

Investors Against Genocide

Draw the line at investing in genocide

FOR IMMEDIATE RELEASE
Susan Morgan – 617-797-0451

TIAA-CREF ANNOUNCES ESCALATION IN EFFORTS TO AVOID INVESTMENTS IN COMPANIES WITH TIES TO GENOCIDE

Investors Against Genocide withdraws shareholder proposal that prompted escalation

Boston, MA – March 26, 2009 – In an important victory for the cause of genocide-free investing, Investors Against Genocide has announced it withdrew its shareholder proposal from the proxy ballot for TIAA-CREF's July shareholders' meeting. This announcement follows TIAA-CREF's decision to vigorously engage PetroChina and other problem companies partnering with the Government of Sudan and to divest from those companies if they continue to substantially contribute to genocide or crimes against humanity. TIAA-CREF's policy applies to the ongoing genocide in Darfur, Sudan, as well as to future genocides.

According to Eric Cohen, Chairperson of Investors Against Genocide, the [decision](#) by TIAA-CREF is an important milestone for the financial services industry. "We commend TIAA-CREF for its clear and public leadership in drawing the line at genocide. While ethical investing may mean different things to different people, TIAA-CREF's decision supports the belief of the overwhelming majority of Americans who do not want their savings and pension funds connected to genocide," states Cohen. "TIAA-CREF's commitment to act sets a higher standard for the entire financial services industry."

TIAA-CREF's press release today stated, "We recognize that genocide and crimes against humanity, whether in Darfur or elsewhere, require a higher standard of response." TIAA-CREF stated that it will "seek meetings between TIAA-CREF executives and executives of target companies to encourage them to take positive and meaningful humanitarian steps and attempt to end genocide." Target companies include PetroChina, CNPC Hong Kong, Oil and Natural Gas Corporation, Sinopec, and PETRONAS. The company further states that it will "evaluate progress within nine months and, if we still hold positions in these companies at that time, we will divest their shares from all accounts if milestones showing significant progress are not achieved, and announce that decision publicly."

"By its statement today, TIAA-CREF has recognized the unique importance of taking aggressive action in the face of genocide and crimes against humanity," Cohen said. "We expect that the new policy of escalated actions and strong messages referenced in today's statement will be formally integrated into TIAA-CREF's published policies."

Investors Against Genocide had shareholder proposals pending that applied to the College Retirement Equity Fund (CREF) accounts and would have been voted on at the shareholder meeting in July. Today's action by TIAA-CREF sets policy for all of TIAA-CREF's accounts and funds, whether they are actively or passively managed.

On March 10, Vanguard announced that it had implemented a new, corporate-wide policy that it said was "substantially identical" to Investors Against Genocide's shareholder proposal regarding investments in companies connected with genocide and crimes against humanity. According to Vanguard's SEC [filing](#) of preliminary proxy materials for its shareholder meeting on July 2, 2009, the

Vanguard funds' "trustees directed Vanguard to implement a formal procedure for regular reporting to the trustees on portfolio companies whose direct involvement in crimes against humanity or patterns of egregious abuses of human rights would warrant engagement or potential divestment." One of the first concrete demonstrations of Vanguard's new policy may be in the filing expected on March 31 showing the holdings of Vanguard's Emerging Markets Stock Index Fund. "If Vanguard's Emerging Markets Stock Index Fund shows a significant reduction in its holdings of PetroChina, then we will have a clear signal that Vanguard's Trustees are serious about not connecting their customers with the genocide in Darfur," said Cohen.

The shareholder proposals submitted for [30 Vanguard](#) funds and [6 CREF](#) accounts are part of a broad campaign of shareholder action coordinated by Investors Against Genocide. The shareholder proposal asks the fund's Board to "institute procedures to prevent holding investments in companies that, in the judgment of the Board, substantially contribute to genocide or crimes against humanity, the most egregious violations of human rights."

The proposal raises the issue of the fundamental management responsibilities of financial institutions and whether shareholders should be able to expect mainstream funds to be genocide-free. The public's interest in this expectation was highlighted by a 2007 study by KRC Research, in which 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.

According to Cohen, the recent policy developments at TIAA-CREF and Vanguard are an extremely positive indication that the financial services industry is beginning to shift toward genocide-free investing. "Moving forward, market forces will encourage other very large mainstream financial services companies to follow suit," said Cohen. "By doing the right thing, TIAA-CREF and Vanguard will benefit by an influx of new customers who do not want their personal savings tied to the genocide in Darfur or to future genocides," said Cohen.

Shareholder proposals are also slated for a vote at American Funds in August and have been submitted to other fund companies including T. Rowe Price, Putnam, Barclay's, and Franklin Templeton among [others](#).

In the spring of 2008, shareholder proposals at [21 Fidelity mutual funds](#) asked those funds to make a commitment to be genocide-free. Despite Fidelity's [active opposition](#), the proposals received an unusually high level of voter support for a shareholder proposal on a social issue, [ranging](#) from 20% to 31%.

Public recognition of the problem of investing in genocide has grown over the last two years, along with support for avoiding such investments. The House and Senate unanimously passed the [Sudan Accountability and Divestment Act](#), signed by President Bush in December 2007. By July 2008, 27 states and at least 61 colleges and universities had decided to [divest from Sudan](#).

During the presidential campaign, John and [Cindy McCain](#), [Barack Obama](#), [Sarah Palin](#), Rudy Guiliani, John Edwards, and Sam Brownback sold their mutual funds that held substantial amounts of stock in one or more of the problematic oil companies.

In September 2008, the Congressional Human Rights Caucus held a [briefing](#) on genocide-free investing focusing on the problem of US financial institutions making large investments in genocide. Plans are underway for [formal Congressional committee hearings](#) on genocide-free investing in 2009.

Many US investment firms have large holdings of shares in PetroChina, a Chinese oil company that is

one of the worst offenders among companies helping to fund the genocide in the Darfur region of Sudan. Some of the largest holders of PetroChina include the well-known and widely held mutual fund firms Franklin Templeton, American Funds, and Fidelity.

Hundreds of thousands have been killed and 2.5 million have been driven from their homes, in Darfur. This humanitarian crisis has been labeled by the US government as the first genocide of the 21st century. The government of Sudan has continued to pursue genocide in Darfur for nearly five years, using as much as 70% of its oil revenue to provide arms and funding for the genocide, rather than economic development for the poor people of Sudan. Although federal law prevents most US companies from operating in Sudan, American financial institutions, notably mutual fund companies, are major investors in the Chinese, Indian, and Malaysian oil companies involved in Sudan which are helping to fund this genocide. As a result, ordinary investors, through their mutual funds, family savings, and pension plans entrusted to these financial institutions are inadvertently investing in genocide.

####

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