

Genocide-free Investing

New Opportunities for Investors



Investors
Against
Genocide

Genocide-free Investing: *New Opportunities for Investors*

Executive summary

Years after the genocide in Darfur was publicly acknowledged, millions of Americans, through their mutual fund companies, are unknowingly and inadvertently investing in companies that are funding this genocide. 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.

Recently, the investment landscape has changed dramatically and now offers clear, mainstream alternatives for Americans who wish to keep their savings genocide-free. Investors Against Genocide commends American Funds and TIAA-CREF for demonstrating a commitment to genocide-free investing and selling their holdings with ties to the genocide in Darfur. The positive steps taken by American Funds and TIAA-CREF stand in stark contrast to Vanguard, Fidelity, and Franklin Templeton for making no commitment and continuing to hold large investments in companies, such as PetroChina, linked to genocide.

This whitepaper on genocide-free investing includes sections on:

- The growing interest in genocide-free investing
- The market opportunity
- How investments are tied to the genocide in Darfur
- Problem mutual fund companies vs. genocide-free alternatives
- Suggestions for financial advisors

The paper concludes with two research reports that show overwhelming support by the American public for genocide-free investing.

- Appendix A – KRC Research results from the 2010 study
- Appendix B – KRC Research results from the 2007 study

Some highlights of these 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.

Overwhelming public support for genocide-free investing, coupled with the emergence of choices, even among the largest mainstream mutual fund companies, suggests that investment advisors have an important opportunity to educate clients regarding this emerging issue and present options for clients who wish for their savings to remain genocide-free.

There are now clear, mainstream choices to satisfy the American public's overwhelming interest in genocide-free investments

Investment advisors have an important role to play in supporting the emerging interest of their clients in genocide-free investing

Growing interest in genocide-free investing

Most people are not aware that their mutual fund company may invest their hard-earned savings in companies that help to fund genocide. A recent study by KRC Research found that only 29% of Americans were aware¹ of this practice.

However, public awareness of the problem of investing in companies that substantially contribute to genocide is growing.

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

- 28 states have divested from Sudan, as have over 60 colleges and universities, beginning in 2005.²
- Congress unanimously passed the Sudan Accountability and Divestment Act in December 2007.³
- During the presidential election, candidates from both parties⁴ divested from mutual funds holding stock in problem companies supporting the Government of Sudan, including President Obama⁵ and Senator McCain.⁶

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.”⁷ Further, the national and financial media have written extensively on the topic, thereby helping to build awareness of the problem.⁸

Recently, as new genocide-free options have become available at American Funds and TIAA-CREF, large national organizations have begun to take advantage of these options. In May 2010, the Unitarian Universalist Association (UUA) announced it was moving its \$178 million pension account from Fidelity to TIAA-CREF in order to be genocide-free.⁹ This action by UUA is a leading example of investors taking advantage of their alternatives for genocide-free investing.

The growing public awareness of the problem, coupled with the emergence of choices, even among the largest mainstream mutual fund companies, suggests the importance of investment advisors considering this emerging client interest.

There is growing public awareness of the problem of investing in companies tied to genocide

Investors have begun to take advantage of the new, clear, mainstream choices that are genocide-free
– TIAA-CREF
– American Funds

The market opportunity

A newly conducted study by KRC Research demonstrates that genocide-free investments are preferred by the vast majority of Americans. This finding is consistent with its 2007 study which revealed that the majority of respondents feel so strongly about this issue that they would move their money to avoid investing in genocide.

In brief, here are the highlights of findings from these two market research studies:

- *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. Of those earning \$50,000 or more, 95% agree with the statement.*¹⁰
- *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.*¹¹
- *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.*¹²

Overwhelming support for genocide-free investing

These strikingly high results emphasize the overwhelming public support for genocide-free investing. Client-focused financial advisors and financial institutions should strongly consider including this factor as one of the criteria used to address client needs.

