

Investors Against Genocide

Draw the line at investing in genocide

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CONGRESSIONAL HUMAN RIGHTS CAUCUS HOLDS BRIEFING ON GENOCIDE-FREE INVESTING

Panelists urge members to hold a hearing to consider ways to make financial markets more responsive to Americans who don't want their savings complicit in genocide

Washington DC – September 10, 2008 – Representatives from the financial industry and leading human rights activists told the Congressional Human Rights Caucus (CHRC) today that a majority of Americans don't want their investments tied to genocidal regimes and that financial markets need to be more responsive to the American public's interest in genocide-free investing. According to panelists, there is a surprisingly broad base of major financial institutions investing in companies connected to the genocide in Darfur. Panelists pressed Congress to hold a formal hearing on the issue in their next session.

The briefing was co-chaired by U.S. Representative James McGovern (D-MA). In his opening statement, McGovern stated, "There's a lot of cold, hard cash that knowingly or unwittingly fuels the fire of mass murder, repression, terror and violence. And a lot of that cash is yours and mine. Investments in companies that operate in countries where governments engage in the mass violation of human rights may not pull the trigger that blows apart a family, or burns down a village – but it helps put the gun, or the bomb, or the torch in the hands of those who do." U.S. Representative Michael E. Capuano (D-MA) also made an opening statement expressing the need for further action to press mutual funds to become genocide-free.

Panelists included Adam Kanzer, Managing Director, Domini Social Investments; John Norris, Executive Director, Enough, the project to end genocide and crimes against humanity; and Eric Cohen, Chairperson, Investors Against Genocide. Written testimony was also provided by Ben Collins, Sudan Research Analyst, KLD Research & Analytics, Inc. Representatives from the federal government and from Fidelity, Franklin Templeton, and the Investment Company Institute declined invitations by the CHRC to participate.

"Americans have the right to expect that their savings will not be invested in support of genocide or crimes against humanity, the most egregious violations of human rights," stated Eric Cohen of Investors Against Genocide. "The challenge is to make the market for financial investments more responsive to the American public's interest in genocide-free investing."

While many mainstream investment firms have defended problem investments, insisting that they are necessary because of their firms' fiduciary responsibilities, panel members disagree. "You may hear that mutual funds face legal obstacles that prevent them from implementing a policy to address genocide," testified Domini's Adam Kanzer. "Let me be clear: There is no law that compels mutual funds to profit from genocide. As fiduciaries, but more importantly, as members of the human community, we are compelled to take a careful look at genocide, and to ask ourselves what can be done."

John Norris of Enough also asserted the responsibility of both the government and the investment community to take steps to end the practice of investments in genocidal regimes. "In the case of Sudan, it is abundantly clear that the Government continues to feel empowered to attack its own citizens because of the country's substantial oil wealth and the lack of an effective response from the United States and its allies," he stated. "By taking practical steps toward making genocide-free investment a

reality in this country, the Congress can help cut off the lifeblood of some of the worst governments in the world and send a powerful message that we will not tolerate business as usual when it comes to crimes against humanity.”

Panelists urged Congress to hold formal hearings on the issue of genocide-free investing in 2009. Some of the recommended objectives of such a hearing would be to review and clarify existing regulations or statutes, to get perspective from senior management of mutual fund and investment companies on why they continue to invest in genocide, to discuss and evaluate the merits of additional disclosure requirements for mutual funds and investment firms, to discuss and evaluate the merits of reducing the structural barriers facing shareholder proposals on such significant social policies, and to address contradictions in existing US law and regulations related to extreme human rights problems.

“The attention, interest, and oversight from Congress might be all that’s required for market factors to accelerate and the industry to reform itself,” stated Cohen.

The movement for targeted divestment from Sudan has begun to highlight the connection of financial institutions to the genocide in Darfur. In addition to the growing ranks of states, colleges and universities that have made the decision to divest, there have been some successes with investment firms. Five months after the launch of Cohen’s campaign, Fidelity sold virtually all of its New York Stock Exchange holdings of PetroChina and Sinopec, worth about \$700 million. Additionally, after pressure from Investors Against Genocide working in partnership with the Sudan Divestment Task Force and the Save Darfur Coalition, Warren Buffett’s Berkshire Hathaway sold all of its PetroChina holdings, worth over \$3 billion.

However, divestment alone will not address the problems of ongoing investments in genocide. “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,” stated Ben Collins of KLD Research & Analytics, Inc in his written testimony. “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.”

According to Cohen, the goal of Investors Against Genocide is to convince financial institutions to make a commitment that they will not invest in companies that help to fund genocide. “Ethical investing may mean different things to different people, but surely there is a minimum standard upon which everyone agrees, stated Cohan. “Americans do not want their family savings and pension funds invested in companies that help to fund genocide whether that genocide is occurring today in Darfur or anywhere else in the future.”

In a 2007 KRC study which surveyed average Americans, 71% of respondents said companies should take into account extreme cases of human rights abuses, such as genocide, when investing overseas, rather than base their investment decisions on economic criteria only.

Sudan's oil industry is that government's main source of income, and Sudan reportedly uses 70 percent of its oil-related revenue to arm and fund the military and the Janjaweed militia, not to economically benefit the poor people of Sudan. Sudan relies on foreign companies as partners in its oil industry. Its largest partner is CNPC, a Chinese government-owned oil company that raises capital by selling shares of its closely related subsidiary, PetroChina. The connection between PetroChina, CNPC, oil revenue, and the genocide is well-documented. Other major partners include Sinopec (China), ONGC (India), and Petronas (Malaysia).four oil companies are the worst offenders, funding the genocide in Darfur.

Written testimony submitted for the briefing is available at www.InvestorsAgainstGenocide.org/chrc.

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