transport. At present time, it is unclear if NYK’s operations in Sudan involve petroleum transport or other types of cargo. Engagement with NYK would help clarify this and therefore determine whether the company meets targeted divestment criteria (if it is indeed involved in petroleum export) or does not (if it is involved in general consumer goods export, for example). NYK is part of the Dow Jones World Sustainability Index, suggesting that the company would be responsive to shareholder inquiry and concerns.

**Concordia Maritime:**

The Swiss-based Concordia Maritime operates under the umbrella of its non-listed parent, Stena Sphere, and in close conjunction with non-listed subsidiaries of Stena Sphere, including Stena Bulk. While the company does not appear to have any long-term contracts with Sudanese-based oil companies, one of its ships, the Stena Antarctica, was reported to be carrying 750,000 barrels of Sudanese Dar Blend crude petroleum from Sudan to China in September 2006. It is unclear to what extent Concordia (or the related but private Stena Bulk company) has ongoing activities related to Sudan oil shipping, but the Task Force feels it is important for fiduciaries to clarify this point and express their concern to the company about Sudan-related oil shipments in the future.
Companies Requiring Further Research

Sumatec, Ranhill, VideoCon, Bharat Electronics Limited, Weir Group, Malaysia

Mining Corporation, Mercator Lines, and PSL Ltd.:  
See Yale report. The Sudan Divestment Task Force is willing to help research these companies with interested institutions since their current connections in Sudan are unclear. VideoCon is described in some detail in a footnote under the section on Indian oil firms above. Companies requiring further research that aren’t in the Yale report are available below.

Bharat Electronics Limited:  
Indian-based firm which produces defense equipment (not to be confused with Bharat Heavy Electricals). In February of 2005, the company’s chairman announced that the company had signed a contract with Sudan to supply 10 battlefield radars.


Then, in April of 2005, the company announced that it had secured a contract with Sudan to supply $16.82 million in communication and night vision equipment to Sudan.

http://www.southasianews.com/4448/BEL-targets-Rs.36-bn-revenue-in-2005-06.htm

It is, however, unclear whether these contracts had been executed and whether any transactions are currently ongoing. Follow-up contact with Bharat Electronics Limited (BEL) is needed.

Mercator Lines:  
Indian shipping company who has, as recently as 2005, contracted with Oil and Natural Gas Company of India’s subsidiary, Mangalore Refinery and Petrochemicals (MRPL), to ship oil from Sudan to MRPL’s refineries in India. Mercator Lines’ contract with MRPL for 2005, which covered transport of oil from Iran and Sudan to the Indian refinery, was valued at $42 million. While Mercator Lines continues to contract with MRPL, it is unclear whether any of those renewed contracts include shipping of oil from Sudan. As a result, Mercator Line’s operations relating to Sudan are currently unknown, but past operations clearly warranted scrutiny. Task Force recommends shareholder engagement to seek clarification.

PSL Limited:  
Indian company specializing in the manufacture and sale of pipes used for the transportation of gas, oil, petroleum, and water. In 2004, PSL Ltd. landed a very large contract to supply the Petrodar oil consortium in Sudan with 785 kms of pipes to be used for oil transport in Sudan. Completed by the end of 2005, the contract was worth $200 million. It is unclear if PSL Ltd. has any other projects in Sudan at present time, but it is
known that the company has the intention of continuing to market oil pipelines to Sudan. To make Sudan a viable market for the company, PSL Ltd. recently announced plans to set up a pipe manufacturing and coating unit in the United Arab Emirates at an investment of $15 million. Per the company own statements, the unit is intended to help save on the freight cost of exporting pipes from India. The plant is intended to cater to markets in Sudan, Qatar, Saudi Arabia, Kuwait, and Oman. The Task Force recommends follow-up to clarify present operations and what the company’s future plans for Sudan sales/operations may be.

**Private Firms or Firms with Private Placements through Asset Managers**

Upon request, the Sudan Divestment Task Force is willing and able to provide further information about the private firms listed at the top of this document. Some information on them is available in the Yale report. Other information is only available in internal documents from the Task Force. We provide these companies for institutions or states considering how to sever obvious private equity connections to Sudan or in case one of these companies has issued public debt that is obtainable through fixed-income investments. *Additionally, a few of these companies do have private placements with asset managers here in the US and therefore could show up in a fiduciary's portfolio.* This private firm list is by no means complete, but it is a good start.

Private company information for those not contained in the Yale report:

**APS Engineering Company (Italy):**

Recently won a contract to help with oil refinery services in Port Sudan, the country’s primary government-controlled export terminal in northeast Sudan.  