The role of financial advisors

Investors face multiple hurdles when attempting to make genocide-free investments. Few people research the details of their mutual funds; they simply trust their investment company to make sound choices on their behalf. Individual investors who do attempt this research discover that it is a daunting task to determine which companies have ties to genocide or crimes against humanity, so that they can avoid those companies. Further complicating the task are the facts that even “recent” reports of a fund’s portfolio holdings are likely to be months out of date 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. When available, investors might choose Socially Responsible Investment (SRI) funds, but these are not offered by most 401k plans and also are more limited in the diversity of their offerings. 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.

Financial advisors are uniquely positioned to play a crucial role in helping clients find genocide-free alternatives

Given the compelling data demonstrating that most Americans would like their mutual funds to be genocide-free, financial advisors are uniquely positioned to play a crucial role in educating their clients about this problem and presenting them with genocide-free alternatives.

The connection between investments and the genocide in Darfur

One of today's worst human rights crises is in the Darfur region of Sudan. The US government has called this crisis the first genocide of the 21st century – the only case of the US government formally recognizing a genocide while it was occurring. The crisis in Darfur has sparked a broad-based anti-genocide movement in the US.

Sudan and its government-sponsored Janjaweed militia have committed pervasive violations of human rights in Darfur, Sudan, since March 2003. The government of Sudan has continued to pursue genocide in Darfur, using 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, in particular mutual fund companies, are major investors in the Chinese, Indian, and Malaysian oil companies which are helping to fund this genocide.

More than seven years after the genocide began, while the crisis grew and the death toll mounted, major investment firms continued to invest, and often increased their holdings, in the worst offending oil companies that partnered with the Government of Sudan and helped fund the genocide.¹³

Financial institutions such as Fidelity, Franklin Templeton, and Vanguard are major investors in these problem companies:¹⁴

- PetroChina (China)¹⁵
- Sinopec (China)¹⁶
- ONGC (India)
- Petronas (Malaysia)

The case against these companies is straightforward and widely recognized. This small list of problem companies makes it easy for mutual funds and other investment firms to demonstrate their commitment to doing the right thing. Few individuals invest in these worst four oil companies, but many investment firms have large holdings. Since individual investors trust their family savings to these investment firms, the large holdings of PetroChina, Sinopec, ONGC and Petronas are problems for many millions of Americans.

***Mutual funds are
the largest investors
in the problem
companies linked to
genocide***

The case for avoiding investments linked to genocide or crimes against humanity

There are three major reasons why investment firms and individuals should make a commitment to genocide-free investing:

- **Moral response:** Americans simply do not want to be connected to the world's worst human rights abuses. Both "genocide" and "crimes against humanity" are defined by the Rome Statute of the International Criminal Court.¹⁷ These definitions, Articles 6 and 7, support the description (in our shareholder proposal) of these crimes as "the most egregious violations of human rights." 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.
- **Effectiveness of divestment:** Divestment and threat of 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. Further, a growing commitment to genocide-free investing will provide a quelling effect on future genocides and crimes against humanity.
- **Personal action:** 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. The Investors Against Genocide initiative and the resulting press coverage shows that our combined voices can have an impact.

Americans simply do not want their savings and pensions to be connected to genocide

These three reasons were part of what compelled Harvard University to become the first institution to divest from PetroChina in April 2005.¹⁸ Harvard was followed by 60 other colleges, 28 states, and numerous public figures. These reasons also inspired both Houses of Congress to unanimously pass the Sudan Accountability and Divestment Act (SADA), which was signed into law by President Bush on December 31, 2007, and which provides explicit support for fiduciaries to divest from Sudan.

Problem mutual fund companies

Some of the largest mutual fund companies maintain large investments in the worst companies funding genocide and have actively opposed taking action to make their funds genocide-free.

Fidelity, Vanguard, and Franklin Templeton are noteworthy for their large investments in PetroChina, in particular, ignoring that company's connection to funding the genocide in Darfur.

