

## Data Points

### >> INVESTORS AGAINST GENOCIDE PROTEST VANGUARD PROXY

As Vanguard Group's proxy ballots for 30 of its mutual funds began appearing in shareholders' mailboxes, Investors Against Genocide on April 19 accused the U.S. money manager of making "false and misleading statements" in opposing the activist group's shareholder proposal. The resolution asks the company to avoid investments in companies deemed to substantially contribute to genocide. The letter from the group to Vanguard suggests its mutual fund investors may be easily confused by "the impressive sounding assertion of 'fact' provided" about its policy toward such investments in Vanguard's proxy statement now circulating.

In early March, Vanguard announced that its board had asked for reporting on "companies whose direct involvement in crimes against humanity or patterns of egregious abuses of human rights would warrant engagement or potential divestment," calling its policy in this area "substantially identical" to the proposal from Investors Against Genocide. However, when Vanguard recently released its list of shareholdings as of Jan. 31, 2009, to the Securities and Exchange Commission as required, its ownership was found to have increased in genocide-related "problem company" stocks, including PetroChina—frequently named one of the worst-offender companies in the Darfur human rights crisis because of its investments and oil exploration in Sudan—contradicting Vanguard's pledge that its policy matched Investors Against Genocide's in prohibiting holding such stocks. Vanguard's PetroChina stake rose to 189 million shares, valued at \$140 million in the latest disclosed period, from 177 million shares worth \$134 million, according to the filing. Vanguard reported holding \$303 million in companies associated with the controversial Darfur regime in the period. In the letter sent to Vanguard, Investors Against Genocide reiterated its desire to have a dialogue with the trustees and officers of Vanguard, and suggested the shareholders would take their complaint to the SEC before the July 2 meeting if a revision of the investment policy and opposition statement in the proxy isn't made. Vanguard hasn't made public the genocide-free investing policy it states is identical to Investors Against Genocide's, despite customer requests to review it, according to a spokesman for the shareholders. She told RiskMetrics that Vanguard hadn't responded to the activist shareholders' letter of complaint as of April 23.

[www.investorsagainstgenocide.org](http://www.investorsagainstgenocide.org); [www.vanguard.com](http://www.vanguard.com)

### >> EUROPEAN SRI FUNDS MAINTAIN NET INFLOWS

European socially responsible investment funds maintained net inflows in the month of February, in marked contrast with money rushing out of mainstream equity funds in the same region, according to statistics compiled for Responsible Investor. It was the second month in a row for positive sales of the European SRI funds amid still-troubled global financial markets. During February, sales of shares in European SRI funds were positive by 599 million euros (\$780.6 million), while traditional equity funds recorded withdrawals of 2.8 billion euros over the same month, the data compiled by investment data group Lipper Feri for Responsible Investor online magazine found. An article April 16 in the publication said "the figures suggest that SRI funds continue to benefit from a positive reputation amongst fund clients as the credit crisis has continued." In January, European SRI funds posted even healthier net inflows of 1.6 billion euros, while the mainstream equity funds received net inflows of 1.7 billion euros, but February's active equity fund withdrawals canceled the gains of the previous month.

<http://www.responsible-investor.com/home/article/feri5>

*Sustainability Risk Monitor offers impartial research and analysis on environmental, social and governance risk factors facing financial market participants. It is published 10 times a year by RiskMetrics Group, a leading provider of risk management and corporate governance services to institutional investors. For more information, please visit: [www.riskmetrics.com](http://www.riskmetrics.com)*

RiskMetrics Group  
2099 Gaither Road, 5th Floor  
Rockville, MD 20850  
Telephone: (301) 556-0390  
Fax: (301) 556-0491

© Copyright 2009,  
RiskMetrics Group  
ISSN 1947-4423  
[www.riskmetrics.com](http://www.riskmetrics.com)

Editor: Jane Meacham  
Reporters: Geri Kantor,  
Carolyn Mathiasen, Emily McAteer,  
Gaëtan Mortier, Heidi Welsh