

Presenting the genocide-free investing shareholder proposal at the Fidelity shareholder meeting on June 18, 2013

My name is Eric Cohen, chairperson and co-founder of Investors Against Genocide. I'm here to present the genocide-free investing shareholder proposal, representing Fidelity shareholders who submitted it to the six Fidelity mutual funds voting today.

Many would suppose that, today, 68 years after the end of the Holocaust and 19 years after the genocide in Rwanda, no company that values the public trust would attempt to profit from connections to genocide. After all, who wants their savings invested in companies that help fund genocide?

This year marks ten years since the beginning of the genocide in Darfur, Sudan, and seven years since the genocide was publicly acknowledged by the US Congress, and yet we see that this problem is neither theoretical nor historical. Fidelity still invests in the small set of problem companies that fund the regime in Khartoum. Fidelity has insisted on maintaining its flexibility to make such investments for the five years since Fidelity first opposed genocide-free investing in voting on March 19, 2008. As a result, ordinary individuals, through their investments in Fidelity mutual funds, inadvertently invest in companies funding mass atrocities in Sudan. 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. Only a small percentage of mutual fund shareholders are aware of the potential problem of investments tied to genocide, and few are familiar with the companies in which their funds invest. In contrast, you are both aware of the problem and capable of addressing it on behalf of your customers by adopting the proposal.

Mutual funds are the most common investment vehicle for family savings and retirement plans of Americans. That is why it is so important for Fidelity, one of the largest mutual fund companies in the country and the world, to commit to genocide-free investing.

There is no compelling reason for these investments. No fiduciary responsibility requires them. Fidelity's own investment seminars note that investment returns are affected much more by asset allocation choices, than by individual stock selections. So, avoiding the very small number of problem companies need not affect financial returns. If T. Rowe Price, TIAA-CREF, American Funds, 30 states, and 61 colleges can all take steps to avoid investments tied to genocide, why can't Fidelity?

The proposal specifically references PetroChina, because PetroChina is widely recognized as the most complicit in the genocide in Sudan. Fidelity's statement of opposition to the proposal does not attempt to deny the connection between PetroChina and genocide, nor argue that investing in genocide is somehow better. Instead, it simply notes that "this proposal would limit investments by the Fund that would be lawful under the laws of the United States."

Since 1997, US sanctions have prohibited American companies from doing business with Sudan's oil industry. Therefore, ExxonMobil is precluded from supporting Sudan's oil industry. But Fidelity invests hundreds of millions of dollars in foreign companies that provide these same services. Fidelity's investments in companies such as PetroChina clearly conflicts with the spirit, if not the letter, of the law.

Millions of Fidelity shareholders have voted for genocide-free investing in 2008 and 2009 when it was on the proxy ballot for 34 Fidelity funds. At one fund, 31% of shareholders voted in favor, despite strong opposition by Fidelity management. Research shows that 88% of Americans want their mutual funds to be genocide-free. Similarly, shareholders approved the genocide-free investing proposal last year at the ING Emerging Countries Fund by a wide margin, with 59.8% voting in favor and only 10.7% opposed. One wonders how flexibility to invest in genocide could possibly be so important to Fidelity that it chooses to disregard these strong indications of what customers want.

At earlier shareholder meetings, Fidelity's Trustees repeatedly said that the Board was listening carefully and wanted to learn what their customers thought about this issue. If you don't believe the statistics we've provided, it would be easy for Fidelity to take a neutral position on the proposal so that the voting results would give a clear indication of the voice of Fidelity's customers. By opposing the proposal in the voting today, Fidelity has lost an opportunity to hear that voice. However, Fidelity will have another chance, because genocide-free investing has already been submitted to 41 other Fidelity mutual funds and Investors Against Genocide will be coordinating additional submissions.

Fidelity Directors and Management, I ask you to support the values of your customers who do not want their savings tied to genocide, in Sudan today or anywhere else in the future. This proposal is not difficult to implement and it is well within your abilities to do so. Surely, it is not too much to ask that Fidelity make an effort to "prevent holding investments in companies that, in management's judgment, substantially contribute to genocide or crimes against humanity, the most egregious violations of human rights." Moreover, in the face of genocide, it is the right choice, right for your customers, and right for your business.

One good way to get started is to begin implementation of a genocide-free investing policy in Fidelity's mutual fund business in the U.S. The Fidelity fund manager who had held the largest part of Fidelity's investments in problem companies, such as PetroChina and Sinopec, sold those stocks and avoids those investments. Most of what remains is held by Fidelity mutual funds sold outside the U.S. Only a handful of Fidelity's U.S. mutual funds would be affected by implementing the proposal. Please consider taking these initial steps at implementing a policy to draw the line at investing in genocide.