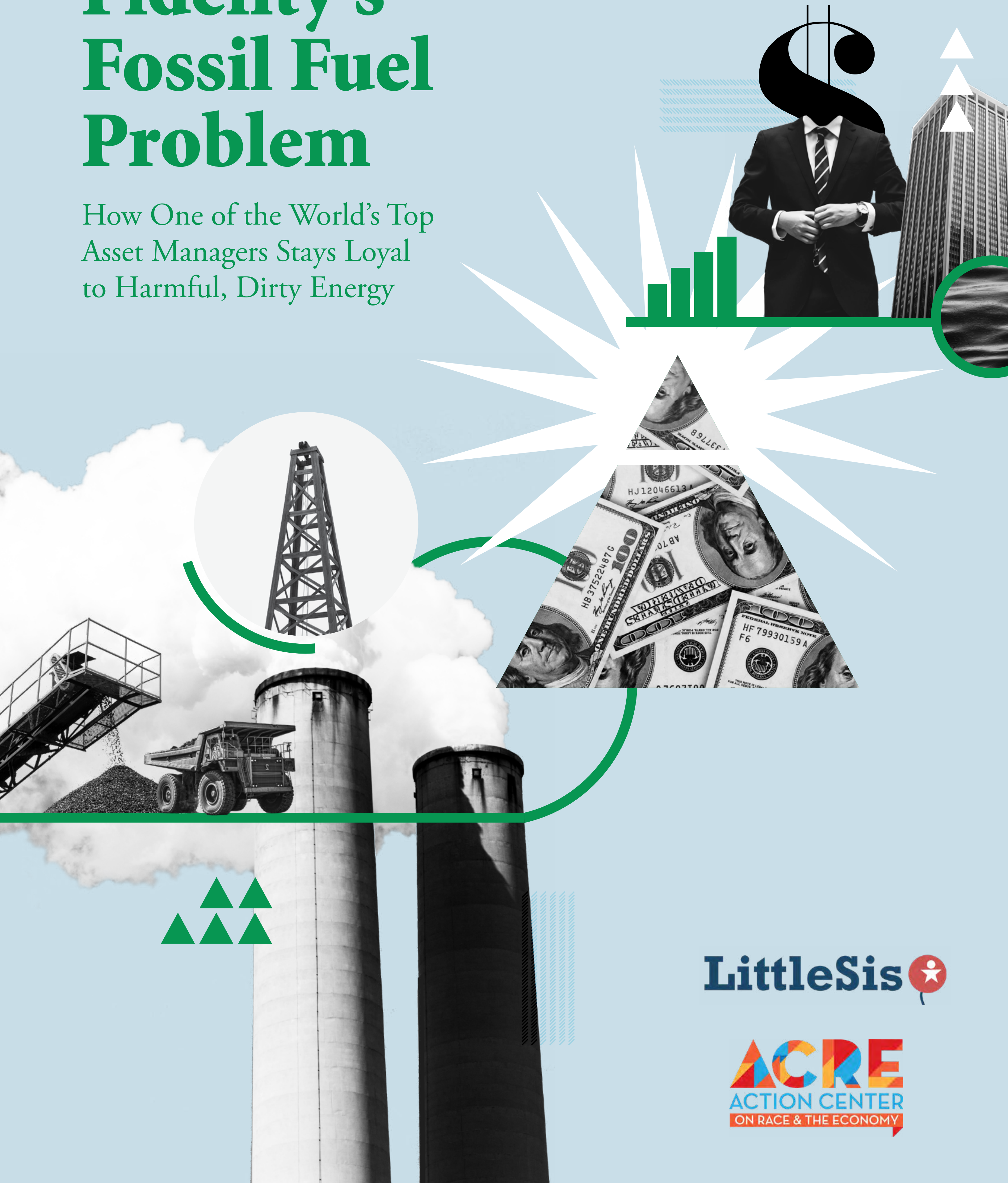
Fidelity's Fossil Fuel Problem

How One of the World's Top Asset Managers Stays Loyal to Harmful, Dirty Energy



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Fidelity Investments is one of the biggest asset managers in the world. By many accounts, it ranks third behind BlackRock and Vanguard in terms of total assets under management.[1] While we often see references to the "Big 3" asset managers - BlackRock, Vanguard, and State Street - the truth is that Fidelity has arguably displaced State Street as the third member of that trio.[2]

Fidelity is based in Boston, Massachusetts and manages $4.48 trillion in discretionary assets as of December 2021.[3] It is privately-owned by the Johnson family, the seventh-richest family in the U.S. The Johnsons are worth $36 billion, according to *Forbes*, and they are a powerful force in Boston-area politics.[4]

Like other asset managers, Fidelity has made gestures around climate issues, but shareholders and stakeholders remain skeptical of the firm's climate commitments. In January 2021, *Bloomberg*, citing a new study by the think-tank InfluenceMap, reported that Fidelity "ranked the worst of the world's 10 biggest asset managers last year on pushing high-carbon emitters to curb their role in global warming," receiving a "D" mark.[5] Majority Action, a non-profit shareholder group for corporate accountability, noted in its 2020 "Climate in the Boardroom" report that, of the top twelve asset managers Majority Action reviewed, Fidelity demonstrated the third-lowest level of support (after BlackRock and Vanguard) for the 36 "climate critical shareholder resolutions" it surveyed, "voting for them less than 20% of the time."[6] Fidelity's dismal climate governance record continued into 2021, where it held the "ignominious distinction" of supporting 100% of management-backed directors across S&P 500 oil and gas companies, utilities, and major banks, according to Majority Action.[7]

Moreover, while Fidelity puts out various gestures toward "engaging with investors about diversity and inclusion"[8] and "investing for social good," including around what they frame as "social issues, like racial justice or economic inequality,"[9] the firm's commanding heights of power are closely tied to, and profiting from, fossil fuel operations that have had documented harmful impacts on Black, Indigenous, and people of color (BIPOC) communities.

Fidelity's lagging on climate and environmental justice issues comes as less of a surprise given its extremely close - but largely unscrutinized - ties to the fossil fuel industry, specifically at the heights of the firm's ownership and governance. This report finds that:

- **The Johnson family is the hands-on owner of Discovery Natural Resources, a private oil company with major operations in the Permian Basin**. The Johnson family owns an oil and gas drilling company, Discovery Natural Resources (DNR), with extensive operations in the Texas portion of the Permian Basin, the busiest oilfield in the U.S. During 2020, DNR was among the top 1% of oil producers and the top 3% of natural gas producers in Texas. The company's operations have leaked methane, and DNR has spewed emissions equivalent to burning 1.2 billion pounds of coal - or, the equivalent of driving 2.7 billion miles in an average gasoline powered passenger vehicle - since 2011, according to EPA data. Far from being detached investors, the Johnsons have been hands-on owners of Discovery. Johnson family members, and Fidelity executives close to the family, hold roles as directors, managers and officers of Discovery that are documented across various state and federal filings.

- **Fidelity trustees who oversee trillions in assets have extensive ties to the fossil fuel industry**. Two sets of Fidelity funds each have their own Board of Trustees that together govern hundreds of individual Fidelity funds made up of trillions in assets. There are 19 independent trustees between these two boards, and at least 15 of them - a full 79% - have close current and past ties to fossil fuel companies, fossil fuel industry financiers, and industries dependent on access to fossil fuels, including companies with documented records of pollution and harm.

- **Fidelity trustees are tied to numerous fossil fuel operations perpetuating climate and environmental injustice against BIPOC and frontline communities**. Fidelity funds' independent trustees have executive and governing roles with corporate actors whose operations have had harmful, documented impacts on BIPOC and poor communities. From the Permian Basin region to Detroit, Michigan, the commanding heights of Fidelity's ownership and governance are closely tied to the ongoing pollution of frontline communities.

- **A majority of Fidelity trustees surveyed have conflicts of interest because they have a personal stake in fossil fuels.** At least 10 of 19 Fidelity trustees the report examines are currently entangled in fossil fuel operations, or have had a stake in them during the past five years, through executive positions or board seats with fossil fuel companies, utilities that rely on fossil fuels, fossil fuel financiers, and companies that do major business with the fossil fuel industry. Most, if not all, of these trustees have personally profited from these fossil fuel ties either currently or recently. Some of these trustees currently hold fossil fuel-tied stock, while others who most certainly do are not required to disclose this information. The report's findings signify that many Fidelity trustees have financial and governing interests in fossil-fuel-related corporations whose polluting operations conflict with climate and environmental justice. Major financial firms like Fidelity have a responsibility to advance climate justice, which is undermined by these conflicts of interest on their boards.

Fidelity's close ties to the fossil fuel industry and its harmful impacts on BIPOC and frontline communities are alarming since a core part of the firm's business is managing the retirement accounts of millions of workers in the U.S.[10] The Johnsons aren't just profiting off of fossil fuels themselves; they are running a firm awash with fossil fuel investments and conflicts of interests and other ethical conflicts tied to people's retirement savings, putting those savings at risk.[11] Fidelity's fossil fuel ties are all the more distressing given the findings of the April 2022 Intergovernmental Panel on Climate Change (IPCC) report that makes clear the need for immediate and drastic reduction of fossil fuel use to avert climate catastrophe.[12]

Because Fidelity is a privately-owned company, and because the Johnsons are notoriously secretive, the firm and its ruling family have been less scrutinized than other major asset managers over their ties to the fossil fuel industry and the ways its fossil fuel profiteering is linked to the extraction of value from and harming of BIPOC and frontline communities. This report seeks to bring more attention to these conflicts.

In sum, with the Johnson family's direct ownership of a major oil and gas company, and with Fidelity fund trustees' personally profiting from the fossil fuel industry and holding governing roles with and close ties to the industry, Fidelity faces major conflicts of interest that raise serious concerns over the firm's ability to make fast, sufficient progress on climate and environmental justice issues.

Concerned stakeholders and investors, including millions of workers who have retirement accounts with Fidelity, should demand:

- **Fidelity remove all fund trustees whose governing and executive roles in fossil fuel companies, or whose personal profiteering from fossil fuel companies, create conflicts of interest around Fidelity's compliance with climate and environmental justice progress**. The close professional ties and dependencies that Fidelity fund trustees have to the fossil fuel industry, and the extent to which many of these trustees have profited personally from the industry, raise serious questions over their capacity to help steer one of the world's top asset managers away from funding the global climate crisis and environmental injustice. The trustees governing trillions of dollars in Fidelity investments, and who are responsible for guiding the firm's funds in an era of climate crisis that demands one of the world's biggest asset manager move fast on addressing climate issues, should not be personally benefiting from climate-destroying and community-harming oil, gas and coal.

