

Key Takeaways from Fidelity's Sustainability Index Funds Report

(click [here](#) to access the full report)

- Fidelity has had a **dedicated ESG team since 2017**, when they adopted a **formal ESG policy** and also **revised proxy guidelines**.
- They conduct **regular meetings with company management** to build a complete picture of each company's sustainability profile.
- Fidelity uses **negative/exclusionary screening** to avoid investments in companies deemed unacceptable or controversial such as tobacco, fossil fuels and gambling.
- Fidelity uses ESG ratings from MSCI and Bloomberg, along with its own **Proprietary ESG Rating Framework**.
- Companies that score **above B** are eligible for inclusion in Fidelity funds. Further review of both actively and passively managed funds indicate that a vast majority of the portfolio companies have an ESG rating of **BBB or higher**.
- Fidelity has **12** ESG funds, of which **8** are actively managed. The **Environment and Alternative Energy Fund (FSLEX)** is the largest with **\$802.10M AUM**.
- The top three investment sectors for this fund are **Information Technology, Health Care, and Financials**.
- Existing constituents are reviewed quarterly to review eligibility criteria. Full composition of index is reassessed annually.



Highlights from ZMH's proprietary ESG Engagement Dashboard™

Fidelity's ESG Engagement Priorities

- Carbon Emissions
- Human Capital Development and Labor Management
- Data Privacy and Security Protocols
- Corporate Governance

Fidelity's Proprietary ESG Rating Framework

- Stresses financial and operational ESG factors, long-term performance.
- Evaluates current and future ESG positioning relative to peers.
- ESG and fundamental analysts collaborate to determine weightings of ESG factors.

About ZMH Advisors LLC.

ZMH Advisors LLC. is a technology-based shareholder and ESG advisory firm. We combine two decades of corporate governance and investor engagement experience with next-gen data analytics to deliver customized solutions for clients ranging from pre-IPO to S&P 500 companies. Our data-driven approach is powered by a **proprietary ESG Engagement Dashboard™**, which provides unique insights on investors with \$45 trillion in assets under management (AUM). A minority-founded company, we are committed to improving diversity of thought in corporate America and building a sustainable business that values environmental impact and social responsibility.

For more information or to schedule a demo of our ESG Engagement Dashboard™, contact us at info@zmadvisors.com or visit our website www.zmadvisors.com.