Fidelity has resisted any limitation on its flexibility to invest, even if a company is substantially contributing to genocide. Fidelity has opposed the genocide-free shareholder proposal on multiple proxy ballots. Even when several million of Fidelity's

*Many mutual fund companies resist genocide-free investing:
– Fidelity
– Vanguard
– Franklin Templeton*

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shareholders rejected Fidelity's advice and as many as 31% of shareholders of one of its funds voted for genocide-free investing, Fidelity refused to change its policy.

Vanguard published a human rights statement as part of its opposition to the genocide-free investing shareholder proposal. Vanguard claimed that the genocide-free investing proposal was a "duplicate" of existing practices and "substantially identical" to existing procedures. However, Vanguard's quarterly holdings reports show that it has continued to hold and to purchase additional shares of PetroChina and other oil companies tied to the genocide in Darfur, Sudan.

Franklin Templeton was significant for publicly advocating investments in PetroChina.¹⁹

Many other mutual fund companies also continue to make large investments in PetroChina.

Some investment firms claim that they remain invested in problem companies so they can "engage" with the problem companies to change their policies. Further, these same firms typically refuse to provide any information about their engagement process, claiming that engagement must be done in private. Engagement has been shown to be effective with some companies involved in Sudan, but we have never seen evidence of it working with the worst companies involved with Sudan: PetroChina, Sinopec, ONGC, or Petronas. Therefore, now more than seven years after the crisis in Darfur began, given the lack of transparency from these investment firms and lack of demonstrable results, the claim of "engagement" with these worst companies appears to us to be a cover for business as usual.

Shareholders vote for genocide-free investing

Investors Against Genocide (IAG) is leading a national initiative to convince mutual funds to make an ongoing commitment to genocide-free investing. IAG has coordinated the submission of shareholder proposals to many mutual funds asking them to take action "to prevent holding investments in companies" that "substantially contribute to genocide or crimes against humanity." As awareness grows and more ordinary investors vote their proxies according to their values, we are confident that the movement for genocide-free investing will succeed. The proposals do not need to be approved in order to be successful. Rather, we hope to begin a dialog with investment companies and increase public awareness of this issue. Over time, we are confident that consumer interest will fuel the market for genocide-free investing and bring about dramatic changes in the industry.

In the last two years, shareholder votes have been held at Fidelity, Vanguard, American Funds, and Putnam. Proposals have been withdrawn at TIAA-CREF after engagement produced a strong commitment to support genocide-free investing. Proposals were also withdrawn at BlackRock's iShares after engagement produced positive outcomes. Despite the numerous and significant hurdles faced by proposals when management uses its leverage to defeat the issue, shareholders have demonstrated enthusiastic support for the genocide-free investing proposal when it has come to a vote. Supporting votes have been as high as 31% at Fidelity, 24% at Putnam, and 17% at Vanguard. These are extremely strong showings given that most investors simply discard their proxies and that the proxy voting rules stack the deck in favor of fund management. Since voting results regarding social issues are typically in

Shareholder proposals are forcing review of company policies and gaining up to 31% support from shareholders

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the single digits, the much higher voting results for these shareholder proposals are further evidence of the importance investors place on this issue.

Genocide-free investment alternatives

In March 2009, TIAA-CREF became the first large, mainstream financial services company to take a public stand supporting Americans who do not want their savings and pension funds connected to genocide. TIAA-CREF said in their statement, “We recognize that genocide and crimes against humanity, whether in Darfur or elsewhere, require a higher standard of response.”²⁰ Demonstrating a clear commitment to genocide-free investing, TIAA-CREF announced in January 2010 that it had sold all of its holdings, worth \$58 million in PetroChina, CNPC, Sinopec and ONGC because of those company’s ties to the genocide in Darfur.²¹

American Funds became the largest mutual fund company to divest its holdings in PetroChina following a well-publicized shareholder vote on genocide-free investing on November 24, 2009. As of December 31, 2009, American Funds had sold virtually all its holdings in PetroChina, worth \$190 million.²² Given how quickly American Funds acted to sell 99% of its PetroChina shares, it was not surprising that subsequent holdings reports revealed that American Funds completed its divestment. Its action is a positive affirmation of its human rights policy. Going forward, IAG is confident that American Funds will promptly apply its human rights policy to avoid other cases of investments that substantially contribute to genocide or crimes against humanity.

