July 2024

Sustainable Investing Principles

Credit: A forest farm is being seen in Bijie, China, on May 31, 2024. (Photo by Costfoto/NurPhoto via Getty Images)

Fidelity INTERNATIONAL

Contents

About Fidelity International

Fidelity International (also "Fidelity") is one of the largest asset managers in the world. It is a privately owned global investment and retirement savings business with operations in 28 countries, serving more than 2.8 million customers around the world. Established in 1969 as the international business of Fidelity Investments in the US, Fidelity International became an independent organisation in 1980. Today, it is owned mainly by senior management and founding family interests, with charities making up the balance. Our clients range from central banks, sovereign wealth funds, large corporates, financial institutions, insurers, and wealth managers, to private individuals.

As at 30 June 2024, Fidelity International managed $862 billion on behalf of our clients. This combines headline client asset figures (under management and administration) for Fidelity International and Fidelity Canada; it should be noted that the financial results of Fidelity International and Fidelity Canada are not consolidated from a financial reporting perspective.

A. Purpose of the Sustainable Investing Principles

At Fidelity International, we are committed to continue meeting and exceeding our clients' growing expectations for sustainable investing. The Sustainable Investing Principles document (SI Principles) aims to set out the guiding principles and minimum requirements for sustainable investing activities across Fidelity.

The SI Principles document starts with 'An Overview of Sustainable Investing' for all investors. Building on this background, we set out Fidelity's Sustainable Investing Beliefs, integration tools, ratings and processes, stewardship activities, investment solutions, as well as a summary of relevant sustainability regulations. Each section in the rest of the document will begin with an introduction for all investors, followed by technical details targeting professional investors. A glossary is included at the end of this document to provide definitions of key terms.

The information presented in the SI Principles is supplemented with our website or the links in this document.

Scope

Fidelity International is a global investment management firm with two key businesses:

1. **Investment Solutions & Services (ISS)**, which offers wholesale, institutional and other professional investing businesses with funds in which they and their clients can invest, or segregated mandates[1] which are bespoke solutions.
2. **Global Platform Solutions (GPS)**, which includes workplace investing and personal investment and advisory businesses.

The SI Principles document aims to address the sustainable investing approach of ISS. The document also includes an overview of our Corporate Sustainability (CS) approach and a summary of GPS' sustainable investing journey thus far in the appendix for general reference. CS and GPS have separate governance structures from ISS.

Locations

The SI Principles and associated frameworks and procedural documents are applicable to Fidelity International and its subsidiaries, except for the Fidelity Canada affiliates. They are also not applicable to Fidelity Management and Research (FMR) and Fidelity Institutional Asset Management (FIAM).

Products

The SI Principles apply to our investment products, which could include funds[2] and mandates, and may also apply to ESG advisory[3] upon client requests. The approach outlined in this document forms the basis for Fidelity International's funds and our segregated mandates and investment advisory function, where we are able to leverage this approach to help clients meet their sustainability objectives, in a customisable manner. Segregated mandates follow this approach unless otherwise disclosed independently in relation to those specific mandates. The SI Principles apply to our actively or systematically

1 A mandate is an instruction given by a client to a portfolio manager to oversee a pool of capital or investments in different funds, usually including an investment strategy, risk control guidelines, etc.

2 A fund in our context is a portfolio of stocks, bonds, or other securities managed by a professional investment manager.

3 Advisory refers to the investment recommendation provided by our professional managers to our clients.

managed financial products[4]. The SI Principles may not apply to Fidelity International's purely passively managed 'tracker' funds[5] and do not apply to funds that Fidelity International does not manage but which may be available on one of our investment platforms such as FundsNetwork.

Asset Classes

The SI Principles and associated frameworks and procedural documents apply to equities and fixed income. In this document, we also discuss the application of our principles in other asset classes such as multi asset, private credit and real estate.

Delegation

Where Fidelity International is delegating the investment management to external managers, notably the US-based Fidelity Investments (FMR and FIAM) and Geode (collectively referred to as 'sub-advisors'), these sub-advisors are not required to follow Fidelity International's SI Principles and may have different policies in place to address their sustainable investing approach. As part of the selection process for external sub-advisors, Fidelity International considers such sub-advisors' policies on sustainability and requires sub-advisors to integrate sustainability as part of their investment decision-making process. Fidelity International also conducts ongoing due diligence on whether such sub-advisors integrate sustainability in a similar manner to Fidelity International.

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4 Systematically managed financial products are those that typically invest based on a predefined set of rules and quantitative strategies.

5 Passive tracker funds invest by following the holdings and performance of a market index or a subset of it.

B. An Overview of Sustainable Investing

This overview provides some background on sustainable investing concepts before we introduce Fidelity's relevant approach in the following sections.

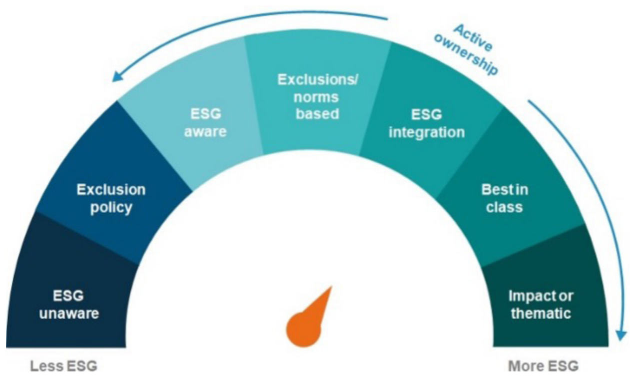
What is Sustainable Investing?

'Sustainable Investing' (SI) is one of the examples of sustainable finance which considers environmental, social and corporate governance (ESG) risks and opportunities in the investment process, with a focus on meeting financial and non-financial investment objectives. ESG issues cover a broad range of topics, including but not limited to:

E	S	G
Climate change, natural resource depletion, waste, pollution and deforestation.	Human rights, modern slavery, child labour, working conditions and employee relations.	Bribery and corruption, executive pay, board diversity and structure, political lobbying/donations and tax strategy.

Investors can implement ESG considerations into their portfolios in different ways.

As ESG awareness grows, investors may exclude sectors or companies that do not fulfill their specific ESG criteria. To help ensure capital is allocated responsibly, sustainable investors may take an 'active ownership' approach to incorporate ESG factors into their investment decisions and engage in constructive dialogues with investee companies to encourage progress. In sustainable investing, investors tend to believe that high standards of corporate responsibility will generally make good business sense and have the potential to protect and enhance investment returns.



Source: Fidelity International, 2024. For illustration purposes only.

Why is Sustainable Finance important?

Sustainable finance has a key role to play in terms of channeling investment towards sustainability policy objectives, such as international commitments on climate, social inclusion, and good governance. By deploying capital in sustainability causes or sustainable entities via different financial instruments, sustainable finance is integral to the transition to a net zero future and a more resilient economy, as a complement to public sector money.

Sustainable finance could refer to financing the entities/products/initiatives that are already demonstrating ESG characteristics today and those that are improving their sustainability performance. 'Transition Finance' specifically refers to investments on the improvers that aim to decarbonise the high-emitting and hard-to-abate sectors (e.g., oil and gas) today and expedite the delivery of environmental targets such as net zero carbon by 2050.

What are the roles of an asset manager in sustainable investing?

Asset management firms invest with the capital from individuals and companies by developing and executing investment strategies that create value for their clients. These strategies could be in the form of fund products in different asset classes (such as equity, fixed income, etc.) or bespoke investment mandates.

Traditionally, asset managers make investment decisions based on fundamental **research** on the financial performance and business prospects of their issuers which could be supported by their in-house analysts and/or external research providers.

In sustainable investing, asset managers additionally analyse key ESG factors that are material to the issuers and evaluate their non-financial performance. Analysing ESG risks and opportunities is key to assessing the sustainability impact of an investment in an issuer or a business, both in terms of the potential effects of these factors on the issuer and its value chain, and the impact of the issuer on the environment and society. This combined approach of financial and ESG analysis aims to gather a more comprehensive view of the issuers and help reduce investment risks for the clients of asset managers.

Source: Fidelity International, 2024. List of ESG factors not exhaustive, for illustration purposes only.

ESG analysis in sustainable investing typically includes a quantitative evaluation of an investee's performance metrics and indicators and a qualitative assessment leveraging our active ownership approach and **stewardship** insights.

Stewardship	
Engagement: Interactions between investors with investees which aim to encourage the adoption of more sustainable business practices	**Proxy Voting:** Allows investors to express their ESG preferences through their votes on board proposals

Source: Fidelity International, 2024. For illustration purposes only.

Our active ownership approach generally includes the practices on the right which allow us to influence issuers to adopt more sustainable behaviours.

Our active ownership approach
▪ Company Meetings and Formal Correspondence
▪ Shareholder Resolutions
▪ Collaborative Engagement
▪ Proxy Voting
▪ Public Policy

Source: Fidelity International, 2024. For illustration purposes only.

C. Sustainable Investing at Fidelity

Our Sustainable Investing Beliefs

Our purpose is to work together to build better financial futures for our clients. Considering and integrating sustainability risks and opportunities is of increasing importance to achieving these goals.

At Fidelity, we recognise that maintaining our privileged position as one of the world's largest asset managers is contingent on our ability to continue meeting and exceeding investors' growing expectations for sustainable investing and those of the communities in which we operate. To this end, our size, scale and presence in local markets provide us with a unique level of corporate access, and we see it as our fiduciary duty to use this to influence corporate behaviours for better long-term investment outcomes and to avoid principal adverse impacts of these companies. Delivering better results for our clients requires us to constantly evolve. This evolution is reflected in our Sustainable Investing Beliefs, which inform the approach and activities outlined in the rest of this document:

1. **Sustainability integration leads to better long-term financial, environmental and social outcomes for clients and a broad set of stakeholders.**
2. **Effective stewardship combines bottom-up, thematic, and system-wide approaches.**
3. **Blending a global mindset and local understanding helps us to deliver insightful research and positive stewardship outcomes.**

Systemic Sustainability Themes

Our beliefs also reflect the fact that our ability to create long-term value as a global diversified investment manager is affected by system-wide sustainability themes. These systemic themes have the potential to present both risks and opportunities for the investments we make on behalf of our clients. We have identified four systemic themes where we see the potential for sustainable investing activities to contribute to risk mitigation: climate change, nature loss, social disparities, and governance.

Governance		
Effective governance - at multilateral, national, industry corporate levels - is a precondition of effective action on sustainability		
Climate	**Nature loss**	**Social disparities**
Physical and transition impacts will be reflected in financial performance and asset pricing	Economic activity is demanding more from natural capital than it can sustain	Multi-stakeholder participation - within and between nations - is key to ensuring broad participation in economic growth

Source: Fidelity International, 2023.

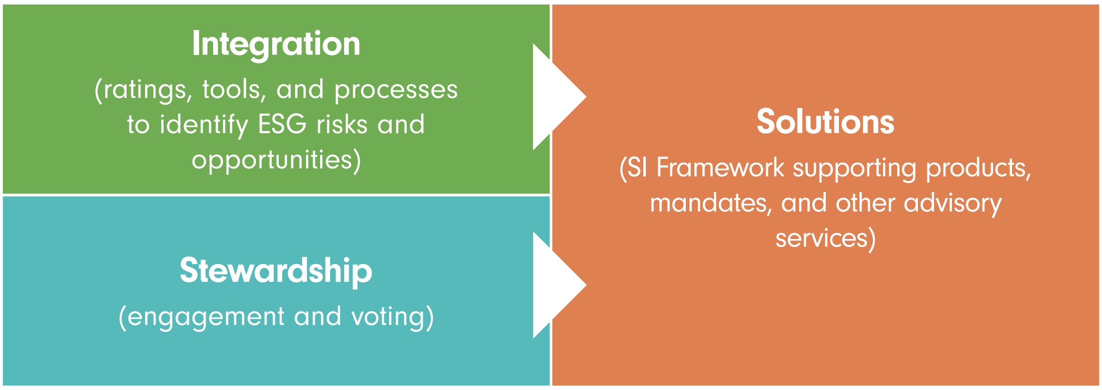
For example, climate change is increasingly acknowledged as a systemic risk to capital markets. It therefore requires responses at multiple levels. We have developed an influence framework to help us identify where and how we can align and further our efforts. Below is an illustration of how these distinct levels of influence relate to climate change, with examples at each level.

Levels of influence in relation to climate change	System-wide	Industry, sector and/ or portfolio	Firm, entity	Individuals
Description	Our economic, social and ecological systems are interconnected, and affected by climate change in ways that are not yet fully understood but that have wide-ranging implications for capital markets.	Climate mitigation, adaptation and solutions are already informing change across industries, particularly in high-emitting sectors, and require collaborative efforts in response to accelerate the necessary transition. Recognition of the distinct influence of the financial sector (such as banks, insurers) as intermediaries who in turn influence industries/sectors.	Capital allocation, engagement and voting inform issuer behavioural change.	Individuals' knowledge, skills and experience are key to affecting and informing change.
Examples of Fidelity's actions	Fidelity is a member of the Net Zero Asset Managers Initiative (NZAMI) and has committed to halve the carbon footprint of our investment portfolios by 2030, from a 2020 baseline, and to reach net zero by 2050 (for our equity and corporate bond holdings). As an asset owner, we have set specific emissions reduction targets for our direct real estate investments and our default workplace retirement solution, FutureWise. Active engagement in development of market standards, regulatory consultations and industry groups (Chair of the Engagement and Policy working group for the Asia Investor Group on Climate Change (AIGCC), signatory to the Global Standard on Responsible Climate Lobbying) (see Section H).	Thematic engagements, undertaken individually and in collaboration. Finance sector-specific thematic engagements. (see Section D2).	Systematically applied tools that inform capital allocation and active ownership (ESG Ratings, Climate Rating - see Section D1).	Internal and external training on climate (see Section D3). Details of how we manage our own corporate footprint and climate-related risks can be found in our Climate Report 2023.

Source: Fidelity International, 2024.

Fidelity's Approach to Sustainable Investing

As an investment manager, we have a fiduciary duty to act in the best interests of our clients. In the context of sustainable investing, we have developed an approach with three key components (integration, stewardship, and solutions) that aim to provide our clients with investment offerings that meet their financial and non-financial objectives, and to comply with rapidly evolving sustainability regulations for product labelling and disclosure. Details of our approach can be found in Section D.



Source: Fidelity International, 2024. For illustration purposes only.

Fidelity's Response to Global Regulations on Sustainability

The global regulatory landscape for sustainable investing and sustainability disclosure is evolving rapidly. A key regulation in Europe is the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (SFDR). This regulation aims to improve disclosure on sustainable investment products and to increase transparency on sustainability statements made by financial market participants. This has been followed by the Sustainability Disclosure Requirements (SDR) in the United Kingdom and other market specific regulatory developments such as in Australia, Hong Kong, Japan, Singapore, and Taiwan.

Fidelity monitors local and regional sustainability regulations and guidelines across the globe and will endeavour to comply with all relevant legislation that impacts issuers and our funds. We recognise the need to constantly evolve, adjusting our investment approach, in order to address the changing regulation and to ensure the trust of our clients.

Please refer to a list of relevant regulations and Fidelity's compliance status in Section E.

Fidelity's Key Sustainability-related Commitments

We have signed external commitments to guide our sustainable investing approach and ensure it is aligned to industry best practices as well as the sustainability objectives of our clients, regulators, and wider stakeholders. We have also established our minimum expectations for our investee companies to support their ongoing improvement in sustainability and facilitate sustainability risk management in our investment portfolios and operations.

Climate

- **Net Zero Asset Managers Initiative (NZAMI)**[6] (since 2020)
  - Aim to halve the Scope 1 and 2 financed emissions intensity ('carbon footprint') of our equity and corporate bond investments by 2030 from a 2020 baseline, and to achieve net zero for these holdings by 2050.
  - At the individual fund level, we aim to assess transition potential and align 35% of our funds to a 'net zero by 2050' pathway with interim targets for 2025 and every five years after this.

Nature

- **Finance for Biodiversity Pledge:** as a signatory and foundation member since 2021, we have committed to protecting and restoring biodiversity through our financing activities and investments, collaboration and knowledge sharing, engagement with companies, impact assessments, target-setting and public reporting on these activities in 2025 or earlier.
- **Taskforce on Nature-related Financial Disclosures (TNFD):** a forum member since 2021 to support the mission of the Taskforce and contribute to the ongoing development of their additional disclosure guidance.
- **Financial Sector Deforestation Action Initiative:** signed in 2021 to commit to using engagement and active ownership to eliminate deforestation by 2025 from the agricultural soft-commodities tied to the lion's share of impacts - beef, soy, palm oil, pulp and paper - as part of the global transition towards sustainable production.

Social Disparities

- **Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC):** as a founding member since 2020, we are committed to addressing modern slavery and human trafficking across our investment activities and in our business.
- Publish annual statements under the Modern Slavery Acts in the UK and Australia

Governance

- Adopted the **stewardship codes/principles** of the UK, Japan, and Taiwan
- **Principles for Responsible Investment (PRI):** a signatory since 2012
- Set minimum expectations on **board gender diversity** for our investee companies in our Voting Principles and Guidelines: at least 30% female representation in the most developed markets and 15% in all other markets

In addition to the following commitments, we also participate in other sustainability-related initiatives listed in Section H.

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6 Please see the Fidelity International Climate Report 2023 for details.

