

Sustainable Finance Disclosure Regulation

Contents

Introduction	1
Article 3 - Transparency of sustainability risk policies (entity level)	2
Article 3: FMP shall publish on their websites information about their policies on the integration of sustainability risks in their decision-making process.	2
Fidelity International's approach to Risk Management: ERM Framework	3
Risk Governance	4
Article 4 - Transparency of adverse sustainability impacts at entity level	5
1. FMP shall publish and maintain on their websites:	5
2. FMP shall include in the information provided in accordance with point (a) of paragraph 1 at least the following:	7
Article 5 - Transparency of remuneration policies in relation to the integration of sustainability risks (entity level)	13
Article 10 - Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites (product level, applicable to article 8 funds)	14
Fidelity Sustainable Family of Funds - Sustainable Focused	14
Fidelity Sustainable Family of Funds - Sustainable Thematic	17
Fidelity Sustainable Investing Framework - Other Funds	23

Introduction

Under Regulation (EU) 2019/2088 on sustainability- related disclosures in the financial services sector (“SFDR”) Fidelity International is required to publish entity and product-specific disclosures. The purpose of this document is to publish these required disclosures.

At the time of disclosure, the UK is not a participant in (or subject to) the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR), however the principles have been subsumed into internal FIL policies that include the UK entities named in this document.

Article 3 - Transparency of sustainability risk policies (entity level)

Article 3: FMP shall publish on their websites information about their policies on the integration of sustainability risks in their decision-making process.

This section sets out a summary of the policies of Fidelity International Ltd (“**FIL**”) including its affiliates FIL Pensions Management, FIL Investments International, FIL Investment Advisors (UK) Limited, FIL Investment Services (UK) Limited¹, FIL Fund Management (Ireland) Limited, FIL Investment Management (Luxembourg) S.A., FIL (Luxembourg) SA and FIL Gestion (together, Fidelity International) on the integration of sustainability risk in its decision-making process.

Where Fidelity International is delegating the investment management to external managers (referred to as sub-advisors), these sub-advisors are not required to follow Fidelity International’s sustainability risks policy and may have different policies in place in relation to the integration of sustainability risk into their investment decisions. As part of the selection process for external sub-advisors, Fidelity International considers such sub-advisors’ policies on the integration of sustainability risk when selecting such sub-advisors and requires sub-advisors to consider sustainability risks as part of their investment decision-making process. and Fidelity International also conducts ongoing due diligence in respect of on whether such sub-advisors manage sustainability risks in a similar and appropriate manner to Fidelity International.

This information provided in this section may be updated from time to time. In the event of any inconsistency between this information and the terms of any agreement or product-specific disclosures between Fidelity International and any of its clients, our **Sustainable Investing Policy** <https://fidelityinternational.com/sustainable-investing-policy/> or any other policy referenced in this document, such other document shall prevail.

Under the EU Sustainable Finance Disclosure Regulation (“**SFDR**”), “sustainability risk” means an environmental, social or governance (“**ESG**”) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. Our policies on the integration of sustainability risks are our Sustainable Investing Policy and our ERM Framework. These policies approach sustainability risk from the perspective of the risk that ESG events might cause a material negative impact on the value of our clients’ investments.

Examples of sustainability risks which may be potentially relevant to a client’s investments include, but are not limited to, the following:

- environmental risks include; the ability of companies to mitigate and adapt to climate change and the potential for higher carbon prices, exposure to increasing water scarcity and potential for higher water prices, waste management challenges, and impact on global and local ecosystems;
- social risks include; product safety, supply chain management and labour standards, health and safety and human rights, employee welfare, data & privacy concerns and increasing technological regulation; and

¹ At the time of disclosure, the UK is not a participant in (or subject to) the EU Sustainable Finance Disclosure Regulation, however the principles have been subsumed into internal FIL policies that include the UK entities named in this document.

- governance risks include; board composition and effectiveness, management incentives, management quality and alignment of management with shareholders.

At the specific product level, portfolio managers develop their views of sustainability risks relevant to their investment universe. At the individual issuer level, we utilise our Fidelity Sustainability Rating. This ratings system was established in 2019 and provides for the assessments of specific ESG issues identified for issuers within a given subsector and covers a range of asset classes, including emerging market sovereigns. There are approximately 99 sub-sectors, although this may be subject to change as our Fidelity Sustainability Ratings develop. For issuers in each of the sub-sectors, there are 5-8 questions focusing on the key ESG risks facing the organisation. Almost all sub-sectors include at least one question on climate change and one on social risks, identifying the core risks associated with that company based on its subsector. The climate change risk KPIs have different weightings depending on the sub-sector, which is aggregated into an overall ESG score that can impact the decision as to whether the company is investible. The climate question(s) for each sub-sector has also been identified as that which is most material. For high emitting sectors, such as utilities, this will (for example) be a question on carbon emission reduction targets, whilst for lower emitting sectors, such as banks, it is a focus on their lending policy to fossil fuel companies. Equally for social factors, some will have a higher weighting due to the materiality in that sector. One such example is health & safety risks (i.e. significant accidents or fatalities) which are prominent in factory, manufacturing or extraction-based work across sectors including oil & gas and mining but are less relevant for office-based industries including IT and finance.

The independent investment risk oversight for Fixed Income, Multi-Asset and Equities is focused on the detection and assessment of sustainability risks to the extent these would emerge as potential exceptions to the expected risk profiles based on mandate guidelines.

Utilising the information from our fundamental research, our Fidelity Sustainability Ratings, external providers of sustainability data and data sources such as independent benchmarks which measure sustainability performance for other asset classes, if relevant, portfolio managers manage sustainability risks within the parameters of the specific product and investment strategy.

Fidelity International's approach to Risk Management: ERM Framework

The Enterprise Risk Management (ERM) Framework defines a holistic management of risk designed to support the effective identification of risks, potential events and trends that may significantly affect Fidelity International's ability to achieve its strategic goals or maintain its operations. The ERM Framework sets out requirements for the management of the Operational, Strategic, Investment and Financial risk types; defines roles and responsibilities of key stakeholders in the ERM Framework; and defines governance and escalation pathways. The ERM Framework defines the principal requirements for an effective risk management framework throughout the organisation and is supplemented by additional policies, including our Sustainable Investing Policy, which define the requirements for the management of specific risk types.

Fidelity International's risk strategy is to ensure that effective risk management, including the management of sustainability risks, is embedded in all core operating and decision-making processes across the organisation and that existing and emerging risks are identified and managed within acceptable risk limits for financial risk and risk tolerances for non-financial risks. The risk strategy for operational, strategic, financial, and investment risks are defined in relevant risk-type policies. Fidelity International's risk strategy is supplemented by a risk appetite framework which includes risk appetite statements and related metrics which reflect the aggregated level of risk that the organisation is willing to assume or tolerate in order to achieve its business objectives. Risk appetite statements, risk limits and tolerances adopted will be included in the relevant risk-type policies.

While Fidelity International's portfolio managers are provided with information on sustainability risks and are encouraged to take sustainability risks into account when making an investment decision, sustainability risk would not by itself prevent Fidelity International from making any investment.

Risk Governance

FIL's governance structure extends to include Board sub-Committees or delegated Committees, regional legal entity Board(s) and Management Committees/Forums, formed to provide oversight and to inform the FIL Board of the risk profile and effectiveness of the risk management framework. Each Committee/Forum within the Risk Governance Structure is required to have documented terms of references specifying its composition and scope of responsibility including any responsibilities of delegated authority.

