

Investors Against Genocide

Draw the line at investing in genocide

Testimony
November 30, 2010

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Chairperson, Investors Against Genocide

Before the House Financial Services Committee
Subcommittee on International Monetary Policy and Trade

“Investments Tied to Genocide: Sudan Divestment and Beyond”

Chairman Meeks, Ranking Member Miller and members of the subcommittee, thank you for the opportunity to discuss the need for regulations to empower individual investors to choose investments aligned with their desire to avoid connections to genocide.

For the last four years, Investors Against Genocide has been advocating for shareholders and asking financial institutions to better serve shareholders by making an effort to avoid investments in companies that are known to substantially contribute to genocide or crimes against humanity; we term this approach to investment “genocide-free investing.” Our experience highlights two problems.

First, although U.S. sanctions against Sudan prevent U.S. companies from operating in Sudan’s oil industry, American financial institutions have been major investors in foreign oil companies that help the repressive government of Sudan fund its campaign of genocide and crimes against humanity in Darfur. For example, just the last few years, well-known financial institutions such as Fidelity, Franklin Templeton, and JP Morgan have each had investments in PetroChina alone worth over one billion dollars.

Second, research shows that the vast majority of Americans are opposed to having their hard-earned savings tied to genocide. Nonetheless, because most individuals entrust their savings to mutual funds, millions of Americans are investing, unknowingly, inadvertently, and against their will, in companies funding genocide.

We are asking Congress to address these problems, building on three years of experience with the Sudan Accountability and Divestment Act (SADA). Addressing these problems will have enduring value, not only for the continuing crisis in Sudan, but also for humanitarian crises in the future.

Our recommendations are based on the realization that financial institutions should be more transparent and provide customers with the material information needed to make informed choices. As President Obama recently said, “The strongest foundation for human progress lies in open economies, open societies, and open governments.”

We suggest the following observations as a basis for addressing these problems:

First, according to market research 88% of Americans don't want to be connected through their savings to egregious human rights abuses. Copies of the studies are included in the written

testimony. This preference for genocide-free investing has been further demonstrated in the marketplace by strong support for shareholder proposals addressing genocide-free investing, and by the action of states, colleges, and Congress to support divestment from Sudan.

Second, current reporting requirements for funds provide no insight into the fund's human rights policy, depriving investors of material facts needed to identify funds with connections to the worst human rights abuses and preventing investors from making informed choices among investment options. Funds' investment policies on human rights, if they exist, are rarely disclosed or only vaguely referenced. Few investors take on the onerous task of researching fund holdings and determining which companies have ties to genocide or crimes against humanity, so that they can avoid those companies. Instead, most investors simply trust their investment company to make sound choices on their behalf.

Third, most financial institutions resist shareholder requests to restrict their investments, even in the case of genocide, the ultimate crime against humanity. Mutual fund companies like Fidelity, Vanguard, and Franklin Templeton are among the largest companies that have failed to take action to avoid investments with ties to genocide.

Fourth, through these investments in foreign companies, financial firms conflict with and weaken the effect of U.S. economic sanctions that block U.S. companies from doing business, while U.S. mutual funds make investments that support their unrestricted, foreign competitors. For example, ExxonMobil is precluded from supporting the government of Sudan by helping to develop its oil industry, but U.S. mutual funds invest billions of dollars in PetroChina, ExxonMobil's foreign competitor.

Investors Against Genocide has developed specific legislative recommendations, detailed in the written testimony, that would provide useful guidance for financial institutions regarding human rights abuses, without limiting their ability to make the investments they choose. Most importantly, the recommendations would make it much easier for individual investors to be able to choose to avoid connections to the worst human rights abuses.

Regulations should:

- Establish a standard framework for "genocide-free investing" and require funds to use simple language to disclose whether they have implemented or chosen not to implement the framework.
- Establish transparency and disclosure rules so that small investors and the investment marketplace can more readily understand the policies of funds and investment companies with regard to investments in companies tied to serious human rights abuses.
- Ensure there is no conflict between fiduciary responsibility and avoiding investments in companies tied to genocide and crimes against humanity. SADA provided a model for the case of Sudan that should be generalized to apply to future humanitarian crises, without requiring an act of Congress for each crisis.

It has been over 12 years since the U.S. imposed sanctions on Sudan and noted serious human rights abuses, seven years since the Darfur genocide began, six years since Congress declared it a genocide, and five years since the movement for targeted divestment from Sudan began. Yet most financial institutions are still investing in the worst companies funding the genocide, and, through the fund offerings of these investment firms, millions of Americans are caught in the web of these problem investments, almost always unknowingly and without the possibility of choosing.

Long-term inaction by financial institutions highlights the need for Congress to help empower Americans to make investment choices that are in line with their personal values. If it is important enough for the United States government to impose sanctions related to human rights abuses that prevent American companies from doing business in a country, then the funds in which America saves should have an extra level of due diligence and disclosure regarding their related investments. Small improvements in disclosure and transparency rules related to the worst human rights abuses can have a big effect.

By acting, Congress will help investors to be able to choose to avoid connections, now and in the future, to the worst human rights abuses — genocide and crimes against humanity.