- **The Johnson family retire fossil fuel operations at Discovery Natural Resources**. Fidelity cannot join the global effort to address climate change while its owners, the Johnson family, own and profit from major fossil fuel operations. The Johnson family must remove this conflict and shut down Discovery Natural Resources, while justly compensating and transitioning current employees.

- **The Johnson family and Fidelity must deliver reparations to communities directly harmed by their investments**. The Johnson family and Fidelity have harmed frontline and BIPOC communities through profit-making activities. Fidelity must disclose information about these harms, divest from dangerous investments and repair the damages from these activities. The Movement for Black Lives says reparations involve "specific forms of repair to specific individuals, groups of people, or nations for specific harms they have experienced in violation of their human rights." In order to achieve repair, four conditions must be met: (1) obligation to cease the harmful act and assurances the cessation will remain in effect, (2) restitution and repatriation, (3) compensation and (4) satisfaction from the impacted group.[13] While these conditions inform how reparations are made, ultimately the call for reparations and the process in which they are enacted should be defined by the communities who have been directly harmed by Fidelity's investments.

I. Fidelity Investments and the Johnson family

Fidelity Investments is a multi-national asset management firm based in Boston, Massachusetts. By many accounts, Fidelity is the third biggest asset management firm in the world after BlackRock and Vanguard - though State Street, rather than Fidelity, is often referred to as part of the "Big 3" asset manager trio alongside BlackRock and Vanguard.

Unlike BlackRock and State Street, Fidelity is not a publicly traded company, but is privately held by the billionaire Johnson family, the seventh richest family in the U.S. in 2020 according to *Forbes.*[14] As of February 18, 2022, Fidelity was ranked by *Forbes* as the 10th largest privately held company in the world.[15]

Fidelity claimed to oversee $4.48 trillion in discretionary assets at the end of 2021.

Fidelity's 2021 Q2 report stated that the firm oversaw $4.2 trillion total discretionary assets, which includes "all Fidelity investment products, such as mutual funds and managed accounts."[16] This amounted to a 26% increase in assets managed over the prior year. Fidelity's asset management business continues to quickly grow. By December 31, 2021, the firm claimed to oversee $4.48 trillion in discretionary assets.[17]

From 2014 through 2020, Fidelity's revenue exploded from $14.9 billion to $21 billion and its operating profit more than doubled from $3.4 billion to $7.2 billion.[18] For comparison's sake, both of these numbers are higher than BlackRock's 2020 revenue of $16.2 billion and $6.3 billion in profit.[19] Fidelity also has far more employees than other major asset managers. While BlackRock, Vanguard, and State Street have 16,500, 17,300, and 39,439 employees respectively, Fidelity has 50,000, according to *Forbes*.[20]

Under the headline "Record Growth" in its 2021 Q2 report, Fidelity announced other indicators of growth, including a 39% increase in new retail accounts (with a 65% increase in new retail accounts opened by investors 35 years old or younger), a 42% increase in total retail and workplace advisory assets, and an 11% increase in total accounts.[21]

Fidelity's recent growth has been driven in part by the retirement funds it oversees. "Fidelity's growth no longer hinges on people buying mutual funds," the *New York Times* noted in 2018.[22] "Instead, it comes from corporations hiring Fidelity to oversee their 401(k) plans, wealthy investors handing their savings over to one of its financial advisers or fast-growing investment firms selecting it as their custodian."

In 2018, *Investment News* called Fidelity the "undisputed titan of the retirement marketplace," referring to the firm's $1.64 trillion in defined-contribution-plan assets, which was nearly one-quarter of the retirement market.[23] During 2019 and 2020, more U.S. corporate 401(k) plans shifted to Fidelity index funds than any other asset manager.[24] In recent years, Fidelity's index fund business has also surged to over $1 trillion in assets managed.[25]

Fidelity is owned by the billionaire Johnson family through FMR LLC, the family's private firm. The Johnsons own a 49% stake in the FMR LLC, with the other 51% owned by FMR LLC employees.[26]

Fidelity CEO Abigail Johnson is worth $23.1 billion, according to *Forbes*, making her one of the richest persons in the world and the wealthiest person in Massachusetts. She personally holds a 24.5% ownership stake in Fidelity.[27]

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Abigail Johnson is the third generation of the Johnson family to run Fidelity. Her grandfather, Edward C. Johnson, founded Fidelity in 1946, while her late father, Edward "Ned" Johnson III, ran the firm until 2014, when Abigail took over.[28]

The Johnson family has a reputation for being notoriously secretive, with *Boston Magazine* once labeling them "pathologically private."[29] Their social circle includes some of the most powerful elites in the Boston area, such as fellow billionaire John Henry, the owner of both the *Boston Globe* and the Boston Red Sox.[30]

The Johnson clan controls a sprawling empire of business interests and operates at its commanding heights of power. Prior to the passing of Ned Johnson in March 2022, *Bloomberg* described the Johnsons in August 2020:

> *"The Johnsons, led by polymathic patriarch Edward "Ned" Crosby III, built a $46.3 billion fortune with Fidelity Investments, whose products shape the finances of about 32 million people worldwide. His daughter, Abigail "Abby" Pierrepont Johnson, now chief executive officer of the family business, is among the most influential people in money management. Yet for a firm that encouraged a cult of personality around its star fund managers, its biggest shareholders and the family's intricate web of investments remain very much a mystery. Their empire extends from the Boston Seaport to London, Tokyo and West Texas in businesses ranging from hospitals to fiber-optic communication. They are arguably Boston's most powerful family and certainly the richest. But they — and their business interests — remain intensely private."*[31]

The family has extensive real estate holdings throughout the world through the FMR LLC subsidiary Pembroke Real Estate.[32] According to a 2012 *Investment News* report, Pembroke managed 6.5 million square feet of mixed-used (with a combination of office, commercial, residential and hotel spaces) and office property.[33] Pembroke's portfolio currently includes the Seaport Place, a mixed-use waterfront development in South Boston, and a host of other projects.[34]

According to the *Investment News* story, Pembroke's primary clients were Fidelity investors and family investment vehicles. Pembroke's President is Edward C. Johnson IV, the brother of Abigail Johnson.[35]

Other Johnson family interests include a pair of venture capital firms, F-Prime and Eight Roads, which *Bloomberg* reported had $2 billion and $6 billion in assets respectively in 2020.[36] F-Prime, which is also known as Impresa Management, is focused on the healthcare and technology sectors and according to a 2016 *Reuters* report, "competes directly for lucrative deals with the Fidelity funds in which millions of Americans" invest their money.[37] The *Reuters* report also noted that Iora Health, a healthcare start-up co-founded by Abigail Johnson's husband Christopher McKown, has received multiple rounds of investment from F-Prime. Eight Roads was split off from Fidelity International in 2019 and invests in real estate and private healthcare companies, according to *Bloomberg.*[38]

Crosby Advisors, the family office for the Johnson family, oversees family assets including investments in a global financial services business, a trust company, venture capital, private equity, real estate, public securities, significant charitable organizations, and art and antiquities.[39] Crosby Advisors was previously headquartered in Boston, but moved to Salem, New Hampshire to pay less taxes in 2011, hinted the *Boston Herald.*[40] The Johnson family also owns about 40% of Fidelity International, which *Bloomberg* calls "Fidelity's sister company."[41]

A full accounting of the Johnson family's empire – which also includes a lumberyard chain, hydroponic tomato grower, and temporary staffing company – is beyond the scope of this report and perhaps beyond what can be known by outsiders given the family's secretive nature.[42] One important province of this empire, as described in detail below, is the Permian Basin oil driller Discovery Natural Resources.

II. The Fidelity Family's Permian Basin Oil Bet

The Johnson family owns Discovery Natural Resources, a privately-held oil and gas company based in Denver, Colorado, with extensive drilling operations in West Texas. As discussed below, corporate filings with state and federal regulators show that the Johnsons are not passive owners of Discovery Natural Resources. Indeed, multiple powerful figures tied to Fidelity and the Johnson family, including Abigail Johnson and her brother Edward Johnson IV, are listed as managers and officers across various filings that document the Johnson family's ownership of Discovery. The Johnsons' active ownership of a major oil production company raises concerns over their seriousness - as owners of one of the world's largest asset manager firms - around addressing climate change and the polluting impacts of the fossil fuel industry on frontline communities.

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Discovery Natural Resources' Permian Basin oil and gas operations

According to Discovery's website, the company "is focused on the acquisition, development and exploration of oil and gas properties in the Permian Basin," the most productive oilfield in the world and the engine of the U.S. oil and gas production boom of the past decade. Discovery is no minor oil and gas producer - it is a significant industry player. The company emphasizes the scope and continual expansion of its Permian Basin drilling operations on its website:

> *"Since its inception over a decade ago, Discovery has assembled nearly 150,000 net acres in West Texas… Discovery produces over six million barrels of oil equivalent annually operating more than 1,000 wells. Its portfolio and operations have expanded significantly since 2003, investing in new projects, building infrastructure and developing existing leases."*[43]

Discovery's portfolio page offers more detail on the continual expansion of its oil and gas operations:

> *"Discovery Natural Resources commenced operations in 2003 in Utah. Since then, the company identified and executed grass roots exploration projects and tactical acquisitions in Texas, Oklahoma, Colorado, and Kansas.... Discovery acquired its first interests in Texas in 2004, with the acquisition of wells and leaseholds in the Adams Baggett field located in Crockett County. Discovery expanded its position in Texas to the Midland Basin in early 2010 and has since then assembled approximately 115,000 net acres with over 3,000 prospective liquids-rich horizontal and vertical locations in the Wolfberry play. The company is focused on developing its Wolfberry asset with an active drilling program, and continues to enhance well results through technological initiatives."*[44]

In May 28, 2019, the *Houston Chronicle* highlighted Discovery's growing oil and gas operations in an article titled: "Drilling Down: Denver company finds success in Permian Basin's Spraberry field":