In addition, our Global Risk Team represents an independent risk and control layer responsible for ownership and maintenance of an effective risk management/control framework. The Global Risk Team ensures there are adequate and consistent enterprise level risk management frameworks and is responsible for oversight of the Fidelity International risk profile including Concentration Risk analysis across risk types.

Article 4 - Transparency of adverse sustainability impacts at entity level

1. FMP shall publish and maintain on their websites:

(a) where they consider PAI of investment decisions on sustainability factors, a statement on due diligence policies with respect to those impacts, taking due account of their size, the nature and scale of their activities and the types of financial products they make available.

This section summarises the investment due diligence policies of Fidelity International Ltd (“FIL”) including its affiliates FIL Pensions Management, FIL Investments International, FIL Investment Advisors (UK) Limited, FIL Investment Services (UK) Limited, FIL Fund Management (Ireland) Limited, FIL Investment Management (Luxembourg) S.A., FIL (Luxembourg) S.A., and FIL Gestion, (together, Fidelity International) respect of the principal adverse impacts of our investment decisions on sustainability factors, in accordance with Article 4 of the EU Sustainable Finance Disclosure Regulation (“**SFDR**”). Under the EU Sustainable Finance Disclosure Regulation (“**SFDR**”), ‘sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Our due diligence policies on considering the principal adverse impacts of our investment decisions on sustainability factors are set out in our **Sustainable Investing Policy** <https://fidelityinternational.com/sustainable-investing-policy/>

Where Fidelity International is delegating the investment management to external managers (referred to as sub-advisors), these sub-advisors are not required to follow Fidelity International’s Sustainable Investing Policy and may have different due diligence policies in place in relation to principal adverse impacts of investment decisions on sustainability factors. As part of the selection process for external sub-advisors, Fidelity International considers its sub-advisor’s such policies on principal adverse impacts on sustainability factors. When selecting such sub-advisors, Fidelity International also conducts on-going due diligence in respect of whether sub-advisors consider principal adverse impacts on sustainability factors in a similar and appropriate manner to Fidelity International. Fidelity International seeks commitments from its sub-advisors to support Fidelity International with its reporting requirements in relation to principal adverse impacts on sustainability factors and other sustainability-related regulatory requirements.

This information provided in this section may be updated from time to time. In the event of any inconsistency between this information and the terms of any agreement or product-specific disclosures between Fidelity International and any of its clients, our Sustainable Investing Policy or any other policy referenced in this document, such other document shall prevail.

Information about Fidelity International’s Principal Adverse Impacts Policy

Fidelity International considers principal adverse impacts on sustainability factors are those impacts of our investment decisions that result in material negative impacts on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters such as environment degradation, poor labour practice, and unethical corporate behaviour for example bribery and corruption (“**principal adverse impacts**”). Analysis of whether these impacts are material and negative is undertaken by our investment team using the due diligence processes described

in this Policy. In accordance with our Sustainable Investment Policy which covers the consideration of principal adverse impacts, our investment team may take into account the size, nature and scale of our investment and the type of financial product we are investing in when considering whether an investment decision has a principal adverse impact on sustainability factors.

Fidelity International's sustainable investment approach is to integrate sustainability considerations and an assessment of principal adverse impacts of our investment decisions on sustainability factors across our franchise. As such, a consideration of the principal adverse impacts of our investment decisions on sustainability factors is integrated into the analysis of each company held by Fidelity International on behalf of its clients, and accordingly into relevant products and investment strategies. This is guided by our **Sustainable Investing Policy** <https://fidelityinternational.com/sustainable-investing-policy/> which includes a set of key considerations around impacts of investments.

The cornerstone of our investment approach is bottom-up research. As well as studying financial results and other traditional investment metrics, our portfolio managers and analysts are dedicated to carrying out additional qualitative and quantitative ESG analysis, including analysis of the principal adverse impacts of our investment decisions on sustainability factors. For Equities and Fixed Income, they may visit companies in person, scrutinising issues that could have an impact on business or an adverse impact on sustainability factors, from the shop floor to the boardroom. Customers and suppliers are also subject to scrutiny.

The SFDR permits certain financial products not to comply with the firmwide principal adverse impacts policy, even where the management entity is generally complying with the principal adverse impacts regime. However, Fidelity International aims for all products under management to consider relevant principal adverse impacts.

Whilst our analysts have overall responsibility for analysing the principal adverse impacts of our investment decisions on sustainability factors of the companies and buildings in which we invest, these analysts also work closely with the Sustainable Investing team. The Sustainable Investing team, in turn, work closely with the business and investment management teams globally across all asset classes and coordinate sustainable investing training for these teams (including analysts, portfolio managers, investment directors, directors of research, traders, as well as the institutional, sales and marketing teams). The Sustainable Investing team ensures that our investment teams have direct access to ESG research and ratings, report on our progress with ESG and engage directly with our investee companies on ESG risks and opportunities. Our Sustainable Investing team works closely with analysts and portfolio managers to engage with investee companies to establish and measure ESG goals and outcomes. ESG research, ratings and reports on our engagement with investee companies are available to our investment team on our global research platform.

Sustainability ratings

Our commitment to sustainable investment took a significant step forward in 2019 with the launch of our Fidelity Sustainability Ratings, which generate a forward-looking assessment of issuer's ESG performance and future trajectories. The ratings are developed by over 180 fundamental analysts globally and informed by over 15,000 meetings annually. Features of our Fidelity Sustainability Ratings include:

- Holistic assessment based on scores from our own fundamental forecasts and materiality assessment
- A-E ESG rating scale relative to peer group
- Focus on awareness, action, results, and direction of change
- Trajectory score for ESG risks
- Incorporation of climate-related issues at an issuer level where deemed material

The ESG landscape is evolving and we want our Fidelity Sustainability Rating framework to stay relevant and refreshed to be able to better assess ESG risks and opportunities. Our Sustainable Investing team provides the strategic direction with inputs from the investment team to enhance the ESG framework from time to time.

Portfolio managers will consider the above when making investment decisions, however investment decisions are made based on a variety of factors and it is in the full discretion of the portfolio manager to decide any of these factors may not be relevant for the particular proposed investment. Fidelity Sustainability Ratings and associated company reports are included on our centralised research management system, which is an integrated desktop database, so that each analyst and portfolio manager has a first-hand view of how each company under their coverage is rated according to ESG factors, including climate change. In addition, ESG ratings are included in the analyst research notes which are published internally and form part of the investment decision. ESG company reports assist the portfolio managers and analysts in identifying key ESG risks or opportunities related to the company, such as climate-related, supply-chain or human rights issues, ahead of a meeting with the company and to prompt discussion of these issues with management.

An external research vendor also provides ESG data, in particular additional climate specific data, controversy alerts which include information on companies within our coverage that have been involved in potentially high-risk situations that may have a material impact on sustainability factors.

The Multi Asset manager research analysts have developed a proprietary ESG research framework for equity, fixed income and alternatives strategies. Multi Asset manager research analysts formally assess the ESG characteristics of all strategies under coverage, which includes ESG scoring from A to E. All ratings and ESG assessments are communicated through investment notes on a centralised research management system. When assessing a strategy, analysts will consider how ESG issues affect and are integrated with the portfolio manager's investment process, financial due diligence, and the composition of their portfolio through time.

2. FMP shall include in the information provided in accordance with point (a) of paragraph 1 at least the following:

(a) information about their policies on the identification and prioritisation of principal adverse sustainability impacts and indicators;

Fidelity International has developed its own proprietary framework for ESG analysis, which is integrated into our fundamental analysis and covers a range of asset classes, including emerging market sovereigns. Through the Fidelity Sustainability Ratings framework, we assess principal adverse impacts of our investment decisions on sustainability factors. The framework divides the investment universe into approximately 99 subsectors, each with industry-specific criteria against which the issuer is assessed relative to its peers, using an A to E rating. The Fidelity Sustainability Ratings draw upon the assessments of more than 180 equities and fixed income analysts who take part in more than 15,000 company meetings a year. These are updated at least annually or on the occurrence of a significant ESG event. The ratings have been fully integrated into Fidelity International's investment process and are available to all the investment team on our internal research platform. They serve as additional source of insight and as tool to support investment decisions.

