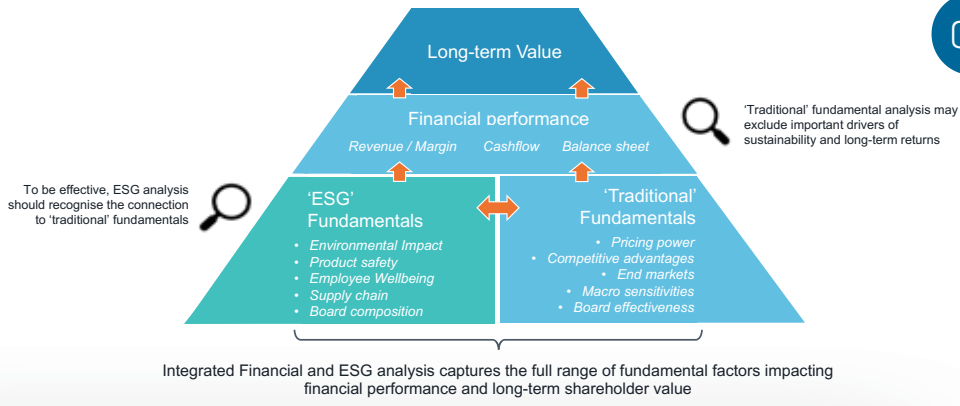


# ESG and Sustainable Investing at Fidelity

## Why integrate ESG?

ESG as a dimension of fundamental analysis



01

## What we believe in

<p><b>Enhance investment returns</b></p> <ul style="list-style-type: none"> <li>Incorporating ESG issues in our bottom up research leads to more complete analysis and better informed investment decisions</li> <li>Encouraging management teams to raise standards of sustainability leads to more robust and resilient business models and behaviours</li> </ul>	<p><b>Integrate non-financial objectives</b></p> <ul style="list-style-type: none"> <li>Seek to understand, measure and target the non-financial outcomes of our financial decisions</li> <li>Participate and promote the creation of industry frameworks and measurements aimed at contribution of businesses to environmental and societal transitions</li> </ul>	<p><b>Apply local context</b></p> <ul style="list-style-type: none"> <li>Understand and apply ESG in the context of the local market and objectives of local regulators and policy-makers</li> <li>Interpret ESG from a bottom up issuer perspective, recognising differences in materiality of factors between industries, geographies and business models</li> </ul>	<p><b>Engagement and collaboration</b></p> <ul style="list-style-type: none"> <li>Prefer engagement over exclusion as a means of promoting and transitioning to more sustainable forms of production and consumption</li> <li>Collaborate with clients, peers and civil society organisations to maximise influence and leverage positive outcomes</li> </ul>
---	---	--	---

02

## Which leads to our approach

<p><b>Integration across asset classes</b></p>	<p><b>Corporate and regulatory engagement</b></p>	<p><b>Industry collaboration</b></p>
--	---	--------------------------------------

03

Fidelity has developed an approach to sustainable investing that is built on integrated ESG analysis, engagement and collaboration. It believes that each of these elements complement each other and increases the likelihood of success and enhances the returns for the Company's shareholders.

### Top 3 ESG trends for 2021

06



**Building Back Greener**  
(restoring our natural ecosystems)

- Climate change will return to the top of the political agenda in 2021
- Climate change and biodiversity loss are systemic risks for society and investors
- Investors must price natural capital and nature based risks correctly



**Building Back Stronger**  
(narrowing the social divide)

- The pandemic has disproportionately impacted the vulnerable and widened structural inequality in society
- Employee welfare and supply chain management have become critical success factors for companies



**Building Back Inclusively**  
(focusing on digital ethics)

- Digital inclusion: more than 50% of the world has no access to the internet
- Digital ethics: data privacy, cyber-security, online welfare, the spread of mis-information and ethical AI design in technology platforms

05

### Fidelity Sustainability Ratings

Built using our fundamental platform



**Why our own ratings?**

- Does not solely rely on public disclosures
- More forward looking
- Fundamental analysis
- Allows fuller coverage

**How we make them**

- Collaborative input across 180 equity and fixed income analysts
- Rated relative to peer group on a standardised scale
- Forward looking assessment of a company's ESG trajectory
- Quantify impact on valuation

Ranked A – E	99 Sub-sectors	5 – 8 KPIs each
--------------	----------------	-----------------

04

### Fidelity's Sustainable Investing Approach