Legislative recommendations for a Genocide-free Investment Act

1. Within two years, each fund's board must decide whether or not to be genocide-free. A fund will be considered genocide-free if it creates and applies a policy that:
 - Will restrict investments in countries targeted by U.S. sanctions if: 1) the sanctions prevent U.S. companies from doing business or making investments in those countries, AND 2) the sanctions are due at least in part to genocide, crimes against humanity, or serious human rights violations.
 - Will define "problem companies" to include at least those which: 1) operate within countries meeting the above criteria, AND 2) substantially contribute to genocide, crimes against humanity, or serious human rights violations in these countries. Subsidiaries, parent companies, and related entities of problem companies are included in this category.
 - Will clearly state a commitment to divesting from such problem companies and avoiding the future acquisition of shares in such problem companies.
 - May include provisions for "engagement" with problem companies, since engagement may be a key business tool for an investment company. The policy may allow for a time-limited public engagement period, not to exceed one year, to allow time for the problem to be resolved.
2. Transparency and disclosure requirements:
 - The prospectus and all periodic filings for each fund will answer the following "Yes / No" question: Does the fund have a human rights policy to guide its investments? Funds that answer "Yes" will then provide a paragraph clearly explaining the human rights policy and how it is being implemented.
 - The prospectus and all periodic filings for each fund will answer the following "Yes / No" question: Does this fund seek to avoid investments in companies that are known to substantially contribute to genocide, crimes against humanity, or serious human rights violations? Funds that answer "Yes" will then provide a paragraph clearly explaining their genocide-free investing policy and how it is being implemented.
 - Periodic filings for funds that have genocide-free investment policies will make public the names of problem companies they have identified. Such filings will also identify the names and timeframes of any companies for which engagement is underway.

- Investment companies will produce quarterly consolidated reports showing their beneficial interest in companies held by all their funds, partnerships, subsidiaries, and other related companies. The reports will include company names, shares, and dollar holdings. Note that investment companies currently produce a very similar report with the quarterly 13F filing to the SEC, but that report only reflects holdings on the U.S. stock exchanges. This existing requirement should be expanded to include the global markets on which funds and investment companies are buying stock.
 - For each of the three years following enactment of this Act and from time to time thereafter, as deemed appropriate, the Consumer Financial Protection Bureau will publish a review of problem companies identified by funds. The report will contrast the funds' selections and highlight the degree to which there is a consensus among funds regarding the list of problem companies.
3. The provisions of the Sudan Accountability and Divestment Act (SADA) will be generalized to apply to future genocides and crimes against humanity without waiting for separate congressional action. These provisions include:
- The right for state and local governments to avoid or divest from companies substantially contributing to genocide, crimes against humanity, or serious human rights violations
 - A safe harbor for changes of investment policies by asset managers to avoid or divest from companies substantially contributing to genocide, crimes against humanity, or serious human rights violations
 - The sense of Congress regarding certain ERISA plan investments, as in SADA.
4. These provisions will apply to the following types of funds: mutual funds, exchange traded funds, pension funds, unit investment trusts, hedge funds, and closed end funds.

Statement of support for increased transparency and disclosure for genocide-free investing

Statement of support

We support efforts to pass legislation that will increase transparency and disclosure by financial firms regarding investments in companies that substantially contribute to genocide or crimes against humanity. We hope legislation will empower the vast majority of Americans, who do not want their hard-earned savings connected to egregious human rights abuses, to make informed decisions and to avoid such connections should they choose to do so.

Signatories

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Questions and answers about the proposed transparency and disclosure rules

1. What problem would be addressed by new regulations?

Despite the Sudan Accountability and Divestment Act (SADA) and U.S. sanctions against Sudan, American financial institutions are major investors in foreign oil companies that help the repressive government of Sudan fund its campaign of genocide and crimes against humanity in Darfur. New regulations would ensure that Americans aren't investing unknowingly, inadvertently, and against their will, in companies funding genocide.

2. Why use U.S. sanctions that are related to human rights abuses as the trigger for increased disclosure?

The U.S. Congress and the President have a record of recognizing and escalating attention to human rights abuses by applying sanctions. If the U.S. government decides that it is important enough to impose sanctions, related to human rights abuses, that prevent American companies from doing business in a country, then American mutual funds should have an extra level of due diligence and disclosure regarding investments in foreign competitors seeking the same business. This approach is ongoing and requires no new Federal or State bureaucracy to administer.

3. What are examples of countries that have U.S. sanctions related to human rights abuses, that prevent U.S. companies from doing business in that country?

Sudan, Myanmar (Burma) and Iran are the three most prominent examples of countries that would be targeted for closer scrutiny by the proposed regulation. For instance, U.S. sanctions recognizing human rights abuses in Sudan and in Burma have been in place since 1997.

4. What are some examples of problem companies tied to genocide?

Very often, oil companies are the leading problem companies. In Sudan, the CNPC group (including PetroChina), the Sinopec group, Petronas and ONGC are internationally recognized as providing the government of Sudan with the funding needed to support the genocide in Darfur. The government of Sudan has used 70% of its oil revenue to provide arms and funding for the genocide. Some of these same problem companies are also active in Burma and Iran.

5. What is wrong with the existing disclosure rules?

Individual investors who attempt to make genocide-free investments discover that it is a daunting task to determine which companies have ties to genocide. Reports of a fund's portfolio holdings are months out of date when published and individuals have no assurance that their mutual fund managers will not invest in the problem companies in the future. In the case of 401k investments, individuals are limited by the number of funds offered in their 401k plan and may have no good options. Lastly, investors who would like to choose low-priced index funds are severely limited, since the international and emerging markets indices often include even the worst offending companies.