Governance of Sustainable Investing

The review and oversight of sustainable investing matters are discussed in the Sustainable Investing Operating Committee (SIOC). Accountability for sustainable investing sits across all levels of Fidelity's governance structure. We regularly review our governance structure, as well as the roles and responsibilities of committees and working groups to ensure they are relevant and effective in overseeing and supporting the broad remit of sustainable investing.

Fidelity International Limited Board (Board)

The most senior decision-making body within Fidelity International is the Board. The Board is responsible for setting the company's overall strategy and maintains accountability for oversight of Fidelity International, including but not limited to oversight and monitoring of Fidelity's overall risk profile and risk framework.

The Board is chaired by the President and meets quarterly with additional meetings as required. Fidelity's President is responsible for implementing and executing the business strategy of the organisation, including the climate strategy. The President reports to the Board, and is supported by the Global Operating Committee (GOC) to implement and deliver the strategy.

The Board:

- sets corporate and strategic policies and objectives
- ensures that a robust system of internal controls exists within Fidelity
- sets and maintains high ethical standards for Fidelity
- protects the reputation of the Fidelity brand
- ensures Fidelity's financial stability

The Board is responsible for setting Fidelity's business strategy in relation to risks and opportunities and for the Enterprise Risk Management framework. It sets, oversees and monitors Fidelity's overall risk profile. The Board is accountable and ensures we have the appropriate governance, structures, and internal controls to keep Fidelity compliant with rules, laws and regulations, as well as our own policies. It also ensures that our policies protect our clients and customers. The Board sets Fidelity's risk tolerance for ESG-related risk and exercises the oversight of ESG including environmental and climate-related risks. The Board has created a governance structure to provide oversight and direction to the business through delegated authorities to designated committees and forums.

Relevant committees inform the Board on the risk profile including ESG risks and the effectiveness of the risk management framework. In addition, the Board receives ESG matters escalated for consideration from subsidiary entity boards and committees. Senior managers, such as the Co-Chief Investment Officers (Co-CIOs), have responsibility for chairing governance forums, and membership of executive committees, including the GOC. Our Co-CIOs attend Board meetings.

Global Operating Committee

The Global Operating Committee (GOC) is chaired by the President and consists of department heads across the Investment Solutions and Services (ISS) business, the Global Platform Solutions (GPS) business and Corporate Enabler functions (e.g., Finance, Human Resources, Technology, Corporate Communications). Its role is to ensure the day-to-day implementation of Board decisions across the Financial Services business. On sustainable investing matters, the GOC is supported by the SIOC and other key governance committees.

Sustainable Investing Operating Committee

The Sustainable Investing Operating Committee (SIOC) is a committee that oversees Fidelity's sustainable investing approach. It comprises senior executives from across investment management, distribution, product, operations, and general counsel functions. SIOC meets monthly and is chaired by the Global Operating Committee sponsor, our Co-CIO. The Vice Chair is our Chief Sustainability Officer.

SIOC works with the Sustainable Investing Team to:

- set policies and objectives for sustainable investing
- oversee the SI Principles and related frameworks and procedures as they pertain to sustainable investing (including ESG frameworks, analytical tools, and exclusion lists).
- oversee the execution of Fidelity's ownership rights in investee issuers, including engagement and proxy voting activities.
- monitor the policy and regulatory environment as regards sustainable investing and ESG risks and facilitating compliance with local regulations.
- receive and review updates on sustainable investing initiatives across the firm.

The work of SIOC is supported by technical experts comprised of the following working groups:

- **Exclusion Advisory Group (EAG):** a quarterly forum with members from the Sustainable Investing Team, Investment Research covering different asset classes, Compliance, Risk, Legal, Distribution, Portfolio Construction Advisory & Research, Portfolio Compliance Monitoring and Product Development, responsible for approving any updates to Fidelity's Exclusion Framework and the firm's quarterly exclusions lists and advising SIOC of any such changes for approval by them.
- **Voting Advisory Working Group (VAWG):** meets as needed to review and make recommendations to Fidelity's Voting Principles and Guidelines and advises SIOC of any such changes for approval by them. VAWG enables the Regional Heads of Stewardship and Research within the Sustainable Investing Team and the Equity Investment Team to advise on the approach and implementation, strategic priorities, controversial or contentious issues, and other material business related issues or requirements related to voting.
- **Sustainable Product and Mandate Solutions Working Group (SPMS):** convened regularly to refine new or enhanced sustainable investing frameworks ahead of SIOC approval, facilitate discussion on complexities and impacts, and provide steer to de-risk. It also ensures early involvement of key stakeholders ahead of new launches of sustainable products (across different vehicle types globally, i.e., funds, institutional mandates, ETFs and services) for alignment and consistency with Fidelity's framework, client expectations, and compliance with regulatory standards (where relevant).
- **Sustainable Investments Working Group (SIWG):** comprising members from Sustainable Investing, Investment Management, Risk, Compliance and Legal, SIWG meets quarterly to establish shared accountability across the business for evaluating sustainable investment model changes or updates, to ensure overall model integrity is maintained.
- **Sustainability Risk Forum:** a non-financial risk oversight forum which meets monthly to collate, track and oversee action and issue resolution arising from the Corporate Sustainability and Sustainable Investing change activities across Fidelity's business units. It monitors alignment of the SI change activities to the firm's risk framework and escalate issues to functional owners, steering committees or governance forums as needed and raise thematic issues and provide updates to the SIOC or other functional or regional risk forums or risk governance committees as appropriate.

Sustainable investing-related regulatory and business change is supported by the Sustainable Investing Portfolio Office (SIPO). SIPO provides regular reporting to SIOC on the progress and execution of key regulatory and strategic change initiatives.

FIL Audit and Risk Committee (ARC)

The Board has formally delegated to the ARC the responsibility for ensuring that the management of the businesses implement and maintain a risk management and internal control framework in order to manage the associated risks (including ESG risks and climate-related risks) appropriately and to comply with legal and regulatory requirements. The ARC meets quarterly and is chaired by a non-executive director. The committee reviews reports from management on internal controls, risk management and financial reporting processes and their integrity, together with the scope and coverage of internal and external audits.

Investment Risk Committees (IRC)

An IRC has been established for asset classes including equity, fixed income, multi-asset, systematic investing, and sub-advised assets. IRCs meet monthly and are responsible for management oversight of investment risks including ESG-related risks. They include representatives from Risk, Compliance, Trading, representatives of the Management Company and the Asset Class/Portfolio Management Head. The primary objective of an IRC is to ensure that portfolios are being run in line with their stated objectives. The IRC will escalate concerns as well as thematic issues for noting to the ISS Risk & Compliance Committee (RCC) and the Investment Management Committee (IMC).

In addition, oversight of fund ESG risks is performed by Investment Risk. The oversight exercise is performed via dedicated reports and dashboards containing selected metrics for individual constituent components for environment, social and governance factors. Each metric is assessed against set thresholds which differ depending on the type of funds in scope. Results and exceptions are shared with members of Senior Management and further escalations are performed as part of wider (global) IRCs, where necessary.

Asset Class Governance and Oversight Committees

A governance and oversight committee has been established for individual asset classes such as equities, fixed income, and systematic and multi-asset to provide reviews and decisions for their operational, risk and governance frameworks. This is in addition to reviewing new business propositions which require non-standard operating models or manual processes. Sustainable Investing governance and operating matters are included in the agendas of governance and oversight committees.

The Private Assets Governance and Oversight Committee (PAGOC), which was established for our Private Credit and Real Estate businesses, is co-chaired by both our Risk and business teams to oversee operational and investment risks.

Other Governance Channels

Mandate Governance: The Global Mandate Review Group (GMRG) and, Asian/European Mandate Acceptance Committee (AMAC/EMAC)

The AMAC and EMAC serve as regional escalation points for segregated mandates from all channels including institutional, wholesale, and client advisory. The committees meet monthly to discuss and determine the acceptance of mandates for any material deviations from the standard operating model, risks standards and risk tolerances. They will also make decisions regarding costs associated with mandates and whether they are acceptable in the context of customer and business benefits. GMRG holds a monthly working group meeting to help facilitate a comprehensive and consistent review of mandate opportunities and implementation pipeline to enable enhanced transparency and to AMAC/EMAC and relevant stakeholder groups.

Product Governance: European Product Review Group (EPRG) and Asia Pacific Product Review Group (APPRG)

The EPRG and APPRG are monthly forums that focus on approving the readiness of the firm to proceed in launching or amending a product. The forums include representatives from across the business including operations, legal, compliance, risk, finance, investments, board delegates, and distribution. All products are reviewed by these forums before launch. These forums are supported by the Sustainable Product and Mandate Solutions (SPMS) Working Group under SIOC.

D1. Our Approach to Sustainable Investing - INTEGRATION

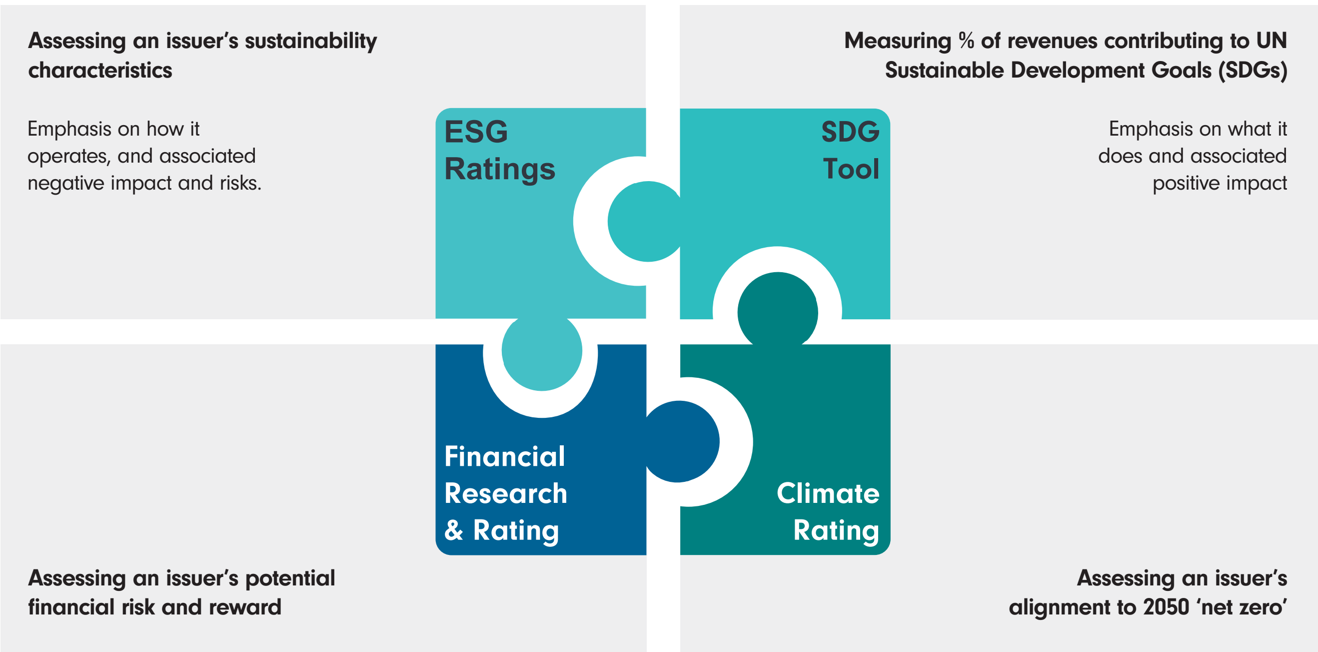
Fidelity's sustainable investing approach is established on the foundation of our integration tools and processes which identify non-financial risks and opportunities to complement traditional investment insights.

We believe ESG factors should be integrated in different investment processes. We have designed ratings and tools to identify the relevant risks and opportunities of issuers and established other processes to ensure that ESG factors are integrated consistently in our portfolios. We will also consider research insights from third-party data providers where relevant.

Our integration tools and processes also support the prioritisation of stewardship activities (see Section D2) and the development of solutions that meet different regulatory requirements and client objectives (see Section D3). While sustainability ratings and scores allow for easier comparison of company performance, sustainability analysis should be both quantitative and qualitative and its findings should be interpreted in the context of financial performance to provide a holistic picture of a company's performance.

Overview of key integration tools

Proprietary ratings and tools sit at the heart of Fidelity's sustainable investing approach. They build on Fidelity's heritage of fundamental research, the contribution from approximately 180 investment analysts[7] and the expertise of the Sustainable Investing Team.



Source: Fidelity International, 2024.

7 As at May 2024.

In this section, we provide an overview of these ratings and tools:

- ESG Ratings (an assessment of management and mitigation of ESG risks),
- Climate Rating (alignment to the outcome of net zero carbon emissions by 2050),
- SDG Tool (an assessment of positive contribution to the UN Sustainable Development Goals), and
- Quarterly Sustainability Reviews (an internal forum to review relevant quantitative and qualitative metrics and discuss sustainability integration in specific strategies).

ESG Ratings

The Fidelity ESG Ratings aim to provide a forward-looking assessment of the extent to which an issuer's performance on material sustainability issues either supports, or is likely to impair, long-term value creation for shareholders. The ratings are differentiated in their forward-looking emphasis and their use of issuer interaction and due diligence by Fidelity's fundamental analysts as the main input to identify and assess the material ESG risks impacting an issuer.

Our ESG Ratings are integrated into Fidelity's investment process and are available to all members of the investment team on our internal research platform. Our rating serves as an additional source of insight and as a tool to support investment decisions.

Our ratings comprise a combination of E, S, and G indicators that aim to address the most material issues in each sector, providing a forward-looking view of an issuer's ESG practices. The ratings' methodology reflects the evolution of Fidelity's ESG integration approach, founded on the principle of 'double materiality', focusing on ESG both from a business risk perspective and in terms of the environmental and societal implications of the issuer's operations.

Our ESG Ratings Framework is founded on four key principles:

1. **Measuring absolute impacts and embedding principles of 'double materiality'**
   Our ratings are clearly defined to measure how an issuer manages negative ESG externalities and business risks associated with its operations. As issuers progress from 'aware', to managing for the short term, to managing for the long term, their respective score increases. By considering an extended time horizon (10 years), the materiality mapping for each subsector aims to capture a broader range of external material impacts, embedding the principle of 'double materiality' alongside 'financial materiality'. The focus on absolute impacts allows for comparability of scoring across sectors and geographies.
2. **Combining quantitative and qualitative inputs to give a forward-looking perspective**
   We source specific and comprehensive quantitative inputs to conduct our sustainability assessments. We then supplement and enrich these typically backward-looking (based on disclosed performance) quantitative assessments with qualitative input from our expert fundamental and sustainable research analysts. This helps ensure that our sustainability assessments are forward-looking and complementary with our financial forecasts and also help inform the long-term prospects of an issuer.
3. **Materiality and indicator selection driven by issuer fundamentals**
   We have created customised materiality mappings for over 100 individual subsectors based on our fundamental analysis. Each subsector mapping is formed from a unique selection and weighting of individual ESG indicators that are applicable to most issuers in that subsector, with flexibility for analysts to propose additional indicators and/or adjust indicator weighting for individual issuers. The aim of this granularity is to create more focused and relevant sets of indicators for each subsector and issuer.
4. **Flexible output for different use cases**
   Individual scores at the indicator level are aggregated to the pillar E, S, and G level, which are then combined to give an overall ESG score at the issuer level and trajectory ratings. These are made available to our investment managers alongside the wealth of underlying qualitative and quantitative inputs driving the scores, which allows for the easy integration of complex and detailed sustainability data into a variety of investment processes.

Our ESG Ratings framework is reviewed regularly to help identify the most material ESG factors for each sector. We aim to provide training on the ratings framework as it evolves and on specific themes and sectors to help enhance understanding of the material ESG factors required for analysis, and to enhance the quality and consistency of ratings.

The in-depth nature of our approach means that our coverage is not as broad as a third-party provider, therefore we also use external research and rating providers, such as MSCI and ISS (Institutional Shareholder Services), to complement our internal research process and for the construction of our funds with specific sustainability objectives. Where possible and practical, we aim to use our own ESG ratings as a preferred data source for fundamental insight and measurement of product-level characteristics.

Climate Rating

To facilitate our assessment of an issuer's net zero transition, we have developed a Climate Rating that assesses an issuer's operational alignment to the objectives of the Paris Agreement (to limit global average temperature rise this century well below 2°C and to drive efforts to limit the temperature increase even further to 1.5°C above pre-industrial levels). The Climate Rating is designed to be used in conjunction with our other ESG and climate tools to provide a more holistic view of an issuer's exposure to climate-related risks and opportunities.

Assessment criteria cover three key areas:

- **Carbon emissions disclosure:** This assessment focuses on disclosure of Scope 1, Scope 2 and material Scope 3 (based on the definition of the Greenhouse Gas (GHG) Protocol, see "Glossary" for further details).
- **Emissions reduction targets:** This assessment concentrates on the issuer's current emissions, net zero GHG emissions ambitions, targets and carbon reduction targets.
- **Climate governance:** This assessment analyses executive remuneration plans linked to climate ambitions; governance responsibilities for climate at executive level; and board committees with responsibility for oversight of climate change policies.

For high impact sectors, additional criteria may be included to take into account the unique requirements of certain hard-to-abate sectors in relation to achieving net zero.

The Climate Rating does not rely on a single climate change model or scenario. The assessment undertaken takes into account a wide range of data sources including companies' disclosure, inputs from CDP, ISS Climate data (e.g., Implied Temperature Rise), and the Science Based Targets initiative (SBTi).