> *"Denver oil company Discovery Natural Resources is finding success by drilling in the Permian Basin's Spraberry field. The company is seeking permission from the Railroad Commission of (sic) Texas[45] to drill 10 horizontal wells targeting the West Texas geological layer in Reagan County to a total depth of 8,500 feet. The drilling project is in the company's Bullhead lease about 10 miles northeast of Big Lake. Discovery produced more than 3.8 million barrels of oil and nearly 27.5 billion cubic feet of natural gas in 2018. More than 90 percent of that oil and more than 81 percent of that natural gas came from the Spraberry."[46]*

According to data from the Texas Railroad Commission, which regulates oil and gas extraction in the state, Discovery Natural Resources held 674 oil and gas leases in 2020, producing 3,773,380 barrels of oil and 1,902,501 Mcf of natural gas, making it the number 63 (out of 6,063) oil producer and the number 167 (out of 6,063) natural gas producer in the state.[47] These volumes render Discovery in the top 1% of oil producers and in the top 3% of natural gas producers in Texas.[48]

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Discovery Natural Resources appears to have been originally named FIML Natural Resources, LLC.[49] Midstream company JP Energy, which merged with American Midstream in 2016, stated that same year that it had a "10-year fee based gathering agreement" with Discovery Natural Resources to transport Discovery's product through JP Energy's Silver Dollar Pipeline.[50]

In 2020, Discovery's business - like most of the industry - appeared to take a downturn because of the oil market crisis and the coronavirus pandemic. A May 31, 2020 *Wall Street Journal* article notes that "Oil producer Discovery

Natural Resources LLC" said it "had permanently laid off 28 staff in its Denver headquarters to reduce costs in a 'difficult operating environment.'"[51] Still, Discovery had 14 total drilling permits in Texas during 2020, ranking it 67th in the state for number of permits in that year.[52]

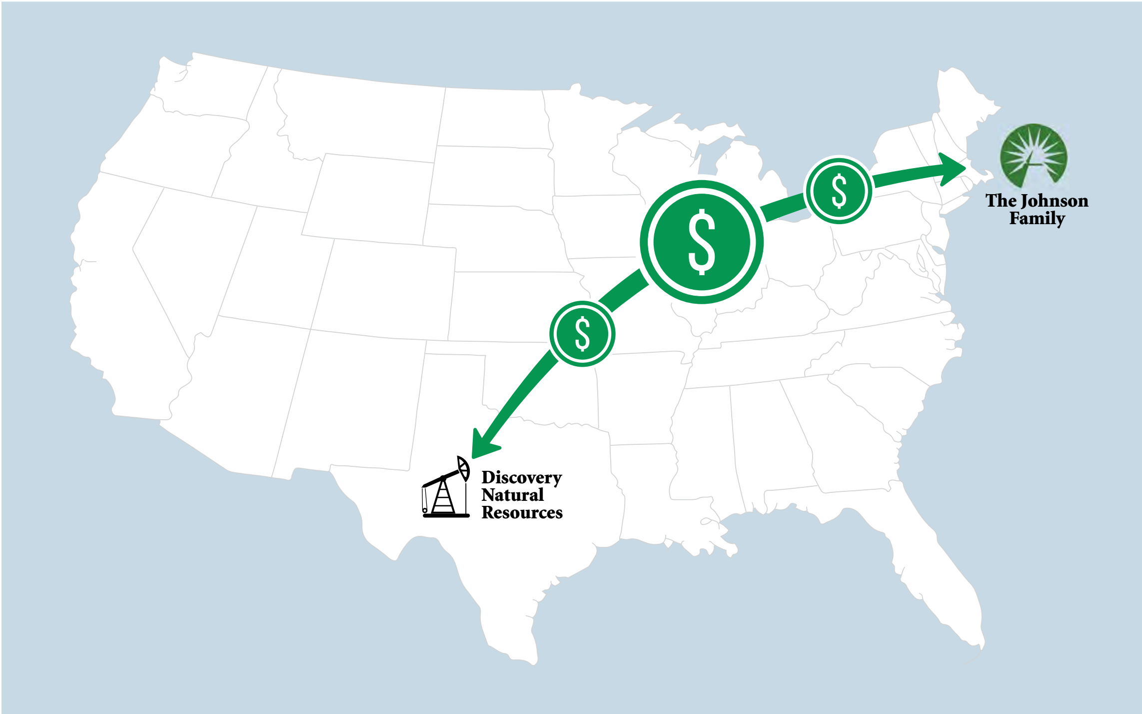
According to the dataset made available by the 2020 Banking on Climate Change report, Discovery received at least 608.32 million in total financing between 2018 and 2019 from Bank of America, Citi, and JPMorgan Chase, with $202.77 million coming from each bank a piece over those two years.[53]

The Johnson Family's Hands-On Ownership of Discovery Natural Resources

The mainstream business media has occasionally referred in passing to the Johnson family's ownership of Discovery Natural Resources. For example, an August 2020 *Bloomberg* profile of the Johnson family referred to Discovery Natural Resources as the Johnsons' "family-owned shale company" and estimated their stake in Discovery at $70 million.[54] The Bloomberg Billionaires Index states that the Johnson family's assets "include oil company Discovery Natural Resources."[55] A March 2017 *Fortune* article referred to Discovery Natural Resources as being "held in part by Fidelity Investments."[56]

Nevertheless, little detail has been presented on the entities through which the Johnson family owns and manages Discovery Natural Resources. Our examination of official filings reveals more on the extent to which to which the Johnson family and top Fidelity and FMR LLC executives hold positions of ownership and power over the oil and gas company. For example:

- In an early 2022 court filing, Discovery Natural Resources listed "Horizon Natural Resources Investors LLC" as "[t]he only entity that owns at least 10% of DNR."[57] Horizon Natural Resources Investors LLC is registered with the State of Massachusetts as a Foreign Limited Liability Company whose Principal Office is 245 Summer Street in Boston, which is the address of Fidelity's Boston headquarters.[58] An entity called Star Horizon Management LLC is listed as the Manager of Horizon Natural Resources Investors LLC, and five registered Managers of Star Horizon Management LLC include both Fidelity Investments CEO Abigail Johnson and her brother Edward Johnson IV, as well as other top Fidelity executives, Lane MacDonald, Gerard McGraw, and John Remondi.[59] A 2019 Federal Communications Commission filing states that Star Horizon Management LLC is a Delaware limited liability company that is owned by six trusts that are "established for benefit of members of the Johnson Family." Multiple Johnson family members and top Fidelity executives are listed as directors and officers of Star Horizon.[60]



- In corporate registrations in many states, Discovery's address is reported as 245 Summer Street in Boston - again, Fidelity's address.[61] For example, Discovery's corporate filing with the Kentucky Secretary of State lists the 245 Summer Street address as both its Standard and Original Business Address, and it also lists Edward C. Johnson IV - Abigail Johnson's brother and the President of the Johnson family's Pembroke Real Estate firm - as a company officer as of June 6, 2021.[62] Other Discovery officers that are listed include senior Fidelity executives.[63]

- The 2021 "Public Information Report" for Discovery Natural Resources LLC that is accessible on the State of Texas's Taxable Entity Search page lists Discovery's treasurer, assistant, and two directors as having the address 82 Devonshire Street, V6D Boston, MA 02109.[64] This address long served as Fidelity's Boston headquarters until around a decade ago.[65] The officers listed in this filing include executives tied to the Johnson family and Fidelity. For example, one of the directors is Timothy T. Hilton, who has held multiple positions for the Johnsons, including President of Fidelity Capital, President of Fidelity Ventures, and President of Devonshire Investments.[66] Another Discovery director listed in the Texas filing is Stephen P. Jonas, who previously held several top executive positions with Fidelity Investments.[67]

- In a report to the EPA on its 2020 emissions, Discovery Natural Resources listed FMR LLC - the same name as the Johnson family's private firm - as its parent company, with 100% ownership.[68]

- A 2016 *Reuters* report states that Discovery Natural Resources is owned by the Johnson family's FMR LLC through Devonshire Investments, the family's private investment arm. (The *Wall Street Journal* refers to Devonshire Investments as "Fidelity's little-known private-equity division.")[69] Reuters sources are listed as "Fidelity disclosure; U.S. regulatory findings."[70]

Sources like these indicate the direct, hands-on nature of the Johnson family's private ownership and oversight of Discovery Natural Resources, even if the constellation of the specific legal and business entities that make up that ownership are so tangled and convoluted that a definitive mapping of the ownership structure is virtually impossible to outsiders.

Multiple sources indicate the direct, hands-on nature of the Johnson family's private ownership and oversight of Discovery Natural Resources.

Other public sources also indicate Fidelity's ownership of Discovery Natural Resources. For example, the biography of Ronald "Tracy" Evans, President and CEO of Tabula Rasa Partners, an oilfield operations company focused on the Permian Basin, states that "he serves on the Board of Discovery Natural Resources, a private company owned by Devonshire Investors (Johnson Family - founder of Fidelity Investments)."[71]

According to a 2015 filing, Geoffrey von Kuhn, Fidelity's now-retired Chief Administrative Officer, was "a Director of Discovery Natural Resources LLC," a position he had held since 2012.[72] Von Kuhn appears close to the Johnsons, having held high-up positions at Pembroke Real Estate and the Crosby Group in addition to Fidelity.[73] It is unclear if von Kuhn still sits on Discovery's board today.

