

## Presenting the genocide-free investing proposal at the Franklin Resources shareholder meeting on March 13, 2013

My name is Armen Carapetian, Chair of the Armenian National Committee of America San Francisco Bay Area Chapter and a supporter of Investors Against Genocide. I am presenting the shareholder proposal that asks Franklin Resources to avoid investments substantially contributing to genocide.

Joining me today is Rubina Karapetyan, a straight A eighth grade student from KZV Armenian School in San Francisco. Rubina's grandfather escaped the genocide waged by Ottoman Turkey in 1915, where 1.5 million men, women, and children, including Rubina's great-grandfather, were killed simply because they were Armenian.

Many would suppose that 98 years after the beginning of the Armenian genocide, 68 years after the end of the Holocaust, 19 years after the genocide in Rwanda, and 10 years since the start of genocide in Darfur, companies that value the public trust would avoid connections to genocide.

Sadly, according to a recent SEC filing,<sup>1</sup> Franklin Templeton owned 7% of PetroChina, the publicly traded arm of CNPC, which is widely recognized as substantially contributing to genocide in Sudan. As a result, ordinary individuals investing with Franklin Templeton may inadvertently invest in companies funding genocide.

There is no compelling reason for these investments. No fiduciary responsibility requires them and avoiding the very small number of problem companies need not affect financial returns. However, adopting the proposal would go a long way toward establishing that Franklin Templeton cares about its social responsibilities. Reasonable people may disagree on the definition of "socially responsible" or "ethical investing" but few would knowingly invest in companies complicit in genocide.

It is difficult to understand the fund's opposition to this proposal, since it is consistent with the stated values of the company. Franklin Templeton proudly states<sup>2</sup> on its website, "we believe that being a good corporate citizen is good business." It notes that the name of the firm was inspired by the ideas of Ben Franklin and quotes the Franklin motto, "Do well by doing good."<sup>3</sup> It states, "integrity, trust and responsibility are essential to our continued success as a premier global investment management organization."<sup>4</sup> It states, "We recognize that human rights, environmental, social and governance issues have the potential to affect the performance of an investment and, therefore, believe that consideration of these issues should be incorporated into mainstream investment analysis and decision-making processes."<sup>5</sup>

We agree with these values, which is why we believe that Franklin Templeton should make an effort to avoid investments connected to genocide and crimes against humanity. If T. Rowe Price, TIAA-CREF, American Funds, 30 states and 61 colleges can all take steps to avoid investments tied to genocide, why can't Franklin Templeton?

Moreover, as accountability for complicity in international law violations increase, the Board should consider the impact to its brand and exposure to the moral and potential legal liability by continuing to be one of the largest U.S. investors in PetroChina, even though there is widespread knowledge and acceptance that such investments support gross human rights violations.

Franklin Templeton's recommendation against the proposal<sup>6</sup> states that "fostering economic and business development through investment can often help in achieving reforms." In some cases, that statement would be correct. However, it is inappropriate and certainly does not apply to the genocidal regime in Sudan that has resisted international condemnation for 10 years and continues its genocide and crimes against humanity against its own people in Darfur and recently in the Nuba Mountains and Blue Nile states.

Since 1997, U.S. sanctions have prohibited American companies from doing business with Sudan's oil industry, because Sudan's oil industry provides funding that the government uses to commit mass atrocities. Sixteen years later, how can Franklin Templeton believe that investing 2 billion dollars in PetroChina helps the people of Sudan?

The proposal allows Franklin Templeton full flexibility to determine how it should implement a genocide-free investing policy. It simply asks "that the Board institute transparent procedures to avoid holding investments in companies that, in management's judgment, substantially contribute to genocide or crimes against humanity, the most egregious violations of human rights."<sup>7</sup>

Research repeatedly shows that the vast majority of Americans want to avoid investments tied to genocide in Sudan today or anywhere else in the future.<sup>8,9</sup>

Trustees and Management, I ask you to live up to Franklin Templeton's stated ideals. I ask you to support the values of your shareholders. This proposal is not difficult and it is well within your abilities. In the face of genocide, it is the right choice. Right for your shareholders, right for your business, and right for Rubina Karapetyan's and all future generations.

## Questions to the Board of Directors

1. Given the discussions you've had, and the publicity about proxy voting on genocide-free investing, does the Board understand that PetroChina plays a major role in supporting the genocide in Sudan?
2. Your statement of opposition says that you actively engage with a company when you have concerns about its actions; what results have you seen from engaging with the PetroChina/CNPC group over the last 10 years?

---

<sup>1</sup> Franklin Resources beneficial ownership of PetroChina as of December 31, 2011 -

<http://www.sec.gov/Archives/edgar/data/1108329/000003877712000098/petr11a1.htm>

<sup>2</sup> Franklin Resources statement on Corporate Citizenship, accessed January 27, 2013 -

[https://www.franklintempleton.com/corp/pages/carousel/about\\_us/corpCitizenship.jsf](https://www.franklintempleton.com/corp/pages/carousel/about_us/corpCitizenship.jsf)

<sup>3</sup> Franklin Templeton Investments President and CEO Gregory E. Johnson, "Message from the CEO," quoted on the company website, accessed January 27, 2013 -

[https://www.franklintempleton.com/corp/pages/carousel/about\\_us/corpCitizenship.jsf](https://www.franklintempleton.com/corp/pages/carousel/about_us/corpCitizenship.jsf)

<sup>4</sup> Ibid.

<sup>5</sup> Franklin Resources statement of opposition for 2013 proxy ballot, SEC filing as of January 24, 2013 -

<http://www.sec.gov/Archives/edgar/data/38777/000119312513021756/d427002ddef14a.htm>

<sup>6</sup> Ibid.

<sup>7</sup> [http://sec.gov/Archives/edgar/data/895430/000110465912033871/a12-8169\\_3n14a.htm](http://sec.gov/Archives/edgar/data/895430/000110465912033871/a12-8169_3n14a.htm)

<sup>8</sup> <http://www.investorsagainstgenocide.org/iag/files/KRC-research-results-from-2010-and-2007.pdf>

<sup>9</sup> ING Emerging Countries proxy voting results from June 28, 2012 -

<http://www.sec.gov/Archives/edgar/data/895430/000117152012001135/ex99-77c.htm>