Genocide-free investing is supported by large, mainstream fund companies
– TIAA-CREF
– American Funds

Genocide-free versus Socially Responsible Investing (SRI)

Socially responsible investing means different things to different people depending on their values. Some investors seek to avoid investing in a range of social problems by investing in Socially Responsible Investing (SRI) funds. According to a 2007 report by the Social Investment Forum Foundation, institutional investors have now committed more than \$3.6 trillion to socially responsible investing strategies globally and more than \$2.25 trillion in the US alone. Despite concerns that SRI funds may have lower returns and higher management fees, the reality is that returns on investments are a function of many factors. SRI funds have a wide range of performance histories, just as do non-SRI funds. Given the large universe of stocks to choose from, SRI funds have many good opportunities despite slightly limited choices.

Since SRI funds, unlike traditional funds, make their social positions clear and transparent, individuals are able to ascertain the suitability of the funds portfolios in relation to their personal values. In contrast, traditional mutual funds are not transparent and make it difficult to confirm whether or not they are genocide-free. Consumers face a real risk of ethical entanglement with investments in companies helping to fund genocide or crimes against humanity.

Genocide-free investing avoids forcing investors to adopt an overall SRI agenda, with which they may not fully agree, simply in order to support a minimum standard upon which nearly everyone agrees. It draws the line at investing in genocide and crimes against humanity by encouraging all companies to commit to genocide-free investing.

Advisor action plan

Financial advisors are in a key position to assist their clients and to encourage mutual funds to demonstrate a commitment to genocide-free investing. They can take the following easy steps:

- **Educate their clients:** Most Americans are unaware of how their savings are being invested but do not want to be connected to genocide or crimes against humanity. Financial advisors can share the facts with their clients about their current investments and let them know about alternatives that exist. Specific fund holdings can be determined from SEC filings on Edgar or using web sites such as Calvert's screening tool.²³
- **Evaluate alternatives:** For those clients that choose to move their savings, advisors can help evaluate the genocide-free and SRI alternatives open to them. Clearly, socially responsible investment policies are only one of many factors that need to be considered when choosing a mutual fund. Advisors are uniquely positioned to assist clients in prioritizing this and all other relevant issues.
- **Facilitate transfers:** For clients that choose to move to new investments, the advisor can arrange and simplify the paperwork to make the transfers. They should include the critical step of letting the respective mutual fund companies know the reason for the change.
- **Consolidate action:** While individual action to move money sends a powerful message to the investment companies, an even stronger message can be sent if a financial advisor arranges the transfer of multiple clients' assets and then notifies the companies in one letter. The larger balances involved will gain a higher degree of attention within the financial institutions and better leverage each client's action.
- **Shareholder proposals:** Investors Against Genocide has been using shareholder proposals to communicate our message and to encourage action by financial institutions. Clients who care about the issue but choose, for whatever reason, not to move their funds can still have an important impact as shareholders by submitting proposals to the funds requesting that they become genocide-free. Investors Against Genocide makes the process simple but advisors can facilitate it by further working with us to prepare the necessary paperwork and explain the process.

Financial advisors can educate clients and help them to take appropriate steps

About Investors Against Genocide

Investors Against Genocide is a citizen-led initiative, dedicated to convincing mutual fund 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 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. For more information, see our website: www.InvestorsAgainstGenocide.org. Contact us at 617-517-6310 or info@InvestorsAgainstGenocide.org.

