

Investors Against Genocide

Draw the line at investing in genocide

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UNEXPECTEDLY STRONG RESULTS AT FIDELITY VOTE ON GENOCIDE-FREE INVESTING ***More votes scheduled for April 16 and May 14 shareholders' meetings at the mutual fund giant***

Boston, MA – March 25, 2008 – Shareholder activists were heartened on March 19 by the unexpectedly high percentage of votes cast in favor of making mutual funds genocide-free. In this first-ever vote on genocide-free investing, 27% of shareholders of Fidelity's Capital and Income Fund and 28% of its Select Health Care Portfolio voted for the genocide-free investing proposal. The proposal has also been submitted to a wide range of other mutual funds with votes scheduled in coming months.

According to industry insiders, shareholder proposals on social issues usually receive single digit percentages of total votes cast. Chief among the reasons for these low numbers is opposition by management and the large number of votes that simply follow management's guidance, including institutional voters as well as "insider" voters such as Trustees. The significantly higher favorable vote for genocide-free investing suggests that this proposal resonates strongly with shareholders.

"These unexpectedly high results for the first vote on genocide-free investing are an indication of the profound concern most individual investors experience when learning their savings are linked to genocide," states Eric Cohen, chairperson of Investors Against Genocide, the non-profit organization leading the shareholder action. "We are confident that as individuals become aware of this connection and vote their values, we will succeed in creating mutual fund policies to prevent investments that fund genocide, whether that genocide is occurring today in Darfur or somewhere else in the future."

More votes on genocide-free investing will take place at shareholders' meetings to be held on April 16 and May 14 for 19 additional Fidelity funds including the 72.9 billion Contrafund and the Magellan fund. (See full list at www.InvestorsAgainstGenocide.org). The proposal requests oversight procedures to screen out investments in companies that, in the judgment of the fund's Board, substantially contribute to genocide. Fidelity is advising shareholders to vote against the proposal.

"We know most ordinary investors ignore or discard their proxy materials," explains Cohen. "In this case, there is an issue of interest and importance to ordinary Americans. We encourage shareholders to check the proxy ballot card for a resolution regarding genocide, and to vote their values when they have the opportunity. Cohen noted that shareholders who have discarded their ballots, or would like to change an earlier vote, can do so right up until the meetings on April 16 and May 14. Shareholders can contact their Fidelity representative for information on how to vote or re-vote.

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

Congressman Jim McGovern (D – MA) and actress and activist Mia Farrow are advocating for its passage along with national religious and human rights organizations such as the Unitarian Universalist Service Committee, Physicians for Human Rights, American Jewish World Service, Genocide Intervention Network, The ENOUGH Project, The Aegis Trust and the Unitarian Universalist Association.

In the press conference after the March 19th vote, Congressman McGovern said that by U.S. law American companies are prohibited from doing business with the government of Sudan and are explicitly prohibited from doing business with Sudan's petroleum industry. The law therefore prevents a company like Exxon from investing in Sudan while allowing investment firms to make investments that help Exxon's competitors do the same thing. "While not a violation of the letter of the law, I believe this practice violates the spirit of the law," states McGovern. "As a member of the United States Congress, I strongly believe that mutual fund companies should institute policies to ensure that their investments become genocide-free. I agree with SEC Chairman Christopher Cox's recent assertion that no investor should ever have to wonder whether his or her investments or retirement savings

are indirectly subsidizing a genocidal state.”

Actress and activist Mia Farrow, also speaking at the press conference, said that she has supported the campaign to make mutual funds genocide-free since she discovered over a year ago that “to her horror” she was inadvertently investing in companies that help fund genocide, because of her pension with Fidelity mutual funds. “In coming months, hundreds of thousands of ordinary investors will have an opportunity to vote according to their moral values,” she states. “I ask them to join me in support for genocide-free investing. I believe we are all responsible for our own savings, our own retirement funds, our own nest eggs, and that each of us should send a clear message to our financial advisors that we do not want our money to support genocide.”

Speaking at the shareholder meeting, Cohen said, “Fidelity has repeatedly maintained that its 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.”

“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,” he stated.

The proposal has been filed with 28 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.

“The Unitarian Universalist Association is voting for this resolution on behalf of our retirement plan participants invested in Fidelity funds and urging thousands of individual UU mutual fund investors to do the same,” states Tim Brennan, Treasurer and Vice President of Finance at the Unitarian Universalist Association. “We have the opportunity to use our financial assets to witness for the people of Sudan, and we believe it is our religious duty to do so.”

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.

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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.