

Investors Against Genocide

Draw the line at investing in genocide

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SEC GREEN LIGHTS AN UNPRECEDENTED SHAREHOLDER PROPOSAL *Proposal asks Fidelity to make its funds genocide-free*

Boston, MA - January 24, 2008 - Shareholders of Fidelity's Contra Fund will soon have the opportunity to vote on a shareholder proposal which asks the mutual fund giant to ensure that its investments are genocide-free. Thanks to a recent decision by the Securities and Exchange Commission (SEC) denying Fidelity's "no-action" request, Fidelity will not be able to block consideration by its shareholders. Fidelity's filing with the SEC indicates it plans to hold a shareholder meeting for its Contra Fund on March 19, 2008.

Specifically, the proposal requests that the Contra Fund's "Board institute oversight procedures to screen out investments in companies that, in the judgment of the Board, substantially contribute to genocide, patterns of extraordinary and egregious violations of human rights, or crimes against humanity." The shareholder proposal for genocide-free investing has been filed with 28 of Fidelity's mutual funds and with 30 other funds from Barclays, Franklin Templeton, T. Rowe Price, and Vanguard.

"For the first time, mutual fund shareholders will have a voice in whether their savings are invested in genocide," states Eric Cohen, chairperson of Investors Against Genocide, the non-profit organization that is leading the shareholder action. "With the Darfur genocide about to begin its sixth year, many mainstream mutual fund companies are still investing in genocide. We believe that ordinary investors, once they learn the facts, will support genocide-free investing. Now that the SEC has cleared the way, we will work to ensure that our genocide-free investing proposal is considered by shareholders of many more mutual funds."

"This shareholder action focusing on mutual fund ownership of stocks in companies involved in the Sudan is unprecedented," states Timothy Smith, Senior Vice President, of Boston-based Walden Asset Management. "Never before has the mutual fund industry been challenged through shareholder resolutions to dozens of mutual fund companies on any issue," he adds. "In this case, 58 mutual funds are being urged to carefully review the implications of owning significant blocks of shares in companies with strategic investments in the Sudan that are being charged with supporting genocide. This opens up a new chapter in mutual fund governance."

The SEC's decision was presented in a January 22 letter to Dechert LLP, a Boston law firm retained by Fidelity. Fidelity had sought to exclude the proposal on technical grounds, claiming violations of SEC rules relating to "ordinary business" and "false or misleading statements." However, the SEC rejected those claims. Citing the applicable rules, the SEC letter stated that it "is unable to concur with your view that the Funds may exclude the proposal under Rule 14 a-8 (i)(7)" and "is unable to concur with your view that the Funds may exclude the proposal under Rule 14 a-8(i)(3)" of the Securities Exchange Act of 1934.

The proposal, which has been submitted by 24 different shareholders to various mutual funds, including Fidelity, raises the issue of the fundamental management responsibilities of financial institutions and whether shareholders should be able to expect mainstream funds to be genocide-free. The public's interest in this expectation was highlighted by a 2007 study by KRC Research, in which 71% of respondents said companies should take into account extreme cases of human rights abuses, such as genocide, when investing overseas, rather than base their investment decisions on economic criteria only.

Many US investment firms have huge holdings of shares in PetroChina, a Chinese oil company that is one of the worst offenders among companies helping to fund the genocide in the Darfur region of Sudan. In fact, some of the largest holders of PetroChina include such well-known and widely held funds as Franklin Templeton, American Funds, Fidelity, Vanguard and others.

"Ethical investing may mean different things to different people, but surely there is a minimum standard upon which everyone agrees," states Cohen. "Americans do not want their family savings and pension funds invested in companies that help to fund genocide whether that genocide is occurring today in Darfur or anywhere else in the future."

An increasing number of colleges, universities, and states have taken action to divest from companies that help fund the genocide in Darfur. Thousands of individuals have joined this movement and divested their personal savings from investment firms, like Fidelity, that own shares in such companies.

Hundreds of thousands have been killed and 2.5 million have been driven from their homes, in Darfur. This humanitarian crisis has been labeled by the US government as the first genocide of the 21st century. The government of Sudan has continued to pursue genocide in Darfur for nearly five years, using as much as 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 involved in Sudan which are helping to fund this genocide. As a result, ordinary investors, through their mutual funds, family savings, and pension plans entrusted to these financial institutions are inadvertently investing in genocide.

Investors Against Genocide is a non-profit organization dedicated to convincing mutual fund and other investment firms to change their investing strategy so as to avoid complicity in genocide. The organization will work with individuals, companies, organizations, financial institutions, the press, investment firm employees, and government agencies to build awareness and to create financial, public relations, and regulatory pressure for investment firms to change. The ultimate goals are that the Government of Sudan ends its deadly genocide in Darfur and that investment firms avoid investing in genocide in the future. For more information, visit www.investorsagainstgenocide.org.

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