



Sisters of Mercy of the Americas
Hermanas de la Misericordia de las Américas

PRESS RELEASE

April 7, 2005

A NEW COALITION OF CHEVRON TEXACO SHAREHOLDERS GATHER SUPPORT FOR RESOLUTION ADDRESSING ECUADORIAN CONTAMINATION CONTROVERSY

NEW RESOLUTION PROPONENTS INCLUDE NEW YORK STATE COMMON RETIREMENT SYSTEM & AMNESTY INTERNATIONAL

CONTACTS: Shelley Alpern, Director of Social Research & Advocacy: (617) 292-8026, X 248
John Chartier, Office of the New York State Comptroller Alan G. Hevesi (212) 681-4825
Mila Rosenthal, Dr., Business and Human Rights Program, Amnesty International USA, (212) 633-4196

People's suffering is bad for business; that is the opinion of a group of ChevronTexaco shareholders who for the second year in a row, have submitted a resolution asking the company to report on how it is addressing health and environmental concerns of communities affected by unremediated waste and other sources of oil-related contamination in the area where Texaco operated in Ecuador. Today, the shareholders are reaching out to CVX's top shareholders, like Bank of America, Citigroup, Merrill Lynch and Vanguard, to ask them to vote in support of the resolution, too. The resolution received 9% of votes cast by shareholders in April 2004, a good showing for a first-year shareholder proposal addressing a social issue.

The shareholder proposal was filed last year by Trillium Asset Management, a Boston-based socially responsible investment firm that manages more than \$850 million in assets for individual and institutional clients. "We're not convinced that ChevronTexaco's mitigation activities have been sufficient to insulate the company from further liability that could damage share value. The contamination on the ground in Ecuador was far more extensive than the Exxon Valdez spill," said Shelley Alpern, director of social research and advocacy at Trillium.

Demonstrating increased awareness of the financial implications that the Ecuadorian situation has on investors, the New York State Common Retirement Fund joined in the filing this year with its holdings of about half a billion dollars in ChevronTexaco shares (9,589,152 shares quoted at \$57/share). Another

new co-filer this year is Amnesty International USA, the American section of the world's largest human rights organization, with more than 350,000 members in the US and 1.8 million members worldwide. Additional co-filers are two Catholic religious communities in California, the Sisters of Mercy of Burlingame and the Dominican Sisters of San Rafael.

The filers have begun a proxy solicitation to other ChevronTexaco shareholders, asking them to take into account not just the social merits of their resolution but also the high financial risks of the company's current strategy and the damage to ChevronTexaco's brand and social license to operate in developing countries. ChevronTexaco is being sued in Ecuador for Texaco's irresponsible design of operations in the sensitive Amazon rainforest region during the 1970s and 1980s where the company dumped 18.5 billion gallons of waste and waste waters from oil production into unlined pits, streams and tributaries and where one the world's largest terrestrial oil spills occurred. The resolution's proponents are concerned that if ChevronTexaco does not take additional measures to deal with the contamination, a judgment imposed by the Ecuadorian courts could cost the company hundreds of millions or even billions of dollars.

New York State Comptroller Alan G. Hevesi said, "It is clear from the litigation that the allegations are significant and shareholders need the company to respond." A representative from Mr. Hevesi's office toured the affected areas last year as part of an investor delegation arranged by Amazon Watch, a non-profit indigenous rights organization.

There have been several developments since last spring's shareholder vote. In June, ChevronTexaco filed an arbitration claim against its former partner Petroecuador and the Ecuadorian Government with the American Arbitration Association in New York. Ecuador has challenged this arbitration in the US courts and has succeeded in staying the proceedings.

Further evidence of the extensive health damage caused by oil contamination in the Amazon was documented in a study published in the July-September 2004 issue of the International Journal of Occupational and Environmental Health. The study found that children under 15 were three times more likely to contract leukemia in the area where Texaco operated than in other Amazonian provinces. The risk of cancer is highest among children younger than four.

"Oil development in the Amazon rainforest has posed a serious danger to human rights, including people's right to life, health, livelihood, and a safe environment. Amnesty International has launched a national campaign to end the ongoing abuses in Ecuador," says Mila Rosenthal, the director of the Business and Human Rights Program for Amnesty International USA. "Our members around the country are mobilizing in support of this resolution using their own shareholder power through their pension and mutual funds, their state and local treasuries, their universities' endowments and other institutional shareholders in their area of influence to ensure that the affected communities get the attention they deserve from ChevronTexaco's management."

The contamination of the Ecuadorian rainforest has drawn international attention. In June 2004, the Swedish investment research firm Ethix recommended divestment from ChevronTexaco based on its performance in Ecuador and the Swedish National Pension Fund's decided to sell its holdings in the company. One of the most notable champions of this cause in the US, human rights advocate Bianca Jagger, was just awarded the Right Livelihood Award in Sweden for her work for the indigenous peoples affected by ChevronTexaco and for her worldwide efforts for justice.

####