This ESG analysis leverages Fidelity International's extensive research capabilities and ongoing engagement with companies, supported by the expertise of the Sustainable Investing team, to provide a forward-looking evaluation of a company's performance and trajectory on sustainability issues. As a result, ESG integration at Fidelity International, including the consideration of principal adverse impacts of our investment decisions on sustainability factors, is an investment analysis input and not an overlay. For our traditional fund range, portfolio managers have discretion as to their investment decisions with the Fidelity Sustainability Ratings forming part of the overall assessment of the investment opportunity. For our products classified as Article 8 under SFDR, minimum ratings are set as a threshold

for an allocated proportion of investment. These ratings are discussed in further detail in our **Sustainable Fund Framework** <https://fidelityinternational.com/sustainable-investing-framework/>.

The Multi-Asset manager research analysts have developed a structured and repeatable ESG framework for analysis of equity, fixed income and alternatives strategies. Higher ESG scores are assigned to strategies where ESG research significantly influences the investment process and portfolio positioning. Multi Asset manager research analysts consider factors such as the depth of portfolio managers’ ESG research, the extent of corporate engagement, whether holdings show a positive or negative bias in their MSCI and Fidelity International ESG scores, and how far ESG research is integrated with position sizing.

(b) a description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned;

SFDR requires Fidelity International to disclose in this document information on the principal adverse impacts which have been encountered by Fidelity International, and a description of the action which we have taken (or plan to take) in respect of those identified impacts. Fidelity International understands that this is an ex-post (or retrospective) report on actions taken in practice by Fidelity International to implement its policies on principal adverse impacts. Fidelity International will report on these matters on a calendar year basis for all investment decisions made under Fidelity International management. Fidelity International proposes to publish that report during Q1 of 2022.

The table below provides an overview of core sustainability risk exposures observed across different listed sectors which could lead to our investment decisions having a principal adverse impact on sustainability factors. Fidelity International’s research analysts assess the practices and controls companies have instated to mitigate their adverse impact on sustainability factors and will express their rating for an issue according to the residual adverse impact they observe on sustainability factors in respect of the company’s near term and future operations.

Defining materiality in investment research

Focusing on what matter for performance

Banks & Insurance	Chemicals	Construction	Consumer Products	Healthcare	Machinery	Metals & Mining	Oil & Gas	Property	Retail	TMT	Transport	Utilities
Customers	Carbon Emissions	Carbon Emissions	Waste & Product Packaging	Waste Management	Sustainable Products	Biodiversity	Carbon Emissions	Carbon Emissions and Energy Use	Carbon Emissions and Energy Use	Carbon Emissions	Carbon Emissions	Carbon Emissions
Employees	Other Environmental Impacts	Sustainable Products	Water Management	Water Management	Employees	Carbon Emissions and Energy Use	Disaster Recovery & High Impact Risk Management	Green Building	Waste & Product Packaging	Water Management	Employees	Other Environmental Impacts
Corporate Governance	Water Management	Employees	Health & Safety	Customer Access & Welfare	Health & Safety	Waste Management	Water Management	Corporate Governance	Employees	Waste Management	Product Safety & Quality	Water Management
Cyber Security	Product Safety & Quality	Occupational Health & Safety	Product Safety & Quality	Product Safety & Quality	Bribery & Corruption	Water Management	Human Rights	Ethics & Culture	Supply Chain	Employees	Ethics & Culture	Community Relations
ESG Integration	Occupational Health & Safety	Bribery & Corruption	Supply Chain	Ethics & Culture	Corporate Governance	Community Relations	Community Relations		Corporate Governance	Supply Chain	Corporate Governance	Occupational Health & Safety
Ethics & Culture	Corporate Governance	Corporate Governance	Corporate Governance	Corporate Governance		Health & Safety	Occupational Health & Safety		Cyber Security	Corporate Governance	Cyber Security	Corporate Governance
						Human Rights	Bribery & Corruption			Cyber Security		
						Corporate Governance	Corporate Governance			Ethics & Culture		
						Ethics & Culture	Political Risk					

■ Environmental issues
■ Social issues
■ Governance issues

Source: Fidelity International, 31 March 2020. For illustrative purposes only.

In response to these above factors which could have a principal adverse impact on sustainability factors, we engage with issuers as described below to seek to help an issuer improve its sustainability practices and may also publicly comment and advocate for sustainability improvements.

(c) brief summaries of engagement policies in accordance with Art 3g of Directive 2007/36/EC, where applicable;

SFDR requires us to provide a brief summary of our engagement policy under Article 3g of the revised Shareholder Rights Directive (“SRD II”). Fidelity International has implemented a shareholder engagement policy which is outlined in our **Sustainable Investing Policy** <https://fidelityinternational.com/sustainable-investing-policy/>, for the purposes of SRD II. Our engagement policy sets out how we integrate shareholder engagement in our investment strategies.

Engaging with companies on financially material ESG issues reflects our belief that active ownership can contribute to the long-term sustainability of a company and positive investor returns. Engagements are undertaken for two reasons: to gain a deeper understanding of a company’s ESG practices to better inform investment decisions; and to use our influence to improve the sustainability practices of the companies we invest in or lend money to.

Identifying engagement opportunities

We maintain an ongoing dialogue with management of investee companies. Formal meetings involving both portfolio managers and analysts are held with majority of investee companies at least twice a year. In addition to these regular engagements, there are a variety of other opportunities for engagements including:

- in response to a controversy or adverse event (e.g. evidence of poor governance);
- flagged by our analysts as a good candidate for engagement during the Fidelity Sustainability Rating assessment (e.g. exposure to sustainability risks);
- issuers held in our Sustainable Family Funds are subject to a more systematically targeted programme of engagement;
- our Sustainable Investing team may conduct a thematic engagement on a particular sustainable investing issue (e.g. supply chain management);
- issuers may request engagement on a specific governance or corporate event (e.g. mergers and acquisitions) prior to its announcement;
- through involvement with a third-party engagement forum (e.g. Climate Action 100+).

How we engage

Once we have identified an engagement opportunity, we believe the best approach to be a constructive dialogue with companies to explain our beliefs and expectations, and to encourage shifts in long term behaviour. Because of Fidelity International’s reputation for a fundamental and long-term approach to investing and long-standing relationships with issuers worldwide, we believe we are well-placed to use our influence on issuers to promote better sustainable practices. We therefore believe that engagement is often better course for us to drive change than exclusion.

Our engagement process is designed to be well-defined and transparent with the following identified at the outset:

- Key Issue Area(s) - the theme(s) for which the company needs to demonstrate improvement (e.g. climate change);
- Objective - the ultimate desired outcome from engagement (e.g. reduced CO2 intensity);
- Milestones - indications that the company is making efforts to achieve the objective we have communicated (e.g. setting a carbon reduction target);
- Key Performance Indicators (KPIs) - it is important that against the milestones set there are measurable KPIs;
- Timeline - the timeframe in which we can reasonably expect a company to improve; and

- Status - a point in time measure of progress (ex. no progress vs. some progress vs. success).

