

Presenting the genocide-free investing proposal at the BlackRock shareholder meeting on May 28, 2015

My name is Eric Cohen, chairperson and co-founder of Investors Against Genocide. I'm here to present the genocide-free investing shareholder proposal.

Many would suppose that 70 years after the end of the Holocaust and 12 years since the start of genocide in Darfur, companies that value the public trust would avoid connections to genocide. But not yet BlackRock. BlackRock invests more than three billion dollars in the small set of problem companies that fund the regimes in Sudan and Syria.

BlackRock is one of the world's largest holders of both PetroChina and Sinopec. PetroChina is the publicly traded arm of its controlling parent, CNPC. CNPC is the government of Sudan's largest oil industry partner, thereby helping fund ongoing government-sponsored genocide and crimes against humanity. CNPC is also Syria's largest oil partner, thereby helping fund that government's mass atrocities. Sinopec is another large oil company that also operates in Sudan and Syria. As a result, ordinary individuals investing with BlackRock may inadvertently invest in companies funding genocide and crimes against humanity. Why does BlackRock insist on maintaining flexibility to invest in companies tied to 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. 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 BlackRock's opposition to this proposal, since it is consistent with the stated values of the company.

BlackRock's statement on responsible investment notes that they "act as agents for our clients, and it is their values or concerns that must be used to frame the criteria against which we evaluate companies."¹ Yet BlackRock disregards research that repeatedly shows that the vast majority of Americans want to avoid investments tied to genocide in Sudan today or anywhere else in the future.^{2,3}

BlackRock states that "Where no client-specific policy restrictions are mandated, BlackRock has its own principles which govern the manner in which SRI and CG issues should be addressed." BlackRock states that it seeks "to understand the social, environmental and ethical policies of the companies in which we invest." BlackRock affirms its commitment as a signatory to the UN Principles for Responsible Investment, by which it agreed to incorporate social issues such as human rights into investment decision-making processes and "better align investors with broader objectives of society." BlackRock emphasizes the consistency of its "principles with those set out in the UN PRI."⁴ Making an effort to avoid investments tied to genocide is clearly consistent with these values.

Adopting the proposal would go a long way toward establishing that BlackRock cares about its social responsibilities and is serious about its corporate values. How does BlackRock reconcile its values and commitments to its opposition to genocide-free investing?

Only a small percentage of investors are aware of the potential problem of investments tied to genocide, and few are familiar with the companies in which their funds invest. In contrast, BlackRock is both aware of the problem and capable of addressing it on behalf of your customers by adopting the proposal.

If BlackRock is reluctant to act without consulting its customers and shareholders, why not ask them? If you don't believe the statistics we've provided, it would be easy for BlackRock to take a neutral position on the proposal so that the voting results would give a clear indication of the voice of shareholders. By opposing the proposal in the voting today, BlackRock has lost an opportunity to hear that voice.

BlackRock's statement of opposition does not attempt to deny the connection between PetroChina and genocide, nor argue that investing in genocide is somehow better. Instead, it notes that it complies with "U.S. sanctions

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prohibiting investments in companies that are owned or controlled by the governments of Sudan and Syria." It states that "BlackRock does not believe that adopting additional procedures limiting otherwise lawful investments, or restricting our investment advisors' ability to select what may be the most suitable investments for our clients, would be in the best interests of our stockholders."⁵

U.S. sanctions explicitly prohibit U.S. companies from doing business with the oil industry in Sudan and Syria. Therefore, ExxonMobil, for example, is precluded from supporting Sudan's oil industry. But BlackRock invests billions of dollars in foreign companies that provide these same services. BlackRock's investments in companies such as PetroChina and Sinopec clearly conflict with the spirit, if not the letter, of the law. Does BlackRock really believe that PetroChina and Sinopec are "the most suitable investments for [its] clients"?

Members of the Board and Management, if you choose to disregard your own stated ideals, I ask you to support the values of your customers. 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 BlackRock?

It's true that a large part of BlackRock's business relies on passive investing using indices that include companies such as PetroChina. However, that should not prevent BlackRock from taking steps to avoid investments tied to mass atrocities. One good way to get started is to begin implementation of a genocide-free investing policy in the portion of your portfolio that you actively manage. A second good step is to approach index providers to reform the composition of commonly used indices to avoid the very few companies tied to genocide, and thereby address the problem for passive investors. Please consider taking these initial steps.

This proposal is not difficult and it is well within your abilities. Moreover, in the face of genocide, it is the right choice, right for your customers, and right for your business.

Investors Against Genocide looks forward to working with you to find a way to implement a policy to draw the line at investing in genocide.

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- 1 <https://www2.blackrock.com/content/groups/uk/site/documents/literature/emea02014787.pdf>
 - 2 <http://www.investorsagainstgenocide.org/iag/files/KRC-research-results-from-2010-and-2007.pdf>
 - 3 ING Emerging Countries proxy voting results from June 28, 2012 - <http://www.sec.gov/Archives/edgar/data/895430/000117152012001135/ex99-77c.htm>
 - 4 <https://www2.blackrock.com/content/groups/uk/site/documents/literature/emea02014787.pdf>
 - 5 <http://www.sec.gov/Archives/edgar/data/1364742/000119312515135243/d891582ddef14a.htm>