Once all relevant data is collected and analysed for each of the criteria, it is used to determine the extent to which an issuer is aligned to the scale below:

Not Disclosed	Disclosure	Integration	Management	Transitioning to a Net Zero Pathway
The company has not disclosed key climate related information	The company has disclosed key climate related metrics	The company has included climate related elements in business plans and governance structures	The company has ambitious commitments and is actively reducing its impact on, and exposure to, climate change	The company has committed to targets that are aligned to achieving net zero by 2050

Source: Fidelity International, 2024.

An assessment of a fund's holdings under the Climate Rating, as well as product-level carbon footprint and carbon intensity, are included in the Quarterly Sustainability Review (see the section below for more details).

SDG Tool

Fidelity's SDG Tool aims to provide an assessment of an issuer's positive contribution to environmental and social outcomes. It is intended to complement Fidelity's ESG Ratings which provide an assessment of an entity's management of adverse impacts arising from ESG issues. The SDG Tool also supports Fidelity's definition of 'sustainable investments' under Europe's Sustainable Finance Disclosure Regulation (SFDR; see Section D3 for details).

We aim to provide a separate analysis of the positive and negative issues an issuer may be exposed to, to help prevent the signal value from identifying a risk being offset by an unrelated positive contribution (e.g., poor corporate governance and a catastrophic tailing-dam failure are not mitigated by selling products that help the energy transition).

Primary use cases for the output of the model are:

- **Issuer and entity-level assessment -** The model provides an assessment of the percentage of an issuer's revenue that contributes to each SDG. This can be used as the input to help define a thematic investment universe.
- **Sustainable Finance Disclosure Regulation (SFDR) -** Under SFDR, there is a requirement to identify issuers that make a positive contribution to an environmental or social outcome and can qualify as 'sustainable investments'. The SDG Tool is a key input in this process (see further details in Section D3).
- **Reporting -** The SDG Tool provides the ability to report the contribution of a fund's investments to the SDGs to our clients on a consistent and scalable basis.

An assessment of a fund's holdings under the Climate Rating, as well as product-level carbon footprint and carbon intensity, are included in the Quarterly Sustainability Review (see the section below for more details).

There are 3 main steps performed by the SDG Tool:

1. **Identify 'investable' SDG targets and indicators**

   Out of the 169 targets and 231 indicators that support achievement of the 17 SDGs, we identified around 50 targets and around 70 indicators that we believe issuers can contribute towards through their products and services. This forms the set of objectives or outcomes against which we assess an issuer's activity.

2. **Match ESG targets and indicators to FactSet Revere Business Industry Classification System (RBICS) revenue categories**

   Fidelity has evaluated and mapped around 1,800 activities in the FactSet RBICS to the list of 'investable' SDG targets and indicators identified in Step 1 above. This process resulted in each activity being mapped to one of five classifications:

   a. Contributing - Contributing to the SDGs in all circumstances.

   b. Contributing with geographical overlay - Contributing to the SDGs in select countries/geographies where a significant gap remains to achieving a given SDG.

   c. Could contribute - May contribute to the SDGs, but the revenue category either is not granular enough to provide a definitive assessment of contribution, or the activity's contribution is subject to adopting sustainable practices or sustainable use cases. In such cases, issuer-specific qualitative confirmation is required.

   d. Not contributing - Not contributing to the SDGs.

   e. Harming - Harming achievement of the SDGs (e.g., tobacco).

3. **Aggregation of activity level contributions for each issuer**

   The final step in the process is to aggregate the contributions from each individual activity for each issuer. This is calculated by adding the total percentage of an issuer's contribution to various SDGs and underlying indicators.

The principles behind this approach are modelled upon and informed by the EU Taxonomy and are outlined below:

1. **Material contribution from products and services -** We seek to identify issuers that make a material contribution to the targets and indicators for each of the SDGs. This influences our preference for a focus on products and services (what an entity does) when determining an entity's contribution, as opposed to operational alignment (how an issuer operates).
   - For example, our model treats products such as medical devices as having a more material and deliberate contribution to SDG 3 (Good health and wellbeing) than an operational contribution such as proving a safe working environment for employees which is considered as a minimum standard for appropriate corporate behaviour.
   - We recognise that in some cases operational alignment is consistent with achieving an SDG target (i.e., promoting gender equality, inclusive employment practices) and in specific circumstances may consider an issuer to be contributing to an SDG based on how they operate on a case-by-case basis.
2. **Targets and Indicators -** The SDGs are broad in scope and include targets and indicators that require government or policy level intervention. We therefore only consider a subset of indicators as suitable for corporates to contribute towards.
3. **Economic Activity -** We evaluate an issuer's contribution to an SDG on a proportionate basis at an activity level. This is consistent with the approach undertaken by the EU Taxonomy and will result in the statement that "x% of an issuer's activities contribute to achieving the SDGs".
4. **Revenue -** We use revenue as the default approach to map activities to SDGs, however, we recognise that capex or opex may give better insight into an issuer's future contribution to SDGs in some cases. Capex or opex contribution to SDGs can be manually calculated and used where this is more insightful.
5. **Value Chain -** We consider issuers that are critical component or raw material providers for an end use that enables an SDG as also contributing to that SDG. For example, module/semiconductor manufacturers for solar photovoltaic (PV).

Integrating qualitative insights

Quantitative classification models are a helpful tool to identify contribution to the SDGs and facilitate coverage of a large number of entities. However, a quantitative SDG model is constrained by imperfect data and insufficiently granular revenue decomposition. This introduces the need to incorporate qualitative insights from investment analysts and portfolio managers to enhance the accuracy of the model. We have established a process and governance framework for integration and traceability of any qualitative enhancements to the output of our SDG Tool.

Quarterly Sustainability Reviews (QSR)

The QSR is a component of the Quarterly Fund Reviews (QFRs) which cover performance risk, liquidity, etc. The QSR is a quantitative and qualitative exploration of a product's sustainability profile, and may include aspects such as ESG ratings, engagement activity, climate characteristics, impact indicators and other datapoints. Attendees may include representatives from the Sustainable Investing Team, the asset class CIO, portfolio manager(s), and risk professionals. The discussion is supported by a data pack which draws together various ESG data sources.

The targeted scope of QSRs is actively managed products with a higher level of ESG integration, which may include certain EU SFDR Article 8 and Article 9 products, and UK SDR Labelled and ESG Promoted (unlabelled) products.

Products disclosing under SFDR Article 6 are not subject to the QSR process. Please refer to further details of our Sustainable Investing Framework in Section D3. SI-related investment mandates could be covered by QSR on an optional basis or at the request of clients.

Limitations of our Integration Approach

We believe sustainability assessments and fundamental analysis should be complementary, not separate. However, it is challenging to gain a full understanding of third-party sustainability methodologies if they are used. Through the adoption of our proprietary ESG ratings and tools, we hope to gain a deeper understanding of issuers assessed and consider both qualitative and quantitative insights. However, the in-depth nature of our approach means that the coverage of our ratings and tools is not as broad as a third-party ESG data provider therefore we continue using external data to supplement our limited coverage.

D2. Our Approach to Sustainable Investing - STEWARDSHIP

At Fidelity, we recognise that maintaining our privileged position as one of the largest asset managers in the world is contingent on our ability to continue meeting and exceeding investors' evolving expectations for sustainable investing. To this end, our size and scale provide us with a deep level of corporate access, and we see it as our fiduciary duty to use this to influence corporate behaviours for better long-term investment outcomes.

Stewardship is the use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social, and environmental assets on which their interests depend*.

Stewardship tools include company engagement, proxy voting and shareholder proposals, policy advocacy and industry collaborations.

*Definition by the PRI, CFA and Global Sustainable Investment Alliance (GSIA)

Fidelity's stewardship activities support the responsible allocation of client assets in two main ways: by informing the investment process at the research and investment decision-making stages, and to use our influence to improve the sustainability practices of the issuers we own or lend money to. In line with our Sustainable Investing Beliefs* referred to earlier, we believe more sustainable corporate behaviour drives better financial outcomes in the long term, and we have developed a set of guiding principles and best practices that we expect issuers to adopt. These embed the principles of double materiality; businesses must understand and manage their exposures, as well as their impacts.

2. **Effective stewardship combines bottom-up, thematic, and system-wide approaches.** Our approach to stewardship is grounded in the fact that as a large and diversified investment manager across multiple geographies, sectors, and asset classes, we are exposed to systemic environmental and social issues. Effective and outcomes-focused stewardship combines bottom-up corporate engagement, top-down thematic engagement, and system-wide stewardship.
3. **Blending a global mindset and local understanding helps us to deliver insightful research and positive stewardship outcomes.** Stewardship and integration of sustainability issues must take into account local context to be effective, and respect differences in geographic, economic, social and cultural factors. As a global firm with a local presence in many markets, we are well-positioned to navigate these challenges and generate differentiated insight and outcomes.

*Two of our three Sustainable Investing Beliefs are related to stewardship. Please refer to Section C for details.

This section provides an overview of our approach to stewardship, specifically how we conduct engagement in equity and fixed income and monitor progress; the systemic sustainability themes that inform our stewardship priorities and our expectations of corporates; corporate governance and proxy voting; system-wide stewardship; and disclosure of stewardship activities. Where feasible and practical, stewardship activities are tailored to the characteristics and needs of other asset classes, e.g., private assets (see Section D3 for details).

As a responsible investment manager, we will continue to influence our investees to adopt sustainable practices, however, we may not be able to directly attribute our stewardship efforts to their performance outcomes. We acknowledge our investees' sustainability performance trajectory could also be influenced by regulatory requirements, local market conditions, stakeholder preferences, resources available, and other factors. A reflection on the limitations of our stewardship approach can be found at the end of this section.

Details included in this section are complemented by the following documents which are reviewed and updated regularly:

- Voting Principles and Guidelines: outlines our approach to proxy voting in equities and our general expectations of corporates with regards to corporate governance, board composition, audit, remuneration, business ethics and conduct, as well as proposals focusing on environmental and social issues.
- Engagement Policy: sets out how we undertake stewardship and shareholder engagement across our listed equity and fixed income holdings, written in accordance with the requirements of Directive (EU) 2017/828 and its implementing measures.
- Climate Investing Framework: outlines our approach to net zero and climate risk management.
- Nature Roadmap: a blueprint for identifying and managing our nature related risks and opportunities.
- Modern Slavery statements: these annual statements outline our approach to assessing and managing modern slavery related risks in alignment with Australian and UK regulatory requirements (Australia Statement 2022-2023/ UK Statement 2022-2023).
- Stewardship Reports including our UK Stewardship Code Submission 2023.

Engagement

Engaging with investee companies on ESG issues can contribute to long-term sustainable outcomes and help generate positive investment returns.

Our engagement edge continues to heavily rely on the firm's integrated fundamental research process. We reflect our analysis of material sustainability considerations and the outcomes of our engagements in our fundamental research and proprietary ESG Ratings. We believe through integrating this information in our fundamental analysis, it could help to drive better investment decisions and outcomes, including enhanced operational performance and lower cost of capital.

Effective and outcomes-focused stewardship combines bottom-up corporate engagement, top-down thematic engagement, and system-wide stewardship:

Why we engage

Our engagement activities help us to fulfil our fiduciary duty and act as stewards of our client's capital

Source: Fidelity International, 2024.

1. **Bottom-up corporate engagements:**

   For both equity and fixed income, instances that might trigger a bottom-up engagement opportunity include:

   - requests for transparency as part of investment due diligence;
   - issuer's poor performance in ESG Rating or involvement in a controversy as shown by Principal Adverse Impact (PAI) indicators (relevant to products disclosing under SFDR - see Section D3);
   - internal review processes such as QSR (Quarterly Sustainability Review); and
   - in equities, relating to proxy voting issues or votes against management.

   In fixed income, engagement may occur at the pre-investment phase. For 'use of proceeds' bonds, such as green and social bonds, we may engage to support responsible allocation of capital. In the cases of sustainability-linked bonds which do not have specific use of proceeds, we may engage with issuers following the issuance to discuss the ambition of the associated KPIs and their progress towards them, and to encourage issuers to increase the ambition of their sustainability strategy.

   Bottom-up engagement is typically led by our investment analysts and supported by sustainability analysts. This arrangement allows our investment research team to combine fundamental insights, ESG rating assessment outcomes (see Section D1) and engagement findings for a comprehensive evaluation of an issuer.

   See Section D3 for engagement details on other asset classes.

2. **Thematic engagements (top-down):** These engagements focus on themes that pose risks to the long-term economic prosperity and healthy functioning of capital markets, and as such, our ability to deliver financial performance for our clients. These risks could be related to climate change (e.g., thermal coal transition) and nature loss (deforestation). The thematic engagement programme, led by sustainability analysts with the involvement of investment analysts, aims to accelerate progress on priority ESG issues. Each theme is underpinned by specific objectives and milestones that are tracked over time.

3. **System-wide stewardship** recognises that healthy capital markets rely on a healthy economy, society and environment. As a steward of our clients' assets, system-wide engagements involve us taking actions 'within the system' at the corporate level but also, where critical to long-term healthy capital markets, taking actions to 'influence the system', in recognition that healthy capital markets rely on a healthy economy, society and environment. This can include public policy engagement to influence regulation, guidelines and standards in the markets in which we invest, through to building shared knowledge bases, making public commitments, and pledging to support external initiatives - see Section H for further information.

How we engage - Equity and Fixed Income

Once we have identified an engagement opportunity, we engage in constructive dialogue with issuers, at board and management level, to explain our beliefs and expectations and to encourage shifts in long-term behaviour. Fidelity's reputation as a research-driven investor with long investment horizons affords us privileged access to issuers globally, which has allowed us to forge long-standing relationships, enabling us to have constructive dialogues and work towards ESG outcomes. We therefore believe that engagement through constructive dialogue is often a better course for us to drive change than exclusion and is more likely to lead to better outcomes for our clients.

Where appropriate, we complement our engagement activity with an escalation strategy including but not limited to voting against management, in line with our Voting Principles and Guidelines.

Engagements can be undertaken individually or in collaboration with other investors, within the boundaries of regional legal frameworks. Relevant factors in determining whether to participate in a collective engagement include alignment of interests and priorities, materiality of the issue, and whether a collective approach could help to achieve a satisfactory outcome.

Engagement can take various forms, including conference calls, face-to-face meetings, and the writing of letters (either as individual shareholders or collectively with other investors) to the board and/or management team, outlining the areas of improvement or expectations. For listed equities, it also includes voting activities.

Key systemic themes and expectations for issuers

We expect issuers to manage their environmental and social exposures, impacts and dependencies in a responsible manner. As such, we define below the core expectations of issuers with respect to their management of the key systemic sustainability issues we engage on here. These expectations relate to our thematic engagements are therefore not comprehensive, and should be considered alongside expectations on governance and business operations outlined in our Voting Principles and Guidelines.

Climate change

We believe climate change is a systemic risk that can have negative outcomes not only for individual issuers in which we are invested, but also the wider economy, having a material impact on many of our clients' long term financial futures. Therefore, as a substantial allocator of capital, we and our clients are systemically exposed to climate risks and we have a role to play in supporting businesses to transition to net zero, as well as directing capital towards climate solutions. As such, Fidelity became a member of the Net Zero Asset Managers Initiative (NZAMI) in 2020 and published our inaugural Climate Investing Framework setting out our commitments to:

- reach net zero across our investment portfolios by 2050
- halve the emissions from our portfolios by 2030 vs. a 2020 baseline
- phase-out thermal coal exposure by 2030 in OECD markets and 2040 globally

A key lever for achieving our net zero emissions targets for our investment portfolios is through stewardship. For climate change, our top-down, thematic engagement is divided into four sub-themes:

1. **Top emitters:** Focuses on the top contributors to Fidelity's financed carbon emissions across our portfolios. We aim to engage with issuers representing the top 70% of our Scope 1 and 2 financed carbon emissions in material sectors[8], as well as the top 25 contributors to our Scope 3 financed carbon emissions.
    - **Expectations for corporates:** Issuers are expected to have science-based GHG emissions reduction targets with robust governance and transition plans to achieve those targets. We encourage businesses to position themselves for resilience in the transition to a low carbon economy and, where appropriate, support the provision of climate solutions.
2. **Thermal coal:** Focuses on issuers with a material exposure to thermal coal power generation and mining assets.
    - **Expectations for corporates:** Issuers are expected to cease the development of new thermal coal related infrastructure or assets. They should be able to demonstrate a path to phasing out existing operations in an orderly fashion by 2030 in OECD countries and 2040 elsewhere, in line with the International Energy Agency (IEA)'s Net Zero by 2050 scenario.

8 Sectors are categorised as material in-line with the IIGCC Net Zero Investment Framework (NZIF) 2.0, covering NACE codes A-H and J-L. "NACE" refers to the statistical classification of economic activities in the European Union.

3. **Collaborative engagements:** Beyond direct dialogues, we believe industry collaboration alongside other investors is imperative to support our ambition of a low-carbon transition. We are members of Climate Action 100+ and AIGCC, investor-led initiatives to encourage the world's largest corporate greenhouse gas emitters to take necessary action on climate change.

   - **Expectations for corporates:** Issuers are expected to engage with collaborative investor engagement groups and consider investor asks to improve alignment with initiatives benchmarks and disclosure requirements. By participating in these initiatives, we can collectively encourage companies to improve on many different climate-related factors including, GHG emissions reductions, improved climate reporting and disclosures, and more ambitious climate targets.

4. **Transition financing:** Focuses on financial institutions that have a critical role to play in aligning the global economy with the goal of the Paris Agreement.

   - **Expectations for corporates:** Issuers are expected to have appropriate disclosures (and targets) about how their activities enable a transition to a lower carbon economy, as well as how they are managing climate risk.