6. What other problems prevent Americans from avoiding investments in companies tied to genocide and crimes against humanity?

Few people have the time, skills, or inclination to do extensive research on their savings and investments. They trust the mutual fund companies to make their investment decisions on their behalf. A 2010 study by KRC Research found that only 29% of Americans were aware that their savings are invested in companies that help to fund genocide. When they become aware, this same research indicates that 88% (95% of those earning \$50,000 or more) would like their mutual funds to be genocide-free. However, it is very difficult for them to find genocide-free funds because most mainstream mutual funds have no policy preventing these investments.

7. How common is the problem of inadvertently having investments tied to genocide?

Despite having taken strong positions on the Darfur genocide, in 2008 Barack Obama and John McCain both found they had PetroChina stock in their personal portfolios. This illustrates how difficult it is for even sophisticated investors to become genocide-free.

8. Why leave it up to the Board of Trustees of the fund to decide whether or not to invest in problem companies?

State laws defining fiduciary responsibilities frequently require that the power to manage a fund's affairs resides exclusively with the Board of Trustees. If the Federal government or the shareholders attempted to dictate the specific investments for a fund, it would conflict with these state laws.

9. Since funds aren't in the business of human rights analysis, how can they get the expertise needed to make judgments about problem companies?

Once targeted countries are identified according to the U.S. sanctions list, the funds still have the task of identifying companies that are "substantially contributing to genocide or crimes against humanity" in these countries. Likely, most investment companies would hire a firm with the requisite expertise to provide the research as a service for their funds. There are several firms that already provide these services such as KLD Research & Analytics, Inc. and the Conflict Risk Network (formerly the Sudan Divestment Task Force).

10. Isn't the market taking care of this problem already? TIAA-CREF and American Funds have already taken action to avoid investments with ties to genocide?

Some large mutual funds companies have taken such action, but most mainstream mutual funds continue to resist calls by shareholders to divest from the worst problem companies. 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. If Congress requires disclosure and transparency, then investment consumers will have much clearer choices and fund companies are more likely to be responsive to their shareholders wishes. Further, the crisis in Darfur is already seven years old, but companies are only now beginning to react. A framework for policy and regulations will encourage a quicker and more effective response for future crises.

11. Why is genocide-free investing important?

There are three reasons to support genocide-free investing: 1) Americans do not want to be connected to the world's worst human rights abuses. When they learn the facts, people are typically horrified to discover that their savings are being invested to support such atrocities by the company they trusted to manage their money. 2) Divestment can have real impact on governments and make a difference for people in affected countries. For example in Darfur, since investment companies are the largest public investors in the worst offending oil companies helping to fund the genocide in Darfur, and since the government of Sudan relies on those companies for expertise, capital investment, and revenue from oil sales, American investors can have a powerful voice and be one part of an effective set of pressures. 3) In the face of genocide, each person must take the actions that they can to help. Although there may be few actions that individuals can take, one area which each person can control is how their money is invested, and how the organizations with which they affiliate invest their money.

12. Will beneficial activity such as humanitarian relief be negatively affected?

The proposed language calls for addressing companies that "substantially contribute to genocide, crimes against humanity, or serious human rights violations". This language is in line with the idea of "targeted divestment." It is intended to exclude minor players and companies engaging in humanitarian activities. While there may be disagreement about some of the companies that are minor players in a country with serious human rights abuses, there is broad agreement about the worst offenders that support the regime but do not provide benefits to the population at large.

13. Why is it important to test for "problem companies" using the standard of "substantially contributing" to genocide, crimes against humanity or serious human rights violations?

Using the standard of "substantially contributing" helps minimize unintended side-effects. This approach is in line with "targeted divestment" from Sudan, for example, by focusing the policy on the most significant problem companies supporting the regime that is responsible for the human rights abuses, and by trying not to affect companies that are doing good in the country by providing goods and services to citizens or humanitarian relief to the needy.

14. Beyond legislation, what is the role of the Federal government in genocide-free investing?

The legislation provides a very narrow and low cost role for the government. Funds would operate within the framework of any legislation adopted by Congress. Beyond identifying countries subject to sanctions, a role already played by the President and Congress, the only responsibility for the government envisioned by the legislation is to produce periodic consolidations of the public filings made by the mutual funds under the regulations. This reporting will enable investors to compare and contrast the actions taken by the major mutual funds and will be a strong inducement for the funds to clearly implement their human rights policies.

15. What facts support the statement that American investors are overwhelmingly opposed to having their savings tied to genocide?

Public awareness of the problem of investing in companies that substantially contribute to genocide is growing. Thirty states have divested from Sudan, as have over 60 colleges and universities. Congress unanimously passed the Sudan Accountability and Divestment Act in December 2007. Shareholder proposals for genocide-free investing have appeared on the proxy ballots of large mutual funds resulting in many millions of shareholders being exposed to the issue and voting in favor of their fund avoiding investments in companies that “substantially contribute to genocide or crimes against humanity.” Further, the national and financial media have written extensively on the topic, thereby helping to build awareness of the problem.

16. How will the requirements be enforced?

We believe that the mutual funds will comply with the legislation if enacted. In our experience, internal lawyers typically advise mutual fund managers support requests to divest out of concern for a theoretical violation of fiduciary responsibility and/or potential investor lawsuits. These regulations will change the dynamic so these same lawyers will be advising their clients to comply with the letter and spirit of the law in order to avoid risk. This change will provide the needed incentive for most firms to faithfully implement the requirements of the law.