Monitoring progress

Monitoring progress of engagements is as important as initiating them to assess change and success against milestones and objectives. Our analysts, portfolio managers and sustainable investing specialists document all engagements with issuers in a centralised application platform, which is available to the entire investment team. This transparency allows the team to learn across sectors, themes and asset classes, enriching our depth of knowledge. Engagements can have various timeframes depending on the materiality and urgency of the ESG topic in discussion, potentially taking up to 18 months for completion. A lack of impact of the engagement can lead to a worsened Fidelity Sustainability Rating or lead to considerations around voting and divestment.

Our engagement policy set out in our **Sustainable Investing Policy** is available on our website at: <https://fidelityinternational.com/sustainable-investing-policy/>

(d) a reference to their adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of their alignment with the objectives of the Paris agreement.

We are involved in external governance-related organisations and hold positions in the Investment Association, the Panel on Takeovers and Mergers, the Confederation of British Industry and the International Corporate Governance Network. We are also a signatory to the United Nations Principles for Responsible Investment (“UNPRI”), the UK Stewardship Code, the EFAMA Stewardship Code, the Japanese Stewardship Code, the Taiwanese Stewardship Principles for Responsible Investors and the Hong Kong Principles of Responsible Ownership. We are also active members of the following organisations:

Active members of the following organisations

Asia Investor Group on Climate Change (AIGCC)

Asia Securities Industry & Finance Markets (ASIFMA)

Asian Corporate Governance Association (ACGA)

Association of British Insurers

Association of the Luxembourg Fund Industry

Assogestioni

CDP (formerly Carbon Disclosure Project)

Climate Action 100+

Climate Bonds Initiative

Corporate Governance Forum

Council of Experts Concerning the Follow-up of Japan’s Stewardship Code and Japan’s Corporate Governance Code (“CEFCs”), Council of Experts for the Japan’s Stewardship Code (“CESC”)

The Dutch Association of Investment for Sustainable Development (VBDO)

European Fund and Asset Management Association (EFAMA) - Responsible Investment and Corporate Governance Working Groups

Farm Animal Investment Risk and Return (FAIRR)

Find It, Fix It, Prevent It (FFP)
French Asset Management Association (AFG)
The Global Real Estate Sustainability Benchmark (GRESB)
Hong Kong Green Finance Association (HKGFA)
Hong Kong Investment Funds Association (HKIFA)
The Hong Kong Securities and Futures Commission (HKSF)
The Institutional Investors Group on Climate Change (IIGCC)
International Corporate Governance Network (ICGN)
The Investment Association (IA)
Investment Management Association of Singapore (IMAS)
Investor Forum (in Japan)
Investor Forum (in the UK)
Japanese Stewardship Code
LuxFLAG (Luxembourg Finance Labelling Agency)
Principles for Responsible Investing (PRI)
Responsible Investment Association Australasia (RIAA)
Sustainability Accounting Standards Board (SASB)
Swedish Investment Fund Association
Taiwan Stock Exchange's Stewardship Principles for Institutional Investors
Task Force on Climate-related Financial Disclosures (TCFD)
Thinking Ahead Institute (TAI)
World Benchmarking Alliance
World Economic Forum
UN Global Compact
UK Stewardship Code
UK Sustainable Investment and Finance Association (UKSIF) and European Sustainable Investment Forum (EUROSIF)

We believe it is important for the strategies in our Sustainable Family range to maintain credible external certification of their sustainability characteristics as provided through the labelling system of independent national agencies. We intend that all funds within the sustainable range will have the LuxFLAG ESG label provided by the Luxembourg Finance Labelling Agency. We regularly renew our existing labels and where appropriate we seek additional European labels which are regarded as most relevant to those strategies.

SFDR requires Fidelity International to disclose the degree of our alignment with the objectives of the Paris Agreement. We have taken steps to align our business to the objectives of the Paris Agreement via our founding membership of the Net Zero Asset Owner initiative. As part of this membership, we are committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5

degrees Celsius above pre-industrial levels and to supporting investing aligned with net zero emissions by 2050 or sooner. Fidelity International is currently in the process of developing methodologies and 2030 interim targets for the first proportion of AUM to be aligned with net zero, building on the existing integration of climate analysis in our investment process. We expect to be in a position to communicate our work on this well in advance of the timetable envisaged by the Initiative, being COP26 in November 2021.

Article 5 - Transparency of remuneration policies in relation to the integration of sustainability risks (entity level)

Fidelity Internationals (FI) approach to remuneration has always been designed to support the long-term business interests of FI shareholders (which in turn are based on delivering value to our customers over the long term), to reflect the asset management risk model and to deliver long-term sustainability. This model is consistently applied locally to each subsidiary entity in our international network. FI's compensation approach:

- is globally consistent, underpinned by a common philosophy and guiding principles which is overseen and supervised by the Remuneration Committee.
- is consistent with and promotes effective risk management, including (amongst other things) sustainability risks
- is consistent with the interests of both our clients and our shareholders
- is in line with business results

Fidelity's compensation structures are designed to align the interests of its portfolio managers with the interests of the strategies they manage and that of the clients. A large part of Portfolio Manager remuneration is aligned to the performance of their strategies. Individual performance is measured over a longer term duration (typically over 3 to 5 years) which incorporates an evaluation of measures of sustainability, balanced view on the investment process followed, long term investment performance delivered for our clients and several other financial and non-financial measures. We consider sustainability risks including (amongst other things) compliance with applicable policies, fund governance requirements and procedures, including our disclosures in relation to sustainability risks.

Article 10 - Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites (product level, applicable to article 8 funds)

Fidelity Sustainable Family of Funds - Sustainable Focused

Fund range	Fund
Fidelity Funds	FF - Sustainable Eurozone Equity Fund
Fidelity Funds	FF - Sustainable Global Equity Fund
Fidelity Funds	FF - Sustainable Strategic Bond Fund
Fidelity Funds	FF - Sustainable Japan Equity Fund
Fidelity Funds	FF - Sustainable Asia Equity Fund
Sustainable ETFs	
Fidelity UCITS ICAV	Fidelity Sustainable Research Enhanced Emerging Markets Equity UCITS ETF
Fidelity UCITS ICAV	Fidelity Sustainable Research Enhanced Europe Equity UCITS ETF
Fidelity UCITS ICAV	Fidelity Sustainable Research Enhanced Global Equity UCITS ETF
Fidelity UCITS ICAV	Fidelity Sustainable Research Enhanced US Equity UCITS ETF
Fidelity UCITS ICAV	Fidelity Sustainable Research Enhanced Japan UCITS ETF
Fidelity UCITS ICAV	Fidelity Sustainable Research Enhanced Pacific Ex-Japan UCITS ETF
Fidelity UCITS II ICAV	Fidelity Sustainable Global Corporate Bond Multifactor UCITS ETF
Fidelity UCITS II ICAV	Fidelity Sustainable USD EM Bond UCITS ETF

Environmental or social characteristics of the funds

The funds will consider a wide range of environmental and social characteristics on an ongoing basis. Environmental characteristics include, but are not limited to, climate change mitigation and adaptation, water and waste management and biodiversity, while social characteristics include, but are not limited to, product safety, supply chain, health and safety and human rights. Controversies involving environmental and social characteristics are regularly monitored. Environmental and social characteristics are analysed by Fidelity's fundamental analysts and rated through Fidelity Sustainability Ratings.

Investment strategy

The investment strategy used to attain these environmental and social characteristics includes both positive and negative screening. The funds will consider environmental, social and governance (ESG) characteristics and risks as part of their research, investment and risk monitoring processes and on an ongoing basis during the holding period of each individual investment. Fidelity believes that investing in companies actively considering and managing their environmental and societal impact and with high standards of sustainability will protect and enhance investment returns. We start by integrating sustainability factors into our fundamental bottom-up research, which leads to more complete analysis and better-informed investment decisions. The analysis is specific to each issuer and the industry or region in which it operates.