**PetroSA (South Africa):**

The national oil and gas exploration firm of South Africa. Won a contract with Sudan’s national oil firm, Sudapet, to explore for oil in the Northern part of Sudan. Operations are currently in the exploratory phase. Unknown whether PetroSA has any outstanding debt instruments. The exploration is taking place in a largely unpopulated area that is covered mainly by arid Saharan desert conditions.  
[http://www.petrosa.co.za/Content/490.html](http://www.petrosa.co.za/Content/490.html)

**Vitol Group (Switzerland):**

Vitol is one of the largest independent oil commodities trading companies in the world. The company was selected in summer of 2005 to market up to 3.6 million barrels a month of crude oil from Sudan’s Dar Blend field. The field, operated by Petrodar, a consortium comprising China National Petroleum Corp. (CNPC) [publicly-traded subsidiary is PetroChina] with a 41 percent stake, Malaysia's Petronas [which sells
corporate bonds and has two publicly-traded subsidiaries] with 40 percent, and Sudan's state-owned oil firm Sudapet with 8 percent, is expected to almost double Sudan's production to 500,000 barrels per day. Management of Vitol Group is decentralised. All offices are run locally by managers familiar with the country or region for which they are responsible.

http://www.vitol.com/general/home.html


**Mohan Energy Corporation (India):**

Mohan Energy Corporation is executing a contract with the Sudanese government's National Electricity Corporation (NEC) for a transmission line ring around Khartoum. Mohan will contribute design and supply of materials to the project, including transmission lines and substations around Khartoum. The project will provide exclusive benefit to Khartoum without any benefit to Sudan's periphery. These types of power-line projects fit under the model of underdevelopment of Sudan's geographic periphery outlined in an August 2006 *Economist* piece and a November 2006 Washington Post article:

An Island Unto Itself:
Sudanese Capital Benefits Most from an Economic Boom
http://www.sudantribune.com/spip.php?article16966

A Boomtown Ignores Reek of War

For further information, see Mohan Energy Corporation's website at http://www.mohanenergy.com/webtemp.aspx?id=19. It is, at present time, unclear if Mohan Energy Corporation is publicly-traded. Until further information is obtained, the company will appear in the "private company" portion of companies that warrant scrutiny.

**Zaver Petroleum Company (Pakistan):**

Pakistani-based petroleum company operated by the Hashoo Group (www.hashoogroup.com). Granted 85% of Sudan’s Block 9 oil fields under a joint venture called SudaPak in 2003 and then granted concessions in Blocks 11 and A oil fields in 2004 with total commitments exceeding $100 million and 17 exploration wells dug to date. Company has no stated corporate governance policy with regards to its operations in Sudan.

Express Petroleum and Gas Company (Nigeria):
Oil company with a 10% ownership in the Petronas-run offshore oil block (Block 15) by the coast of Port Sudan. This block is currently in seismic exploration phase. Company has no website for which to check corporate governance policies.


Qatari Diar Real Estate Investment Company a.k.a. Qatari Diar (Qatar):
The real estate investment arm of the nationally-owned Qatar Investment Authority signed an agreement with the Sudanese Government in September 2006 to develop a major tourist and residential resort on the banks of the Blue Nile in Khartoum.

The agreement was signed in Qatar’s capital, Doha, between Qatari Diar’s CEO and the Sudanese Minister of Physical Planning & Public Utilities. The development, spanning 100,000 square meters, will be built on a prime site opposite the Sudanese capital’s Presidential Palace. Development plans include a five-star hotel, restaurants, cafes, rest chalets, entertainment, retail and commercial facilities, and a sport club. Even though this contract falls outside of the oil, power, or energy sectors, the Task Force notes the problematic nature of building, in collaboration with the Khartoum government, an exclusive real estate development in the heart of Khartoum that offers no benefit to Sudan’s citizens outside the select, government-associated elite. The project is sure to accentuate the already massive disparities between Khartoum’s development and the neglected periphery of Sudan as elaborated in the *Economist* magazine in August 2006:

An Island Unto Itself:
Sudanese Capital Benefits Most from an Economic Boom
http://www.sudantribune.com/spip.php?article16966

Ascom Group SA (Moldova):
Involved in drilling for oil in the block disputed by Total SA. Ascom Group, like White Nile, has decided to contract directly with the Government of South Sudan in drilling for oil. It is unclear whether this arrangement will work out, but contracts with the Southern Sudanese government do not fall within the Task Force’s criteria for divestment since the contract is likely to lead to substantial benefit for the war-decimated South of Sudan. Ascom is available to US mutual fund holders through several private placements.

http://www.ascom.md/
http://www.sudantribune.com/article.php3?id_article=12029
Sinohydro (a.k.a. China Hydraulic and Hydroelectric Construction Group Corporation) (China):

Sinohydro is the primary Chinese entity (state-owned) helping construct the Merowe Dam. China is providing the vast majority of the financing for this project, principally through Sinohydro and the Chinese Export-Import Bank. For a detailed description about the problematic nature of the Merowe Dam project, please see the section above on power companies.