About KRC

KRC Research is a full-service market and opinion research firm. KRC conducts surveys, focus groups, and interviews to generate insights, test ideas, develop messages, track awareness, and measure success. As an independent unit of the Interpublic Group of Companies, KRC is the research partner to many of the world's leading public relations, advertising and communications agencies.²⁴

KRC Research performed the 2007 and 2010 studies referenced in this paper and included as appendices. KRC Research is not otherwise involved with or related to Investors Against Genocide and is not responsible for the content of this report beyond performing the two studies.

Important Notice

The information contained in this report is not intended and should not be construed as any advice, recommendation or endorsement. Reference to a specific investment does not constitute a recommendation to buy, sell or hold that investment or any other investment. This report is for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy any security, future, option or other financial instrument and is not an offer to provide any investment advice or service to any person in any jurisdiction.

The information contained in this report (including any statement that a particular company or organization or investment is, or is not, "genocide free") was prepared based upon information available to Investors Against Genocide at the time of its preparation from sources believed to be reliable. Its accuracy and completeness cannot be guaranteed. Additional or different information could cause that information and any resulting conclusions to change. Changes may occur for any number of reasons, including differences in geopolitical conditions or economic circumstances and as a result of changes or clarifications of fund policies.

Investors Against Genocide asks mutual funds for clear genocide-free policies, demonstrated results, and transparency

KRC provides independent professional market research

Appendix A – KRC Research results from the 2010 study

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.

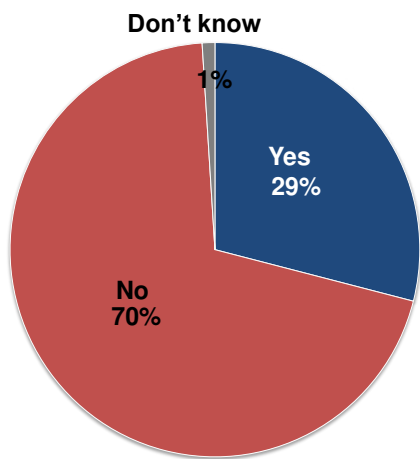
Appendix A – KRC Research results from the 2010 study

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?



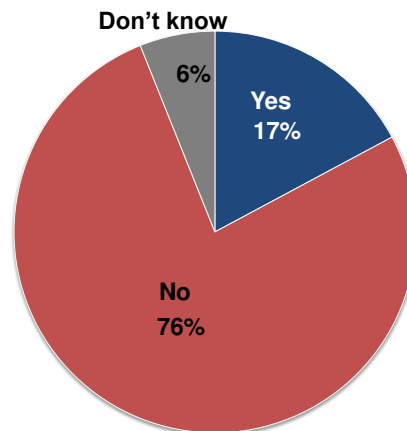
Lack of disclosure by mutual funds is unacceptable. The overwhelming majority of Americans reject the disclosure practices of fund companies around genocide.

- ✓ 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.

Appendix A – 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?