From an environmental perspective, we consider many factors, including an issuer's approach and policies to address climate change and biodiversity loss, its approach to energy efficiency and managing waste and pollution. When considering an issuer's societal responsibility, we look to understand its diversity policies, its approach to human rights and supply chain management as well as its approach to health and safety and employee welfare. We also analyse the way an issuer manages data privacy and cyber security, both within the technology sector and more broadly across other industries. This ESG analysis leverages Fidelity's extensive research capabilities and ongoing engagement with issuers, supported by the expertise of the Sustainable Investing team, to provide a forward looking evaluation of an issuer's performance and trajectory on sustainability issues.

In addition, Fidelity takes a robust approach to issuer engagement, with fundamental analysts working alongside sustainable investing colleagues to identify material ESG risks for investee companies and governments and engage with them on these, with appropriate milestones and follow ups put in place (see section Engagement policies for further information).

The policy used to assess governance practices is implemented through the application of a combination of Fidelity Sustainability Ratings, which include governance factors for all 99 sub-sectors, and data regarding controversies and UN Global Compact violations, which is considered as part of all investment decisions. Further information on the consideration of governance practices can be found in our [Sustainable Investing Policy](#).

Monitoring of environmental or social characteristics & methodologies

The methodology to assess, measure and monitor the environmental or social characteristics of this set of funds is adherence to the following:

I. Portfolio Construction

All funds in the Fidelity Sustainable Family (SF) are required to have a minimum of 70% of its net assets in issuers (across both corporate and sovereign holdings) that maintain good 'sustainable characteristics', defined as:

1. If the MSCI rating (see [ESG Investing: ESG Ratings - MSCI](#) for further information) is AAA→BBB for developed market securities, these are considered as having good sustainability characteristics;
2. The same is true for non-developed market securities, where the rating range is MSCI AAA→BB; and
3. In the absence of an MSCI rating, the Fidelity Sustainability Rating (with a wider coverage of our holdings) is used, with securities having a rating of A→C viewed as having good sustainability characteristics. More information on the Fidelity Sustainability Rating can be found in our [Sustainable Investing Policy](#).

Issuers that are not assessed as having positive sustainable characteristics for the purposes of the primary objective (minimum 70% of net assets) are eligible for inclusion, with up to 30% of net assets (save for the Sustainable ETFs, which are exempted from this 30% limit), provided they are able to demonstrate that they are on an improving trajectory with respect to their sustainable characteristics. Improving sustainable

indicators are issuers classified as such through the trajectory outlook of Fidelity Sustainability Ratings or issuers which in our view demonstrate the potential for improvement through the implementation and execution of a formal engagement plan. Engagement plans must include key objectives and milestones to validate the improvement being sought and must be recorded in Fidelity's internal research platform. If the engagement has not resulted in an improvement in the sustainability characteristics of the issuer within a specified period of time, the security is subject to divestment in accordance with Fidelity's exclusion divestment procedure.

II. Exclusions

The SF funds are subject to the Sustainable Family Exclusion Framework which sets out the basis upon which certain issuers may be excluded from the investment universe of the SF funds. Equity and corporate bond issuers may be excluded from the SF funds for two reasons, namely:

- failure to conduct their business in accordance with accepted international norms, including as set out in the United Nations Global Compact (behavioural exclusions); or
- involvement in certain specified activities or product categories (fundamental exclusions). This negative screening includes issuers which have exposure, or ties, to:
 - controversial weapons (biological, chemical, incendiary weapons, depleted uranium, non-detectable fragment, blinding lasers, cluster munitions, landmines and nuclear weapons);
 - issuers deriving over 5% of revenue from production of conventional weapons (a weapon of warfare which is not nuclear, chemical or biological in nature);
 - issuers deriving any revenue from production of semi-automatic firearms intended for sale to civilians or deriving over 5% of revenue from sale of semi-automatic firearms to civilians;
 - issuers deriving any revenue from tobacco production or issuers deriving over 5% of revenue from tobacco retailing, distribution and licensing; or
 - issuers deriving over 5% of revenue from thermal coal extraction and power generation, provided that such will be permitted issuers deriving less than 30% of revenue from thermal coal extraction and power generation where either: (i) the revenue share from renewable energy activities exceeds the revenue share from thermal coal activities, or (ii) the issuer has made an effective commitment to a Paris Agreement aligned objective based on approved Science Based Targets or alignment with a Transition Pathway Initiative scenario or a reasonably equivalent public commitment.

Sovereign bond holdings are also subject to an exclusion framework based on an overall assessment of a sovereign issuer's ESG characteristics.

III. Qualitative Assessment

Environmental or social characteristics

The investment management process promotes environmental and social characteristics as a key element of security selection and through on-going engagement (see section Engagement policies for further information).

Governance practices

The investment management process aims to ensure that investee issuers adhere to good governance practices. The policy used to assess governance practices is implemented through the application of a combination of Fidelity Sustainability Ratings, which includes governance factors for all 99 sub-sectors, and data regarding controversies and UN Global Compact violations, which is considered as part of all investment decisions.

Monitoring of E&S characteristics

The environmental or social characteristics of the funds are monitored on an on-going basis through daily monitoring of the ratings composition of the fund by our portfolio monitoring team. Portfolio managers are notified when the minimum portfolio construction requirements stated in paragraph I. above are not met. The exclusion list is monitored and updated on a quarterly basis and portfolio managers are notified of the requirement for divestment if an existing holding is assessed to have met the exclusion criteria.

Data sources and processing

The data for all of the above indicators is obtained from a combination of internal and external sources - such as MSCI for ESG ratings, Institutional Shareholder Services (ISS) ESG for carbon and climate data and UN Global Compact violators, alongside many others. A proportion of the data is also internally sourced, including the Fidelity Sustainability Rating, which complements the third-party sourced ESG ratings and controversy data for the exclusions and qualitative assessment.

Limitations to methodologies and data

As of today, no common industry framework has been established in order to assess or detect violation of sectoral exclusions or international norms such as the United Nations Global Compact. The lack of a harmonised methodology has led data providers to use different frameworks, which often implies subjectivity, resulting in different results. Integration of new information, revision of the current framework or harmonisation of the methodology between data providers are examples of operational events that can result in the reassessment of an issuer and could trigger an exclusion. Besides, it is expected that such exclusions may face a lag between the time of the event and the effective exclusion of the issuer by a fund. However, it is not expected that such operational constraints might result in a material deviation from a fund's behavioural and sectoral exclusion methodologies.

Engagement policies

Engaging with companies on environmental, social and governance issues reflects our belief that active ownership can contribute to the long-term sustainability of a company and positive investor returns. Engagements are undertaken for two reasons: to gain a deeper understanding of a company's ESG practices to better inform our investment decisions; and to use our influence to improve the sustainability practices of the companies we invest in.

For further information on Fidelity's engagement policy, please refer to our [Sustainable Investing Policy](#).

Designated reference benchmark (if applicable)

The index designated in the prospectus as a reference benchmark for each of these funds is not an index which integrates environmental and social considerations. Instead, the fund promotes environmental and social characteristics by adhering to the Fidelity Sustainable Family Framework, as described above.

Fidelity Sustainable Family of Funds - Sustainable Thematic

1. Fidelity Funds - Sustainable Reduced Carbon Bond Fund

Environmental or social characteristics of the fund

Environmental characteristics include, but are not limited to, climate change mitigation and adaptation. Controversies involving environmental characteristics are regularly monitored. Environmental characteristics are analysed by Fidelity's fundamental analysts and rated through Fidelity Sustainability Ratings.