Research and leading indicators of strong public support for genocide-free investing

Most Americans are unaware that the financial institutions they trust may invest their family savings and pensions in companies that help to fund genocide. Once they become aware, Americans are overwhelmingly opposed to being financially connected to genocide. Details from two public opinion surveys that document overwhelming support by the American public for genocide-free investing are included below.

- KRC Research results from the 2010 study
- KRC Research results from the 2007 study

Some highlights from the two public opinion surveys:

- 84% of respondents say they will withdraw their investments from American companies that do business with companies that directly or indirectly support genocide.
- 88% would like their mutual funds to be genocide-free.
- 95% of those earning \$50,000 or more would like their mutual funds to be genocide-free.
- 82% say they would advise friends, family and co-workers against buying products or services, or investing in American companies that invest in a foreign company that directly or indirectly provides revenue to a government that perpetrates genocide.

Some leading indicators of broad-based support for genocide-free investing include:

- 30 states have divested from Sudan, as have over 60 colleges and universities, beginning in 2005.¹
- Congress unanimously passed the Sudan Accountability and Divestment Act in December 2007.²
- During the presidential election, candidates from both parties³ divested from mutual funds holding stock in problem companies supporting the Government of Sudan, including President Obama⁴ and Senator McCain.⁵
- Shareholder proposals for genocide-free investing have appeared on the proxy ballots of large mutual funds, including Fidelity, Vanguard, and American Funds, beginning in 2007, resulting in many millions of shareholders being exposed to the issue and voting in favor of their fund avoiding investments in companies that “substantially contribute to genocide or crimes against humanity.”⁶

¹ “Who has divested” webpage accessed August 4, 2010 - <http://investorsagainstgenocide.net/page1004>

² <http://www.govtrack.us/congress/bill.xpd?bill=s110-2271>

³ “Giuliani, Edwards Discover Darfur-Related Holdings” on Fox News, May 18, 2007 - <http://www.foxnews.com/story/0,2933,273787,00.html>

⁴ “Obama Sells Investment With Link to Sudan” in the Wall Street Journal, May 17, 2007 - <http://blogs.wsj.com/washwire/2007/05/16/obama-sells-investment-with-link-to-sudan/>

⁵ “McCain Urges Sudan Divestment -- After Wife Dumps Her Holdings” on ABC News, May 15, 2008 - <http://abcnews.go.com/Blotter/story?id=4861297>

⁶ “Mutual funds with shareholder proposals for genocide-free investing” webpage accessed May 31, 2010 - <http://investorsagainstgenocide.net/shareholderhelp>

KRC RESEARCH

Following are the results of a nationally representative telephone survey of 1,016 adults, ages 18 and over, conducted April 1-5, 2010. The margin of error for the overall study is +/- 3.1% at the 95% confidence level and is higher for subgroups. The data was weighted by demographic variables to ensure the sample accurately reflects the U.S. adult population. Detailed results are appended at the end of this memo.

KEY FINDINGS

- ✓ Awareness that mutual funds invest in companies that fund genocide is limited. The vast majority of Americans are unaware that mutual funds invest in foreign firms that finance genocide overseas.
- ✓ That said, significant majorities find this practice unacceptable and express support for new regulations that would require greater transparency for mutual funds when investing in companies that finance genocide.
 - This trend is particularly strong among affluent Americans and those who own mutual funds.
- ✓ Americans by wide margins agree that their funds should be genocide free.
 - This trend is near universal among those earning \$50,000 or more. In fact, this income group is significantly more likely than those earning less than \$50,000 to agree that their funds should be genocide free (95% vs. 84%).
- ✓ The overwhelming majority of Americans also strongly believe that Board of Directors and shareholders have a role in limiting their mutual funds from financing companies that support genocide. Solid majorities say they agree that:
 - Mutual funds should be required to get permission from their shareholders before investing in companies that fund genocide; and,
 - Board of Directors of fund companies should be required to approve any investments in foreign companies that fund genocide.

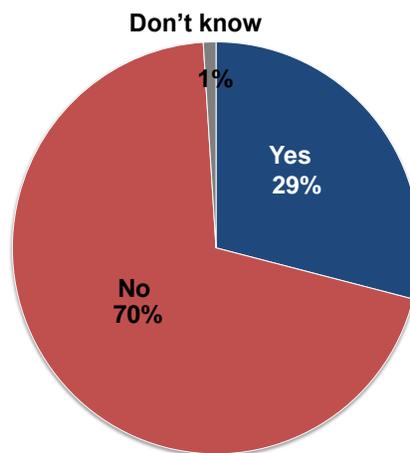
KRC Research results from the 2010 study

DETAILED FINDINGS

Awareness that mutual funds invest in foreign companies that fund genocide is remarkably low. The vast majority of Americans are unaware that their savings may be invested in foreign companies that finance genocides overseas.

- ✓ Seven in ten consumers do not know that some American mutual funds invest in foreign companies that fund genocide in places like Sudan.
- ✓ Those most likely to be unaware are:
 - Women compared to men (75% vs. 65%).
 - Those with less than a college education compared to those with a college degree (74% vs. 61%).
 - Those earning less than \$50,000 compared to those earning more (77% vs. 67%).
 - Those who don't own mutual funds (74% vs. 66%).

Before today, were you aware that some American mutual funds invest their customers' savings in foreign companies that fund genocide, in places like Sudan where hundreds of thousands of people have died?