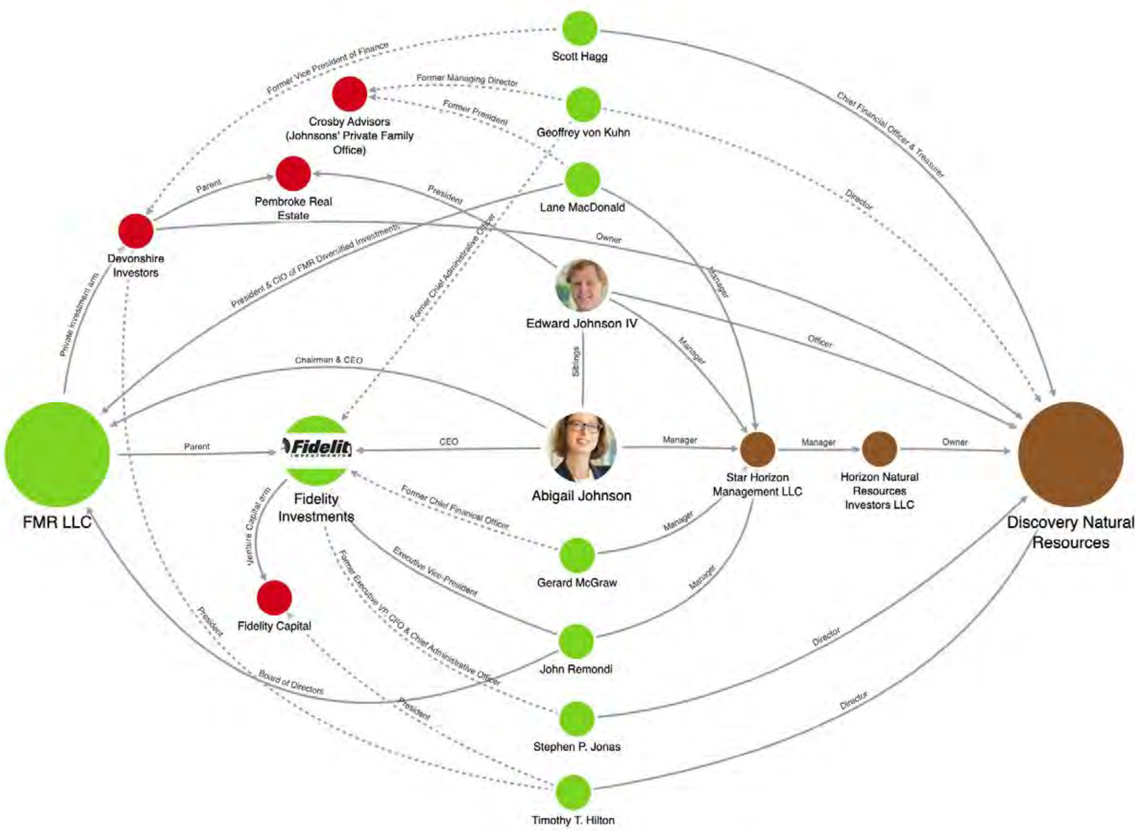
Moreover, Discovery's Chief Financial Officer - one of just two company personnel that Discovery discloses on its website - is Scott Hagg, who worked for the Johnson family for 16 years prior to joining Discovery.[74] His biography on Discovery's site states:

> *"Prior to joining Discovery [in 2013], Mr. Hagg was Vice President of Finance at the private equity firm Devonshire Investors where over his 16 year tenure he served in various positions of increasing responsibility. While at Devonshire, Mr. Hagg provided financial analysis and support to several of Devonshire's portfolio companies, including the initial business planning and start-up of Discovery."*[75]

The executive position that Hagg - a longtime, high-up, trusted Johnson family ally - holds within Discovery offers further evidence of the Johnson family's hands-on approach to their oil and gas company.

Discovery itself doesn't identify the Johnson family as its owners on its website, merely stating that it has "private ownership," and that "[t]he company is well funded with a fully committed investor." Discovery states that private ownership allows the company to "have a long-term view on oil and gas" and makes it "able to weather market cycles better than its public counterparts."[76] Discovery clearly sees itself in the oil and gas drilling business for the long haul, with the promise of returns for its owners: "Not having to answer to public shareholder demands enables Discovery to be more patient with its drilling operations and make prudent investments."

While the Johnson family's business empire is likely too opaque and convoluted for anyone on the outside to fully and accurately map it out, here are some ties between the Johnsons and Fidelity on the one hand, and Discovery Natural Resources on the other, that are supported by publicly available sources cited above:

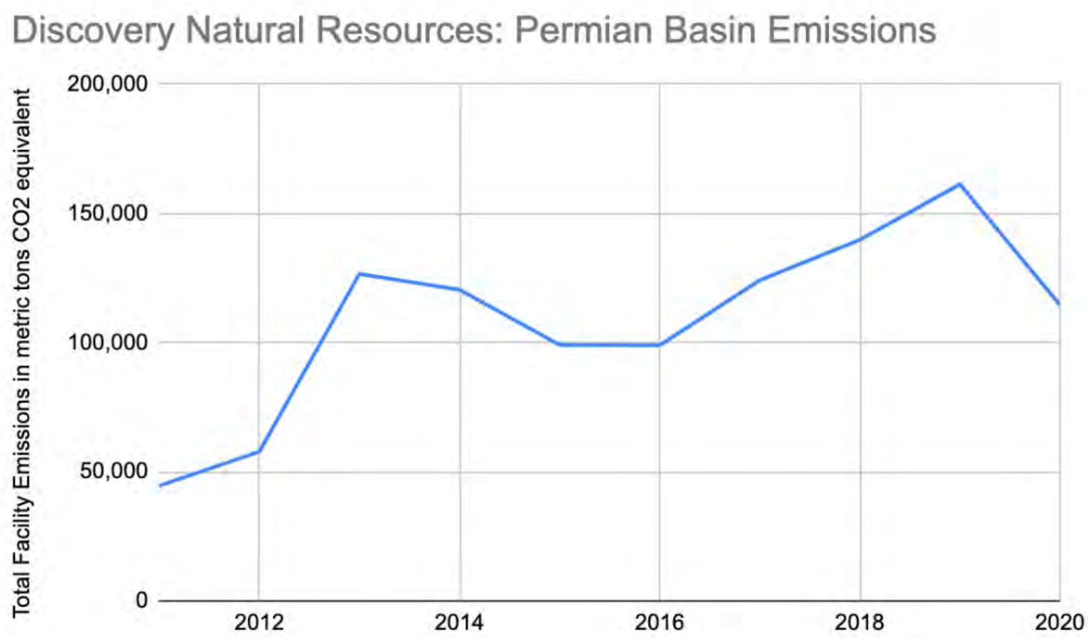


[*See the full map on LittleSis.org*]

Discovery Natural Resources' Harmful Impacts in the Permian Basin Region

As one of the largest producers of oil and gas in the Permian Basin, Discovery Natural Resources bears responsibility for the harms directly tied to its own corporate activity as well as the impacts of the oil and gas industry in the region. Oil and gas production in the Permian Basin has rapidly increased in the past decade, especially since Congress lifted a ban on the production and export of crude oil in 2015.[77] The impacts of this industry on frontline and BIPOC communities in the Permian Basin are well documented and pose serious risks to the environment, local residents, and workers.

The emissions and pollution from oil and gas extraction wreak the most havoc on frontline and BIPOC communities.[78] Discovery Natural Resources self-reports emissions data from its facilities in the Permian Basin to the Environmental Protection Agency (EPA).[79] The data reflects the boom and bust cycle of the industry and an overall increase in annual carbon dioxide and methane emissions over the last decade. Cumulatively, the company has emitted at least 1.1 million metric tons of CO2 equivalents since 2011; that is equal to CO2 emissions from burning 1.2 billion pounds of coal, or the equivalent to the greenhouse gas emissions from driving 2.7 billion miles in an average gasoline-powered passenger vehicle.[80]



Source: Facility Level Information on Greenhouse Gasses Tool (FLIGHT), Greenhouse Gas Reporting Program (GHGRP), Environmental Protection Agency (EPA).[229]

Methane, an odorless gas that is harmful to human and environmental health, is one of the top emissions produced by Discovery Natural Resources. The Environmental Defense Fund gathers independent methane emissions data in the Permian Basin through ground and aerial surveys.[81] It has found that actual methane emissions in the Permian Basin are more than triple what the EPA assumes.[82] The EDF documented methane leaks from three tanks operated by Discovery Natural Resources in the Permian Basin in Midland County, Texas.[83] Peer reviewed scientific studies have found that tank leaks are the biggest reason for discrepancies between real methane emissions and what is reported to the EPA.[84]

Discovery Natural Resources and the oil and gas industry harmfully impact the health and safety of residents, workers and animals in the Permian Basin and beyond:

Health Impacts

The extractive activities of oil and gas corporations and the pollution that stems from them have deeply harmful health impacts on frontline communities. Discovery Natural Resources and many of its industry peers extract oil and gas products in the Permian Basin through fracking,[85] a damaging process in which water is shot at a high-pressure into the earth to create fractures for oil and gas to escape.[86] Physicians for Social Responsibility, a doctor-led public health organization, found that the negative impacts associated with proximity to fracking are most acutely felt in low income and BIPOC communities.[87] These health problems include cancer, respiratory disease, heart problems, rashes, mental distress and harm to infant health. A January 2022 study from the Harvard School of Public Health, which included residents of the Permian Basin, found that proximity to fracking operations increased the risk of premature death for the elderly.[88]

Impacts on Animals

Beyond humans, these negative impacts extend to animals. Penny Aucoin and Carl Dee George, who live in the Permian Basin in New Mexico, had to euthanize their pets after a pipe carrying toxic water from the fracking process burst over their home, causing the pets to suffer severe health effects. They and their family also developed pustules and rashes on their own skin and severe nose bleeds.[89]

Impact on Workers

Workers are also harmed by oil and gas corporations in the Permian Basin. Multiple workers have alleged wage theft by Discovery Natural Resources since the oil and gas boom began in the Permian Basin. In 2017, workers alleged that their wages were stolen by the company after digging wastewater pits at oil and gas sites owned by Discovery Natural Resources.[90] They claimed that they worked 12 hours a day for approximately $65 dollars a day, amounting to approximately $5 an hour. These workers are Mexican citizens who came to the United States with H2A visas, a program intended for seasonal agricultural work.[91] The case was dismissed by the court for exceeding the "statute of limitations," meaning that the lawsuit was filed too late after the alleged crime took place.[92]

In a case filed in 2021, a worker who operated drills for Discovery Natural Resources alleged that the company misclassified them and many other workers as independent contractors.[93] The worker claimed that it was normal to work 100 hours a week and that they were not paid over time nor given the necessary equipment for the job. The worker is seeking back pay for lost wages and the case is ongoing in the United States District Court for the Western District of Texas Midland-Odessa Division. Overall, the testimony in both of these lawsuits against Discovery Natural Resources demonstrates that labor, like oil and gas, is also aggressively extracted in this industry.