Investment strategy

The investment strategy used to attain these environmental characteristics includes both positive and negative screening. The strategy aims to favour issuers with the lowest carbon profiles within their sectors, encouraging a transition towards a greener environment through the selection of issuers on an improving carbon transition path, and investing in carefully selected green bond issuers. The strategy of the fund aims to be proactive in dealing with climate change through continual engagement with global corporate bond issuers.

In addition, Fidelity takes a robust approach to issuer engagement, with fundamental analysts working alongside sustainable investing colleagues to identify material ESG risks for investee companies and governments and engage with them on these, with appropriate milestones and follow ups put in place (see section Engagement policies for further information).

The policy used to assess governance practices is implemented through the application of a combination of Fidelity Sustainability Ratings, which include governance factors for all 99 sub-sectors, and data regarding controversies and UN Global Compact violations, which is considered as part of all investment decisions. Further information on the consideration of governance practices can be found in our [Sustainable Investing Policy](#).

Monitoring of environmental or social characteristics & methodologies

The methodology to assess, measure and monitor the environmental characteristics of this fund is adherence to the following:

I. Portfolio Construction

As part of the Fidelity Sustainable Family (SF), this fund is required to have a minimum of 70% of its net assets in issuers (across both corporate and sovereign holdings) that maintain good 'sustainable characteristics', defined as:

1. If the MSCI rating (see [ESG Investing: ESG Ratings - MSCI](#) for further information) is AAA→BBB for developed market securities, these are considered as having good sustainability characteristics;
2. The same is true for non-developed market securities, where the rating range is MSCI AAA→BB; and
3. In the absence of an MSCI rating, the Fidelity Sustainability Rating (with a wider coverage of our holdings) is used, with securities having a rating of A→C is viewed as having good sustainability characteristics. More information on the Fidelity Sustainability Rating can be found in our [Sustainable Investing Policy](#).

Issuers that are not assessed as having positive sustainable characteristics for the purposes of the primary objective (minimum 70% of net assets) are eligible for inclusion with up to 30% of net assets provided they are able to demonstrate that they are on an improving trajectory with respect to their sustainable characteristics. Improving sustainable indicators are issuers classified as such through the trajectory outlook of Fidelity Sustainability Ratings or issuers which in our view demonstrate the potential for improvement through the implementation and execution of a formal engagement plan. Engagement plans must include key objectives and milestones to validate the improvement being sought and must be recorded in Fidelity's internal research platform. If the engagement has not resulted in an improvement in the sustainability characteristics of the issuer within a specified period of time, the security is subject to divestment in accordance with Fidelity's exclusion divestment procedure.

In terms of climate considerations, all the positions in the portfolio will be assessed based on the following criteria:

- We identify companies that have already made progress in decarbonising their businesses and are lower in emissions than their peer group. This lowers portfolio emissions versus the benchmark from day 1.

- Issuers that may still have high carbon emissions but who have made firm commitments to meet decarbonisation targets and therefore the goals of the Paris Agreement to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. This part of the portfolio is a critical element as we believe engaging with issuers in hard to abate sectors is critical to avoiding the worst impacts of climate change.
- We also invest in Green Bonds from selected companies that fit the above two categories.

II. Exclusions

The fund is subject to the Sustainable Family Exclusion Framework which sets out the basis upon which certain issuers may be excluded from the investment universe of the fund. Equity and corporate bond issuers may be excluded from the fund for two reasons, namely:

- failure to conduct their business in accordance with accepted international norms, including as set out in the United Nations Global Compact (behavioural exclusions); or
- involvement in certain specified activities or product categories (fundamental exclusions). This negative screening includes issuers which have exposure, or ties, to:
 - controversial weapons (biological, chemical, incendiary weapons, depleted uranium, non-detectable fragment, blinding lasers, cluster munitions, landmines and nuclear weapons);
 - issuers deriving over 5% of revenue from production of conventional weapons (a weapon of warfare which is not nuclear, chemical or biological in nature);
 - issuers deriving any revenue from production of semi-automatic firearms intended for sale to civilians or deriving over 5% of revenue from sale of semi-automatic firearms to civilians;
 - issuers deriving any revenue from tobacco production or issuers deriving over 5% of revenue from tobacco retailing, distribution and licensing; or
 - issuers deriving over 5% of revenue from thermal coal extraction and power generation, provided that such will be permitted issuers deriving less than 30% of revenue from thermal coal extraction and power generation where either: (i) the revenue share from renewable energy activities exceeds the revenue share from thermal coal activities, or (ii) the issuer has made an effective commitment to a Paris Agreement aligned objective based on approved Science Based Targets or alignment with a Transition Pathway Initiative scenario or a reasonably equivalent public commitment.

Sovereign bond holdings are also subject to an exclusion framework based on an overall assessment of a sovereign issuer's ESG characteristics.

III. Qualitative Assessment

Environmental characteristics

The investment management process promotes environmental characteristics as a key element of security selection and through on-going engagement (see section Engagement policies for further information).

Governance practices

The investment management process aims to ensure that investee issuers adhere to good governance practices. The policy used to assess governance practices is implemented through the application of a combination of Fidelity Sustainability Ratings, which includes governance factors for all 99 sub-sectors, and data regarding controversies and UN Global Compact violations, which is considered as part of all investment decisions.

Monitoring of E&S characteristics

The environmental characteristics of the funds are monitored on an on-going basis through daily monitoring of the ratings composition of the fund by our portfolio monitoring team. Portfolio managers are notified when the minimum portfolio construction requirements stated in paragraph I. above are not met. The exclusion list

is monitored and updated on a quarterly basis and portfolio managers are notified of the requirement for divestment if an existing holding is assessed to have met the exclusion criteria.

Data sources and processing

The data for all of the above indicators is obtained from a combination of internal and external sources - such as MSCI for ESG ratings, Institutional Shareholder Services (ISS) ESG for carbon and climate data and UN Global Compact violators, alongside many others. A proportion of the data is also internally sourced, including the Fidelity Sustainability Rating, which complements the third-party sourced ESG ratings and controversy data for the exclusions and qualitative assessment.

Limitations to methodologies and data

As of today, no common industry framework has been established in order to assess or detect violation of sectoral exclusions or international norms such as the United Nations Global Compact. The lack of a harmonised methodology has led data providers to use different frameworks, which often implies subjectivity, resulting in different results. Integration of new information, revision of the current framework or harmonisation of the methodology between data providers are examples of operational events that can result in the reassessment of an issuer and could trigger an exclusion. Besides, it is expected that such exclusions may face a lag between the time of the event and the effective exclusion of the issuer by the fund. However, it is not expected that such operational constraints might result in a material deviation from the fund's behavioural and sectoral exclusion methodologies.

Engagement policies

Engaging with companies on environmental, social and governance issues reflects our belief that active ownership can contribute to the long-term sustainability of a company and positive investor returns. Engagements are undertaken for two reasons: to gain a deeper understanding of a company's ESG practices to better inform our investment decisions; and to use our influence to improve the sustainability practices of the companies we invest in.

For further information on Fidelity's engagement policy, please refer to our [Sustainable Investing Policy](#).

Designated reference benchmark (if applicable)

The index designated in the prospectus as a reference benchmark for each of these funds is not an index which integrates environmental considerations. Instead, the fund promotes environmental characteristics by adhering to the Fidelity Sustainable Family Framework, as described above.

2. Fidelity Funds - Sustainable Water & Waste Fund

Environmental or social characteristics of the fund

Environmental characteristics include, but are not limited to, water and waste management. Controversies involving environmental characteristics are regularly monitored. Environmental characteristics are analysed by Fidelity's fundamental analysts and rated through Fidelity Sustainability Ratings.

