

# Investors Against Genocide

Draw the line at investing in genocide

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## **INVESTORS AGAINST GENOCIDE COMMENDS TIAA-CREF SALE OF INVESTMENTS TIED TO GENOCIDE** *Contrasts clear, public move by TIAA-CREF with Vanguard's "toothless" human rights stance*

Boston, MA – January 4, 2010 – Demonstrating a clear commitment to genocide-free investing, TIAA-CREF [announced](#) today that it has sold all of its holdings, worth \$58 million as of September 30, in four companies tied to the genocide in Darfur. [Investors Against Genocide](#), the Boston-based non-profit organization that has led an industry-wide effort to convince mutual fund companies and other investment firms to change their investing strategy to avoid complicity in genocide, commends this substantial action and clear public statement by TIAA-CREF. The pension giant divested 100% of its holdings in PetroChina, CNPC, Sinopec and ONGC, thereby delivering on the commitment TIAA-CREF made when it announced its accelerated engagement efforts on March 26, 2009.

According to Eric Cohen, Chairperson of Investors Against Genocide, the action by TIAA-CREF is an important milestone for the financial services industry. "TIAA-CREF has recognized the unique importance of taking aggressive action in the face of genocide and crimes against humanity. TIAA-CREF is the first large, mainstream financial services company to take a public stand supporting 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."

In March, Investors Against Genocide withdrew its shareholder proposal from the proxy ballot for TIAA-CREF's July shareholders' meeting after the company 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. TIAA-CREF's policy applies to the ongoing genocide in Darfur, Sudan, as well as to future genocides. "Today's announcement demonstrates that TIAA-CREF has honored its commitment to genocide-free investing," said Cohen.

Cohen contrasted TIAA-CREF's clear and public actions with the lack of action by Vanguard which also announced a human rights policy in March 2009. According to [Vanguard](#), it implemented a screening procedure "to identify companies whose involvement in crimes against humanity or human rights violations would warrant the trustees' consideration." Vanguard highlighted engagement and divestment as possible actions for the trustees to consider and noted their March 31, 2009, holdings of 188 million shares of PetroChina and 20 million shares of CNPC.

However, Vanguard's SEC filings on December 30, 2009, show that its holdings of PetroChina have nearly doubled to 359 million shares, worth \$432 million, and its holdings in CNPC have increased to 24 million shares. "While TIAA-CREF honored its commitment to divest when the problem companies did not show significant progress to help end the genocide, Vanguard promoted a toothless policy which gives them the appearance of doing the right thing while actually doing nothing," said Cohen. "As a result, Vanguard customers who expected significant action in the face of genocide were misled by Vanguard, whose investment policy has continued to be 'business as usual'."

In a related development, on November 12, 2009, iShares announced that it will develop an iShares Genocide-Free Exchange Traded Fund (ETF). The company plans to rely on a reputable third-party index provider to identify companies around the world that they believe are strongly connected to genocide to screen out of an established, broad-based international benchmark.

According to Cohen, the policy developments at TIAA-CREF and iShares are positive indications the financial services industry is shifting toward genocide-free investing. “When we began our campaign three years ago, investors had few mainstream options to avoid complicity in genocide. Now, options are becoming available. Moving forward, market forces will encourage other large mainstream financial services companies to follow suit,” said Cohen. “By doing the right thing, TIAA-CREF and iShares will benefit from new customers who do not want their personal savings tied to the genocide in Darfur or to future genocides,” said Cohen. “Mutual fund companies that resist making a commitment to genocide-free investing, such as American Funds, Fidelity, Franklin Templeton, and Vanguard, will be negatively affected.”

Investors Against Genocide has been leading a broad campaign of submitting shareholder proposals to mutual fund companies. 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.

Many US investment firms still 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 American Funds, Franklin Templeton, Fidelity and Vanguard.

Reflecting the broad public support against investing in genocide, both Houses of Congress unanimously passed the Sudan Accountability and Divestment Act (SADA). Signed into law by President Bush on December 31, 2007, SADA provides explicit support for fiduciaries to divest from Sudan. Additionally 27 states and 61 colleges and universities have divested from targeted companies with ties to the Sudanese government.

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 2010.

Hundreds of thousands have been killed and 3.0 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 over six 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 that 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.

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**Investors Against Genocide** is a non-profit organization dedicated to convincing mutual fund and other investment firms to change their investing strategy 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](http://www.investorsagainstgenocide.org).