

Investors Against Genocide

Draw the line at investing in genocide

FOR IMMEDIATE RELEASE

Contact - Susan Morgan – 617-797-0451

AMERICAN FUNDS SELLS PETROCHINA AFTER SHAREHOLDER MEETING *Investors Against Genocide commends company for acting in the face of genocide*

Boston, MA – February 17, 2010 - Following a well-publicized shareholder vote on genocide-free investing on November 24, American Funds has now become the largest mutual fund company to divest its holdings in PetroChina. A recent posting on the company's website shows that American Funds sold virtually all their holdings in PetroChina, worth \$190 million.

The investment landscape has changed dramatically in the last year. Following action by American Funds and TIAA-CREF, investors, concerned about their savings being connected to genocide, now have clear, mainstream choices. The positive actions by American Funds and TIAA-CREF stand in stark contrast to Vanguard, Fidelity, and Franklin Templeton for taking no action and continuing to hold large investments in companies, such as PetroChina, linked to an ongoing genocide.

“At the shareholder meeting on November 24, Investors Against Genocide asked American Funds to draw the line at investing in genocide,” said Eric Cohen, Chairperson of Investors Against Genocide. “We see now, that American Funds was listening.” “We congratulate American Funds for divesting from PetroChina,” said Cohen. “Their action is a positive affirmation of their human rights policy. We trust that, going forward, American Funds will promptly apply their human rights policy to avoid other cases of investments that substantially contribute to genocide.”

American Funds' human rights policy states, "Any human rights issues that may affect companies are considered by our investment professionals as part of the investment management process." At the November shareholder meeting, American Funds indicated that their human rights policy had resulted in divestment in only one, earlier case. “Given their action to divest from PetroChina, American Funds should take the added step of making a clear and public statement about this case and the applicability of their human rights policy to divestment of PetroChina,” said Cohen.

Before the shareholder meeting, SEC filings showed that American Funds owned 167 million shares worth \$190 million in three funds – EuroPacific Growth, Capital Income Builder and Capital World Growth & Income. According to the American Funds website, the total PetroChina shares in these three funds as of 12/31/09 was 2 million shares worth \$2 million. The change in PetroChina holdings is a reduction of 99%. (See the links to financial data at the end of the press release.) Said Cohen, “Given how quickly American Funds acted to sell 99% of its PetroChina shares, once it decided to act, we expect that American Funds has already completed its divestment.”

The shareholder proposal advanced at the meeting by [Investors Against Genocide](#), the Boston-based non-profit organization responsible for the anti-genocide shareholder action, asked the 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.” American Funds opposed the measure. At the shareholder meeting, Investors Against Genocide [challenged](#) the adequacy of American Funds' existing policy based on its lack of action and continued investments in PetroChina, a Chinese oil company that is widely regarded as the worst offender among companies helping to fund the genocide in the Darfur region of Sudan.

This victory for genocide-free investing at American Funds builds upon Investors Against Genocide's earlier successes. On January 4, 2010, TIAA-CREF announced it had sold all of its holdings, worth \$58 million as of September 30, in PetroChina, CNPC, Sinopec, and ONGC, companies closely tied to the genocide in Darfur. On November 12, 2009, iShares (now owned by BlackRock) took a positive step forward when it announced

that it would develop a Genocide-Free Exchange Traded Fund (ETF). The company plans to rely on a third-party index provider to identify companies around the world that they believe are strongly connected to genocide so they can be screened out of an established, broad-based international benchmark.

A [2007 study by KRC Research](#) demonstrated that Americans are overwhelmingly opposed to being financially connected to genocide. In the study, 71% of respondents said companies should take extreme cases of human rights abuses, such as genocide, into account rather than base investment decisions solely on economic criteria. In that same study, 77% said they would switch to a different investment company if they learned that those managing their funds had significant investments in firms that were active in Sudan.

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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The links to the SEC filings of holdings for the three funds, in advance of the 11/24/09 shareholder meeting are:
http://www.sec.gov/Archives/edgar/data/894005/000005193109001394/wgi_nq.htm
http://sec.gov/Archives/edgar/data/719603/000005193109001500/eupac_ncsr.htm
http://www.sec.gov/Archives/edgar/data/811968/000005193109001603/cib_ncsr.htm

The links to the American Funds postings of the 12/31/2009 holdings for the three funds are:
<https://www.americanfunds.com/funds/details/holdings.htm?fundGroupNumber=33>
<https://www.americanfunds.com/funds/details/holdings.htm?fundGroupNumber=16>
<https://www.americanfunds.com/funds/details/holdings.htm?fundGroupNumber=12>