The fund invests in companies involved in the production of water and the treatment, disposal and recycling of waste. Access to clean drinking water is a basic societal need and this is actively promoted through the fund's investments. Likewise, disposal and treatment of all types waste, including hazardous waste, is an essential for a properly functioning society. Investments in companies that are involved in recycling of waste and those that are developing new technologies to allow more efficient recycling of materials has a significant contribution on reducing environmental impacts.

Investment strategy

The investment strategy used to attain these environmental characteristics includes both positive and negative screening. The strategy of the fund is to actively seek to select companies involved in the design, manufacture, or sale of products and services used for or in connection with water and waste management sectors.

The water management sector includes but is not limited to, those companies involved in water production, water conditioning, de-salination, supply, bottling, transport and dispatching of water. The waste management sector includes but is not limited to, those companies involved in the collection, recovery and disposal of waste; including recycling, incineration, anaerobic digestion of food waste (biological processes) and landfilling of residual waste. The sector also includes those companies specialising in the treatment of wastewater, sewage, solid, liquid and chemical waste and any consulting or engineering services in connection with these activities.

In addition, Fidelity takes a robust approach to issuer engagement, with fundamental analysts working alongside sustainable investing colleagues to identify material ESG risks for investee companies and governments and engage with them on these, with appropriate milestones and follow ups put in place (see section Engagement policies for further information). The policy used to assess governance practices is implemented through the application of a combination of Fidelity Sustainability Ratings, which includes governance factors for all 99 sub-sectors, and data regarding controversies and UN Global Compact violations, which is considered as part of all investment decisions. Further information on the consideration of governance practices can be found in our [Sustainable Investing Policy](#).

Monitoring of environmental or social characteristics & methodologies

The methodology to assess, measure and monitor the environmental characteristics of this fund is adherence to the following:

I. Portfolio Construction

As part of the Fidelity Sustainable Family (SF), this fund is required to have a minimum of 70% of its net assets in issuers (across both corporate and sovereign holdings) that maintain good 'sustainable characteristics', defined as:

1. If the MSCI rating (see [ESG Investing: ESG Ratings - MSCI](#) for further information) is AAA→BBB for developed market securities, these are considered as having good sustainability characteristics;
2. The same is true for non-developed market securities, where the rating range is MSCI AAA→BB;
3. In the absence of an MSCI rating, the Fidelity Sustainability Rating (with a wider coverage of our holdings) is used, with securities having a rating of A→C viewed as having good sustainability characteristics. More information on the Fidelity Sustainability Rating can be found in our [Sustainable Investing Policy](#).

Issuers that are not assessed as having positive sustainable characteristics for the purposes of the primary objective (minimum 70% of net assets) are eligible for inclusion with up to 30% of net assets provided they are able to demonstrate that they are on an improving trajectory with respect to their sustainable characteristics. Improving sustainable indicators are issuers classified as such through the trajectory outlook of Fidelity Sustainability Ratings or issuers which in our view demonstrate the potential for improvement through the implementation and execution of a formal engagement plan. Engagement plans must include key objectives and milestones to validate the improvement being sought and must be recorded in Fidelity's internal research platform. If the engagement has not resulted in an improvement in the sustainability characteristics of the issuer within a specified period of time, the security is subject to divestment in accordance with Fidelity's exclusion divestment procedure.

II. Exclusions

The fund is subject to the Sustainable Family Exclusion Framework which sets out the basis upon which certain issuers may be excluded from the investment universe of the fund. Equity and corporate bond issuers may be excluded from the fund for two reasons, namely:

- failure to conduct their business in accordance with accepted international norms, including as set out in the United Nations Global Compact (behavioural exclusions); or
- involvement in certain specified activities or product categories (fundamental exclusions). This negative screening includes issuers which have exposure, or ties, to:
 - controversial weapons (biological, chemical, incendiary weapons, depleted uranium, non-detectable fragment, blinding lasers, cluster munitions, landmines and nuclear weapons);
 - issuers deriving over 5% of revenue from production of conventional weapons (a weapon of warfare which is not nuclear, chemical or biological in nature);
 - issuers deriving any revenue from production of semi-automatic firearms intended for sale to civilians or deriving over 5% of revenue from sale of semi-automatic firearms to civilians;
 - issuers deriving any revenue from tobacco production or issuers deriving over 5% of revenue from tobacco retailing, distribution and licensing; or
 - issuers deriving over 5% of revenue from thermal coal extraction and power generation, provided that such will be permitted issuers deriving less than 30% of revenue from thermal coal extraction and power generation where either: (i) the revenue share from renewable energy activities exceeds the revenue share from thermal coal activities, or (ii) the issuer has made an effective commitment to a Paris Agreement aligned objective based on approved Science Based Targets or alignment with a Transition Pathway Initiative scenario or a reasonably equivalent public commitment.

III. Qualitative Assessment

Environmental characteristics

The investment management process promotes environmental characteristics as a key element of security selection and through on-going engagement (see section Engagement policies for further information).

Governance practices

The investment management process aims to ensure that investee issuers adhere to good governance practices. The policy used to assess governance practices is implemented through the application of a combination of Fidelity Sustainability Ratings, which includes governance factors for all 99 sub-sectors, and data regarding controversies and UN Global Compact violations, which is considered as part of all investment decisions.

Monitoring of E&S characteristics

The environmental characteristics of the funds are monitored on an on-going basis through daily monitoring of the ratings composition of the fund by our portfolio monitoring team. Portfolio managers are notified when the minimum portfolio construction requirements stated in paragraph I. above are not met. The exclusion list is monitored and updated on a quarterly basis and portfolio managers are notified of the requirement for divestment if an existing holding is assessed to have met the exclusion criteria.

Data sources and processing

The data for all of the above indicators is obtained from a combination of internal and external sources - such as MSCI for ESG ratings, Institutional Shareholder Services (ISS) ESG for carbon and climate data and UN Global Compact violators, alongside many others. A proportion of the data is also internally sourced, including the Fidelity Sustainability Rating, which complements the third-party sourced ESG ratings and controversy data for the exclusions and qualitative assessment.

Limitations to methodologies and data

As of today, no common industry framework has been established in order to assess or detect violation of sectoral exclusions or international norms such as the United Nations Global Compact. The lack of a harmonised methodology has led data providers to use different frameworks, which often implies subjectivity, resulting in different results. Integration of new information, revision of the current framework or harmonisation of the methodology between data providers are examples of operational events that can result in the reassessment of an issuer and could trigger an exclusion. Besides, it is expected that such exclusions may face a lag between the time of the event and the effective exclusion of the issuer by the fund. However, it is not expected that such operational constraints might result in a material deviation from the fund's behavioural and sectoral exclusion methodologies.

Engagement policies

Engaging with companies on environmental, social and governance issues reflects our belief that active ownership can contribute to the long-term sustainability of a company and positive investor returns. Engagements are undertaken for two reasons: to gain a deeper understanding of a company's ESG practices to better inform our investment decisions; and to use our influence to improve the sustainability practices of the companies we invest in.

For further information on Fidelity's engagement policy, please refer to our [Sustainable Investing Policy](#).

Designated reference benchmark (if applicable)

The index designated in the prospectus as a reference benchmark for each of these funds is not an index which integrates environmental considerations. Instead, the fund promotes environmental characteristics by adhering to the Fidelity Sustainable Family Framework.

