

Investors Against Genocide

Draw the line at investing in genocide

FOR IMMEDIATE RELEASE
Susan Morgan – 617-797-0451

FIDELITY HALTS VOTING ON GENOCIDE-FREE INVESTING PROPOSAL

In spite of claims to “listen to its customers,” voting is discontinued for 7 funds including Contrafund

Boston, MA – June 18, 2008 – After reporting at today’s shareholder meeting that 28% and 27% of its shareholders had voted in favor of the genocide-free investing proposal for its Magellan and Growth Company funds respectively, Fidelity announced that it is halting the voting process for 7 additional funds which did not reach quorum on the matter. These funds include the \$73 billion Contrafund as well as Blue Chip Growth, Capital Appreciation, Diversified International, Dividend Growth, Growth and Income, and Low-Priced Stock. This decision means that millions of Fidelity shareholders will not have their opinion on this proposal recorded through the shareholder voting process. Fidelity did not reveal the interim voting results for the 7 funds, so it is not known what percentage of voters already voted in favor of the proposal.

The proposal requested oversight procedures to screen out investments in companies that, in the judgment of the fund’s Board, substantially contribute to genocide. Fidelity advised shareholders to vote against the proposal.

Previously, 12 other Fidelity funds voted on the same proposal at meetings held on March 19, April 16, and May 14. Results for those funds showed consistently strong support for genocide-free investing with votes cast for the proposal ranging from 20% to 31%. The results were especially noteworthy given that Fidelity actively opposed the proposal, and a large percentage of opposing votes were cast by institutional shareholders, “industry insiders,” and others who may automatically vote with management. These results contrast dramatically with those of most shareholder proposals on social issues that lose by overwhelming numbers.

“As many as 31% of Fidelity’s customers are telling the company that they do not want their family savings tied to the genocide in Darfur or any future genocides,” states Eric Cohen, chairperson of Investors Against Genocide, the Boston-based non-profit organization leading the shareholder action. “Despite this large number of concerned shareholders, Fidelity has done nothing to address the problem of investing in companies that help to fund genocide. Now with today’s decision to halt the voting process for 7 of its funds, it is further denying its shareholders the opportunity to be heard on this important social concern.”

This decision was made against a backdrop where genocide-free investing is increasingly the subject of national interest. In May, ABC News reported that Senator John McCain, the presumptive Republican presidential nominee, urged all Americans to sell off any investments they have in Sudan, just one day after his wife, sold off more than \$2 million in mutual funds because of the funds’ investments in companies that contribute to the genocide in Darfur. In June, Senator Barack Obama, the presumptive Democratic nominee referenced Sudan divestment, highlighting the bill he submitted in the Senate calling for “genocide-free investing.”

At the April shareholder meeting, Fidelity’s then General Counsel Eric Roiter stressed the company’s commitment to listening and responding to the opinions of its shareholders. “We are not trying to superimpose our values on our shareholders,” he stated. “If they want something different from us, we are listening.” Cornelia Small, a Fidelity Trustee representing the Board of Trustees, stated, “The board is actively discussing and grappling with this issue.”

Several shareholders raised concerns about Fidelity’s opposition to the proposal if the intention is to accurately assess the opinions of its shareholders. “Fidelity could have taken a neutral stance on the proposal and let the shareholders decide the policy,” states Cohen. “Instead Fidelity actively opposed it and used its home court advantage to tilt the vote against the proposal. The deck was stacked against the majority of individual shareholders who do not want their savings invested in genocide.”

Following up on shareholder concerns, Investors Against Genocide had asked the Fidelity's Board of Trustees to adopt a neutral stance on the proposal. "We had hoped that Fidelity would remove these systemic obstacles to the voting process so that it may truly represent the opinions of its shareholders," Cohen stated. "Instead they have prematurely ended the voting process without fully exploring the true wishes of its individual shareholders."

"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, and look forward to the day when Fidelity and other mutual fund companies make a commitment to genocide-free investing," Cohen states.

"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."

One major factor that skewed the results is that large blocks of internal and institutional shares automatically vote with management. Another factor is that Fidelity has hired a proxy solicitation firm to call shareholders and urge them to vote with management, without stating the shareholder proposal under consideration. Also, electronic voting preferentially places the option to vote with management, before displaying the issues to be voted. Lastly, Fidelity employs a policy of counting non-votes from brokers as if they were votes opposing the proposal.

The proposal has been filed with 32 of Fidelity's mutual funds and dozens of funds from other companies. It 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.

Major religious and human rights organizations have supported the proposal including The Unitarian Universalist Service Committee, Physicians for Human Rights, American Jewish World Service, Genocide Intervention Network, The ENOUGH Project, the Armenian Assembly of America and the Unitarian Universalist Association.

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. Some of the largest holders of PetroChina include the well-known and widely held mutual fund firms Franklin Templeton, American Funds, Fidelity, and Vanguard. 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.

The related Sudan Accountability and Divestment Act passed both Houses of Congress unanimously and was signed into law by President Bush on December 31, 2007. 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, notably 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 works with individuals, companies, organizations, financial institutions, the press, 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. For more information, visit www.investorsagainstgenocide.org.