

Investors Against Genocide

Draw the line at investing in genocide

Presentation at the CREF shareholder meeting on July 20, 2009

My name is Eric Cohen, chairperson of Investors Against Genocide.

Last July, at the CREF shareholder meeting, I made a personal appeal to CEO Roger Ferguson and the Board of Trustees asking that TIAA-CREF make a commitment to genocide-free investing. I am happy to report that Mr. Ferguson and the Board took that appeal seriously. I am here today to express my thanks for the personal engagement by Mr. Ferguson, by senior staff at TIAA-CREF, and most importantly, by the Boards and Trustees of both TIAA and CREF.

On March 26, 2009, TIAA-CREF [announced](#) its 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. The announcement described the new escalated policy and stated, “We recognize that **genocide and crimes against humanity**, whether in Darfur or elsewhere, **require a higher standard of response.**”

It said, “We believe that members of society have a **responsibility to confront the genocide** taking place in Darfur and **demand action from companies operating in Sudan to help alleviate the suffering of its people.**” It announced a nine month time limit and a series of actions targeted at problem companies and named them – PetroChina, CNPC, ONGC, Sinopec, and Petronas.

I 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 values of the overwhelming majority of Americans who do not want their savings connected to genocide.

Many would suppose that 64 years after the end of the Holocaust, no company that values the public trust would attempt to profit from connections to genocide. Sadly, today, more than five years since the genocide in Darfur, Sudan, was unanimously acknowledged by the US Congress, we see that this problem is neither theoretical nor historical. All three of the trillion dollar mutual fund companies – Fidelity, Vanguard and American Funds – are still large investors in the small set of problem companies that fund the regime in Khartoum. Over the last year, Fidelity and Vanguard have both taken aggressive steps to maintain their flexibility to invest in companies such as PetroChina, even when they know those companies are substantially contributing to genocide. What a contrast with TIAA-CREF!

TIAA-CREF is frequently cited in the press, quite favorably, in comparison to other mutual fund giants, and the contrast is not lost on investors. Here are two recent examples.

On July 6, a column in the Wall Street Journal titled “Blood money on Wall Street” focused on Vanguard. Subtitled “U.S. Fund Companies Need to Take a Stronger Stand for Human Rights,” it said, “Not every big investor has been as insensitive as Vanguard. ... TIAA-CREF, a fund giant ... announced a sweeping divestment policy.” The article went on to describe TIAA-CREF’s principled position and tough commitments.

A Reuters article on Fidelity’s opposition to genocide-free investing noted that up to 25% voted against Fidelity on July 15 and up to 31% last year, when shareholder proposals made it onto Fidelity proxy ballots. These votes mean that millions of shareholders were angry with Fidelity for insisting on investing in genocide and for taking no public action against genocide. If those voters read the article, they would learn that not all investment firms are like Fidelity, because the article closed with a description of TIAA-CREF’s policy and planned actions.

American investors will be well-served if other investment firms follow TIAA-CREF’s lead by drawing the line at investing in genocide.

Mr. Ferguson, please share some thoughts on TIAA-CREF’s escalated policy and give us an update on engaging and divesting from these highly resistant problem companies, particularly PetroChina.