

Will More Money Managers Start Voting Shares Based on Climate Issues? Fidelity International Gets in the Game

Written by Seth D. Jaffe

August 2, 2021

In the wake of [Engine No.1's successful effort to elect more climate-friendly directors at Exxon](#) and the increasingly aggressive [action by BlackRock](#) to take climate into account in its investment management decisions, the whole world is watching for further evidence of capitalism's efforts to save the world from, well, capitalism.

The latest news is from Fidelity International (not to be confused with Fidelity Management and Research), which this week issued its "[Sustainable Investing Voting Principles and Guidelines.](#)"

The Guidelines are a mixed bag and I think that reaction to them will depend upon whether one is a glass half-full or glass half-empty type. Here's the meat of the climate provisions:

"We believe a minimum standard is for companies to provide:

- A stated policy on climate change.
- Emissions data.
- Confirmation of discussion and oversight of climate change at the board level.

In addition, for companies in the most affected industries, we strongly encourage the following:

- Targets for reducing greenhouse emissions.
- Description of the impacts of climate-related risks and opportunities on their businesses, strategy and financial planning.
- Scenario planning including multiple scenarios.
- Impact scenario referencing 1.5°C limits."

For climate hawks, also known as the glass half-empty types, these minimum standards are indeed pretty minimal; they don't actually require very much from the companies in which Fidelity International invests. For glass half-full types, the Guidelines are part of a significant trend indicating that capitalism is starting to police itself.

For my own part, I've always felt that a glass that is half full is also half empty. These Guidelines do appear to be part of an increasing trend of shareholder activism on climate, but it's a trend that going to have to start accelerating pretty quickly if it's going to result in meaningful action. And it's a trend that has to work in concert with legislation and regulation. It's a complement to government action, not a substitute for government action.

RELATED PRACTICES

- [Energy](#)
- [Environmental Compliance](#)
- [Environmental Litigation](#)
- [Environmental, Social and Governance \(ESG\)](#)
- [Private Funds](#)

This communication is intended for general information purposes and as a service to clients and friends of Foley Hoag LLP. This communication should not be construed as legal advice or a legal opinion on any specific facts or circumstances, and does not create an attorney-client relationship.

United States Treasury Regulations require us to disclose the following: Any tax advice included in this document was not intended or written to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code.

Attorney advertising. Prior results do not guarantee a similar outcome. © 2017 Foley Hoag LLP. All rights reserved.