

Investors Against Genocide

Draw the line at investing in genocide

**Eric Cohen statement at the IAG press teleconference
following the Fidelity shareholder meetings on March 19, 2008**

Good afternoon. My name is Eric Cohen, chairperson of Investors Against Genocide. Earlier today I introduced the shareholder proposal on genocide-free investing, representing Fidelity shareholders who have submitted this proposal to 12 different Fidelity mutual funds holding shareholder meetings today. I will provide a little background, then report on the results of the meeting and expectations going forward.

Fidelity's proxy ballot summarizes the proposal as a "shareholder proposal concerning board oversight procedures to screen out investments in companies that substantially contribute to genocide." The proxy ballot states that Fidelity management recommends voting against the proposal. What does this say about Fidelity?

Since we began raising this issue with Fidelity one and a half years ago, Fidelity has been consistent. It has repeatedly maintained that Fidelity portfolio managers are expected to follow only two fundamental principles – make money and obey the law – and has insisted on continuing large investments in companies funding genocide. Clearly, a fundamental principle is missing, since even in the face of the most egregious violations of human rights, apparently no ethical guidelines regulate Fidelity portfolio managers' investment choices. Investment managers may worry that they cannot hope to satisfy a varying myriad of social concerns of a broad customer base. Ethical investing may mean different things to different people. However, surely there is a minimum standard upon which nearly everyone agrees. We draw the line at investing in genocide. The shareholder proposal on genocide-free investing sets this minimum standard for all mutual funds.

Many would suppose that, today, 63 years after the end of the Holocaust and 14 years after the genocide in Rwanda, no company that values the public trust would attempt to profit from connections to genocide. Looking back, who would support the idea of investing in firms that sought to profit by selling Zyklon-B gas to the Nazis or machetes for the genocide in Rwanda? Looking forward, who wants their savings invested in companies that help fund genocide? Sadly, as we mark the beginning of the 6th year of the genocide in Darfur, Sudan, we see that this problem is neither theoretical nor historical. Fidelity has been one of the largest holders of PetroChina, which, through its closely related parent, China National Petroleum Company, is providing funding that the Government of Sudan uses to conduct genocide in Darfur.

Thus, ordinary individuals, through their investments in Fidelity mutual funds, inadvertently invest in companies funding genocide. Since no policy prevents these investments, holdings in these problem companies may increase or involve additional funds in the future. Mutual fund investors cannot practically avoid investing in genocide, unless the fund makes a commitment to genocide-free investing. Adopting the proposal directly resolves this problem.

Mutual funds are the most common investment vehicle for family savings and retirement plans of Americans. That's why it is so important for mutual funds to commit to genocide-free investing. As SEC Chairman Cox has said, "No investor should ever have to wonder whether his or her investments or retirement savings are indirectly subsidizing a ... genocidal state."

Our shareholder proposal on genocide-free investing was the on the proxy ballot for 12 mutual funds that held meetings today. We have results for 2 of the funds -- Fidelity's Capital and Income fund and the Select Healthcare Portfolio. The proposal was supported by 27% and 28% of the vote, respectively. We are gratified at the surprisingly large share of the vote in favor of genocide-free investing. It is highly unusual for a social concern to receive such a high percentage of the vote, more unusual yet because of the relative short time notification in the publication of these proxies, and the also because it is such a strong and directive resolution. Given the short, one month, lead time, institutional investors were expected to vote quickly, and probably voted with Fidelity management, while ordinary investors voted in considerably lesser degrees.

Voting on the 10 other funds did not achieve the quorum threshold. Those funds have been adjourned to follow up voting, some like the Contrafund on April 16, and some on May 14. These adjourned votes will join other funds on those days for which we have also submitted the same shareholder proposal.

We consider it a very good thing that ordinary shareholders will have more time to decide to vote on these proposals. We know that it is common practice for ordinary investors to ignore and discard their proxy materials. In this case, there is

an issue on the ballot that is of interest and importance to ordinary Americans. We encourage shareholders to check the proxy ballot card, and if they see a resolution regarding genocide, they should vote their values.

Fidelity sought to prevent this proposal from coming to a vote, but its efforts to block the issue failed. Fidelity continues to oppose the proposal, and its opposition will also ultimately fail; as shareholders become increasingly aware, we are confident that the proposal will pass shareholder votes in the future. The reason Fidelity will fail is simple. Fidelity's customers 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 somewhere else in the future.

We are looking forward to the day when Fidelity and other mutual fund companies make a commitment to genocide-free investing. We will continue our campaign to submit shareholder proposals to hundreds of mutual funds, at Fidelity, Vanguard, American Funds, Franklin Templeton and other major mutual fund companies.