



Ms. Abigail Johnson
President and Chief Executive Officer
Fidelity Investments
245 Summer Street
Boston, MA 02205

Dear Ms. Johnson:

We are writing on behalf of the Interfaith Center on Corporate Responsibility (ICCR), a coalition of over 300 global institutional investors that collectively represent more than \$4 trillion in managed assets, to express our concern over Fidelity's 2022 proxy voting record on shareholder proposals related to environmental, social and governance (ESG) risks. Our members, many of whom are Fidelity clients, are long-term investors who believe that a company's management of environmental and social risks, and commitment to strong governance, are essential to long-term value creation.

As you may know, there has been increasing scrutiny of the proxy voting records of asset managers on ESG-related shareholder proposals and on Board oversight of these issues. Research from [Morningstar](#), [Majority Action](#), [ShareAction](#), [Georgeson](#), and others reflects asset owners' heightened expectations of their asset managers to address these material risks in their proxy voting. While we are mindful of the recent pressures fund managers face from parties attempting to discredit ESG, the fiduciary case for integrating material ESG risk factors into investment decisions and proxy voting is clear and irrefutable.

Fidelity's Investment Stewardship Principles state that:

"As long-term investors, we encourage issuers to acknowledge and respond to systemic risks, including climate risk, and support those that innovate to address these risks in ways that provide tangible value to investors. We expect issuers to articulate how they will both manage potential risks and deploy capital to adapt, innovate, and succeed in the near, medium, and long term."

Despite this clearly articulated understanding of climate risk, Fidelity's proxy voting record on climate-related proposals in 2022 was largely lacking. According to [ShareAction's recent ranking of the top 68 managers'](#) voting record on 252 shareholder proposals on proxy in 2022, Fidelity Investments ranked 64th of 68 asset managers assessed. Fidelity supported only 17% of overall proposals, and only 23% of environmental resolutions examined. Fidelity also voted against all but one of the non-management-supported resolutions flagged by Climate Action 100+ in the United States.

Furthermore, Majority Action's report on *Climate in the Boardroom: How Asset Manager Voting Shaped Corporate Climate Action in 2022*, indicates that Fidelity was the largest of the eight asset managers not to have updated its proxy voting guidelines to enable votes against directors for climate oversight failure prior to the start of the 2022 proxy season. Thus, it is not surprising that Fidelity supported 97.9% of directors at climate critical companies¹ and supported all ten directors opposed and flagged for an "Against" vote by Climate Action 100+ investors at U.S. companies.

Fidelity's voting record on shareholder resolutions related to social policy issues, particularly those related to racial justice, was even worse than its voting record on environmental proposals. Fidelity supported only 19% of social policy-related proposals assessed by ShareAction in 2022 and voted against all but 1 of the 20 shareholder proposals calling for a racial equity audit². Many of these racial equity audit proposals received strong support from other shareholders with some receiving majority votes and many others being withdrawn by their proponents due to successful agreements reached in dialogue.

Furthermore, Fidelity's voting record on diversity in the board room is also worth highlighting. Fidelity supported the reelection of the chair of the nominating committee at three of the only four remaining S&P 500 companies with all-white boards in 2022: DISH Network, PTC Inc., and West Pharmaceutical Services, Inc.³ We note that an increasing number of investors are opposing directors in companies with inadequate board diversity.

Morningstar's analysis of asset manager voting on key resolutions, i.e. those shareholder resolutions addressing environmental or social themes that were supported by 40% or more of a company's independent shareholders, indicates that Fidelity's sustainable funds offered noticeably lower support for these resolutions compared with their other funds - a fact which may raise serious concerns for your sustainable fund clients. In fact, the Morningstar report points out that the Fidelity Advisor Women's Leadership Fund (FWOZX) stands out for its relatively low support for key resolutions. Given that the fund *"invests in companies that prioritize and advance women's leadership and development,"* investors may find it surprising that it chose to vote against resolutions on sexual harassment and pay equity at Microsoft in 2022 (supported by 78% and 40% of shareholders, respectively) and a pay equity resolution at Disney in 2022 (supported by 60% of shareholders). These voting practices exhibit a clear misalignment with the sustainability objectives of your clients.

In summary, as a coalition of long-term investors, including many clients of Fidelity, we want to underscore that we see the adequate management of material ESG risks as critical to long-term value creation and the safeguarding of shareholder value. As a fiduciary managing the assets of

¹ ['Those large companies where fossil fuel production, consumption, and financing are central to their core business have outsized climate impact.'](#)

² [Majority Action and SEIU's 2022 Proxy Voting Data Brief, 2022](#)

³ [Majority Action's report on Equity in the Boardroom, 2022](#)

millions of clients, we believe Fidelity has an obligation to fully leverage its proxy voting powers to mitigate those ESG risks.

We look forward to your response, which we will gladly share with ICCR members. We will continue to monitor Fidelity's proxy voting practices and, in the meantime, would welcome a discussion with management regarding the issues raised in this letter. My colleague Tim Smith, Senior Policy Advisor (tsmith@iccr.org) will be glad to coordinate a call.

Sincerely,

A handwritten signature in black ink, appearing to be 'JZ', written in a cursive style.

Josh Zinner, CEO

CC:

Ariel Babcock, CFA – Head of Investment Stewardship

Nicole Connolly, Head of ESG Investing

Tim Smith, Sr. Policy Advisor, ICCR