Beyond the Basin

Discovery's operations have also caused disruptive impacts in communities outside the Permian Basin region. For example, a 2017 news report profiled how Discovery's natural gas processing plants were negatively impacting residents of Fort Lupton, Colorado, a suburb outside Denver.[94]

Despite these impacts, corporate greed continues to drive the explosive growth of oil and gas extraction in the Permian Basin. The current production of oil and gas already exceeds the capacity of existing infrastructure in the region. Therefore, additional pipelines across New Mexico and Texas and new petrochemical facilities on the overburdened Gulf Coast are being constructed to reckon with increasing production.[95] If this growth persists unchecked, polluting fossil fuel emissions from this industry will exacerbate the climate crisis.

Indigenous leaders have resisted the production stream of the oil and gas industry in the Permian Basin and beyond.[96] The Society of Native Nations have led resistance to leases and extraction in the Permian Basin and the Carrizo/Comecrudo Tribe of Texas have resisted pipelines and other infrastructure that transfer oil and gas from the Permian Basin to the Gulf Coast. The Permian Gulf Coast Coalition also organizes for a just transition away from fossil fuels and petrochemicals and towards a future with clean air and water.[97]

III. Key Fidelity Fund Trustees Direct and Own Major Stock in Fossil Fuel Companies Tied to Harmful Pollution

In addition to the Johnson family's oil ties through its ownership of Discovery Natural Resources, the oil, gas, and coal industries are strongly represented on the Boards of Trustees that govern hundreds of Fidelity funds through which trillions of dollars are invested.

The assets of many of Fidelity's clients are invested in hundreds of different individual Fidelity funds that are clumped into different sets of funds. These sets of funds, and the individual funds within them, are governed by different Boards of Trustees, who are responsible for "protecting the interests of shareholders" and who "meet periodically throughout the year to oversee the fund's activities, review contractual arrangements with companies that provide services to the fund, oversee management of the risks associated with such activities and contractual arrangements, and review the fund's performance."[98]

Fidelity has two major sets of funds called Fidelity's Equity and High Income Funds (EQ/HI Funds) and Fidelity's Fixed Income and Asset Allocation Funds (FI/AA Funds). Together, these two sets of funds - which contain hundreds of individual high income funds, mutual funds, ETFs, bond funds, asset allocation funds, and money market funds[99] - held around $2.7 trillion in assets as of May 31, 2020, according to a letter that the funds' trustees wrote to the Securities

The fossil fuel industry is strongly represented on the Boards of Trustees that govern hundreds of Fidelity funds through which trillions of dollars are invested.

and Exchange Commission.[100] The report authors contacted Fidelity in February 2022 to request the most recently available numbers for total assets under management of these sets of funds, but we received no response. Fidelity's breakdown of its $4.48 trillion assets under management as of December 2021 includes $2.7 trillion in equity assets, $101.2 billion in high income assets, $182.1 billion in hybrid assets, $637.8 billion in investment grade bond assets, and $836.8 billion in money market assets.[101]

These EQ/HI and FI/AA sets of funds are governed by two different Boards of Trustees.[102] The overwhelming bulk of the Boards are composed of Independent Trustees who appoint the Board Chairman.[103]

This section of the report examines the Independent Trustees of the EQ/HI Funds and FI/AA Funds and their deep intertwinement with the fossil fuel industry through the trustees' professional networks and personal financial holdings. These trustees oversee the governance of hundreds of Fidelity's funds. The sheer amount of assets that are invested through the EQ/HI Funds and FI/AA Funds, across a range of different subsets of kinds of funds, makes them core to Fidelity's asset management business.

An analysis of these two boards reveals how the governing heights of hundreds of Fidelity funds are enmeshed with fossil fuel interests. There are 19 Independent Trustees between these two boards, and at least 15 of them - a full 79% - have close current and past ties to fossil fuel companies, fossil fuel industry financiers, and corporations and industries whose business models deeply rely on fossil fuels.

The close professional ties and dependencies that these trustees have to the fossil fuel industry, and the extent to which many have profited personally from the industry, raise serious questions over their capacity to help steer one of the world's top asset managers away from fueling the global climate crisis and environmental injustice.

An analysis of the two boards reveals how the governing heights of hundreds of Fidelity funds are enmeshed with fossil fuel interests.

Fidelity's Equity and High Income Funds

The 11 independent trustees of Fidelity's Equity and High Income Funds govern funds that managed $2 trillion in assets as of August 2020[104] (and likely much more today), including extensive corporate bonds of fossil fuel companies.[105] Seven of the 11 independent trustees - 64% of the independent members of the board - have significant ties to and dependencies on the fossil fuel industry, including professional interlocks with, and personal financial interests in, several major oil and gas companies.

Susan Tomasky, who has taken in $1,173,750 as director of fossil fuel refining behemoth Marathon Petroleum since 2018,[106] has served as a Fidelity funds director since 2020.[107] Tomasky has previously served as a director for two fossil fuel companies, Summit Midstream Partners and Andeavor, and previously held executive positions with American Electric Power (AEP), one of the worst polluting power companies,[108] with coal accounting for around half of its power generation and natural gas nearly another 30%.[109] AEP has recently been tied to a massive dark-money corruption scandal in Ohio.[110] In April 2022, her most recent SEC filing, Tomasky reported owning 23,779 shares of Marathon Petroleum stock, which are worth $2,150,572 as of April 19, 2022.[111] Tomasky is also Lead Director of New Jersey-based utility powerhouse PSEG.[112]

Patricia L. Kampling, who retired as CEO and chair of Alliant Energy, a Madison, Wisconsin based electric utility, in 2019,[113] has served as a Fidelity funds director since 2020.[114] Alliant's energy mix consists overwhelmingly of coal and gas.[115] Between 2016 and 2018 alone, Kampling was compensated with nearly $20 million for overseeing one of the nation's dirtiest utilities.[116] In August 2020, Kampling was appointed to the board of Xcel,[117] whose 2020 power mix consisted mostly of coal and gas.[118] Xcel promotes the bridge fuel argument about natural gas and recently came under fire from environmental advocates for its proposed $800 million gas-fired plant in Becker, Minnesota.[119] Kampling has been compensated with $428,118 by Xcel since 2020, and a March 2022 SEC filing shows that she currently owns 5,706 shares of Xcel stock, worth $427,037 as of April 19, 2022.[120] From 2019 to 2021, Kampling also served on the board of Briggs & Stratton Corporation, a privately-held manufacturer of gasoline engines.[121] Kampling reported owning 11,639 shares of Briggs & Stratton stock in March 2020, but the company has since gone independent with private equity backing after it filed for bankruptcy.[122] Finally, Kampling also serves on the board of American Water, a major water utility company that has helped drive the privatization of water services.[123]

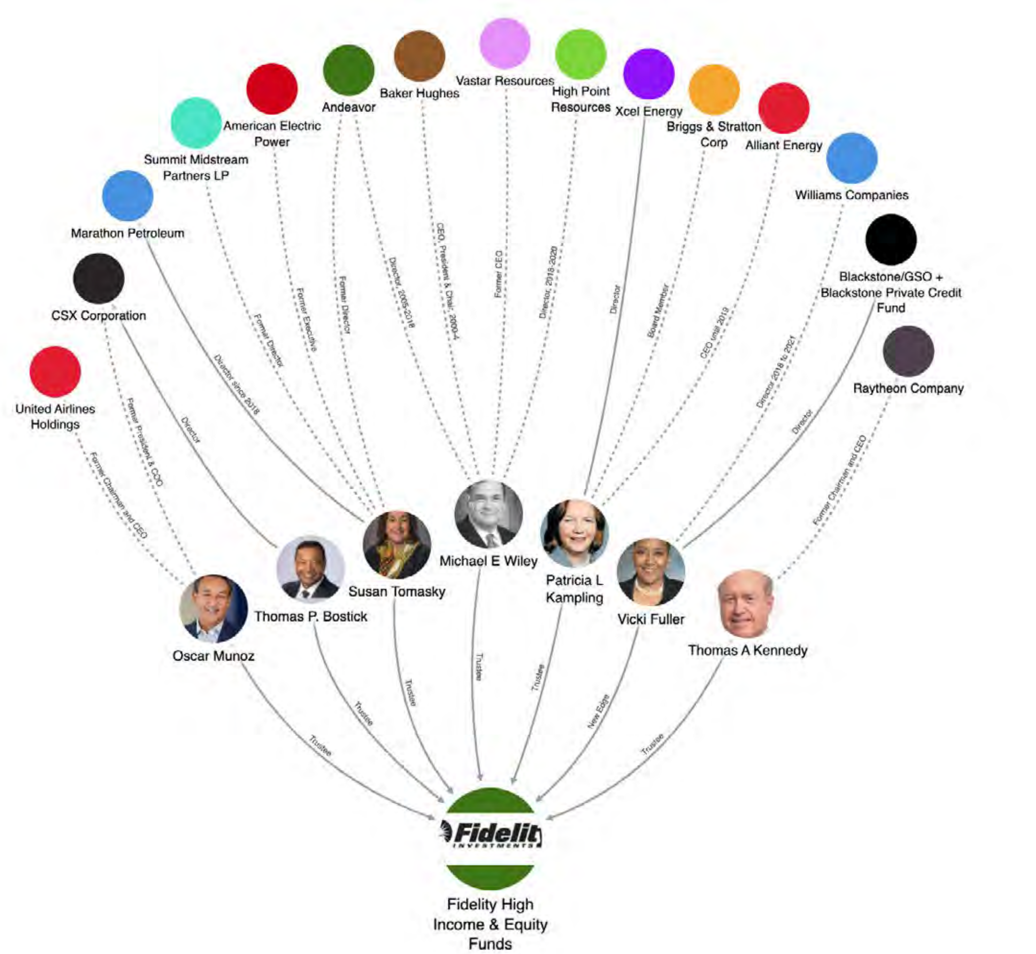
Vicki L. Fuller, a director of Williams Companies from 2018 to December 2021,[124] has served as a Fidelity funds director since 2020.[125] Williams is one of the nation's top natural gas corporations whose focus is interstate pipelines and gathering and processing operations. Williams claims it "handles 30% of the natural gas in the United States that is used everyday."[126] During her time as director, Williams compensated Fuller with $846,498.[127] According to her most recent SEC disclosure from April 2021, Fuller owns 27,225 shares of Williams company stock, which would be worth $964,037 as of April 19, 2022.[128] Fuller is also a former director of KeySpan Energy, a natural gas distributor that was acquired by National Grid.[129] Fuller became a director of Blackstone/GSO Secured Lending Fund in August of 2020 and serves as a director of the Blackstone Private Credit Fund.[130] Blackstone is the world's largest private equity firm with extensive fossil fuel holdings. An October 2021 report by Private Equity Stakeholder Project identified around two dozen fossil fuel companies that Blackstone has acquired,[131] including Tallgrass Energy, Rover Pipeline, and EagleClaw Midstream Ventures, which is developing the controversial 430-mile Permian Highway Pipeline.[132] Blackstone also has a 6.9% stake in Energy Transfer Partners, making it the company's second-top owner.[133] Energy Transfer oversaw the construction of the Dakota Access Pipeline, which faced extensive Indigenous-led opposition, and is an owner of the pipeline. Blackstone also co-owns the dirty coal-fired Gavin Power Plant in Ohio.[134] Fuller is also the former Chief Investment Officer of the New York State Common Retirement Fund.[135]