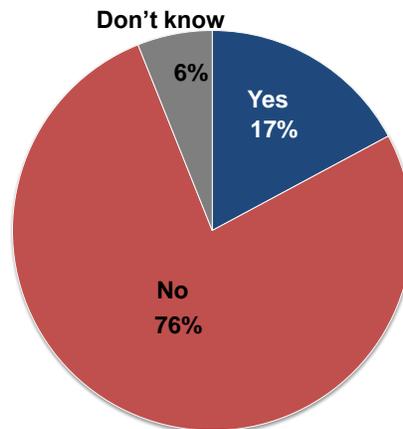
Lack of disclosure by mutual funds is unacceptable. The overwhelming majority of Americans reject the disclosure practices of fund companies around genocide.

- ✓ Three in four (76%) report that it is unacceptable that mutual funds are not required to disclose to the public or shareholders that they invest in foreign companies that fund genocide.

KRC Research results from the 2010 study

- ✓ This trend is consistent across all demographic groups and geographies.

And do you find it acceptable that mutual funds are NOT currently required to disclose to the public or shareholders that they invest in foreign companies that fund genocide?

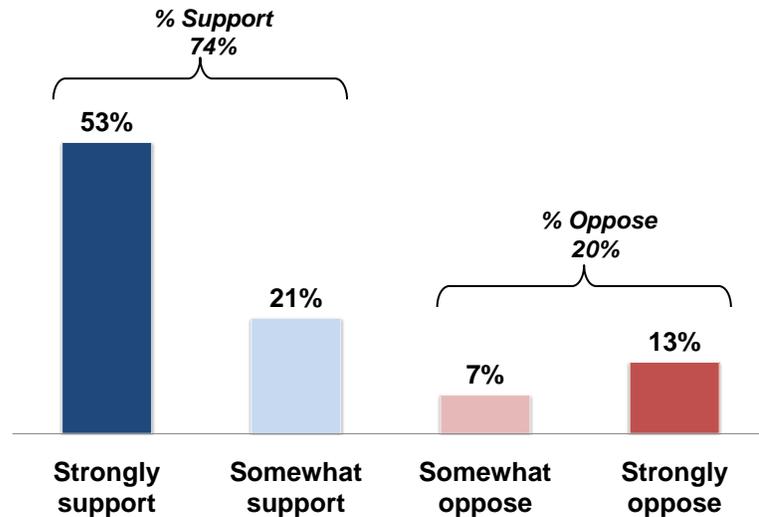


Americans would support greater transparency. Support is overwhelmingly strong for new regulations that would require mutual fund companies to be more transparent in their investments.

- ✓ When respondents were asked if they would support or oppose new regulations that would require greater disclosure by mutual funds of their investment in companies that support genocide, nearly three in four Americans (74%) say they would support such regulations with one in two (53%) expressing strong support.
- ✓ Support for new regulations that would require greater disclosure is universal among demographic subgroups. That said, support is more prevalent among:
 - Those who own mutual funds (78% vs. 70%).
 - Those earning \$50,000 or more (83% vs. 70%).
 - College graduates (79%) compared to those who have less than a college education (71%).
- ✓ Only one in five (20%) oppose new regulations that would require mutual funds to disclose that they invest in foreign companies that fund genocide.

KRC Research results from the 2010 study

And would you strongly support, somewhat support, somewhat oppose, or strongly oppose new regulations that would require mutual funds to disclose that they invest in foreign companies that fund genocide?



Genocide-free investment is the preference for the vast majority of Americans.

- ✓ The overwhelming majority of Americans would like their funds to be genocide-free. When respondents were read the following statement: “I would like my mutual funds to be genocide-free,” nearly nine in ten (88%) say they agree with the statement and seven in ten (72%) completely agree.
 - Those who earn \$50,000 or more are significantly more likely than those who earn less than \$50,000 to agree with this statement (95% vs. 84%).

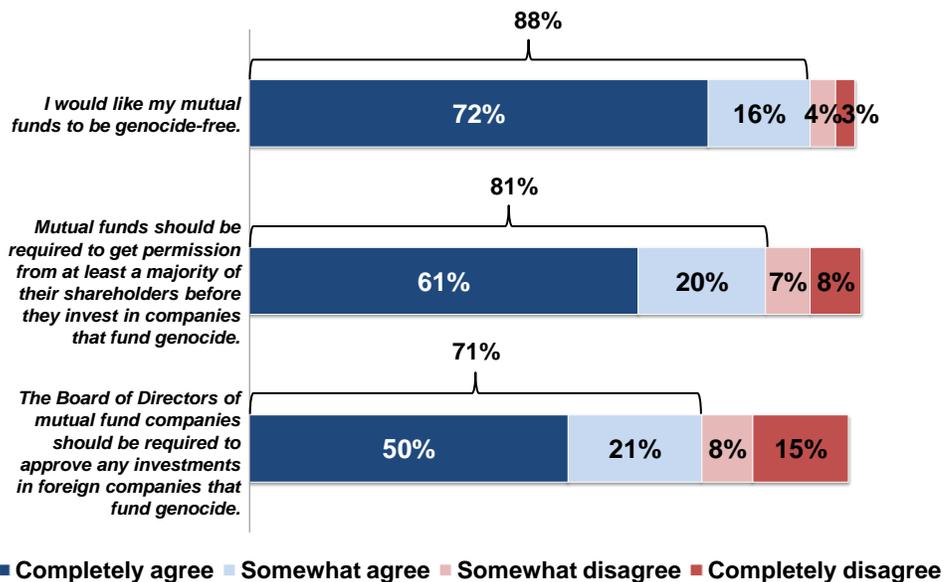
Significant majorities believe Board of Directors and shareholders of mutual fund companies should have a say on whether mutual funds invest in companies that finance genocide.

