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Proxy Ballots Feature Human Rights and Climate Change Issues

By Tim Paradis
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NEW YORK -- Discussions of the bloodshed in [Darfur](#) and issues like climate change occur regularly in the world of politics, but lately these issues have wedged their way into often dry financial disclosures.

The proxy voting forms that shareholders of mutual funds or individual stocks receive are often tossed aside as just plain boring. But investors might be surprised by the shadow that politics casts on some ballot items.

Shareholders of [Fidelity Investments](#)' huge Contrafund, which has about \$73 billion in assets, are now casting votes ahead of the fund's meeting Wednesday on whether Fidelity should weed out holdings in companies that "substantially contribute to genocide, patterns of extraordinary and egregious violations of human rights, or crimes against humanity."

A perusal of most proxy ballots would find nary a mention of words like genocide.

Contrafund is one of several Fidelity funds whose shareholders are voting on proposals aimed at preventing investment in companies such as [PetroChina](#). Fidelity sold the bulk of its holdings in the Chinese oil company last year, but advocates are urging an outright ban.

Critics have said PetroChina has sizable ties to the government-owned oil industry in [Sudan](#), the African country that the U.S. government has said is complicit in genocide.

Conflicts in far-off places aren't the only somewhat unusual items popping up on proxy ballots. The Investor Network on Climate Risk, an alliance of 60 institutional investors whose assets total more than \$5 trillion, said this month that investors have filed 54 shareholder resolutions on global warming with U.S. companies, nearly double the number of such filings two years ago.

The petitions filed with [Exxon Mobil](#), [US Airways Group](#) and other companies seek greater disclosure on how these businesses might respond, for example, to regulation of greenhouse gases or increased demand for more energy-efficient services. Some petitions are asking companies to set emissions-reduction targets.

"We view these things as long-term risks," Jack Ehnes, chief executive at the [California State Teachers' Retirement System](#), said of the difficulties companies such as those in the energy sector could face from a warming planet.



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CalSTRS, with assets of about \$167 billion, is the nation's second-largest public pension fund. (The [California Public Employees' Retirement System](#) is first.) It filed resolutions on climate change for the first time this year.

Even those who are agnostic on the science of climate change should see a business risk from failing to plan for climate change, he said.

"If it is a cause, it's a cause of protecting our portfolio and maximizing our returns," Ehnes said. "I think the fiduciary connection here is pretty solid."

In the case of the genocide resolution, Fidelity is recommending investors vote against the proposal, which was sponsored by shareholders in coordination with groups like Investors Against Genocide. Fidelity, the nation's largest mutual fund company, has said the proposal would limit investments that are legal under U.S. law. Fidelity said it has procedures to make sure it complies with existing laws, including those that prohibit investment in companies owned or controlled by the Sudanese government.



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