Michael E. Wiley, the former Chairman, President and CEO of Baker Hughes, one of the world's top oilfield services companies, from 2000 to 2004,[136] has served as a Fidelity funds director since 2018.[137] Wiley also served, until recently, as a director of oil and gas companies Andeavor Corporation (from 2005 to 2018) and Andeavor Logistics (from 2015 to 2018), which were acquired by Marathon Petroleum in 2018.[138] Wiley was also a director of oil and gas company High Point Resources until 2020 and reported owning 226,234 company shares in June 2019.[139] In 2021, High Point was acquired by oil and gas producer Bonanza Creek Energy, and Bonanza Creek was later rebranded as Civitas Resources, which calls itself "Colorado's largest pure-play energy producer."[140] Prior to becoming CEO of Baker Hughes in 2000, Wiley was CEO, President, and Chairman of Vastar Resources,[141] a natural gas exploration company that was fully acquired by BP Amoco in 2000.[142]

Thomas P. Bostick, a director of CSX Corporation since 2020, has served as a Fidelity funds director since 2021.[143] CSX is one of the top railroad transportation companies in the U.S. and a leading transporter of coal.[144] According to CSX's most recent annual report, coal is one of the company's "four primary lines of business" and accounted for 14 percent of its 2021 revenue of $12.5 billion. CSX "shipped 706 thousand carloads" of coal during 2020, with "[a]pproximately one-quarter of export coal and the majority of the domestic coal" that the company transported being used "for generating electricity or industrial purposes."[145] CSX also has an extensive crude oil transportation network.[146] As director, Bostick took in $290,924 in 2021.[147] In February 2022, he disclosed that he owns 5,730 shares of CSX stock.[148] Bostick is also a managing partner of Ridge-Lane Limited Partners, a venture capital firm co-founded by former fracking lobbyist Tom Ridge.[149]

Thomas A. Kennedy, former CEO and Chairman of Raytheon Company, has served as a Fidelity funds director since 2021.[150] Kennedy worked for Raytheon since 1983, including as CEO and Chairman from 2014 to 2020, and then as Executive Chairman, before retiring in April 2021.[151] As one of the world's top defense and weapons manufacturers, Raytheon's business model depends on the continued maintenance of U.S. military operations, which are a major source of global greenhouse gas (GHG) emissions.[152] Raytheon also has a professional services subsidiary that works with the energy industry.[153]

Oscar Munoz, former CEO of United Airlines until 2020 and Executive Chairman until 2021, has served as a Fidelity funds director since 2021.[154] Commercial air travel is a major source of carbon emissions, and companies like United Airlines depend on easy, cheap access to fossil fuels to drive their operations.[155] While United Airlines isn't the worst emitter among U.S. air travel companies, it is a source of significant emissions.[156] Munoz is also the former President and Chief Operating Officer of CSX Corporation.[157]



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Fidelity Fixed Income and Asset Allocation Funds

The eight independent trustees of Fidelity's Fidelity Fixed Income and Asset Allocation Funds also have extensive ties to the fossil fuel industry through board of director interlocks, connections to oil and gas financers, and personal financial holdings. All eight independent trustees of these funds have ties to the fossil fuel industry - a full 100% - either through current or former board positions with fossil fuel companies, former executive positions with these companies, or current and former positions with companies that are major financiers of fossil fuels or profit from contracting with the industry. The Chairman of the independent trustees of these funds, Arthur E. Johnson, has especially close ties to the fossil fuel industry.

Arthur E. Johnson, Chairman of the Fidelity Fixed Income and Asset Allocation Funds, raked in big money serving on the board of directors of AGL Resources, a major natural gas distributor, from 2002 to 2016, including for a time as AGL's Lead Director.[158] In 2016, Southern Company, one of the very worst carbon polluters among electric utilities, acquired AGL.[159] On top of his longstanding ties to AGL, Johnson served on the board of power company Eaton Corporation, which has extensive oil and gas operations,[160] from 2009 to 2019, and currently sits on the board of Booz Allen, which consults for the oil and gas industry.[161] Johnson took in $250,042 as a Booz Allen director in 2021.[162] Johnson retired from defense contractor Lockheed Martin in 2009, where he last served as Senior Vice President of Corporate Strategic Development.[163]

Elizabeth S. Acton, a Fidelity funds' trustee since 2013,[164] was a top executive at Comerica until 2012. Comerica is a Dallas, Texas-based bank that does major business with the oil and gas industry.[165] Indeed, after the 2020 oil crash, reports emerged that energy loans "accounted for about 90% of Comerica's $21 million in net charge-offs"[166] in the last quarter of 2019,[167] and that Comerica considered taking ownership stakes in oil and gas companies.[168] The *Wall Street Journal* identified Comerica as one of the "Regional Banks That Went Big on Energy."[169] Acton also held a number of top positions at Ford Motor Company.

Marie L. Knowles, a Fidelity funds' trustee since 2001,[170] was a top executive at Atlantic Richfield Company (which did business as ARCO), a gasoline station company. Knowles worked for Atlantic Richfield until 2000, the same year ARCO was purchased by BP (it has since been acquired by Tesoro Corporation and Marathon Petroleum). A 1997 *Forbes* profile stated that Knowles has spent "25 years in the oil and gas business" and detailed her involvement in pipeline projects.[171] She even once served on the board of Vastar Resources alongside current Fidelity EQ/HI funds trustee Michael E. Wiley.[172] As a longtime board member of healthcare and pharmaceuticals company McKesson Corporation, Knowles drew scrutiny for the company's failed oversight in connection to the opioid crisis[173] (McKesson distributed opioid medicines throughout the opioid crisis, during much of which Knowles chaired the company's audit committee).[174]

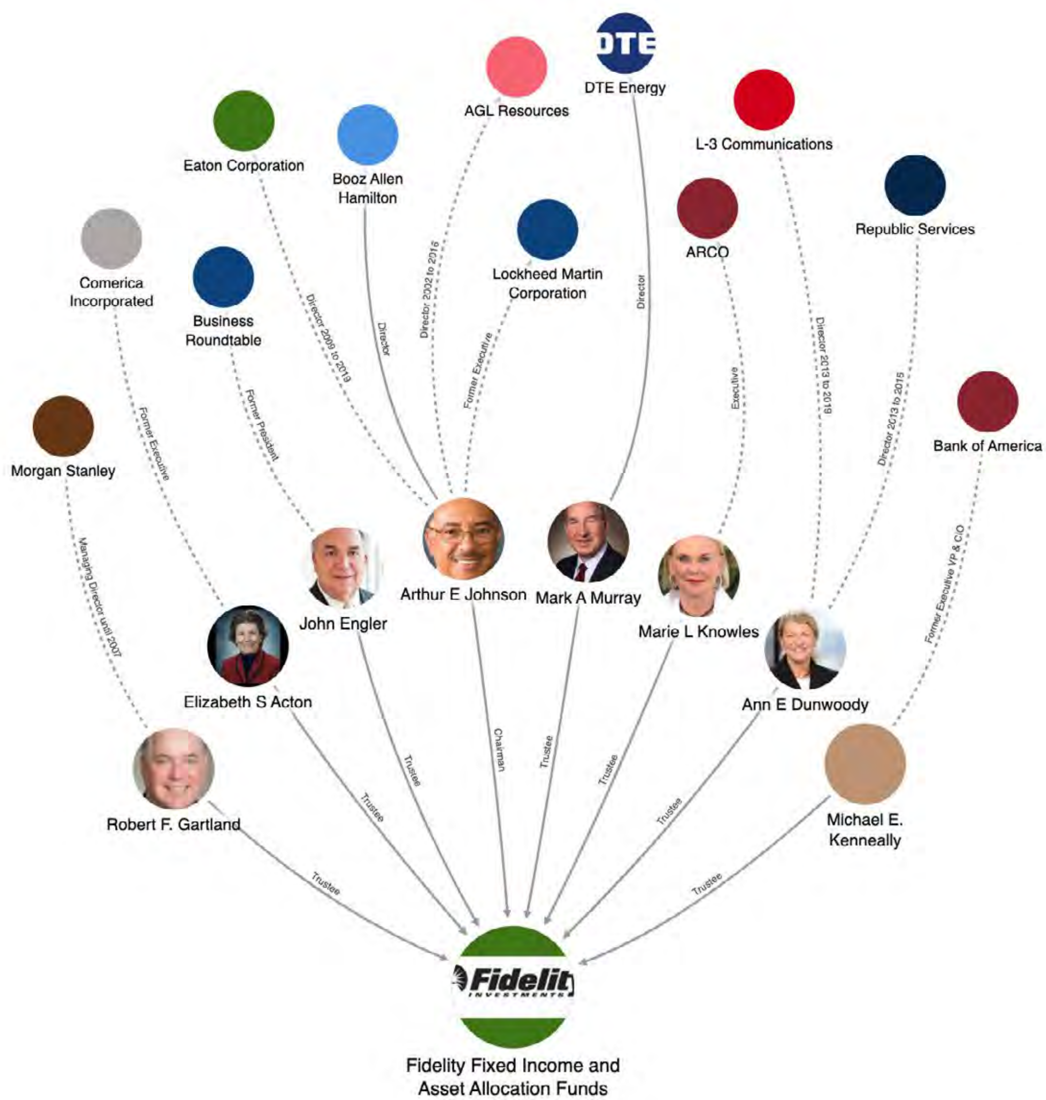
Mark A. Murray, a Fidelity funds' trustee since 2016,[175] has been a board member of DTE Energy Company since 2009.[176] Murray has been compensated in the millions from his DTE directorship over the years, including $291,305 in 2021.[177] DTE is one of the dirtiest energy utilities, with a heavy reliance on coal, which makes up half of DTE's fuel mix, according to the company.[178] DTE's most recent annual report states that its "generating capability is heavily dependent upon the availability of coal" and documents its coal contract.[179] DTE has been accused of fighting solar energy[180] and falling well short on its net-zero promises.[181] It has been a prime target of climate and environmental justice campaigns in Michigan led by frontline communities in cities like Detroit.[182] Murray is also a Senior Advisor with Auxo Investment Partners,[183] whose portfolio of investments includes Andrie, a company that ships light oil petroleum through the Great Lakes.[184]