Nature

Globally, biodiversity loss as a result of human actions is unprecedented and accelerating. Yet, our economic system is highly dependent on nature. It was estimated that more than 50% of global GDP is moderately or highly dependent on nature[9]. Hence its continued decline poses material financial risks to the economy and financial markets, impacting us as asset allocators and our clients.

To help mitigate those systematic risks, we have joined other financial organisations by becoming a signatory and foundation member of the Finance for Biodiversity Pledge. This means a commitment to protecting and restoring nature through our financing activities and investments. In addition, we are signatories of the Financial Sector Deforestation Action initiative[10]. The commitment emphasises the role of ongoing stewardship and the importance of collaboration with wider stakeholders to address deforestation-related risks. More detail of our approach to nature loss can be found in our Nature Roadmap.

Stewardship is a key part of how we meet these commitments and help manage systematic risks arising from nature loss, as such our thematic engagement is divided in three sub-themes:

1. **Nature loss (collaborative):** Focuses on those companies identified by the global investor initiative, Nature Action 100. The initiative focuses on systemically important sectors and issuers within those sectors with a high potential impact on nature. We selected companies owing to material holdings and company practices.

   - **Expectations for corporates:** Issuers are expected to assess and understand their nature-related dependencies, impacts, risks and opportunities. They should commit to minimise nature loss and to conserve and restore ecosystems and set targets accordingly. This should be underpinned by a plan to implement the targets and bolstered by appropriate oversight and collaboration with wider stakeholders.

2. **Deforestation and deforestation financing**: Focuses on companies that are materially exposed to potential tropical deforestation risk and financial institutions most exposed and able to influence tropical deforestation risk.

   - **Expectations for corporates:** Issuers are expected to assess and publicly disclose their deforestation risk exposure and establish a plan to address the risk. This should be underpinned by a timebound deforestation-free commitment and implemented through effective supply chain traceability and engagement. Issuers should regularly monitor and report on progress against their deforestation commitments and establish board level oversight of forest-related issues to promote accountability and clear oversight.

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9 World Economic Forum (2020). Nature Risk Rising: Why The Crisis Engulfing Nature Matters for Business and the Economy. https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf.

10 https://racetozero.unfccc.int/wp-content/uploads/2021/11/DFF-Commitment-Letter-.pdf

3. **Water risk:** Focuses on companies identified by our biodiversity impact and dependency assessment, where water is a driver of material potential impacts and dependencies.
    - **Expectations for corporates:** Issuers are expected to responsibly steward and protect water resources in their business operations and global supply chains to build a resilient water future. This should include both water quality and water quantity considerations where relevant.

Social disparities

The widening gap of wealth, lack of access to basic services and respect for human rights can create a range of systematic risks for investors. While these are hard to calculate and can take many shapes or forms, they are increasingly manifesting as material risks. These risks can impact the resilience of our economies, supply chains and potentially be disruptive to the legal and political frameworks that enable us to serve our clients. Many of these are risks are also starting to attract attention from regulators around the world, so we believe that understanding them better through our systemic engagement can help us anticipate those risks.

We have prioritised two sub-themes under social disparities for our stewardship:

1. **Modern slavery and supply chain resilience:** Focuses on those companies that because of the sector and region where they operate, are likely to have the most exposure to modern slavery in operations or their supply chains.
    - **Expectations for corporates:** Issuers are expected to conduct risk assessments considering the risk to people within their organisations and supply chains. Furthermore we expect appropriate governance, audits and remediation programmes to eliminate modern slaves in the supply chain.
2. **Ethical AI:** Focuses on companies that have a core role to play in the development of Artificial Intelligence (AI) technologies as well as supporting the development of robust legal frameworks that consider the AI-related impacts on stakeholders.
    - **Expectations for corporates:** Issuers are expected to develop a set of ethical principles that guide the company's development, deployment, and procurement of AI tools. We expect companies to publicly disclose how these principles are implemented and demonstrate strong governance and oversight of AI-related risk.

Corporate Governance and Proxy Voting - Equities and Fixed Income

The execution of ownership rights, including voting, is an important part of our responsibilities as active owners and we believe they can improve the performance and lower the risk of investments over time.

Our Voting Principles and Guidelines provide our investee companies with guidance as to how we make decisions with regards to proxy voting and what approaches we encourage as best practice with regards to corporate governance and business operations. These guidelines include our position with a range of systemic issues that we consider relevant for corporates to manage, such as climate risk, nature loss and social issues.

We encourage boards to consult with investors in advance rather than risking putting forward resolutions at general meetings which may be voted down. Subject to the size of our investment, where our views differ from those of the board, we will seek to engage with the board at an early stage to try and resolve differences.

We seek to vote all equity securities in which we are invested wherever possible. On rare occasions, we may determine not to submit a vote where the cost in our view outweighs the associated benefits. We will also take account of the circumstances of the investee issuer concerned and prevailing local market best practice. Our approach and policy with regards to the exercise of voting rights are in accordance with all applicable laws and regulations as well as being consistent with the respective investment objectives of the various portfolios.

System-wide stewardship

We see a favourable policy environment as essential to limiting negative impacts on the value of our client's funds, and policy engagement as a necessary pillar within our overall engagement strategy.

We seek to engage on regulatory developments that affect Fidelity as a financial services provider and on addressing policy gaps relating to systemic themes that have the potential to impact the long-term value of our clients' assets, such as climate change, nature loss, social disparities, and governance.

We work to engage with regulators and policy makers on measures addressing:

- corporate sustainability disclosures on climate, nature, social and governance factors, with a focus on these being relevant for investors and globally interoperable
- product sustainability classifications and disclosures
- setting or increasing ambition on net zero and nature commitments
- specific climate and transitioning financing proposals, such as green bond issuances

We take both a proactive and reactive approach to system-level engagement in line with our systemic themes, engaging both via associations and directly with policy makers and regulators, often in response to consultations.

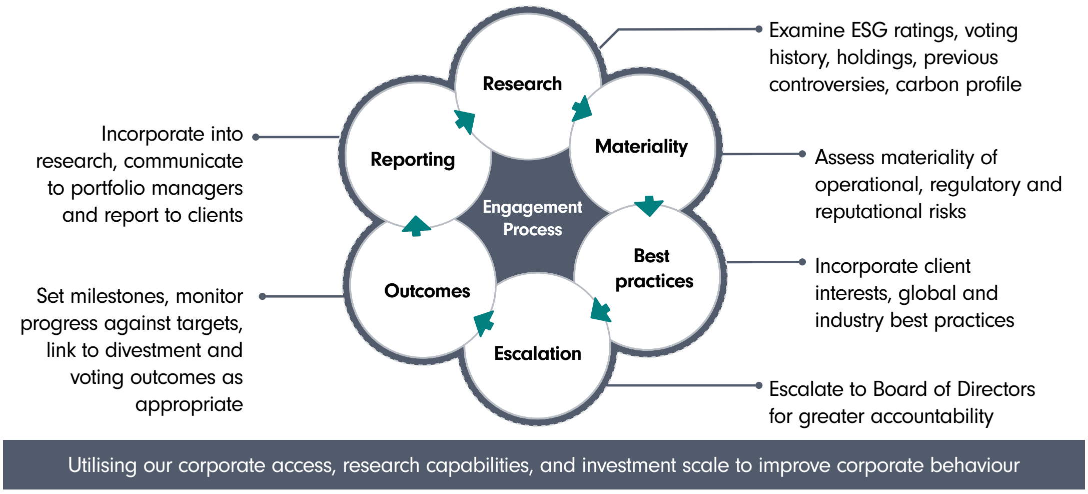
We also seek to manage systemic risks through engaging with influential companies on how they approach public policy engagement directly and indirectly (through industry associations or peak bodies) and the consistency of the positions they take.

Monitoring of progress and management of stewardship activities - Equity and Fixed Income

We believe that monitoring the progress of engagements is as important as initiating them to assess change and success against milestones and objectives, and to provide accurate reporting across sectors, themes, and asset classes. In order to monitor progress over time, at a minimum, we record all engagements on our internal research platform, which is available to equity and fixed income investment teams. This transparency allows us to learn from engagements across sectors, themes, and asset classes, enriching our depth of knowledge.

For top-down thematic engagements, which are generally multi-year, we seek to apply an enhanced approach to objective and milestone setting as well as for monitoring and tracking outcomes.

The outcomes (or lack of outcomes) resulting from our engagements can be reflected by investment analysts in our ESG Ratings, where appropriate.



Source: Fidelity International, 2024.

Disclosure of Stewardship

We aim to report on our stewardship and voting activities in alignment with best practices and as required by regulators and our clients. At a minimum, we publish an annual Sustainability Report which includes a representative sample of our efforts at the firm level.

With regards to voting activities, we disclose our voting record for the preceding 12 months on our website and this information is updated on a quarterly basis. Quarterly voting reports are provided to institutional clients as well as a more in-depth annual governance and engagement report.

Governance of Stewardship

We regularly review our governance model over stewardship and adapt it to changing requirements and client needs. The Thematic Engagement Oversight Group (TEOG), which was formed in 2022, proved valuable in providing SIOC with additional perspectives in the early days of our thematic engagement programme. However, as we evolve our approach and increase oversight and management of progress of our thematic engagement, we realised that more hands-on governance from the regional stewardship teams would be more appropriate. At the same time, SIOC became more familiar with the prioritisation and ongoing management of thematic engagements, which meant TEOG's role was becoming less pronounced. We have therefore decided to discontinue TEOG in 2024 and pass its responsibilities of oversight to SIOC. The Voting Advisory Working Group (VAWG) continues to support SIOC to provide oversight of relevant matters. See 'Governance of Sustainable Investing' in Section C for more details on VAWG.

Limitations of our Stewardship Approach

We are not able to directly attribute our stewardship efforts to performance outcomes; we acknowledge our investees' sustainability performance trajectory could also be influenced by regulatory requirements, local market conditions, stakeholder preferences, resources available, and other factors. However, we believe monitoring progress against our asks of issuers is important to evidence the alignment of actions with our intention, as well as identifying when change occurs (successfully, or unsuccessfully).

As mentioned, our stewardship approach is mainly adopted by equity and fixed income investments. Due to unique characteristics and needs of other asset classes, we may adjust our general stewardship approach and refine the process over time while maintaining the objective of influencing investees and borrowers to generate real world sustainability outcomes. Non-equity and fixed income asset classes may follow their own governance procedures to address stewardship-related issues which may be escalated to SIOC for attention if required.

D3. Our Approach to Sustainable Investing - SOLUTIONS

At Fidelity, we are committed to supporting our clients to achieve their sustainable investing objectives. Leveraging our integration tools and processes and stewardship approach, our Sustainable Investing Framework provides a common language for developing products that meet clients' traditional investment and sustainability preferences. The framework includes modules that classify our products by their degree of sustainability commitments and aims to align with the standards of relevant sustainability legislation or sustainability labels, as required.

There are increasing challenges in complying with sustainable investing related regulations as the rules from different jurisdictions may not agree and some local or regional requirements may have a global impact on investment products. By designing an integrated SI approach, we aim to meet regulatory requirements and tailor our approach to different fund structures and asset classes - in order to deliver a robust, scalable, diverse range of products and services to our clients.

Fidelity's Sustainable Investing Framework (FSIF)

At Fidelity, we strive to deliver innovative investment solutions, including a range of sustainable investing capabilities designed to meet client needs alongside complex and evolving regulatory requirements for sustainable funds in different geographies. Increasingly we also work with our institutional clients to advise them on how to meet their own sustainable investing objectives.

Fidelity's Sustainable Investing Framework aims to provide a modular, consistent, and transparent set of principles and criteria that can be used as the basis for sustainable products across different asset classes. The framework also helps to facilitate monitoring by compliance, aid client reporting and meet regulatory requirements.[11]

1. **ESG Unconstrained -** This category includes products that aim to generate financial returns and may, or may not, integrate ESG risks and opportunities into the investment process. Products in this category adopt Fidelity's ESG Unconstrained approach to exclusions.
2. **ESG Tilt -** This category includes products that aim to generate financial returns and promote environmental and social characteristics through a tilt towards issuers with stronger ESG performance than the product's benchmark or investment universe. Products in this category adopt the ESG Unconstrained exclusions and apply further exclusions such as tobacco production, thermal coal mining, thermal coal power generation and certain sovereign issuer exclusions.
3. **ESG Target -** This category includes products that aim to generate financial returns and have ESG or sustainability as a key investment focus or objective, such as investing in ESG leaders (issuers with higher ESG ratings), sustainable investments, a sustainable theme or meeting impact investing standards. Products in this category adopt the ESG Tilt exclusions and apply further exclusions.

11 For multi-asset funds, different measures of ESG performance may apply.

This central framework is complemented where appropriate by market specific requirements including the Sustainable Finance Disclosure Regulation (SFDR) in Europe, Sustainability Disclosure Requirements (SDR) in the UK, Autorité des marchés financiers (AMF) requirements in France. In the Asia Pacific region (including Hong Kong, Singapore, and Taiwan), product specific disclosures may be included in order to meet local compliance requirements.

Monitoring

The investment manager undertakes monitoring of the product's ESG score on a periodic basis and the products aim to achieve their ESG score targets by ongoing portfolio adjustment. In the case of ESG Target products, the monitoring is undertaken daily to facilitate more frequent adjustment to align with targeted sustainability criteria. Exclusions and other ESG limits are monitored for compliance on a daily basis.

Changes to an issuer's operations or an update to our exclusion lists may trigger an issuer's non-compliance with our exclusion criteria. In this scenario, divestment occurs as soon as practicable and in any event within three months unless a longer period would be in the best interests of investors. The reason for divestment must be communicated to the issuer once divestment is completed.

More information on the exclusions applied to each category of the framework is detailed below and detailed technical requirements and monitoring under each of the product categories of our framework are explained on the relevant website.

Partnering with our clients

With rapidly evolving sustainability regulations, more clients are looking for technical support to navigate the sustainability landscape in addition to investing in our products and mandates. For instance, specific regulations such as the ISSB and CSRD have cross-border implications. Leveraging our global presence and local expertise, we could help our clients and wider stakeholders understand the implications of these new requirements and co-create innovation solutions with them. For example, we have partnered with our clients in the following areas:

- identifying sustainability objectives to align with their broader goals
- identifying how clients can transition their investment portfolios to net zero
- providing capacity building initiatives on sustainable investing approaches and key sustainability themes
- creating thought leadership research to transfer knowledge to our clients

We also recognise that we have an important role to play in educating clients on sustainability. In this regard, we regularly engage with clients on sustainability-related topics through bespoke training sessions and one-to-one meetings, explaining key concepts and our evolving sustainable investing strategy, both as it relates to our investment process and more specifically to our sustainable investing products and solutions. We also create customised content to support clients' knowledge on sustainability and participate in their events targeting wider stakeholders.

Exclusions

We believe that Fidelity is well positioned to have constructive dialogue with issuers and to work towards superior outcomes for our clients. Therefore, our preferred course, as active owners, is to engage rather than exclude.

That said, we acknowledge certain types of economic activities give rise to unacceptable or unmanageable environmental or social risks for our clients. Moreover, these risks may be difficult or impossible for issuers to mitigate. As such, Fidelity considers the exclusion of issuers from our investment universe based on specific ESG criteria, depending on product type.

The Fidelity Exclusion Framework includes three levels of exclusions:

- **ESG Unconstrained** includes controversial weapons exclusions;
- **ESG Tilt** includes ESG Unconstrained exclusions and further exclusions such as tobacco production, thermal coal, norms-based exclusions as well as exclusions relating to sovereign issuers; and
- **ESG Target** includes ESG Tilt exclusions and further exclusions such as additional controversial weapons, conventional weapons, semi-automatic weapons, tobacco, thermal coal, Arctic oil and gas, oil sands, and additional exclusions relating to sovereign issuers.

The below table summarises the thresholds and scope of our exclusions under each of the three levels. Our exclusion list is reviewed every quarter on a standing basis, with ad hoc assessment as required.

Exclusion Type	Exclusion Category	Description	Measure	ESG Unconstrained[1]	ESG Tilt	ESG Target
				Criteria/Threshold		
Activity-Based	Controversial Weapons	General	Involvement in production, intended use components or exclusive delivery platforms related to controversial weapons guided by international treaties	Any	Any	Any[2]
		Nuclear Weapons	Involvement in production of nuclear weapons and intended use components and exclusive delivery platforms	Any[3]	Any[3]	Any
			Revenues from related activities	≥5%[3]	≥5%[3]	≥5%[3]
			Involvement in nuclear weapons support services	-	-	Any
	Conventional Weapons		Revenues from production of weapons, systems & critical components	-	-	≥5%
	Semi-automatic Weapons		Involvement in production	-	-	Any
			Revenues from distribution	-	-	≥5%
	Tobacco		Involvement in production	-	Any	Any
			Revenues from related business activities	-	-	≥5%
	Thermal Coal		Revenues from extraction/mining	-	≥5%[4]	≥5%[5]
			Revenues from power generation	-	≥20%[4]	≥5%[5]
	Arctic Oil & Gas		Revenues from extraction	-	-	≥5%
	Oil Sands		Revenues from extraction	-	-	≥5%
Norms-based			Issuers which Fidelity assesses as failing to behave in a way which meets their fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption as aligned with international norms	-	Any	Any
Sovereign			Financial Action Task Force (FATF)	-	Black List	Black List
			Additional Sovereign indicators and internal analysis	-	-	Fail test

[1] ESG Unconstrained exclusions are typically applied firm-wide
[2] ESG Target definition includes depleted uranium
[3] Applies only to issuers in countries which are non-signatories of Treaty on the Non-Proliferation of Nuclear Weapons
[4] Subject to transition criteria related to future expansion commitments
[5] Subject to additional transition criteria related to transition plans

Different asset classes may adapt our firm-level exclusion approach for practical application. Details can be found later in this section.