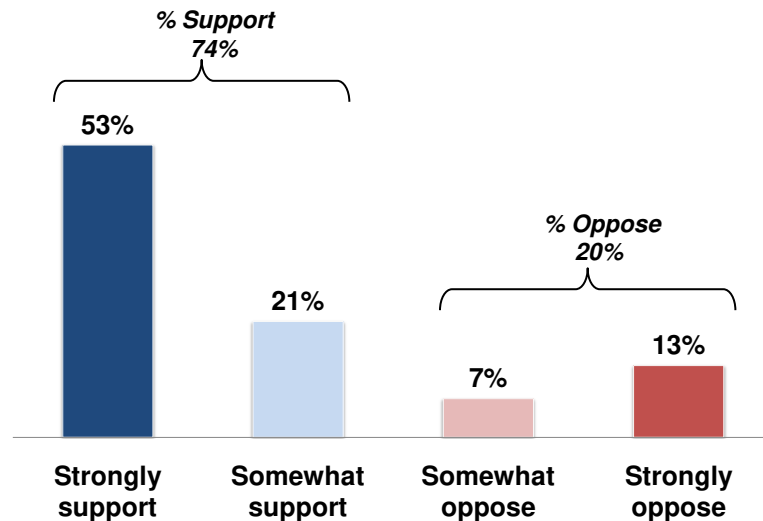


Americans would support greater transparency. Support is overwhelmingly strong for new regulations that would require mutual fund companies to be more transparent in their investments.

- ✓ 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.

Appendix A – 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%).

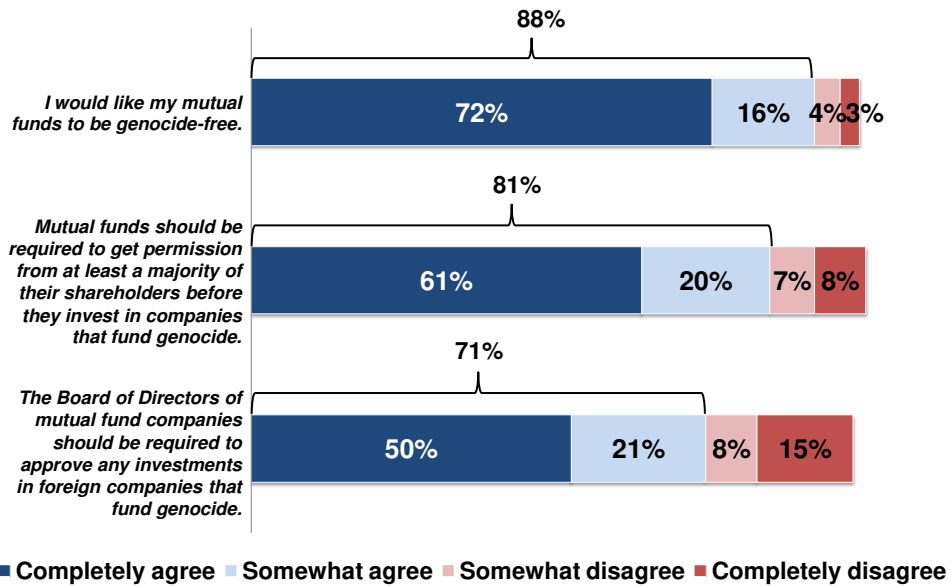
Significant majorities believe Board of Directors and shareholders of mutual fund companies should have a say on whether mutual funds invest in companies that finance genocide.

- ✓ 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%).

Appendix A – 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?



####

Appendix A – KRC Research results from the 2010 study

**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%

Appendix A – 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%

Appendix A – 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%

Appendix A – 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%

Appendix B – 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

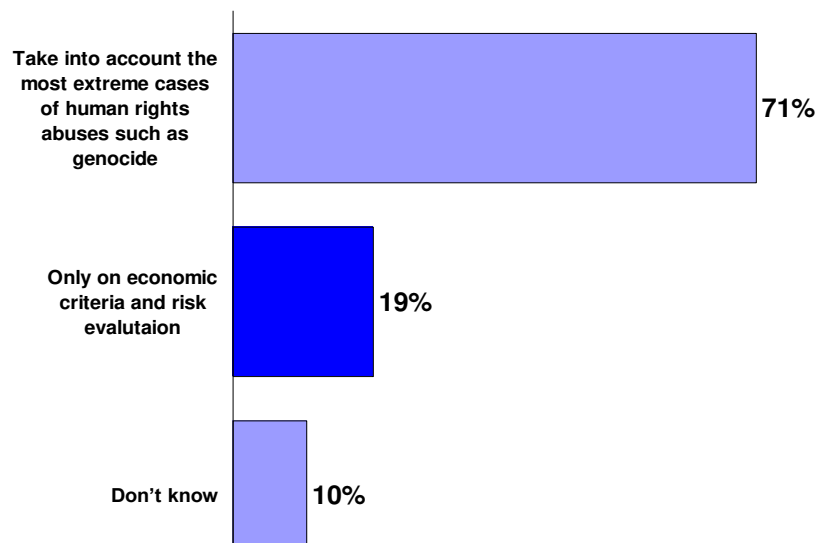
When thinking about investing and genocide, Americans are more than three times as likely to believe that human rights abuses such as genocide should matter more than economic criteria and risk evaluation when American firms invest overseas.