John Engler, a Fidelity funds' trustee since 2014,[185] served as President of the Business Roundtable from 2011 to 2017. The Business Roundtable is a corporate lobbying group that represents America's top CEOs. The organization has long supported the extraction and burning of fossil fuels as an energy source, even as it now makes gestures towards supporting more sustainable forms of energy.[186] Its members include the CEOs of ExxonMobil, Chevron, and many other fossil fuel corporations.[187] As Business Roundtable President, Engler raved about fracking, declaring that shale gas was "absolutely a game changer,"[188] and he sent a letter to the Obama administration denouncing new regulations in six areas that included offshore oil drilling and natural gas leasing, greenhouse gas regulations, Alaska oil and gas development, and revisions to ozone national ambient air quality standards. [189]

Ann E. Dunwoody, a Fidelity funds' trustee since 2018,[190] is a former U.S. Army four-star general who has served on boards of corporations that do business with the fossil fuel industry or depend on fossil fuels for their business model. For example, Dunwoody was a director of Republic Services, a waste management company that contracts with the oil and gas industry, from 2013 to 2016, and of L3 Technologies, from 2013 to 2019.[191] L3 merged with Harris Corporation in 2018 to become the sixth-largest defense corporation in the world.[192] In addition to doing business with the oil and gas industry,[193] the defense industry's profits depend on supplying the U.S. military, which emits more carbon dioxide than many nations.[194] Dunwoody joined both these boards just months after her retirement from the military, reflecting the revolving door problem of top military brass profiting off their defense ties, established from public service, in private industry.[195]

Michael E. Kenneally, a Fidelity funds trustee since 2009,[196] served before his retirement as Chairman and Global Chief Executive Officer of Credit Suisse Asset Management and, prior to that, Executive Vice President and Chief Investment Officer of Bank of America.[197] According to the 2022 Banking on Climate Chaos report, Credit Suisse has been the world's 19th-biggest financier of fossil fuels from 2016 to 2021, while Bank of America has been the fourth-biggest financier.[198] While Kenneally retired from Credit Suisse and had left Bank of America before the period examined in the Climate Chaos report, these banks have long been major fossil fuel financiers. Credit Suisse, for example, held significant fossil fuel holdings while Kenneally was CEO.[199]

Robert F. Gartland, a Fidelity funds trustee since 2010,[200] held "a variety of positions, including Managing Director" at Morgan Stanley from 1979 to 2007, when he retired. According to the 2022 Banking on Climate Chaos report, Morgan Stanley was the world's twelfth-biggest financier of fossil fuels from 2016 to 2021.[201] Morgan Stanley did extensive business in fossil fuels while Gartland was with the firm.[202]



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Fidelity Trustee-Tied Fossil Fuel Corporations' Harmful Impacts on Frontline Communities: The Case of Detroit, Michigan

Fidelity's ties to the fossil fuel industry go beyond merely conflicting with the firm's climate gestures or abstractly contributing to climate and environmental damage. Both the Johnsons' ownership of Discovery Natural Resources, and Fidelity trustees' ties to specific fossil fuel and utility companies, connect the firm's heights of power to direct and harmful impacts on BIPOC and frontline communities.

This section examines one locality where Fidelity trustees are connected to operations that have had - and continue to have - harmful impacts on frontline communities: the Detroit, Michigan area.

Susan Tomasky and Mark A. Murray are Fidelity funds' trustees. Tomasky is a director of Marathon Petroleum, while Murray is a director of DTE Energy. As directors of Marathon and DTE, both Tomasky and Murray are governing and personally profiting from corporations that have inflicted harm on BIPOC and frontline communities in - though not confined to - the Detroit, Michigan area. Another Fidelity funds' trustee, Michael E. Wiley, was a director of Andeavor Corporation from 2005 to 2018 and Andeavor Logistics from 2015 to 2018, both of which were acquired by Marathon Petroleum in 2018.

Marathon Petroleum is the largest petroleum refining corporation in the U.S., with a long history of environmental violations in poor communities and communities of color.

Marathon Petroleum

Marathon Petroleum is the largest petroleum refining corporation in the U.S., with a long history of environmental violations in poor communities and communities of color where they often maintain their refineries.[203] Once a subsidiary of Marathon Oil, Ohio-based Marathon Petroleum has grown exponentially, acquiring rival refiner Andeavor in 2018 to create a network of refineries that spans the country.[204] Marathon Petroleum now has thirteen refineries across twelve states with the capacity to refine around 3 million barrels of crude per day.[205]

Along with this corporate expansion, Marathon's long list of environmental violations have also grown. Since 2000, Marathon Petroleum and its subsidiaries have been fined nearly $1.4 billion for 194 recorded violations, according to the Good Jobs First Violation Trackers database.[206]

Marathon's Detroit refinery, one of the company's largest, has a crude oil refining capacity of 140,000 barrels per calendar day (bpcd), and it starkly illustrates Marathon's harmful impacts on the communities in which it operates.[207] The refinery sits in the 48217 zip code of southwest Detroit, which is 71 percent Black and which has been referred to as Michigan's most polluted zip code. "For the 1-mile radius surrounding the Detroit, Michigan refinery," noted the environmental group Greenpeace, "the surrounding communities score above the state 90th percentile for diesel particulate matter, air toxics cancer risk, and

Community Spotlight

"We consider ourselves a sacrifice zone, because many of the people that live here are Black low-income folk."

Ms. Theresa Landrum is a lifelong resident of southwest Detroit and a leading community organizer around environmental justice issues in her community. She is a member of the Original United Citizens of Southwest Detroit - or simply, "48217." Her district is home to numerous industrial, chemical and fossil fuel plants, including Marathon's Detroit refinery.

My name is Theresa Landrum. I am from one of the areas that had been deemed the most polluted zip code in the state of Michigan - and, at one time, number three in the nation.

The area that I live in is part of a community we call the "Triple Cities": which include Ecorse, River Rouge, and Southwest Detroit 48217. The area that I grew up in was predominantly African American, even though, growing up, we had what we called the "white side" and the "Black side."

Over the years, growing up, we had many, many, *many* factories and chemical companies and aggregate companies in my community. Every day we saw brown or black air or orange skies and smelled bad odors because everyday we *saw* Dana Corporation, we *saw* BASF Chemical Company, we *saw* Kelsey-Hayes - we saw *all* of this, because it was right within our backyard. These companies supported the auto industry. There was nothing separating industry from our homes, nothing. You could walk right from your house - front porch or back porch and walk right onto industries' property.

Over the years, they put up little cyclone fences, or they put up some kind of border wall. But mostly in my community there was no border wall, and still today there's no border wall in some places. So, industry and community co-exist without buffers.

In latter years, the community has seen an encroachment from industry as they buy up residential-zoned areas. They have extended their footprint into our community. And these companies are heavy polluters - DTE, US Steel (formerly Great Lakes Steel), Cleveland-Cliffs (formerly Severstal, formerly AK Steel, formerly the Ford Rouge steel plant)… Our rec center (Kemeny) is right by the Marathon refinery - it's the backdrop of the center.

We have to really be mindful that we're a community that is overburdened with industry, and we have a lot of health issues because of that… I was just talking to one of the people that is working on reviewing the Michigan environmental screening tool. When they were looking at the demographics, they were looking at the patterns of asthma, cancer and more. Our area was not mentioned as one of the areas to have a high rate of cancer. We know that data is flawed. And it's by design, we feel. We've been left out of the

Ms. Theresa Landrum speaking at a press conference at the Kemeny Recreation Center in Detroit.

information gathering of the illnesses in our community.

Marathon over the years has had several incidents - 2012, 2019, 2018. In 2013, there was an explosion, a big explosion, at Marathon. One of their storage tanks blew up, and actually, I just viewed some of the old footage of the tank. It *ex*ploded and *im*ploded. And when it did that, it disrupted the community. It was like a bomb explosion and it could be felt miles and miles away. I'm sure that impacted our underground infrastructure, because we got an old infrastructure. And we see flaring with black smoke from the stackers all the time from Marathon.

In 2019, it really brought it to the forefront when we were experiencing a polar vortex. They said it was caused by a crack in one of the stacks where the flares are. There was a release and the odor smell (the *News* reported) spread forty miles. The flares are the pollution controllers. Some of the stackers' flares are used by Air Products. Air Products is the facility that's on Marathon's property and they lease a building that Marathon built. They produce hydrogen. Hydrogen and steam are used to purify the tar sands that come from Alberta, Canada through the Enbridge pipeline via line five. And hydrogen, that's a dangerous chemical.

So we're right in the middle of an area that's heavily industrialized, and we have the fallout. We have incidents. We have DEIs - Designated Environmental Incidents. And some of the major ones that have been reported have resulted in the company (Marathon) being fined.

So to us, we're in a dangerous zone. And we consider ourselves a sacrifice zone, because many of the residents that live here are Black low-income people.

We do see a population of Latino neighbors moving in now, and we question whether they really fully understand, when they come here to move and live, the health impacts that could possibly impact their children. Because many of these families - they're young families, and they have young children. Many of the mothers are pregnant, and pollution has an impact on pregnant women's health and the growth of the fetus.