- ✓ Eight in ten (81%) agree that before investing in companies that finance genocide, mutual fund companies should get permission from their shareholders.
 - This trend is stronger among women where nearly nine in ten (86%) agree with the statement compared to nearly eight in ten men (77%).
- ✓ Seven in ten (71%) agree that Board of Directors of mutual funds should approve any investments in companies that fund genocide. This trend is consistent across geographies and demographic subgroups, but is more prevalent among:
 - Mutual fund owners than non-owners (75% vs. 67%).
 - Those earning more than \$50,000 than less (78% vs. 68%).

KRC Research results from the 2010 study

- College grads than those with less than a college education (76% vs. 68%).

Do you completely agree, somewhat agree, somewhat disagree, or completely disagree?



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**INVESTORS AGAINST GENOCIDE OMNIBUS
TOPLINE RESULTS
April 8, 2010**

Random national sample: 1,016 adults, 18 years of age and older
Dates of interviews: April 1 – 5, 2010
Margin of error: +/- 3.1% at the 95% confidence level
Weights: Data was weighted by demographic variables to ensure the sample accurately reflects the U.S. adult population
Note: Numbers may not total 100% due to rounding

1. Before today, were you aware that some American mutual funds invest their customers' savings in foreign companies that fund genocide, in places like Sudan where hundreds of thousands of people have died?

	Total
Yes	29%
No	70%
Don't know/refused	1%

2. And do you find it acceptable that mutual funds are NOT currently required to disclose to the public or shareholders that they invest in foreign companies that fund genocide?

	Total
Yes	17%
No	76%
Don't know/refused	6%

KRC Research results from the 2010 study

3. And would you strongly support, somewhat support, somewhat oppose, or strongly oppose new regulations that would require mutual funds to disclose that they invest in foreign companies that fund genocide?

	Total
Strongly support	53%
Somewhat support	21%
Somewhat oppose	7%
Strongly oppose	13%
Don't know/refused	6%
NET: Support	74%
NET: Oppose	20%

KRC Research results from the 2010 study

Next, I am going to read you a few statements, and I'd like to know whether you completely agree, somewhat agree, somewhat disagree, or completely disagree with each.

4. The Board of Directors of mutual fund companies should be required to approve any investments in foreign companies that fund genocide.

	Total
Completely agree	50%
Somewhat agree	21%
Somewhat disagree	8%
Completely disagree	15%
Don't know/refused	6%
NET: Agree	71%
NET: Disagree	23%

5. Mutual funds should be required to get permission from at least a majority of their shareholders before they invest in companies that fund genocide.

	Total
Completely agree	61%
Somewhat agree	20%
Somewhat disagree	7%
Completely disagree	8%
Don't know/refused	3%
NET: Agree	81%
NET: Disagree	15%

6. I would like my mutual funds to be genocide-free.

	Total
Completely agree	72%
Somewhat agree	16%
Somewhat disagree	4%
Completely disagree	3%
Don't know/refused	5%
NET: Agree	88%
NET: Disagree	7%

KRC Research results from the 2010 study

7. Do you currently own any mutual funds either as part of your retirement savings plan or as part of your other investments?

Yes
No
Don't know/refused

Total
46%
52%
3%

KRC Research results from the 2007 study

KRC RESEARCH

Following are the results of a nationally representative telephone survey of 1,022 adults, ages 18 and over, conducted April 12-15, 2007. The margin of error for the overall study is +/- 3.1% at the 95% confidence level and is higher for subgroups. The data was weighted by demographic variables to ensure the sample accurately reflects the U.S. adult population. Detailed results are appended at the end of this memo.

KEY FINDINGS

- ✓ When it comes to responding to genocide, Americans by wide margins put moral decisions ahead of financial ones – and are willing to back up these decisions with action. Solid majorities are willing to:
 - Withdraw their investments from American companies that directly or indirectly support genocide; and,
 - Warn their friends, family and coworkers against buying products or investing in American companies that have shares in firms that provide revenue to governments that perpetrate genocide.

DETAILED FINDINGS

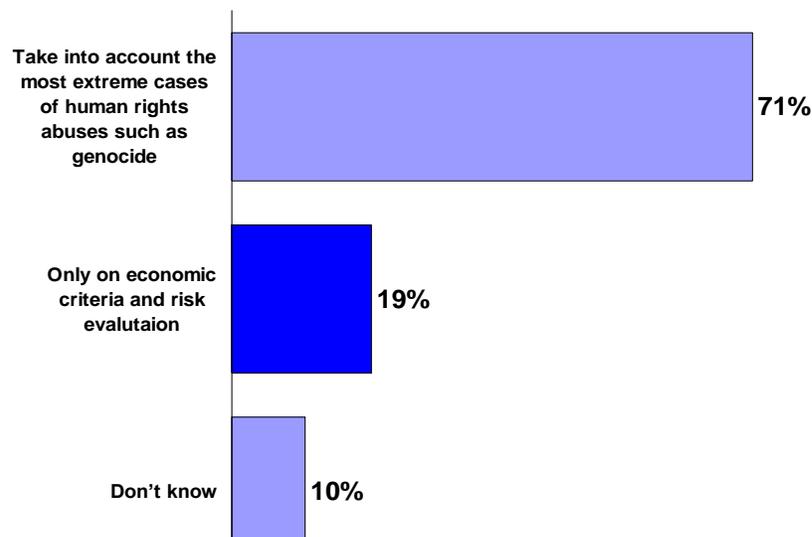
When thinking about investing and genocide, Americans are more than three times as likely to believe that human rights abuses such as genocide should matter more than economic criteria and risk evaluation when American firms invest overseas.