- ✓ 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.

Appendix B – 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:



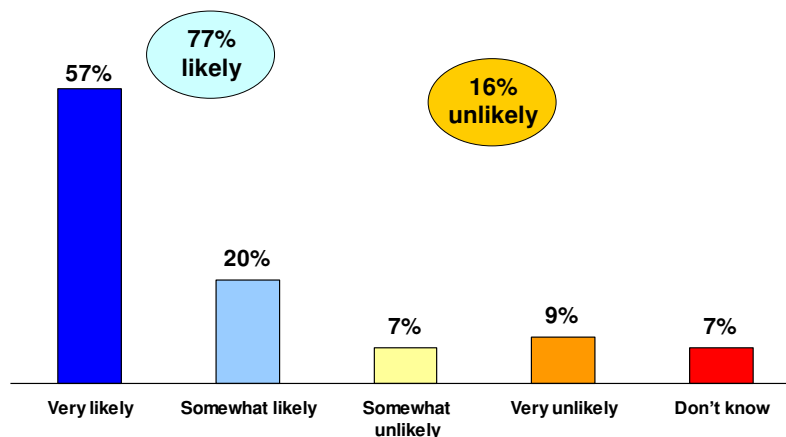
When it comes to Sudan, Americans are willing to take action against companies active in Sudan. More than three-quarters (77%) say they would switch their investments to a different company if they learned that those managing their funds had significant investments in firms that were active in Sudan.

- ✓ 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.

Appendix B – 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.

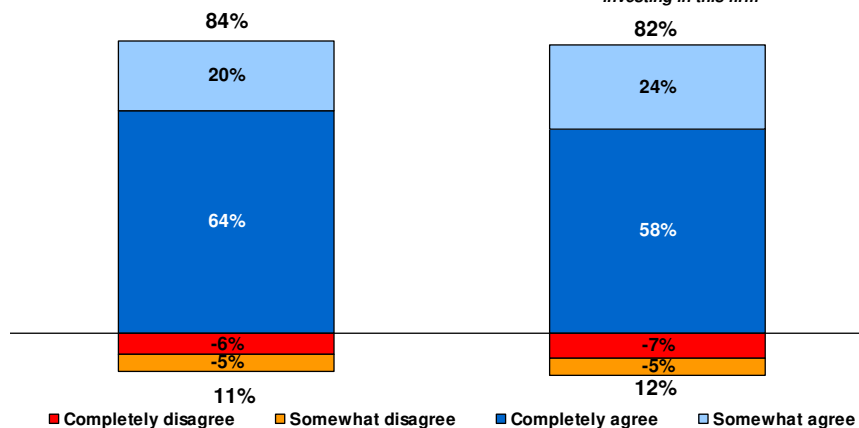
Appendix B – KRC Research results from the 2007 study

- 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%)

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

... 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 firm



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Appendix B – 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%

Appendix B – 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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Genocide-free Investing: *New Opportunities for Investors*

