

Investors Against Genocide

Draw the line at investing in genocide

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FIDELITY TRUSTEE ADMITS “PASSING THE BUCK TO ELECTED OFFICIALS” ON GENOCIDE INVESTMENTS *Company also agrees to investigate shareholder complaints about proxy solicitation process*

Boston, MA – August 14, 2009 - Two more funds recorded votes at today's Fidelity's shareholder meeting on a shareholder proposal to avoid investments in companies that help to fund genocide. At the meeting, Independent Trustee Albert Gamper acknowledged that the Fidelity Board of Trustees is “passing the buck to elected officials” to determine if investing in companies that help to fund genocide should be avoided by American mutual fund companies. In explaining the Board's decision to oppose the proposal, Gamper stated that the issue is “very complex” and “difficult for the Board.”

Although federal law prevents most US companies from operating in Sudan, Fidelity and other American financial institutions are major investors in the Chinese, Indian, and Malaysian oil companies involved in Sudan that 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](#) (IAG), the Boston-based non-profit organization responsible for the anti-genocide shareholder action at Fidelity and other mutual fund companies, is engaged in an effort to encourage legislation and regulatory changes to address investments in companies that help to fund genocide. “Since the Fidelity Trustees feel that this moral issue is beyond their purview,” said Eric Cohen, Chairperson of Investors Against Genocide, “we hope that Fidelity will join us in seeking help from our elected officials in resolving this problem for millions of concerned American investors.”

Reflecting the broad public support against investing in genocide, both Houses of Congress unanimously passed the Sudan Accountability and Divestment Act (SADA). Signed into law by President Bush on December 31, 2007, SADA provides explicit support for fiduciaries to divest from Sudan.

Recent shareholder complaints that Fidelity's agent tried to impede voting against Fidelity, in favor of the genocide-free investing proposal, as reported by [Reuters](#) on August 13, was also a topic of discussion at the shareholder meeting. Both Trustee Gamper and Fidelity General Counsel Goebel committed to investigate the scope of the problem.

The Fidelity funds recording votes today were Fidelity's Freedom 2010 Fund at 21.9% FOR the proposal and Freedom 2020 Fund at 23.4%. Results of the voting today were comparable to results on the same proposal at Fidelity last year, when 14 funds recorded votes ranging from 20% to 31% FOR the proposal.

Today's votes were cast by millions of Fidelity customers on adopting a policy to prevent Fidelity from investing their savings in companies that substantially contribute to genocide or crimes against humanity. By voting “FOR” ballot Question 3, shareholders asked the fund's Board to “institute procedures to prevent holding investments in companies that, in the judgment of the Board, substantially contribute to genocide or crimes against humanity, the most egregious violations of human rights. Seven additional funds did not reach quorum on Question 3 and did not record votes.

“Last year, some two million shareholders of record voted FOR the proposal, despite Fidelity's active opposition,” states Cohen. “Again this year, huge numbers of Fidelity customers voted FOR the proposal,” says Cohen. “Fidelity has insisted on retaining its flexibility to invest in genocide, disregarded the voice of its customers, and, in the process, alienated millions of its customers who rejected its amoral guidance.

During voting last year, Investors Against Genocide repeatedly asked Fidelity to take a neutral position on the proposal so that the voting results would give a better indication of the opinion of Fidelity's customers. “Despite Fidelity's claims last year that it wanted to learn what its customers thought about the proposal,

Fidelity chose to once again actively oppose it, stacking the deck against the proposal and skewing the results,” says Cohen. “One can only imagine how much larger the number of affirmative votes would be if more ordinary investors took the opportunity to vote, rather than discarding their proxy materials, as is common practice.”

Several factors should be considered in analyzing the numeric results of votes at this shareholder’s meeting. Since the genocide-free investing proposal is the first shareholder proposal ever in Fidelity’s history, Fidelity’s customers are not accustomed to voting on an issue opposed by management. Shareholders frequently do not vote at all assuming that the ballot questions are simply procedural. Those shareholders that do vote frequently check off the box that indicates that they vote according to all management recommendations without reading each question. Since Fidelity opposed Questions 3, rather than remained neutral, those people’s votes would be a considered an “AGAINST” vote even though they never read the entire ballot. Lastly, large numbers of institutional shareholders vote with management and broker non-votes and abstentions at Fidelity are counted as if they were votes against the proposal. “Unlike a political election, where the will and sentiment of the people is easily discernible, the shareholder voting process is heavily weighted in the mutual fund company’s favor,” said Cohen.

A [2007 study by KRC Research](#) demonstrated that Americans are overwhelmingly opposed to being financially connected to genocide. In the study, 71% of respondents said companies should take extreme cases of human rights abuses, such as genocide, into account rather than base investment decisions solely on economic criteria. In that same study, 77% said they would switch to a different investment company if they learned that those managing their funds had significant investments in firms that were active in Sudan. “By refusing to avoid the very small number of companies that help support the genocide in Darfur, Fidelity is out of touch with the American people,” says Cohen.

Fidelity’s lack of accountability stands in stark contrast to the recent, clear, public statements by TIAA-CREF to take strong action against problem companies. On March 26, TIAA-CREF [announced its decision](#) to vigorously engage problem companies partnering with the Government of Sudan and to divest from those companies if they continue to substantially contribute to genocide or crimes against humanity. TIAA-CREF’s policy applies to the ongoing genocide in Darfur, Sudan as well as to future genocides. This policy at TIAA-CREF is a clear victory for the cause of genocide-free investing.

As a result of this significant commitment from TIAA-CREF, Investors Against Genocide withdrew its shareholder proposal from the proxy ballot for TIAA-CREF’s July shareholders meeting.

In September 2008, the Congressional Human Rights Caucus held a [briefing](#) on genocide-free investing focusing on the problem of US financial institutions making large investments in genocide. Plans are underway for [formal Congressional committee hearings](#) on genocide-free investing in 2009.

Hundreds of thousands have been killed and 3.0 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 over six 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.

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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.