Source: FracTracker Alliance, Flickr.

We've experienced - in my opinion - quite a few environmental incidents that have spewed poison into the air.

We also had some dangerous chemicals coming through the sewer drains up into one of our resident's homes and they were traced back to Marathon as the source. The chemicals were so toxic that the family was temporarily moved out of their home (for about two months as Marathon did repairs to the drain and sewer system. Marathon was also found to be one of three companies as a source for a toxic concentration of PFAS bubbling up through our sewers on Schaefer Highway, and we know that they're (Michigan and other states) now trying to set standards to regulate PFAS in our water. It's one of the emerging concerns, even though PFAS has been around ever since manufacturing began, because nobody understood the dangers of PFAS.

And so we have air, soil *and* water pollution. We have a high concentration of PFAS in our soil right where they're building the new Gordie Howe Bridge in Delray. And that area used to be heavily industrialized as well, with many factories. And over the years the factories have closed, and they've torn them down, and the soil was never mitigated.

respiratory hazard index" in the federal EPA's Environmental Justice Screening and Mapping Tool.[208]

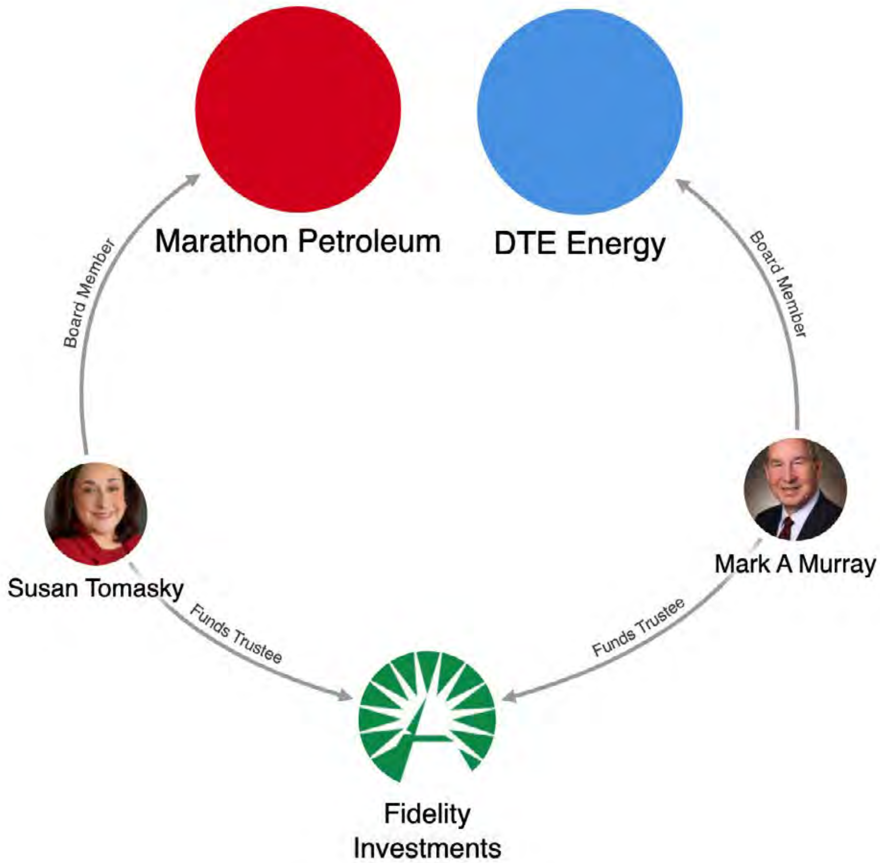
The *Guardian* describes Marathon's Detroit refinery as a "sprawling industrial campus" with "a 250-acre tank farm that emits so much air pollution it's received 15 violation notices from the Michigan Department of Environment, Great Lakes and Energy since 2013 for surpassing state and federal regulations emission limits."[209] According to the Environmental Enforcement Watch, Marathon is the top Clean Air Act violator in the U.S. congressional district where the Detroit refinery is located, with "the worst history of environmental compliance based on their number of noncompliant quarters in the past 3 years."[210]

Marathon's Detroit refinery and its ongoing pollution and violations have been a focus of community organizers for years. In September 2019 a "vapor cloud" of toxic chemicals emanating from the plant sent two workers to the hospital, shut down sections of the highway and roads adjacent to the facility, and sent panic through the surrounding community.[211] This incident occurred just months after a similar vapor release filled the surrounding community with chemical odors. Notably, and despite it sending two people to the hospital, Marathon spokespeople denied that the chemical cloud posed any danger.[212]

Marathon's board, which included Susan Tomasky, awarded Marathon's CEO a bonus of $449,000 in 2019 for incurring just 85 violations that year.

Of course, Marathon's polluting impacts extend far beyond Michigan. In 2016, the EPA forced Marathon to install $319 million worth of state-of-the-art Flare Gas Recovery Systems to significantly reduce air pollution from refineries in five states, an action intended to settle a consent decree from 2012.[213] In 2016, a Marathon Petroleum pipeline in Indiana spilled 35,800 gallons of diesel into a riverway.[214] Just recently in September 2021, Marathon paid $2 million to settle 58 violations incurred by its San Francisco Bay Area refinery from 2014 to 2018.[215]

Despite these ongoing violations and millions of dollars in fines, Marathon's executives have earned bonuses for staying under a set target of environmental violations every year since 2012. In 2018, when Fidelity funds' trustee Susan Tomasky began serving on the Marathon board, the permissible violations threshold was set to around 60, but it then jumped to around 140 in 2019. According to the *Washington Post*, this increase reportedly intended to account for the acquisition of the Andeavor refineries.[216] Marathon's board, which included Susan Tomasky, awarded Marathon's CEO a bonus of $449,000 in 2019 for incurring *just* 85 violations that year. In 2020, Marathon's board, which included Tomasky, rejected efforts from shareholders[217] – who were concerned that the bonus structure around environmental violations was too lax[218] – to have community concerns included in a review of executive bonuses.



[See the full map on LittleSis.org]

DTE Energy

Investor-owned utility DTE Energy is one of the nation's biggest and dirtiest utility corporations, with half of its fuel mix coming from burning coal.[219] DTE's electric utility serves 2.2 million customers in Michigan,[220] mainly in the Metro Detroit area, where it is among the most politically and socially active corporations in the region. While DTE has publicly set a goal to have "net-zero carbon emissions" from both its electric and gas units by 2050,[221] its growing list of violations and billions spent on expanding its pipeline network indicate that the corporation is continuing down its polluting path.

DTE has a laundry list of scandals, violations, and attempts at greenwashing in Michigan. Among these are a March 2020 EPA settlement that forced DTE to pay a $1.8 million civil penalty and agree to spend $5.5 million on a variety of air quality mitigation projects, including buying new city buses as part of a settlement over violations of the Clean Air Act in 2010.[222] DTE was further ordered to reduce pollution at five coal-fired power plants across southeast Michigan to avoid new penalties.

Between November 2017 and May 2018, DTE also began collecting on a $125 million rate hike from Michigan customers. In May 2018, DTE was ordered to dial back its rate hike and return excess charges to customers. In a savvy PR move orchestrated by executives, the corporation framed the forced overbilling reimbursement as a rate cut.[223] DTE customers have also faced significant frustration over extensive power outages.[224]

However, rather than dialing back operations in order to strengthen environmental safeguards and compliance, DTE is pursuing a massive expansion of its pipeline network. Over the last several years the company has spent over $2.6 billion to acquire pipeline infrastructure assets.[225] These moves indicate that the company may be focused on expanding its customers' reliance on natural gas.

Marathon's Detroit refinery and its ongoing pollution and violations have been a focus of community organizers for years.

IV. Conclusion

Fidelity seems to want to have it both ways. On the one hand, the firm makes climate-friendly gestures around sustainable investing.[226] On the other hand, Fidelity remains widely invested in fossil fuels and, according to Majority Action, has a poor climate governance record,[227] all while the Johnson family owns a polluting Permian Basin oil company and the trustees of Fidelity's funds govern and profit extensively from the oil, gas and coal industries. Moreover, Fidelity-tied fossil fuel operations have documented, harmful impacts on BIPOC and frontline communities.

As one of the world's very top asset managers that oversees huge numbers of worker retirement accounts, Fidelity must get serious about climate change and environmental racism. It must distance itself from fossil fuel ownership, financing and profiteering. This report recommends that:

- **Fidelity remove all fund trustees whose governing and executive roles in fossil fuel companies, or whose personal profiteering from fossil fuel companies, create conflicts of interest around Fidelity's compliance with climate and environmental justice progress**. The close professional ties and dependencies that Fidelity fund trustees have to the fossil fuel industry, and the extent to which many of these trustees have profited personally from the industry, raise serious questions over their capacity to help steer one of the world's

Photo by Fibonacci Blue

top asset managers away from funding the global climate crisis and environmental injustice. The trustees governing trillions of dollars in Fidelity investments, and who are responsible for guiding the firm's funds in an era of climate crisis that demands one of the world's biggest asset manager move fast on addressing climate issues, should not be personally benefiting from climate-destroying and community-harming oil, gas and coal.

- **The Johnson family retire fossil fuel operations at Discovery Natural Resources**. Fidelity cannot join the global effort to address climate change while its owners, the Johnson family, own and profit from major fossil fuel operations. The Johnson family must remove this conflict and shut down Discovery Natural Resources, while justly compensating and transitioning current employees.

- **The Johnson family and Fidelity must deliver reparations to communities directly harmed by their investments**. The Johnson family and Fidelity have harmed frontline and BIPOC communities through profit-making activities. Fidelity must disclose information about these harms, divest from dangerous investments and repair the damages from these activities. The Movement for Black Lives says reparations involve "specific forms of repair to specific individuals, groups of people, or nations for specific harms they have experienced in violation of their human rights." In order to achieve repair, four conditions must be met: (1) obligation to cease the harmful act and assurances the cessation will remain in effect, (2) restitution and repatriation, (3) compensation and (4) satisfaction from the impacted group.[228] While these conditions inform how reparations are made, ultimately the call for reparations and the process in which they are enacted should be defined by the communities who have been directly harmed by Fidelity's investments.

Fidelity cannot join the global effort to address climate change while its owners, the Johnson family, own and profit from major fossil fuel operations.

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