Footnotes

- 1 Appendix A, KRC Research results from the 2010 study, page 2.
- 2 “Who has divested” webpage accessed August 4, 2010 - <http://investorsagainstgenocide.net/page1004>
- 3 <http://www.govtrack.us/congress/bill.xpd?bill=s110-2271>
- 4 “Giuliani, Edwards Discover Darfur-Related Holdings” on Fox News, May 18, 2007 - <http://www.foxnews.com/story/0,2933,273787,00.html>
- 5 “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/>
- 6 “McCain Urges Sudan Divestment -- After Wife Dumps Her Holdings” on ABC News, May 15, 2008 - <http://abcnews.go.com/Blotter/story?id=4861297>
- 7 “Mutual funds with shareholder proposals for genocide-free investing” webpage accessed May 31, 2010 - <http://investorsagainstgenocide.net/shareholderhelp>
- 8 See hundreds of press reports on the “Press” webpage accessed May 31, 2010 - <http://investorsagainstgenocide.net/press>
- 9 UUA press release and news coverage on webpage accessed May 31, 2010 - <http://investorsagainstgenocide.net/UUAleavesFidelity>
- 10 Appendix A, KRC Research results from the 2010 study, page 2.
- 11 Appendix B, KRC Research results from the 2007 study, page 3.
- 12 Appendix B, KRC Research results from the 2007 study, page 4.
- 13 “Sudan, Oil, and Human Rights” by Human Rights Watch, 2003, accessed online May 31, 2010 - <http://www.hrw.org/sites/default/files/reports/sudanprint.pdf>
- 14 “An Analysis of Select Companies’ Operations in Sudan” by Yale Law School and The Allard K. Lowenstein International Human Rights Project, December 13, 2005, and updated February 24, 2006, accessed online May 31, 2010 - http://www.jewishworldwatch.org/advocate/pdf/Yale_Lowenstein_Report.pdf
- 15 “PetroChina, CNPC and Sudan: Perpetuating Genocide” by the Sudan Divestment Task Force, April 15, 2007, accessed on May 31, 2010 - http://investorsagainstgenocide.net/PetroChina_CNPC_Sudan.pdf and “The Detrimental Presence of PetroChina/CNPC in Sudan” by the Sudan Divestment Task Force, July 26, 2007, accessed May 31, 2010 - http://investorsagainstgenocide.net/petrochina_cnpc_addendum.pdf
- 16 “Statement on Sinopec divestment” in the Harvard University Gazette, March 23, 2006, webpage accessed May 31, 2010 - <http://www.news.harvard.edu/gazette/2006/03.23/02-divest.html>
- 17 “Rome Statute of the International Criminal Court” webpage accessed August 4, 2010 - <http://www.preventgenocide.org/law/icc/statute/part-a.htm>
- 18 “Statement on PetroChina divestment” in the Harvard University Gazette, April 4, 2005, webpage accessed May 31, 2010 - <http://news.harvard.edu/gazette/story/2005/04/harvard-announces-decision-to-divest-petrochina-stock/>
- 19 “Mobius bullish on PetroChina despite Buffett cut” by Reuters on October 11, 2007 - <http://www.reuters.com/article/idUSHKG25465320071011>
- 20 “Statement by TIAA-CREF Announcing Escalated Effort to Oppose Genocide in Darfur” on March 26, 2009, webpage accessed May 31, 2010 - http://www.tiaa-cref.org/public/about/press/about_us/releases/pressrelease269.html
- 21 “TIAA-CREF announces sales of genocide-related holdings and Investors Against Genocide commends TIAA-CREF” on January 4, 2010, webpage accessed May 31, 2010 - <http://investorsagainstgenocide.net/tiaa-cref>
- 22 “Victory for genocide-free investing at American Funds” on February 17, 2010, webpage accessed May 31, 2010 - <http://investorsagainstgenocide.net/capital>
- 23 Calvert’s “Know What You Own” online screening tool, accessed May 31, 2010 - <http://calvert.com/kwyo.html>
- 24 From KRC Research’s website, accessed May 31, 2010 - <http://www.krcresearch.com>

*Cover photo, courtesy of Mia Farrow: Darfuri women, displaced to IDP camps after the destruction of their villages.