

Presenting the genocide-free investing shareholder proposal at the Fidelity shareholder meeting on May 12, 2015

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 three Fidelity mutual funds voting today.

Today's meeting is not the first time that genocide-free investing has been considered by Fidelity. Fidelity opposed the proposal at four shareholder meetings in 2008, two meetings in 2009, and one meeting in 2013. Millions of Fidelity shareholders have already supported genocide-free investing in votes at 40 different funds. Considering the yes and no votes, the six Fidelity funds voting in 2013 ranged from 27.9% to 32.8% in favor of genocide-free investing,¹ despite active opposition from management. How many millions of shareholders is Fidelity management willing to ignore before adopting a genocide-free investing policy, or at least taking a neutral position on the proposal so that the full voice of Fidelity's customers can be heard?

Many would suppose that 70 years after the end of the Holocaust and 12 years since the beginning of the genocide in Darfur, any company that values the public trust would avoid connections to genocide. But not Fidelity. Fidelity still invests in the small set of problem companies that fund the regimes in Sudan and Syria.

The proposal specifically references PetroChina, because the CNPC/PetroChina group is widely recognized as the most complicit in the genocide in Sudan. PetroChina's controlling parent, CNPC, is Sudan's largest oil partner, thereby helping fund ongoing government-sponsored genocide and crimes against humanity. CNPC is also Syria's largest oil partner, thereby helping fund that government's mass atrocities. Sinopec is another large oil company that also operates in Sudan and Syria. Fidelity mutual funds sold in the US and around the world together own approximately a half a billion dollars of these two companies. As a result, ordinary individuals investing with Fidelity may inadvertently invest in companies funding genocide and crimes against humanity.

None of the three funds voting today hold shares in these companies, but without a genocide-free investing policy any Fidelity fund may increase holdings in such companies without notice. Proxy voting today is an important opportunity to engage Fidelity management and trustees about the problem of their investments tied to genocide.

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 Funds that would be lawful under the laws of the United States."

U.S. sanctions explicitly prohibit U.S. companies from doing business with the oil industry in Sudan and Syria. Therefore, ExxonMobil, for example, 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 and Sinopec clearly conflict with the spirit, if not the letter, of the law.

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.

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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?

Research shows that 88% of Americans want their mutual funds to be genocide-free.² Similarly, shareholders approved the genocide-free investing proposal in 2012 at the ING Emerging Countries Fund by a wide margin. When ING management took a neutral position regarding the proposal, the voting results provided a clear indication of the voice of its customers, with 85% of the yes/no votes in favor of genocide-free investing.³

One wonders how flexibility to invest in genocide could possibly be so important to Fidelity that it chooses to disregard all of 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 many other Fidelity mutual funds and Investors Against Genocide will be coordinating additional submissions.

Fidelity trustees 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.

¹ <http://www.investorsagainstgenocide.org/about/resources/voting-results-for-genocide-free-investing-shareholder-proposals>

² <http://www.investorsagainstgenocide.org/iag/files/KRC-research-results-from-2010-and-2007.pdf>

³ ING Emerging Countries proxy voting results from June 28, 2012 - <http://www.sec.gov/Archives/edgar/data/895430/000117152012001135/ex99-77c.htm>