Fidelity has established the Exclusion Advisory Group (EAG) to provide expert advice to SIOC on updates and/or amendments to our Exclusions Framework (see details on EAG in the 'Governance of Sustainable Investing' of Section C).

Fidelity's Approach to Regional Product Disclosure Rules

Approach to EU SFDR

SFDR focuses on sustainability-related disclosures in the EU financial services sector, both at entity and product levels. Fidelity publishes its entity-level SFDR disclosure on our EU websites. In addition, Fidelity includes product-level SFDR disclosures in three key communications: (1) pre-contractual disclosures (such as fund prospectuses or mandate agreement); (2) website disclosure on our EU websites; and (3) periodic annual reporting (such as fund annual accounts or mandate annual reports).

The SFDR and EU Taxonomy are not internationally adopted standards and are not directly implemented or ratified in a number of jurisdictions. Although compliance with the SFDR and EU Taxonomy may not have been legislated in a jurisdiction, the relevant Fidelity entity in the jurisdiction may, but is under no legal obligation to, take into account some of the broad underlying principles of the EU Taxonomy and SFDR when making disclosures or reporting in relation to sustainability in other jurisdictions.

Summary of requirements under Articles 6, 8 and 9

SFDR includes specific disclosure requirements for funds that may integrate sustainability risks (some Article 6 funds), promote environmental or social characteristics (Article 8), have a sustainable investment objective Article 9, or have a reduction in carbon emissions objective (Article 9(3)).

A high-level mapping is presented in the table below.:

FSIF category	FSIF category description	Alignment to SFDR (if applicable)
ESG Unconstrained	This category includes products that aim to generate financial returns and may, or may not, integrate ESG risks and opportunities into the investment process. Products in this category adopt Fidelity's ESG Unconstrained approach to exclusions.	Article 6 - Products integrating sustainability risks into investment decisions.
ESG Tilt	This category includes products that aim to generate financial returns and promote environmental and social characteristics through a tilt towards issuers with stronger ESG performance than the product's benchmark or investment universe. Products in this category adopt the ESG Unconstrained exclusions and further exclusions apply such as tobacco production, thermal coal mining, thermal coal power generation, norms-based exclusions, and certain sovereign issuer exclusions.	Article 8 - Products promoting, among other characteristics, environmental and/or social characteristics and (as applicable) investments which follow good governance practices.
ESG Target	This category includes products that aim to generate financial returns and have ESG or sustainability as a key investment focus or objective, such as investing in ESG leaders (issuers with higher ESG ratings), sustainable investments, a sustainable theme or meeting impact investing standards. Products in this category adopt the ESG Tilt exclusions and further exclusions apply.	ESG leaders: Article 8 Sustainable Thematic: ■ Article 8 ■ Article 9 or 9(3) - Products with a sustainable investment objective (or including a carbon reduction objective). Investments need to contribute to an environmental or social objective, do no significant harm to any of those objectives and (as applicable) follow good governance practices. Impact: Article 9

Source: Fidelity International, July 2024.

Consideration of Principal Adverse Impacts (PAI)

SFDR describes PAIs as "negative, material, or likely to be material effects on sustainability factors that are caused, compounded by, or directly linked to investment decisions and advice performed by the legal entity." Technical guidance under SFDR provides a list of mandatory and optional quantitative metrics relating to investee companies, sovereigns and supranationals, and real estate assets.

Fidelity's products that disclose under Article 8 and 9 consider PAIs as defined in Article 7 of SFDR, through the following tools and channels:

1. **Integration – ESG Ratings**: Fidelity's proprietary ESG Ratings have been created to include specific PAI indicators and topics. Importantly, this means that an assessment of the materiality of selected PAI for each sector has been undertaken as part of the Fidelity ESG Rating process, and each issuer has been scored on the relevant PAI indicators or on metrics covering similar issues. As a result, consideration of PAIs is part of Fidelity's approach to ESG integration and assessment of ESG risk.
2. **Integration – Quarterly Sustainability Review (QSR)**: Fidelity has introduced a QSR process for certain funds under SFDR Article 8 or Article 9. A QSR discussion could include a fund's key sustainability risks as signaled by its performance in relevant PAIs.
3. **Exclusions:** Fidelity's Exclusion Framework helps reduce the potential for PAIs by excluding business activities or issuers with a track record of behaviour that has material negative effects on sustainability factors. For example, Fidelity's norms-based exclusions explicitly target issuers in breach of the principles of the UN Global Compact and other international principles. Fidelity's Article 8 and Article 9 funds have sector exclusions that help minimise potential exposure to industries with material PAIs including tobacco, thermal coal and weapons producers.
4. **Stewardship – Active ownership:** Fidelity's investment teams and sustainable investing analysts engage with investee companies to better understand their ESG characteristics, PAIs and where relevant, advocate for enhancing performance on key sustainability metrics. Engagements are undertaken independently and through collaborative initiatives such as Climate Action 100+[12] and Investors Against Slavery and Trafficking, APAC[13] with the assistance of the Sustainable Investing Team.
5. **Stewardship – Voting and divestment:** Voting Principles and Guidelines provide expectations for investee companies on topics including climate change related disclosure, board level diversity, and corporate governance. If an investee issuer fails to meet our expectations we will inform the issuer, seek to engage where appropriate and may escalate by voting against the election of a director, or in certain circumstances by divesting from the issuer.

Sustainable Investments

SFDR defines 'Sustainable Investments' as an investment in an economic activity that must have a material contribution to an environmental or social objective, provided that the investment does no significant harm to any environmental or social objective, meets minimum safeguards, and that investee companies have good governance practices.

Fidelity's approach to identifying sustainable investments under SFDR is as follows. Fidelity has identified the following ways in which economic activities can contribute to an environmental or social objective:

- An assessment of an issuer's economic activities using Fidelity's proprietary SDG Tool and/or the EU Taxonomy criteria (where data is available). This provides a method of identifying products and services that contribute to an environmental or social objective by contributing to achieving the SDGs and/or aligning to the EU Taxonomy criteria. If an entity has a significant contribution (e.g., >50% of revenue for corporates) to the SDGs and/or the EU

12 Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

13 IAST APAC is an investor-led, multistakeholder project. It was established in 2020 to engage with companies in the Asia-Pacific region to promote effective action in an finding, fixing and preventing modern slavery in operations and supply chains.

Taxonomy, we consider that the entire entity contributes to an environmental or social objective.

- If a review of an issuer's decarbonisation strategy is consistent with the ambition of the Paris Agreement, then the issuer will be considered to be making a significant contribution to environmental objectives. This is done with reference to Science Based Targets initiative (SBTi) targets and Fidelity's proprietary Climate Rating[14].
- On top of these issuer-level routes, our framework also considers instrument-level eligibility for use of proceeds bonds. In line with the issuer-level assessment, we assess if the majority of a bonds' proceeds contribute to an environmental or social objective when considering if a bond meets the contribution criteria.

Fidelity's approach to determine eligibility as a 'Sustainable Investment' under SFDR also incorporates:

- **Do No Significant Harm -** Fidelity assesses entities through:
  1) controversy screens;
  2) screens for involvement in activities with material negative impacts;
  3) a quantitative screen based on the Principal Adverse Indicators (PAIs);
  4) fundamental due diligence including consideration of ESG Ratings and engagements.
- **Minimum standards -** Evaluating whether investments meet minimum safeguards by screening against norms-based principles such as the United Nations Global Compact, OECD guidelines, United Nations Guiding Principles and others.
- **Good governance -** Evaluating governance practices of corporates is undertaken though controversy screens and consideration of ESG Ratings and fundamental analysis.

Product Naming based on ESMA's Guidelines

The European Securities and Markets Authority (ESMA) published its final guidelines on funds' names with ESG or sustainability related terms in May 2024. Further background and scope are detailed in Section E. The guidelines set out the following requirements.

1. For funds with any 'ESG' related terms in their name, at least 80% of investments must meet the sustainability characteristics or objectives set in accordance with the binding elements of the investment strategy of the fund. ESG terms also include 'Sustainability', 'Impact', 'Transition', 'Environmental', 'Social' and 'Governance' related terms.
2. Exclusions: a) Funds with 'Sustainable', 'Impact' or 'Environmental' related terms in the fund name must apply the Paris-aligned Benchmark exclusions; b) Funds using 'Social' or 'Governance' related terms in the fund name, or environmental-related terms in combination with 'transition' (e.g. 'Low Carbon Transition') are required to apply the EU Climate Transition Benchmark exclusions.
3. Funds using 'sustainability' related terms must invest 'meaningfully' in Sustainable Investments.

Under FSIF, typically only ESG Target products will include ESG or sustainability related terms in their names. At the time of publication, the Paris-aligned Benchmark exclusions are more restrictive than our exclusions applied to the ESG Target category. We will seek to make the required revisions to impacted products to address ESMA's requirements before the required implementation date.

14 Note that an SBTi-validated target and the Fidelity Climate Rating are an entity level assessment (it applies across a whole firm), whereas the EU Taxonomy and SDG Tool (explained in Section D1) apply on a revenue-based assessment.

Approach to UK Sustainability Disclosure Requirements (SDR)

The UK Financial Conduct Authority (FCA)[15] states that the SDR aims to ensure "financial products that are marketed as sustainable should do as they claim and have the evidence to back it up". To help achieve this outcome, SDR introduced four investment labels for products that aim to improve or pursue positive outcomes for the environment and/or society. See the SDR commentary in Section E for further details on the components of SDR.

	Sustainability Labels				Unlabelled	
Criteria	'Focus'	'Improvers'	'Mixed Goals'	'Impact'	ESG Promoted	Non-ESG Promoted
High-level Description	Assets are **sustainable now**	Assets with **potential future improvement**	**Blending at least two** of the other labels	Assets with **pre-defined positive impact**	**Material** ESG characteristics	**Not material** ESG characteristics
Rules for product names	Only labelled products can use 'Sustainable' or 'Sustainability' in the product name. Only products under the Impact label can use 'Impact' in the product name. Labelled products can use other ESG-related terms at the managers discretion.				Some ESG-related terms can be used	Cannot use any ESG-related term in the product name
General requirements	At least 70% of assets must meet the product's sustainability objective. KPIs must be used to demonstrate achievement of the sustainability objective.				Products must have 'material' ESG characteristics	n/a

Source: Fidelity International, 2024

For labelled products under SDR, at least 70% of assets must be invested in accordance with the product's sustainability objective, with reference to a robust, evidence-based standard that is an absolute measure of environmental and/or social sustainability and applied in a systematic way.

The FCA provides a non-exhaustive list of possible standards that could be applied when seeking to demonstrate a robust evidence-based standard that includes:

1. **Activity alignment:** set a minimum threshold for the percentage of an issuer's revenue that is aligned to either: a) the UN SDGs; or b) a Taxonomy such as the EU Taxonomy.
2. **Absolute performance:** set an issuer level absolute threshold for performance on a specific sustainability metric such as GHG emissions or emissions intensity.

Based on the above requirements and guidance from the FCA, Fidelity's approach to criteria to determine an issuer's eligibility under SDR includes:

1. **A robust, evidence-based standard:** Our approach to investment eligibility under SDR labels is based on attempting to quantify alignment to widely adopted international standards and best practices. For example, referencing the UN Sustainable Development Goals, EU Taxonomy or the ambition of the Paris Agreement.
2. **Absolute:** Our approach requires investment eligibility to be determined on an absolute basis. For example, issuers with >50% of activities aligned to the UN SDGs or EU Taxonomy are considered as eligible in our approach.
3. **Systematic:** Our approach is based on a common set of criteria that are consistently applied. We have established approaches for governance, internal monitoring and controls relating to our approach.

The role of the standard and the way that is applied in selecting a product's assets will differ according to the labelled category.

15 https://www.fca.org.uk/publication/policy/ps23-16.pdf

Indicative mapping of SDR to FSIF categories

Labelled products under SDR will fit within ESG Target under FSIF. More information on Fidelity's SDR framework is available on our website.

FSIF category	FSIF category description	Alignment to UK SDR
ESG Unconstrained	This category includes products that aim to generate financial returns and may, or may not, integrate ESG risks and opportunities into the investment process. Products in this category adopt Fidelity's ESG Unconstrained approach to exclusions.	**Products with no ESG terms in the name** *Sustainability characteristics are not material to the product and the product does not use ESG terms in its name.*
ESG Tilt	This category includes products that aim to generate financial returns and promote environmental and social characteristics through a tilt towards issuers with stronger ESG performance than the product's benchmark or investment universe. Products in this category adopt the ESG Unconstrained exclusions and further exclusions apply such as tobacco production, thermal coal mining, thermal coal power generation, norms-based exclusions, and certain sovereign issuer exclusions.	**Products with ESG terms in the name** *Sustainability characteristics are material to the product and ESG terms (other than 'sustainable' or 'impact') are used in its name.*
ESG Target	This category includes products that aim to generate financial returns and have ESG or sustainability as a key investment focus or objective, such as investing in ESG leaders (issuers with higher ESG ratings), sustainable investments, a sustainable theme or meeting impact investing standards. Products in this category adopt the ESG Tilt exclusions and further exclusions apply.	**Labelled products** *Products with a sustainability objective. Investments must be made in accordance with a robust evidence-based standard of sustainability.*

Source: Fidelity International, July 2024.
*Full exclusions details can be found earlier in this section.

Other Market Specific Requirements and Labels

In addition to following product disclosure rules, our Sustainable Investing Framework has been designed with consideration of relevant local market requirements. These include external labels, e.g., Towards Sustainability, which certifies a fund has followed a specific approach to sustainability such as adopting additional exclusions. Most labels on the market are local in nature and promoted by national authorities of that jurisdiction.

These requirements could also include local requirements such as those from the French regulator, Autorité des Marchés Financiers (AMF), for products sold to retail investors in France and the 'Target Market Concept' which sets out a common minimum standard for sustainable financial products for the German market.

For example, the minimum standards required under the 'Target Market Concept' are integrated into our ESG Target range of funds for corporates. Sovereign exclusions required under the 'Target Market Concept' are not part of our standard product range but will be adopted for products distributed in Germany as required.

The criteria for certain sub-categories of our ESG Target funds are closely aligned to the AMF's Category 1 requirements (the 'Ratings Upgrade' and 'Selectivity tests') and our ESG Tilt category uses a similar 'better than investment universe test' set out under the AMF's Category 2 requirements (albeit with a different approach to monitoring). Consideration of compliance with all of the AMF's requirements is assessed on a fund-by-fund basis and not all of Fidelity's funds in the ESG Target or ESG Tilt category will elect to meet the AMF requirements.

Fidelity addresses local requirements depending on client demand and relevance to the investment proposition.

How we tailor our approach

We strive to apply the Sustainable Investing Principles, integration tools, stewardship approach, and framework to different fund types and asset classes where applicable. However, specific fund types such as multi-asset funds, ETFs and asset classes such as private credit and real estate have alternative treatments to reflect their respective investment strategies. For instance, some asset classes invest in unlisted entities with limited available ESG data, which pose challenges on applying our integration tools and exclusion screening. Other asset classes may invest in relatively illiquid assets, which require different considerations and procedures when it comes to divestment. Under these circumstances, we have established fund type and asset class adaptations to ensure we are following the overall principles behind our Sustainable Investing Framework while not introducing inappropriate constraints.

If a third-party fund is making disclosures under Article 8 or 9, Fidelity International will perform analysis to determine if the fund meets our eligibility criteria for investment by a Fidelity Article 8 or Article 9 fund.

ETFs

Fidelity has a range of ETFs across asset classes offering differentiated solutions to its clients. The range of strategies cover both actively managed and index replication-based strategies. The active strategies are managed by Fidelity and these strategies leverage Fidelity's sustainable investing research and tools (ESG Ratings, Exclusion Framework, climate data) in order to deliver outcomes for clients. Some of the ETFs are index replication strategies or sub-advised to external managers and sit outside the scope of this document. As part of the product launch process when designing and selecting indices and on an ongoing basis, Fidelity conducts due diligence and considers the extent to which the indices incorporate sustainability in a similar way to Fidelity. ETFs fall within the scope of our regional product review groups mentioned in 'Governance of Sustainable Investing' of Section C.

Systematic Investing

Systematic Investing leverages Fidelity's research insights and delivers portfolios using quantitative portfolio construction techniques - for customisable, risk managed, repeatable investment outcomes. These portfolios are offered as off-the-shelf funds, bespoke solutions for institutional clients, building blocks for multi-asset solutions, or advisory model portfolios. Systematic Investing approach can be both across single or several asset classes. Fidelity has a systematic investing team that leverage Fidelity's extensive investment and sustainability research and tools as key inputs to create highly risk controlled, tailored, scalable and competitively priced solutions. The team runs products and mandates which have varying degrees of ESG integration leveraging ratings, exclusions and decarbonisation targets alongside quantitative investment inputs. Where appropriate, due to the investment style and diversified nature of these strategies, they are not in scope of all framework requirements as previously mentioned related to engagement. However, these product and mandates follow the relevant governance channels as outlined in 'Governance of Sustainable Investing' of Section C.

