



Testimony of Ben Collins
Sudan Research Analyst, KLD Research & Analytics, Inc.
Congressional Human Rights Caucus briefing on Genocide-free Investing
September 10, 2008

Mr. Chairman and members of the Congressional Human Rights Caucus,

I greatly appreciate the invitation to submit testimony on genocide-free investing on behalf of KLD Research and Analytics, Inc. For twenty years, KLD has provided the investment community with research on the environmental, social, and corporate governance performance of publicly traded companies. KLD's investment research services also enable asset managers to avoid investments in companies involved in controversial business activities.

KLD began providing compliance tools in 2005 to public and private investors to help identify all companies conducting business in Sudan as well as meet the guidelines of various U.S. state divestment legislations. In 2007, KLD developed a targeted divestment compliance tool for U.S. states that adopted the Sudan Divestment Task Force's targeted divestment guidelines. Based on KLD's experience researching and monitoring corporations involved in Sudan and working with over 200 clients to implement a Sudan divestment mandate, we have found that a genocide-free investment standard can be implemented by asset managers and other investors without unreasonable costs or difficulties.

Since 2005, several university endowments and public pension funds have successfully and publicly divested from Sudan. During this time, the number of resources available to such institutional investors grew significantly. Investment managers can now draw upon publicly available research on companies involved in Sudan published by the Sudan Divestment Task Force. Experienced research companies such as KLD can provide up to date compliance services for investors that adopt Sudan divestment policies without significant cost to the manager, and in a format that is compatible with investment management trading systems.

The positive effects of Sudan divestment policies on corporate behavior in Sudan have become increasingly apparent. Either by engaging the Sudanese government on the issue of Darfur, or by halting their Sudan operations altogether, many companies with business operations in Sudan have become more responsive to investor concerns about their involvements in Sudan.

Although divestment can be a powerful response to the ongoing genocide in Darfur, Sudan divestment alone will not prevent investment assets from funding other mass atrocities in the future. However, a genocide-free investment standard can provide a clear and consistent ethical baseline that would enable asset managers to address genocide-related investment risks on an ongoing basis.