- ✓ Seven in ten (71%) are likely to agree more with the statement that companies should take into account the most extreme cases of human rights abuses such as genocide when investing overseas rather than base their investment decisions on economic criteria only (19%).
 - College graduates (79%) are much more likely than those without a college degree (68%) to say that companies should take into account human rights abuses such as genocide in their investment decisions.
 - More than three quarter (78%) of those earning \$50,000 or more also say that investment decisions should take into account genocide, compared to about two-thirds (66%) of those who earn less than \$50,000.

KRC Research results from the 2007 study

- The majority of Americans between the ages of 25-54 (78%) say that human rights should be taken into account, compared to just half of younger Americans (18-24: 56%), and two-thirds of those between the age of 55-64 (69%), or 65+ (63%).
- ✓ Only one in five (19%) believe that investment decisions should be based only on economic criteria and risk evaluation.
- A third of those between the ages of 18-24 (34%) are likely to say that economic considerations should be the only determinant for investment decisions, far more than any other age group: (Age 25-34: 11%; Age 35-44: 14%; Age 45-54: 20%; 55-64: 22%; 65+: 18%).
- Nearly one in five (19%) of those 65 or older are undecided.

Which of these statements do you agree with more? The decision on where to invest should:



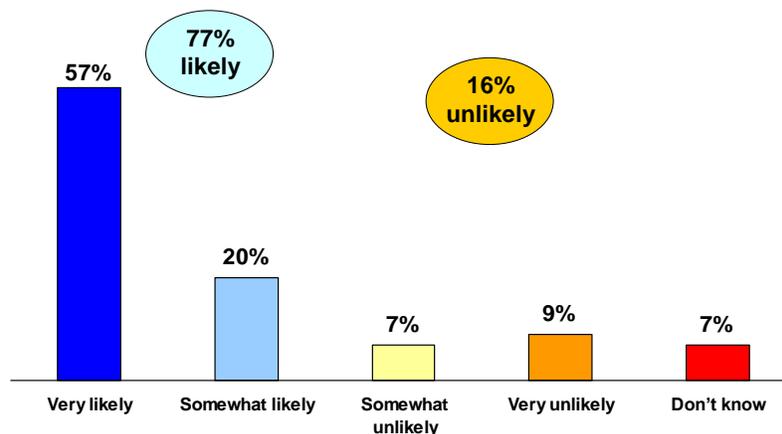
When it comes to Sudan, Americans are willing to take action against companies active in Sudan. More than three-quarters (77%) say they would switch their investments to a different company if they learned that those managing their funds had significant investments in firms that were active in Sudan.

- ✓ When respondents were read a brief description of the situation in Sudan and asked if they would change their investments to another company if they learned that the company managing their investments was active in Sudan, the majority report that they are likely to do so. In fact, more than half (57%) say they are “very likely” to change their investments and another two in ten (20%) “somewhat likely” to do so.

KRC Research results from the 2007 study

- Those familiar with Darfur are significantly more likely than those who never heard of it to divest from Sudan (84% vs. 72%). There are no notable differences among those not too familiar or just heard the name Darfur (79%).
 - Those earning \$50,000 or more are also significantly more likely than those earning less to change their investments (83% vs. 75%).
 - Americans between the ages of 25-34 are more likely to change their investments than any other age group. Nearly nine in ten (88%) say they are likely to change their investment to another company. This number is significantly higher than those between the ages of 35-44 (75%), 45-54 (77%), 55-64 (75%), and 65+ (69%). It is also directionally higher (but not significant) to those between the ages of 18-24 (80%).
- ✓ Less than one in five (16%) say they are unlikely to change their investments, with only one in ten (9%) saying “very unlikely.”

If you learned that a U.S. company managing your investments or retirement plans had significant investments in companies that were economically active in Sudan, how likely would you be to change your investments to another company? Are you _____?