Multi-Asset

Our Multi-Asset Manager Research team uses an in-house ESG rating system to establish strategy or product level sustainability scores, based on a manager's ability to add value through navigation of ESG risks and opportunities. The manager assessment is based on four pillars: 1) the investment policy; 2) the integration of ESG research within the investment process; 3) the quantitative ESG profile of the portfolio; and 4) the quality of the investment manager's engagement with companies, issuers and investments. All strategies covered by analysts are assigned a Fidelity Multi-Asset ESG Rating from A to E using this framework.

Fidelity's Multi-Asset Manager Research team's approach to assessing private markets products and general partners follows a comparable process using Fidelity Multi-Asset ESG Rating on an A-E scale with adaptations given the nature of the investments.

Engagement in multi-asset takes place at strategy or product level through the Multi-Asset Manager Research team and the portfolio managers. They engage on topics such as ESG integration in investment process, holdings-level controversies, business involvement and carbon emissions, stewardship practices (voting and engagement), policy (exclusions, ESG/climate objectives) and disclosures at the product level. They look for measurable improvement as a result of engagement. Unsuccessful engagement can lead to change in strategy/product ESG rating and/or divestment where appropriate.

As part of our Multi-Asset sustainability approach, when we assess third-party managers, we will also assess their exclusion policies and the extent to which these are equivalent to Fidelity's approach.

Private Assets

Private Credit

As of 2024, private credit has integrated SI principles in its Collateralised Loan Obligation (CLO)[16] business. Fidelity's integration approach, fundamental bottom-up research and ESG Ratings reinforce due diligence and borrower selection, investment decision-making and ongoing portfolio monitoring and management in private credit.

SI Integration in Private Credit

We acknowledge the lower ESG data availability in private credit and therefore seek to engage with borrowers to collect data to support our bottom-up ESG analysis. A range of third-party or borrower-originated data is available for a subset of borrowers that are obliged, or have volunteered, to report ESG data, particularly where capital structures may be partially publicly held. Data availability has increased through direct stewardship of borrower companies. Critically, collaborative engagement via the data collection initiatives by industry associations, including the European Leveraged Finance Association (ELFA) ESG Questionnaire, has increased data availability within private credit's investment universe.

Fidelity ESG Ratings are central to integration on material risks and opportunities because they provide absolute assessment of ESG characteristics based on qualitative analysis of company performance from our analysts. This is particularly important for borrowers we lend to within the private credit platform since these types of companies often disclose less information on material ESG issues. ESG Ratings in private credit are updated at least annually, or on the occurrence of a significant ESG event; oversight to ensure relevancy, quality and timeliness is provided by the Director of Research in private credit.

SI Stewardship in Private Credit

Stewardship commitments made by Fidelity translate into expectations for private borrowers as well. We aim to engage with borrowers on ESG issues to gain a deeper understanding of ESG management and performance, and to use our influence to improve borrower sustainability practices. Stewardship can be used to close significant ESG data gaps, or to communicate improvement areas identified in Fidelity's own ratings with borrowers. Where ESG data is not available in private credit, we will leverage sector-based questionnaires from ELFA or other industry collaboration to gather essential information as a meaningful starting point for borrower engagement.

SI Solutions in Private Credit

Our CLO products are SFDR Article 8-aligned and share Fidelity's approach where possible. We seek to report PAI indicators for GHG emissions-related indicators for Article 8-aligned CLOs. This includes quantification of weighted average carbon intensity (WACI) for portfolio Scope 1 and 2 emissions. As noted above, we have achieved greater data availability for climate-related PAIs through industry initiatives on ESG data collection, engagement with issuers on PAI data availability, and the use of the methodology of PCAF (Partnership for Carbon Accounting Financials) to provide accurate emissions estimates where actual data is not available.

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16 A CLO is a portfolio of leveraged loans which are packaged together and managed as a single fund. Within a CLO fund, there are baskets of loans grouped together, called 'tranches'. These tranches pay interest, like a bond, and contain a small portion of equity. The tranches tend to be organised by levels of risk, which means that tranches holding a riskier set of loans are likely to pay a higher rate of interest to compensate an investor for risk they are accepting.

Wherever possible private credit investment teams will seek to align with Fidelity's Exclusion Framework where possible and may adopt fund or range specific exclusions.

Quarterly Sustainability Reviews in Private Credit

As part of ongoing integration, private credit employs the Quarterly Sustainability Review (QSR) process across Article 8-aligned CLOs; we plan to enhance the QSR with additional analyses to add insight to the process in 2024. Unlike public market QSRs, there is far less third-party ESG data available, so these are conducted using Fidelity ESG ratings, research, and manually-collected or estimated carbon emissions data, rather than more extensive ESG performance metrics often available in public markets portfolios. Engagement activities and progress are also discussed in CLO QSRs. As appropriate, this will expand to additional private credit products as they scale in the future.

Governance

Private credit investment teams monitor borrower performance on an ongoing basis, receiving monthly or quarterly reporting. Material changes, new risks and potential mitigants relating to ESG will be discussed by the investment team, with support from the Sustainable Investing Team where necessary. Potential remedial actions may be discussed with the borrower. Portfolio Managers and Head of Credit & Performance Management are responsible for ongoing monitoring of the portfolio.

Private credit products are overseen by PAGOC and the product governance channels mentioned in the 'Governance of Sustainable Investing' of Section C. Head of Private Credit Strategies is a member of SIOC, responsible for bringing framework related discussions to the Committee for noting or approval.

Structured Credit

Fidelity's structured credit investments, which may include a combination of CLOs, mortgage-backed, and asset-backed securities, leverage Fidelity's sustainability research and build on appropriate tools to integrate sustainability considerations during the investment process. Sustainability characteristics in structured credit are primarily driven by the nature of underlying securitised assets and the sustainability management of their managers or originators. Due to the maturity of the asset class on sustainability, there are significant data gaps in structured credit, which we attempt to overcome by combining the insights of subject matter experts within Fidelity's public and private credit research platform. With highly limited third-party data provider coverage of securitised investments and private nature of investments securitised, we recognise our limitations on having complete information and transparency about the sustainability-related performance of our investments. We aim to leverage active engagement with managers and originators to mitigate this in a similar way to Fidelity.

Real Estate

Fidelity Real Estate[17] is an experienced, active and engaged real estate investor. Sustainability encompasses a broad range of issues that could have a material impact on the risk and return characteristics of our real estate investments. The active management of our property portfolios helps us to promote a positive impact on the environment, including for our tenants. Investors and tenants alike make long-term commitments to buildings and so it is essential we research, analyse and integrate sustainability considerations through the entire lifecycle of ownership, from purchase, ongoing management, renovation, development and ultimately disposal.

Our principles

1. Target improved risk-adjusted investment performance by integrating sustainability considerations into our investment processes.

2. Implement sustainability measures through applying best practices across our real estate portfolios.

3. Act responsibly as a steward for the natural environment by addressing environmental impacts whilst also enhancing operational efficiency.

4. Have consideration for the local communities in which our assets reside.

Applying Our Sustainability Principles to Real Estate Investments

Application of these sustainability principles often increases the appeal of a property to both tenants and investors, and is likely to reduce operational costs and risks, resulting in improved risk-adjusted returns. The long-term value of a property investment could be strengthened by increasing climate change resilience, limiting the risk of regulatory non-compliance and/or improving its competitive position in the market.

Our aim is to incorporate the management of sustainability risks and opportunities into our day-to-day business operations, whether we are looking to acquire, develop or hold the asset. The below illustrative chart details examples of the steps that may be taken at each stage of the process:

Sustainability throughout the lifecycle of ownership

	Acquisition		Development & Refurbishment		Ongoing Management	
Relevant examples	Identify key sustainability risks for all assets	Conduct sustainability due diligence	Undertaking building certification	Establish an energy efficiency improvement plan	Establish sustainability strategy per asset	Assess technical installations to ensure efficiency
	Align with Fidelity's Sustainable Investing Framework	Align with Fidelity's restrictions	Consider the use of low carbon materials	Adopt energy efficient equipment	Collect asset level data for monitoring and disclosure	Obtain sustainable building or energy performance certification
	Evaluate tenants	Develop sustainability improvement plan	Improving wellness provisions	Post-occupancy evaluation	Engage tenants to promote sustainability	Benchmark asset and portfolio sustainability performance

Note: For illustration purposes only.
Source: Fidelity International, 2024.

17 Fidelity Real Estate is referring to the business unit of Fidelity International managing direct real estate investments on behalf of institutional clients.

Real Estate Sustainable Investing Approach

Integration

Our Real Estate business adopts Fidelity's SI approach where applicable. Adaptations are required due to the illiquid nature of real estate investments.

For all Fidelity Real Estate funds, we have a commitment to achieve net zero carbon by 2050. As an important interim target, we have further committed that our funds will be net zero carbon in terms of our Scope 1 & 2 (landlord controlled) operational carbon emissions by 2035. Our approach to sustainable renovation and development takes into account the sustainability practices including those that contribute towards our net zero commitment. We draw on internal sustainability experts and external sustainability consultants that support our due diligence efforts pre-acquisition, highlight potential sustainability improvement projects, carry out data collection for external sustainability reporting and keep us up to date on market and regulatory changes.

We endeavour to screen tenants of our assets for involvement in activities covered by Fidelity's Exclusion Framework. If an existing tenant is added to Fidelity's exclusion list, it may not be feasible to terminate the lease or sell the asset immediately. We may then engage with the covering analyst of the tenant's company and the tenant to understand the issue and identify remedial actions. If no improvement is seen over time, we may subsequently not renew leases, restrict further investment, or sell the asset. The Private Assets Governance and Oversight Committee (PAGOC) and the Sustainable Investing Operating Committee (SIOC) will be notified of such risks.

Fidelity ESG Ratings are also used to provide general guidance on the performance of our tenants. Case-by-case evaluation and the use of external ESG performance evaluation methodologies may be necessary if the tenant's company is non-listed or not covered by Fidelity ESG Ratings.

Stewardship

Given the nature of the real estate asset class, our engagement scope mainly focuses on the tenants of the assets held in our funds. We engage with tenants with a core objective of collecting utilities consumption and waste data for assessing building sustainability performance. We may also explore ways to support broader needs of our tenants and align with our sustainable investing principles by potentially developing joint sustainability initiatives. We typically engage tenants via an annual survey in addition to regular operational discussions.

Solutions - alignment with SFDR and EU Taxonomy

Some of our European real estate funds disclose under the SFDR and consider real estate Principal Adverse Impacts and the EU Taxonomy in their investment decisions, while respecting the Do No Significant Harm, minimum standards and good governance criteria.

The Investment Manager's focus on properties which maintain favourable ESG characteristics or that are sustainable investments may affect a fund's investment performance favourably or unfavourably in comparison to similar funds without such focus. When referring to sustainability-related aspects of the promoted fund, the decision to invest should take into account characteristics or objectives of the promoted fund as detailed in the Prospectus. Information on sustainability-related aspects for European Union domiciled funds is provided pursuant to SFDR at https://www.fidelity.lu/sfdr.

Review of Sustainability Performance

We aim to improve the sustainability performance of our funds by following local property market rules (e.g., obtaining energy performance certificates) and adopting appropriate third-party project certification schemes (e.g., BREEAM, LEED, DGNB, HQE, etc.) when relevant. We have clearly defined metrics and indicators for each fund, which are tailored to the fund's sustainability objectives and relevant regulatory requirements, for example energy efficiency improvements and waste and water management. These are measured and reported periodically. We have set ambitious but pragmatic metrics and indicators to continually improve our sustainability performance. Annually, we assess the sustainability performance of our fund portfolios with a recognised external scheme, the Global Real Estate Sustainability Benchmark (GRESB).

In addition to the Quarterly Fund Reviews, Quarterly Sustainability Reviews (QSR) are conducted on SFDR Article 8 and 9 real estate funds to discuss real estate-specific sustainability integration matters and identify improvement opportunities.

Governance Structure

To ensure that the ethos of our sustainability principles are reflected in practical day-to-day activities, the Real Estate Senior Leadership Team requires the principles to be monitored. To put this into practice:

- Investment Committee papers include an assessment of sustainability issues
- Annual asset business plans will likewise address sustainability factors
- Independent external benchmarking (e.g., GRESB) is used to measure our portfolio-level progress
- Individual and team goals are aligned to sustainability progress
- Dedicated internal forums, such as the Private Assets Governance and Oversight Committee (PAGOC) for Real Estate, oversee the portfolio strategies, sustainability risks and monitor controls

In addition, a Sustainable Investing Steering Group for real estate, consisting of representatives from real estate asset managers, real estate operations and sustainability experts from Fidelity within and outside of the real estate team, advises the Real Estate Senior Leadership Team on setting sustainability strategies for our portfolios, assessing sustainability risks and also practicalities in delivering on sustainability-related commitments.

Real estate sustainability principles are reviewed by SIOC which has representatives from across Fidelity, including the Head of European Real Estate.

Limitations of our Solutions

As discussed earlier in this section, our Sustainable Investing Framework aims to achieve consistency and transparency in our investment decisions. We believe its modular design would allow us to ring-fence specific changes as required by emerging regulatory and industry trends while avoiding frequent and major framework updates where we can. However, as a global investment manager, we prioritise our fiduciary duty by complying with a wide range of relevant regulations, which include those that have unharmonised requirements and some others that expect us to set our own definitions of key terms, e.g. 'sustainable investments' under the SFDR. As such, our framework will inevitably include assumptions based on potentially subjective in-house opinions and require adjustments over time according to regulatory and market trends. Regularly, we conduct peer benchmarking and seek client feedback on our sustainable investing solutions to ensure they are relevant and competitive.

Due to the increasing number of ESG and sustainability-related regulations globally, we expect sustainable investing to become more institutionalised but also potentially more restrictive over time, e.g. mandating investments to shift from higher emitting sectors and activities. While these constraints could have an aim to reduce sustainability risks in investments, the approach and timeline adopted to impose these constraints could also be influenced by political sentiments. As a result, policy shifts and reversals could affect the viability and investment profitability of some sectors and lead to different opinions regarding 'sustainable investing'. The lack of standardised sustainable investing best practices in the market may lead to greenwashing risks. We acknowledge the ongoing initiatives by various markets to address greenwashing risks and will continue to take guidance from them in refining our sustainable investing approach.

In private assets investments, having limited and/or unverified data is a common challenge. We have shared our initiatives earlier in this section such as leveraging industry connections to improve data availability. However, it is expected that data availability in private markets will be lower compared to public markets. To ensure a quality sustainable investing approach, we aim to apply our Sustainable Investing Framework and processes in private assets where possible and allow for practical adaptation.

We strive to fulfill the interests of our clients by making sustainable investing decisions that are in line with their preferences and being clear in our communications and disclosures. Where possible, we will also support the broader needs of our clients, such as providing capacity building training and conducting ESG analysis on their investment portfolios with their consent. However, our firm-level resource allocation will focus on our core strengths which are in investment management and advisory. Our resources may not allow us to cater to all client requests and our broader client solutions will likely be generated with an aim to support our core. It is important to note that new and updated ESG product labelling and disclosure regimes may generate more reporting needs. Our clients may also demand more customised regular disclosures on non-financial performance of our sustainable investing products which will likely require more technological and human resources.

E. Regulatory Landscape

Fidelity monitors regional sustainability regulations and guidelines across the globe and endeavours to comply with all relevant legislation that impacts our firm and investment products. The main objective of this section is to provide a snapshot of our regulatory engagements and the key requirements of applicable regulations and guidelines as they relate to sustainable investing, in terms of fund classification and anti-greenwashing as well as corporate disclosures. This list is not exhaustive.

Regulatory engagements

We endeavour to embed upcoming regulatory requirements into our investment approach and seek to engage with regulators and industry associations to encourage regulation that supports our four systemic themes (climate change, nature loss, social disparities and governance) as outlined in Section D2.

While our specific engagements will vary depending on the proposed requirement, we generally encourage:

- Fund classification regulations supporting clear disclosures on a product's investment framework and any sustainable outcome the product is seeking to achieve; and
- Enhanced corporate sustainability disclosures on climate, nature, social and governance factors, with a focus on these being relevant for investors and globally interoperable.

Fund Classification and/or Anti-Greenwashing - Key Requirements

European Union

Sustainable Finance Disclosure Regulation (EU) 2019/2088 (SFDR)

SFDR aims to address greenwashing by providing a framework for sustainability-related disclosures in Europe. There are disclosure requirements for us at both the entity and product level including pre-contractual disclosures and ongoing disclosures for funds. It applies to EU-based companies and entities promoting sustainable investment products in the EU.

Entity-level:

SFDR requires Fidelity to make various entity-level disclosures, including how it considers the PAIs of investment decisions on SFDR sustainability factors and to provide information on policies in relation to those impacts, taking account of our size, nature and scale of our activities and the types of financial products Fidelity makes available. It also requires Fidelity to report annually on PAI and measures taken to mitigate these impacts.

For more information on Fidelity's firm-level approach, please refer to our publicly available disclosures.

Product-level:

For more information on Fidelity's approach to SFDR at the product level, please refer to Section D3.

The EU has been consulting on revisions to SFDR and the regulatory technical standard supporting SFDR (Delegated Regulation EU 2022/1288), including considering whether the disclosure framework should shift to a fund classification framework.

EU Taxonomy Regulation (Regulation (EU) 2020/852) (EU Taxonomy)

The EU Taxonomy seeks to provide a science-based classification system that provides guidance for us as asset managers to identify green activities and practices.

We incorporate the EU Taxonomy in our 'Sustainable Investment' classification, as EU Taxonomy alignment is used as one of the routes to qualify an issuer as 'sustainable investment', alongside our proprietary SDG Tool explained in Section D1 and issuer decarbonisation in line with the objectives of the Paris Agreement. We also disclose EU Taxonomy alignment as part of our SFDR disclosures, which are detailed in Section D3.

The European Securities and Markets Authority (ESMA) Guidelines on funds' names

ESMA, the EU's financial markets regulatory and supervisor, finalised its guidelines on using ESG or sustainability-related terms in funds' names in May 2024. These guidelines apply to the Undertakings for Collective Investment in Transferable Securities (UCITS) management companies, including any UCITS which has not designated a UCITS management company, Alternative Investment Fund (AIF) Managers including internally managed AIFs, European venture capital funds (EuVECA), European social entrepreneurship funds (EuSEF) and European Long-Term Investment Fund (ELTIF) and Money Market Funds (MMFs) managers as well as competent authorities. The guidelines aim to ensure ESG or sustainability claims in funds' names are backed by credible relevant evidence in the funds' investment objectives and policy. Three key requirements were proposed:

1. For funds with any 'ESG' related terms in their name, at least 80% of investments must meet the sustainability characteristics or objectives set in accordance with the binding elements of the investment strategy of the fund. ESG terms also include 'Sustainability', 'Impact', 'Transition', 'Environmental', 'Social' and 'Governance' related terms.
2. Exclusions: a) Funds with 'Sustainable', 'Impact' or 'Environmental' related terms in the fund name must apply the Paris-aligned Benchmark exclusions; b) Funds using 'Social' or 'Governance' related terms in the fund name, or environmental-related terms in combination with "transition" (e.g. 'Low Carbon Transition') are required to apply the EU Climate Transition Benchmark exclusions.
3. Funds using 'sustainability' related terms must invest 'meaningfully' in Sustainable Investments.

Markets in Financial Instruments Directive (Directive 2014/65/EU) (MiFID II)

MiFID II, together with Regulation No 600/2014, provides a legal framework for securities markets, investment intermediaries, and trading venues. An enhancement to the MiFID II Directive came into place in 2022 and requires investment firms to account for client's sustainability preferences. The Directive requires financial advisors to expand their suitability assessments of their clients' needs before recommending a product, to include sustainability preferences in this assessment.

The EU breaks assessments down into three categories of sustainability preferences:

1. A financial instrument in which the client determines a minimum proportion is invested in environmentally sustainable investments as defined by the EU Taxonomy;
2. A financial instrument in which the client determines that a minimum proportion is invested in sustainable investments as defined by the SFDR; and
3. A financial instrument that considers PAIs on SFDR sustainability factors.

Fidelity provides the required data under MiFID II under the European ESG Template (EET).

Undertaking for Collective Investment in Transferable Securities (Delegated Directive (EU) 2021/1270) (UCITS Directive) and Alternative Investment Fund Managers (Delegated Regulation (EU) 2021/1255) (AIFM Directive)

UCITS, applicable to Management Companies, or 'ManCos', and AIFM Directive applicable to Alternative Investment Fund Managers (AIFMS), require us as AIFMs and ManCos to assess sustainability risks as part of our duties towards investors. To do so, we are required to embed these concepts in our daily duties as part of our internal procedures and organisational arrangements.

Shareholder Rights Directive II (SRD II)

The SRD II aims to strengthens shareholder engagement by listed companies and increases transparency. It sets out expectations and disclosure requirements for listed companies, institutional investors and asset managers, and proxy advisors, in relation to directors' remuneration, identification of shareholders, related party transactions, and intermediaries' obligations. As an asset manager, we have fulfilled SRD II requirements by:

- Updating internal policies and governance frameworks to align with SRD II and training relevant employees on the requirements
- Keeping records of all disclosures, policies, and shareholder engagement activities
- Disclosing our engagement and voting policies and annual progress through our stewardship reports
- Providing transparency in our investment decisions

Autorité des Marchés Financiers (Position/Recommendation DOC-2020-03) (AMF Doctrine)

The AMF Doctrine is a set of obligations imposed on asset managers in France by the Autorité des Marchés Financiers to ensure that information they provide to investors in relation to non-financial criteria, particularly relating to sustainable investing, is proportionate to the importance of these factors in the investment process. The AMF Doctrine requires asset managers marketing funds in France to comply with specific disclosure obligations, depending on the category they belong. The AMF Doctrine details the information related to the consideration of extra-financial criteria that can be communicated by French collective investments and foreign UCITS authorised for marketing in France. Three categories currently exist:

- **Category 1:** sustainable investing approaches based on a significantly engaging methodology, such as the 'rating upgrade' approach or 'selectivity approach',
- **Category 2:** sustainable investing approaches based on a non-significantly engaging methodology, and
- **Category 3:** any approaches which do not meet the criteria of the previous two categories.

Components of Fidelity's Sustainable Investing Framework are aligned to the AMF Doctrine. See Section D3 for more details of the Framework.

United Kingdom

Sustainability Disclosure Requirements and investment labels PS23/16 (SDR)

SDR aims to help consumers make decisions on sustainable investing in the UK. It introduces both firmwide and product specific requirements for Fidelity. These include:

1. **Anti-greenwashing rule:** applies to all FCA-authorised firms and aims to reinforce that sustainability-related claims must be 'fair, clear and not misleading'.
2. **Four sustainability labels:** a new labelling regime that introduces four voluntary product labels that aim to improve or pursue positive outcomes for environment and/or society. These labels are: 'Sustainability Focus', 'Sustainability Improvers', 'Sustainability Impact' and 'Sustainability Mixed Goals'.
3. **Naming and marketing rules:** introduces product-level naming and marketing rules to help ensure the use of sustainability-related terms is accurate by restricting the use of certain terms in fund names and use of promotional ESG references in marketing materials. This effectively introduces a category of 'non-labelled ESG funds' that demonstrate meaningful ESG characteristics.

4. **Consumer-facing information:** standard disclosures are required to provide consumers with better, more accessible information to help them understand the key sustainability features of a product.
5. **Standard sustainability disclosures:** detailed information in pre-contractual, ongoing product-level, and entity-level disclosures, targeted at institutional investors and retail consumers seeking more information.
6. **Distributors:** new requirements aim to ensure that product-level information (including the labels) is made available to consumers.

SDR follows a phased implementation approach with the anti-greenwashing rule applying from 31 May 2024 and the naming and marketing rules coming into force 2 December 2024. Firms can also begin to use labels from the 31 July 2024 whilst ensuring that the relevant disclosures and naming and marketing rules are met.

For more information on our approach to SDR at the product level, please refer to Section D3.

Australia

Sustainable Finance Strategy

In November 2023, the Australian Government published its Sustainable Finance Strategy for public consultation. The objective of the strategy is to support Australia's pathway to net zero, by providing an ambitious and comprehensive framework for reducing barriers to investment into sustainable activities. In particular, the strategy is focused on improving the transparency on climate and sustainability disclosures and product design. A key pillar of the structure includes developing mandatory sustainability-related financial disclosures, a Sustainable Finance Taxonomy and a labelling system for investment products marketed as 'sustainable'.

Australian Securities and Investments Commission (ASIC) published a paper describing their expectations of how to avoid greenwashing when offering or promoting sustainability-related products.

We are monitoring the latest development of the Strategy for future compliance.

Hong Kong

SFC Unit Trusts and Mutual Funds - ESG Funds

In 2021, the Securities and Futures Commission (SFC) of Hong Kong set out its expectations on disclosure of retail funds' ESG-related product features. The purpose of this disclosure requirement is to assist investors' understanding and assessment of whether a fund's features align with their investment needs.

The SFC requirements state that:

- in addition to the disclosure in the ESG funds' offering documents, certain information be disclosed (and reviewed and updated from time to time) on the manager's website or by other means; and
- an ESG fund is expected to conduct periodic assessment and reporting as regards ESG at least annually.

The requirements have also recently been updated in line with the global regulatory developments. The Fidelity funds that are in scope are following the SFC disclosure requirements and the relevant disclosures will be on our websites.

SFC Climate Risk Management and Disclosure

In 2021, the SFC published new requirements and expected standards on the management and disclosure of climate-related risks by fund managers. The rules require fund managers in scope of to take climate-related risks into consideration in their risk management processes and to make appropriate disclosures. The requirements are split into four sections: governance, investment management, risk management and disclosure.

Fidelity maintains an active Risk Management Process Document (RMPD), which covers the effective risk management framework, and is regularly reviewed to comply with relevant regulatory requirements. This document has been enhanced to clearly articulate Fidelity Hong Kong's climate risk management practices in-line with the SFC's requirements.

MPFA Sustainable Investing Principles

In 2021, Mandatory Provident Fund Schemes Authority (MPFA) published their 'Principles for Adopting Sustainable Investing in the Investment and Risk Management Processes of MPF Funds' (the Principles). The Principles lay out an ESG integration framework for trustees of the Mandatory Provident Fund (MPF), the investment vehicles for the Hong Kong's mandatory retirement protection scheme, across four key elements: governance, strategy, risk management and disclosure.

Although there is no specific obligation on fund managers to demonstrate compliance with the MPFA's Sustainable Investing principles, Fidelity does have a responsibility to provide our trustees with the requisite data and information for them to demonstrate their compliance and we are working with our trustees to determine the specific information required from us and the best way to provide it to them.

Japan

Revised Comprehensive Guidelines for Supervision of Financial Instruments Business Operators (Points of Attention with respect to consideration of ESG)

On March 31, 2023, Financial Services Agency (FSA) applied the 'Revised Comprehensive Guidelines for Supervision of Financial Instruments Business Operators'. The guidelines include specific 'points of attention' which aim to combat greenwashing and ensure market confidence in ESG investing and the disclosure of ESG related information on publicly offered investment trusts.

Investment trust management companies are expected to follow the following pillars in entity and product level disclosure and ESG integration:

1. Scope of ESG investment trusts
2. Disclosure
3. Prevention of customer misunderstanding
4. Investment Strategy
5. Portfolio Construction
6. Reference Index
7. Periodic disclosure
8. Outsourcing
9. Resources and Due Diligence

Fidelity, as a fund manager registered in Japan, has complied with all requirements of the Guidelines since they went live.

Singapore

MAS Guidelines on Environmental Risk Management

In December 2020, the Monetary Authority of Singapore ('MAS') published its Guidelines on Environmental Risk Management for Asset Managers (the 'ERM Guidelines'). The ERM Guidelines, which apply to licensed fund management companies ('FMCs'), aim to enhance the resilience of funds and segregated mandates managed by FMCs by setting out sound environmental risk management practices that FMCs can adopt. The ERM Guidelines address environmental risk across five pillars, namely:

- Governance and Strategy

- Research and Portfolio Construction
- Portfolio Risk Management
- Stewardship
- Disclosure

Fidelity, as a licensed FMC in Singapore, has complied with MAS' expectations under the Guidelines.

MAS Circular on Disclosure and Reporting Guidelines for Retail ESG funds

In July 2022, the MAS issued a circular to FMCs on disclosure and reporting requirements for retail ESG funds. The guidelines aim to mitigate the risk of greenwashing and enhance disclosures made by retail ESG funds, which will in turn allow investors to make more informed investment decisions. The guidelines, which apply to all retail funds that use or include ESG factors as their key investment focus and strategy and represents themselves as ESG-focused funds, set out requirements on the naming of the ESG fund, the disclosure requirements for prospectus, fund reports and other disclosures the FMC's website or by other appropriate means.

Fidelity's retail funds that are promoted as ESG funds in Singapore observe the requirements under the Guidelines.

MAS Consultation Paper on Guidelines on Transition Planning for Asset Managers

In October 2023, the MAS published a consultation paper, which proposes to introduce a set of Guidelines on Transition Planning. The proposed Guidelines are intended to guide FMCs as they build climate resilience and enable robust climate mitigation and adaptation measures by their customers and investee companies. The proposed Guidelines supplements the issued ERM Guidelines with additional granularity in relation to the FMC's transition planning processes. They follow similar broad themes across Governance and Strategy, Portfolio Management, Engagement and Stewardship, and Disclosures.

Fidelity, as a licensed FMC in Singapore, has provided its comments to MAS and will take appropriate measures to comply with the Guidelines when they are finalised and issued.

Taiwan

Taiwan FSC Onshore and Offshore ESG Fund Disclosures

Taiwan's Financial Supervisory Commission (FSC) announced updated disclosure rules for offshore ESG Funds in January 2022. The aim of these rules is to strengthen the integrity of ESG investment policies in the investor information summary of offshore ESG funds, as well as to align the supervision on onshore and offshore funds. Asset managers will have to disclose their ESG principles, as well as how ESG is embedded in their investment process. Key points of information required to be disclosed in the investor information summary of offshore ESG funds include ESG investment objectives and measurement standards, investment strategies and methods used to achieve sustainable investment objectives, the minimum proportion of each fund's net asset value which is invested in ESG-related priority targets, reference performance benchmark (if the fund has set a benchmark for ESG performance), exclusion policy, and risk warnings for the fund's ESG investment priorities.

For offshore funds already approved, this ESG information is expected to be disclosed retrospectively. If offshore funds do not conform with these disclosure rules, they cannot be marketed as sustainability or ESG-themed funds. In addition, asset managers are required to disclose the following information to investors on the company's website within two months after the annual year end:

1. The fund's portfolio weight is consistent with the ESG investment strategy and screening criteria.
2. If there is a benchmark, a comparison for difference must be made between the selected ESG screening criteria for the offshore fund and that of the benchmark.

3. The stewardship policy implemented by the fund to achieve sustainable investment priority targets (e.g., engaging with issuer management, taking part in shareholder meetings and exercising voting rights)

Similar disclosure rules also apply to ESG or sustainability-themed onshore funds.

Fidelity has complied and disclose according to the new FSC regulations and has two onshore sustainable funds and 11 offshore sustainable funds recognised by the Taiwan Securities and Futures Bureau as Taiwan ESG funds (as of May 2024).

Code of Practice for Risk Management of Securities Investment Trust Enterprises (SITE) and Climate Change Disclosure Guidelines

In 2022, Taiwan's FSC ordered the local Securities Investment Trust and Consulting Association (SITCA) to amend the industry's 'Code of Practice for Risk Management' by acknowledging climate change as an enterprise risk for SITEs and mandating annual climate change disclosures by June 2024.

SITCA subsequently published guidelines on climate change disclosures, which are aligned to the recommendations of IFRS/ISSB S2 and TCFD by requiring SITEs to disclose climate related governance, strategy, risk management, and metrics and targets concerning their operations, financial planning, products or investment strategies. The disclosures should cover climate risks and opportunities in the short, medium, and long term. The Guidelines expect SITEs that are subsidiaries of groups or financial holdings to follow the environmental or climate policies of their parents and adopt relevant climate change factors in their product and service or asset management strategies. If these SITEs leverage the climate disclosures of their parent companies, such disclosures should clearly state that SITEs are included in their scope.

Fidelity, as a SITE registered in Taiwan, has complied with the above requirements.

Corporate Sustainability Disclosures - Key Requirements

There are a range of agreed and proposed regulatory requirements for corporate disclosures globally. Corporate sustainability disclosures significantly support our sustainable investing process.

Global

The International Sustainability Standards Board (ISSB) IFRS S1 General Requirements for Disclosure of Sustainability related Financial Information (General Requirements) and IFRS S2 Climate-related Disclosures (Climate Disclosures)

The ISSB has issued a global baseline for corporate sustainability disclosures. The S2 Climate-related Disclosures builds on the existing TCFD framework and includes disclosures on climate risks, scenario analysis and GHG emissions. The standards have been endorsed by the G20 and ISSB is working to encourage adoption of its global baseline for sustainability disclosures in a large number of global markets.

We support and encourage the adoption of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures as a minimum baseline for corporate sustainability reporting.

Europe

Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464) (CSRD)

CSRD significantly broadens existing non-financial reporting requirements both in scope (including SMEs and some non-European companies) and coverage with the aim of bringing sustainability reporting closer to financial reporting requirements. Companies are required to publish details on a range of environmental, social and governance issues including climate change, biodiversity and human rights in accordance with the twelve European Sustainability Reporting Standards (ESRS). Disclosures will include a company's governance and strategy on sustainability, risks and opportunities, its specific sustainability targets and a comprehensive range of metrics on material environment, social and governance impacts. Companies will be required to adopt a double materiality assessment when identifying metrics to be disclosed.

While the EU and ISSB have worked together to increase interoperability of the standards, there still remains some differences when applying both sets of requirements, including with the materiality assessment.

Fidelity is preparing to disclose under the CSRD.

Australia

Climate Change Act and proposed Climate Disclosures Framework and initiatives

Australia has legislated a net zero emissions target in the Climate Change Act 2022 (Climate Act) and formalised its ambitions to launch further climate initiatives. The Climate Act is the first in a series of initiatives facilitating or forming part of the evolving framework for climate-related disclosures, assurance and the setting of climate objectives. These initiatives include:

- Treasury Proposal - Climate Disclosures Framework consultation paper that has invited submissions on a number of issues including International Sustainability Standards Board (ISSB) alignment and safe harbours for making forward looking climate projections.
- Treasury Laws Amendment (Measures for Consultation) Bill 2022 is draft legislation which if enacted will confer on the Australian Accounting Standards Board the power to set climate-related and other sustainability standards for financial reporting.
- The Australian Prudential Regulation Authority (APRA) Prudential Practice Guide articulates the expectations of APRA, a prudential regulator, regarding the management of climate risks for prudentially regulated entities including certain superannuation funds.