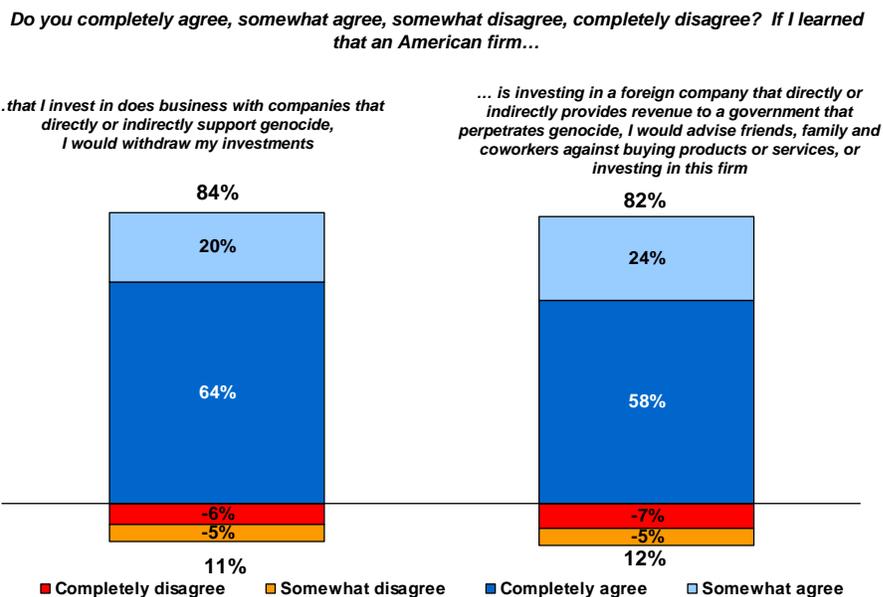


Solid majorities agree with divesting from American companies that directly or indirectly do business with companies that support genocide or provide revenue to governments that perpetrate genocide.

- ✓ Eight in ten Americans (84%) say they will withdraw their investments from American companies that do business with companies that directly or indirectly support genocide.

KRC Research results from the 2007 study

- Those with a college education (90% vs. 82%), and earning \$50,000 or more (92% vs. 80%) are more likely to share this opinion than those without.
- ✓ Eight in ten (82%) also say they would advise friends, family and co-workers against buying products or services, or investing in American companies that invest in a foreign company that directly or indirectly provides revenue to a government that perpetrates genocide.
 - Those more likely to share this opinion are:
 - College educated (89% vs. 80%)
 - Earning \$50,000 or more (87% vs. 79%)



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KRC Research results from the 2007 study

**SAVE DARFUR OMNIBUS
POSTED QUESTIONNAIRE
APRIL 2007**

Random national sample: 1,022 adults, 18 years of age and older

Dates of interviews: April 12 – 15, 2007

Note: Numbers may not total 100% due to rounding

1. As you may have heard, the government of Sudan is involved in perpetrating a genocide in Darfur that has left at least 400,000 dead and two million displaced. If you learned that a U.S. company managing your investments or retirement plans had significant investments in companies that were economically active in Sudan, how likely would you be to change your investments to another company? Are you **(READ LIST)?**

	Total
Very likely	57%
Somewhat likely	20%
Somewhat unlikely	7%
Very unlikely	9%
Don't know/refused (DO NOT READ)	7%
Total likely	77%
Total unlikely	16%

2. When American firms invest in companies overseas, some people say that the decision on where to invest should be based only on economic criteria and risk evaluation. Other people say that American companies should take into account the most extreme cases of human rights abuses such as genocide. Which of these statements do you agree with more?

	Total
Based only on economic criteria and risk evaluation	19%
Take into account most extreme cases of human rights abuses such as genocide	71%
Don't know/refused (DO NOT READ)	10%

Next, I am going to read you a few statements, and I'd like to know whether you completely agree, mostly agree, mostly disagree, or completely disagree with each. Here's the first one. (READ.) Do you completely agree, mostly agree, mostly disagree, or completely disagree?

	Total
5. If I learned that an American firm that I invest in does business with companies that directly or indirectly support genocide I would withdraw my investments.	
Completely agree	64%
Somewhat agree	20%
Somewhat disagree	5%
Completely disagree	6%
Don't know/refused (DO NOT READ)	5%
Total agree	84%
Total disagree	11%

KRC Research results from the 2007 study

6. If I learned that an American firm is investing in a foreign company that directly or indirectly provides revenue to a government that perpetrates genocide, I would advise friends, family and coworkers against buying products or services, or investing in this American firm.	Total
Completely agree	58%
Somewhat agree	24%
Somewhat disagree	5%
Completely disagree	7%
Don't know/refused (DO NOT READ)	5%
Total agree	82%
Total disagree	12%

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Investors Against Genocide

Draw the line at investing in genocide

Biographical information for Eric Cohen

Eric Cohen is a co-founder and the Chairperson of Investors Against Genocide. He also is a Director of the Massachusetts Coalition to Save Darfur and serves as its President.

Mr. Cohen retired from a 30 year career in information technology, where he served in a variety of roles at the corporate vice president level. Mr. Cohen has been working full-time, on a volunteer basis, with Investors Against Genocide, the Massachusetts Coalition to Save Darfur, and other anti-genocide-related work.

Investors Against Genocide is a citizen-led initiative, dedicated to convincing mutual funds and other investment firms to make an ongoing commitment to genocide-free investing. Investors Against Genocide works with individuals, organizations, financial institutions, the press, and government agencies to build awareness and create financial, public relations, and regulatory pressure for investment firms to change their investing strategy to avoid investments in companies which substantially contribute to genocide or crimes against humanity.

Our work began in response to the genocide in Darfur, Sudan which started in 2003. Since then, most mainstream financial institutions have continued to make large investments in one or more of the four major oil companies that partnered with the Government of Sudan and helped fund the genocide. Since the humanitarian crisis in Sudan continues, we advocate for investment firms to avoid or divest holdings of PetroChina (China), Sinopec (China), ONGC (India), and Petronas (Malaysia). Looking forward, we advocate for investment firms to make an ongoing commitment to genocide-free investing.

Investors Against Genocide is staffed by volunteers and is a project of the Massachusetts Coalition to Save Darfur Inc., a 501(c)(3) non-profit charitable organization, incorporated in the state of Massachusetts.