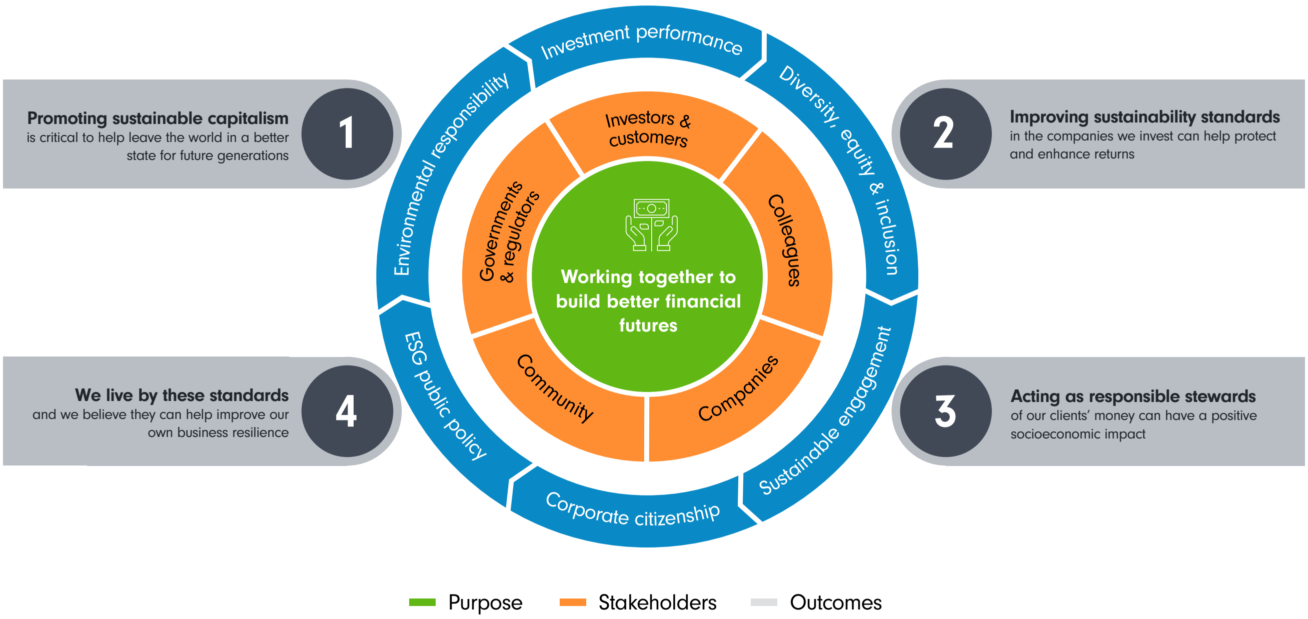
Fidelity, as a fund manager registered in Australia, will comply with the requirements of the Guidelines.

F. Corporate Sustainability

Climate change, environmental degradation, and social issues pose significant and complex risks. At Fidelity, most of our impacts on sustainability issues come from our asset management (ISS) and asset owner (GPS) businesses. As we set expectations for our investee companies to manage these risks, we believe it is important for us to uphold the same standards within our own corporation. As we do for our investments, we manage sustainability risks and opportunities in our business operations, incorporating them into our governance, strategy, risk management and metrics. We do this by considering the long-term impact of ESG issues on our firm and our stakeholders, as well as our ESG impact on the environment and communities in which we operate.

Our Corporate Sustainability Philosophy

To deliver on our purpose of working together to build better financial futures, we have developed a corporate sustainability philosophy underpinned by four core beliefs.



Source: Fidelity International, 2024.

Three of our core corporate sustainability beliefs (promoting sustainable capitalism, improving sustainability standards and acting as responsible stewards) relate to our sustainable investing approach detailed in the earlier sections. Our fourth and final belief is to live by the standards we set - we believe they improve our own business resilience. Our long-term dedication to raise our own sustainability standards also empowers us to authentically ask investee companies to do the same.

We have set a target to achieve net zero carbon operations by 2030 and additional priorities, namely 'improving our environment', 'strengthening our workplace', 'buying responsibly from our suppliers', and 'creating resilient communities'. Specific targets under these priorities and our corporate sustainability governance structure were under review at the time of publishing this document. We will provide more information in corporate publications and disclosures.

G. Glossary of Terms

Term	Meaning
Active ownership	A form of stewardship whereby shareholder rights are used to influence corporate behaviour through corporate engagement, filing or co-filing shareholder proposals, and proxy voting. This is typically guided by comprehensive guidelines, see for example Fidelity's Voting Principles and Guidelines.
Biodiversity	The balance and variety of life on earth. It refers to the living component of natural capital, which more broadly encompasses the world's stock of natural resources, including geology (rocks and minerals), soil, air, and water.
Carbon footprint	The total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO_2e / $M invested.
Carbon intensity	The volume of carbon emissions per million dollars of revenue (carbon efficiency of a portfolio), expressed in tonnes CO_2e / $M revenue.
Climate adaptation	The process of adjusting to the current or expected impacts of climate change. Adaptation aims to moderate or avoid harm for people and is usually done alongside climate mitigation.
Climate mitigation	Efforts to reduce or prevent emissions of greenhouse gases or enhance their removal from the atmosphere by sinks.
Double materiality	The requirement (as set out by the European Union Corporate Sustainability Reporting Directive) for companies to report both on how sustainability issues affect their performance, position and development (the 'outside-in' perspective), and on their impact on people and the environment (the 'inside-out' perspective).
Engagement	Company engagement refers to interactions between the investor and a current or potential investee on an ESG issue or set of issues. It forms a central pillar of our active approach to sustainable investing, allowing us to communicate our expectations in relation to how a company manages financially material environmental, social and governance issues and the impact it has on society or the environment in which it operates.
ETFs	An exchange-traded fund is a basket of securities that tracks or seeks to outperform an underlying index.
Exclusions	Exclusions prohibit certain investments from a firm, fund or portfolio. They may be applied on a variety of issues, including to align with client expectations, and at different levels (sector; business activity, products or revenue stream; issuer; jurisdictions/countries).
FATF	Financial Action Task Force (FATF) is a global organisation which sets standards that aim to prevent money laundering and terrorist financing. It has a 'black list' which highlights high-risk jurisdictions that have significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of proliferation and is reviewed by FATF thrice a year. This list could be used as a reference for exclusions in sustainable investing. FATF takes global action such as developing policies to combat these high risk activities.
GHG emissions	Greenhouse gas emissions are the gases in the atmosphere that raise the surface temperature of planets such as the Earth. We expect investee issuers to have policies in place to reduce greenhouse gas (GHG) emissions.
Greenwashing	Falsely giving the impression that a company's products and services provide greater environmental or 'green' benefits than is actually the case. There are increasing regulations to prevent or manage greenwashing risks.

ILO Fundamental Conventions	The International Labour Organization's Governing Body identified eight 'fundamental' Conventions, covering subjects considered to be fundamental principles and rights at work, including freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.
Modern slavery	Any form of exploitation or abuse that involves controlling, forcing, or deceiving someone for the purpose of exploiting them for personal or financial gain. It can take many forms, such as forced labour, human trafficking, debt bondage, forced marriage, and exploitation in the supply chains of products we consume.
NZAMI	Net Zero Asset Managers Initiative is a group of global asset managers that are committed to working toward the goal of net zero greenhouse gas emissions by no later than 2050.
Net Zero	Achieving an overall balance between anthropogenic emissions (greenhouse gases) produced and those taken out of the atmosphere. A net zero commitment refers to organisations that have pledged to reduce the sum of their anthropogenic greenhouse gas emissions to 'net zero'.
OECD	The Organisation for Economic Co-operation and Development is an intergovernmental organization with 38 member countries, founded in 1961 to stimulate economic progress and world trade. The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards.
Paris Agreement	The international treaty that came into force in November 2016. The agreement is to limit the global rise in temperature from pre-industrial levels to below 2°C this century and ideally below 1.5°C.
PCAF	Partnership for Carbon Accounting Financials is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments.
PAIs	'Principal Adverse Impacts' are defined via SFDR as 'negative, material, or likely to be material effects on sustainability factors that are caused, compounded by, or directly linked to investment decisions and advice performed by the legal entity.' The requirement to consider PAIs explicitly expands the evaluation of sustainability considerations to include an issuer's impact on society and the environment, and not just the impact of a social or environmental issues on the issuer (e.g., an issuer's contribution to climate change through carbon emissions, as well as the physical and transition risk from climate change an issuer may be exposed to). Under each sustainability factor, SFDR provides a list of prescribed quantitative metrics relating to investee companies, sovereigns and supranationals and real estate.
QFR	Key material aspects of the fund in question are examined in a Quarterly Fund Review, including risk profile, volatility, performance and fund positioning, as well as the individual investments of the fund. We include ESG scoring data and carbon data as part of these quarterly reviews as standard measurements of the ESG quality of our funds.
QSR	The Quarterly Sustainability Review was designed to support the authentic integration of sustainability throughout Fidelity's range of sustainable strategies; the review complements our QFR by providing a regular opportunity to explore a product's sustainability profile.
SBTi	A partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The Science Based Targets initiative call to action is one of the We Mean Business Coalition commitments. Science-based targets show companies how much and how quickly they need to reduce their greenhouse gas emissions to prevent the worst effects of climate change. The Science Based Targets initiative: (i) Defines and promotes best practice in emissions reductions and net-zero targets in line with climate science. (ii) Provides technical assistance and expert resources to companies who set science-based targets in line with the latest climate science. (iii) Brings together a team of experts to provide companies with independent assessment and validation of targets.

Scope 1, 2 & 3 Emissions	The Greenhouse Gas (GHG) Protocol is a widely used tool for measuring and managing Greenhouse Gases. It puts the sources of GHG emissions into three groups or 'Scopes'. Scope 1 covers direct emissions e.g. use of natural gas, company car vehicle emissions. Scope 2 covers indirect emissions from the generation of purchased electricity, steam and heating. Scope 3 includes 15 other categories of indirect emissions in a company's value chain e.g. business travel and investments.
Screening	An approach which specifically filters companies based on their involvement in either beneficial (positive) or undesirable (negative) activities.
Stewardship	Stewardship is the use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social, and environmental assets on which their interests depend.
TCFD	The Task Force on Climate-related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders. Increasing the amount of reliable information on financial institutions' exposure to climate-related risks and opportunities will strengthen the stability of the financial system, contribute to greater understanding of climate risks and facilitate financing the transition to a more stable and sustainable economy.
TNFD	The Financial Stability Board created the Taskforce on Nature-related Financial Disclosures (TNFD) to develop a risk management disclosure framework to enable decision useful nature-related reporting. The TNFD will build upon the structure and foundation of the TCFD. The TNFD was announced in 2020 and its final recommendations were published in 2023.
UN Global Compact	A United Nations-driven voluntary initiative to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is based on 10 principles that should define an issuer's value system and approach to doing business.
UN SDGs	The United Nations' Sustainable Development Goals (SDGs), set out in September 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity (https://www.undp.org/sustainable-development-goals). They are part of a resolution called the '2030 Agenda' which lays out a blueprint for realising the above vision. At the top level, it comprises a series of 17 interlinked goals. Each goal has a series of specific indicators and targets that can be used to measure progress. These serve as a standard benchmark for impact investors – a subset of sustainable investing – when analysing potential investments.
WACI	Weighted Average Carbon Intensity is a measure of carbon emissions normalised by revenues, which is a relevant comparison point across all issuers. This metric may be useful for portfolio decomposition and attribution analyses across sectors and asset classes.

H. Sustainability-related initiatives

In addition to being a signatory to various industry codes, as listed in Section D2, we are (as of June 2024) involved in following memberships and/or initiatives:

Memberships & Initiatives	Year joined	Climate	Nature Loss	Social Disparities	Governance
30% Club Investors Group	2020				X
30% Club Australia	2021				X
30% Club Hong Kong	2022				X
30% Club Japan	2019				X
40:40 Vision	2020				X
Asia Investor Group on Climate Change (AIGCC)	2020	X			
Asia Re-Engage	2020	X	X	X	
Asia Securities Industry and Financial Markets Association (ASIFMA)	2015				X
Asian Corporate Governance Association (ACGA)	2004				X
Assogestioni	2007				X
CDP (formerly Carbon Disclosure Project)	2019	X	X		X
Climate Action 100+	2019	X			
Coalition for Climate Resilient Investment (CCRI)	2020	X			
Corporate Governance Forum (CGF)	2009				X
Council for Sustainable Business (CSB)	-				X
Farm Animal Investment Risk and Return (FAIRR)	2020		X		
Finance for Biodiversity Pledge	2021		X		
Glasgow Financial Alliance for Net Zero (GFANZ)	2021	X			
Global Standard on Responsible Corporate Climate Lobbying	2022	X			
Green Finance Industry Taskforce Singapore	2020	X			
Hong Kong Principles of Responsible Ownership (Stewardship code)	2017				X
Hong Kong Green Finance Association (HKGFA)	2020				X
Institutional Investors Group on Climate Change (IIGCC)	2020	X			
International Regulatory Strategy Group	-				X
Investment Association (IA)	2010				X

International Corporate Governance Network (ICGN)	2005				X
Investor Agenda (IA)	2021				X
Investor Forum	2014				X
Investor Group on Climate Change (IGCC)	2021	X			
Japanese Stewardship Code	2014				X
Natural Capital Investment Alliance (NCIA - part of Sustainable Markets Initiative)	2021		X		
Nature Action 100	2023		X		
Net Zero Asset Managers Initiative (NZAMI)	2020	X			
One Planet Asset Manager initiative (OPAM)	2021	X			
Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC)	2020			X	
Partnership for Carbon Accounting Financials (PCAF)	2022	X			
Point Zero Carbon Programme	2022	X			
Powering Past Coal Alliance	2021	X			
Principles for Responsible Investment (PRI)	2012				X
Taiwan Stock Exchange's Stewardship Principles for Institutional Investors	2016				X
Taskforce on Nature-related Financial Disclosures (TNFD) - Member of the TNFD Forum	2021		X		
Transition Pathway Initiative (TPI)	2021	X			
UK Stewardship Code	2010				X
Responsible Investment Association Australasia (RIAA)	2020				X
Finance Sector Deforestation Action (FSDA)	2021		X		
World Benchmarking Alliance	2020	X	X	X	X
UK Sustainable Investment and Finance Association (UKSIF)	2010				X

Appendix I. Sustainable Investing practices in our Global Platform Solutions business

Our Global Platform Solutions (GPS) business shares Fidelity's purpose of "working together to build better financial futures" by giving people the power to get and stay in great financial health throughout every stage of their lives.

It is important to note that this is the only section of the SI Principles document that covers GPS. Our GPS business has established separate governance and sustainable investing practices that are summarised below, we do not intend to imply that all of the principles outlined elsewhere in this document apply to our GPS business. We aim to provide a more comprehensive description of sustainable investing practices within our GPS business in subsequent updates to this report.

GPS was formed in 2023 by combining two legacy business areas:

1. **Workplace Investing:** offers investment and administration services for global corporate pension scheme, including employer support and employee engagement.
2. **Personal Investing and Advisory:** provides access to both Fidelity and third-party investment products and services (including advice) for individual investors and financial advisers.

GPS serves many different client groups including multinational companies, advisers, wealth clients and people who invest with us directly. Since the new structure was launched in 2023, GPS has continued to build out its governance structure, delivery model, and technology solutions to help ensure that the business drives performance and a better experience for our clients. These enhancements include developing sustainable investing policies and principles to cover different areas of GPS. In doing so, GPS adopts Fidelity's Sustainable Investing Beliefs and, where relevant, will reference the overall sustainable investing approach while ensuring robust governance and oversight to protect the interests of its clients.

Workplace Investing (FIL Life Insurance Limited)

Workplace Investing (WI) provides investment solutions and fund choices to its clients - both of which may be managed by Fidelity or third-party fund managers. WI does not invest in individual securities and is not a shareholder. Generally, WI will consider ESG risks in its assessment of the sustainable investment policies and processes of the managers and funds selected. WI will also review and assess the voting and engagement policies of the managers used within the solutions it offers, which includes Fidelity FutureWise, which is the WI working life strategy offered to schemes.

FIL Life has established its Sustainable Investing Policy to provide information on how it considers ESG factors in its fund offerings of the contract-based schemes on the Workplace Investing platform (i.e., excluding trust-based schemes as the fiduciary duty on all investments rests with the scheme's Trustees). The policy is overseen by the FIL Life Board and will be reviewed annually.

Personal Investing and Advisory (Financial Administration Services Limited)

A Sustainable Investment Policy has also been developed for our personal investing platform, specifically, our Investment Pathways funds which are designed to address the needs of our customers in the decumulation phase when entering retirement. We require the provider of our Investment Pathways solutions, which is FIL Investment Services (UK) Limited (FISL), to clearly articulate how it considers ESG factors during the investment process. We will evaluate and monitor their progress through the Investment Pathways Sub-Forum (IPSF).

As a platform, the execution and the consideration of the risks and opportunities is delegated to the fund manager, although a review of fund management processes is carried out to ensure risks are managed properly. This is done via the IPSF which has a responsibility of ensuring that the solutions remain suitable for customers by reviewing relevance, fees, and consideration of sustainable investing. Performance and operations of the fund within each investment pathway is monitored via IPSF. The integration of sustainable investing into processes is reviewed annually and at the point of fund selection by IPSF. IPSF will also review third-party fund ratings where available.

Sustainable investing is an evolving journey to GPS and the business will therefore continuously enhance the level of sustainability within its solutions, and at the same time mitigate associated risks as part of its sustainability strategy.

Important Information

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