Fidelity Sustainable Investing Framework - Other Funds

Fund range	Fund
Fidelity Active SStrategy	FAST - Asia Fund
Fidelity Active SStrategy	FAST - Emerging Markets Fund
Fidelity Active SStrategy	FAST - Europe Fund
Fidelity Funds	FF - American Diversified Fund
Fidelity Funds	FF - Asia Pacific Dividend Fund
Fidelity Funds	FF - Asian Special Situations Fund
Fidelity Funds	FF - China Consumer Fund
Fidelity Funds	FF - China Innovation Fund
Fidelity Funds	FF - Emerging Asia Fund
Fidelity Funds	FF - Emerging Markets Focus Fund
Fidelity Funds	FF - Emerging Markets Fund
Fidelity Funds	FF - Euro Bond Fund
Fidelity Funds	FF - Euro Corporate Bond Fund
Fidelity Funds	FF - Euro Short Term Bond Fund
Fidelity Funds	FF - European Dividend Fund

Fidelity Funds	FF - European Dividend Plus Fund
Fidelity Funds	FF - European Dynamic Growth Fund
Fidelity Funds	FF - European Growth Fund
Fidelity Funds	FF - European High Yield Fund
Fidelity Funds	FF - European Larger Companies Fund
Fidelity Funds	FF - Flexible Bond Fund
Fidelity Funds	FF - Future Connectivity Fund
Fidelity Funds	FF - Global Bond Fund
Fidelity Funds	FF - Global Consumer Industries Fund
Fidelity Funds	FF - Global Corporate Bond Fund
Fidelity Funds	FF - Global Demographics Fund
Fidelity Funds	FF - Global Dividend Fund
Fidelity Funds	FF - Global Health Care Fund
Fidelity Funds	FF - Global Hybrids Bond Fund
Fidelity Funds	FF - Global Income Fund
Fidelity Funds	FF - Global Inflation-linked Bond Fund
Fidelity Funds	FF - Global Short Duration Income Fund
Fidelity Funds	FF - Global Technology Fund
Fidelity Funds	FF - India Focus Fund
Fidelity Funds	FF - Instl Emerging Markets Equity Fund
Fidelity Funds	FF - Instl European Larger Companies Fund
Fidelity Funds	FF - Global Thematic Opportunities Fund
Fidelity Funds	FF - US Dollar Bond Fund
Fidelity Funds	FF - World Fund

Environmental or social characteristics of the funds

The funds will consider a wide range of environmental and social characteristics on an ongoing basis. Environmental characteristics include, but are not limited to, climate change mitigation and adaptation, water and waste management and biodiversity, while social characteristics include but are not limited to product safety, supply chain, health and safety and human rights. Environmental and social characteristics are analysed by Fidelity's fundamental analysts and rated through Fidelity Sustainability Ratings.

Investment strategy

The investment strategy used to attain these environmental and social characteristics includes both positive and negative screening. The funds will consider environmental, social and governance (ESG) characteristics and risks as part of their research, investment and risk monitoring processes and on an ongoing basis during the holding period of each individual investment. Fidelity believes that investing in companies actively considering and managing their environmental and societal impact and with high standards of sustainability will protect and enhance investment

returns. We start by integrating sustainability factors into our fundamental bottom-up research, which leads to more complete analysis and better-informed investment decisions. The analysis is specific to each issuer and the industry or region in which it operates.

From an environmental perspective, we consider many factors, including an issuer's approach and policies to address climate change and biodiversity loss, its approach to energy efficiency and managing waste and pollution. When considering an issuer's societal responsibility, we look to understand its diversity policies, its approach to human rights and supply chain management as well as its approach to health and safety and employee welfare. We also analyse the way an issuer manages data privacy and cyber security, both within the technology sector and more broadly across other industries. This ESG analysis leverages Fidelity's extensive research capabilities and ongoing engagement with issuers, supported by the expertise of the Sustainable Investing team, to provide a forward looking evaluation of an issuer's performance and trajectory on sustainability issues.

In addition, Fidelity takes a robust approach to issuer engagement, with fundamental analysts working alongside sustainable investing colleagues to identify material ESG risks for investee companies and governments and engage with them on these, with appropriate milestones and follow ups put in place (see section Engagement policies for further information).

The policy used to assess governance practices is implemented through the application of a combination of Fidelity Sustainability Ratings, which include governance factors for all 99 sub-sectors, and data regarding controversies and UN Global Compact violations, which is considered as part of all investment decisions. Further information on the consideration of governance practices can be found in our [Sustainable Investing Policy](#).

Monitoring of environmental or social characteristics & methodologies

The methodology to assess, measure and monitor the environmental or social characteristics of this set of funds is adherence to the following:

I. Portfolio Construction

A minimum of 50% of the fund's net assets must be invested in securities which maintain good sustainability characteristics. Sustainability characteristics is defined using the "waterfall" approach as follows:

- If the MSCI rating (see [ESG Investing: ESG Ratings - MSCI](#) for further information) is AAA→BBB for developed market securities, these are considered as having good sustainability characteristics;
- The same is true for non-developed market securities, where the rating range is MSCI AAA→BB; and
- In the absence of an MSCI rating, the Fidelity Sustainability Rating (with a wider coverage of our holdings) is used, with securities having a rating of A→C viewed as having good sustainability characteristics. More information on the Fidelity Sustainability Rating can be found in our [Sustainable Investing Policy](#).

II. Exclusions

- Behavioural exclusions, being companies which are considered to have failed to conduct their business in accordance with accepted international norms, including as set out in the United Nations Global Compact; and
- Firm-wide exclusions, which include cluster munitions and anti-personnel landmines.

III. Qualitative Assessment

Environmental or social characteristics

The investment management process promotes environmental and social characteristics as a key element of security selection and through on-going engagement (see section Engagement policies for further information).

Governance practices

The investment management process aims to ensure that investee issuers adhere to good governance practices. The policy used to assess governance practices is implemented through the application of a combination of Fidelity Sustainability Ratings, which includes governance factors for all 99 sub-sectors, and data regarding controversies and UN Global Compact violations, which is considered as part of all investment decisions.

Monitoring of E&S characteristics

The environmental or social characteristics of the funds are monitored on an on-going basis through daily monitoring of the ratings composition of the fund by our portfolio monitoring team. Portfolio managers are notified when the minimum portfolio construction requirements stated in paragraph I. above are not met. The exclusion list is monitored and updated on a quarterly basis and portfolio managers are notified of the requirement for divestment if an existing holding is assessed to have met the exclusion criteria.

Data sources and processing

The data for all of the above indicators is obtained from a combination of internal and external sources - such as MSCI for ESG ratings, Institutional Shareholder Services (ISS) ESG for carbon and climate data and UN Global Compact violators, alongside many others. A proportion of the data is also internally sourced, including the Fidelity Sustainability Rating, which complements the third-party sourced ESG ratings and controversy data for the exclusions and qualitative assessment.

Limitations to methodologies and data

As of today, no common industry framework has been established in order to assess or detect violation of sectoral exclusions or international norms such as the United Nations Global Compact. The lack of a harmonised methodology has led data providers to use different frameworks, which often implies subjectivity, resulting in different results. Integration of new information, revision of the current framework or harmonisation of the methodology between data providers are examples of operational events that can result in the reassessment of an issuer and could trigger an exclusion. Besides, it is expected that such exclusions may face a lag between the time of the event and the effective exclusion of the issuer by a fund. However, it is not expected that such operational constraints might result in a material deviation from a fund's behavioural and sectoral exclusion methodologies.

Engagement policies

Engaging with companies on environmental, social and governance issues reflects our belief that active ownership can contribute to the long-term sustainability of a company and positive investor returns. Engagements are undertaken for two reasons: to gain a deeper understanding of a company's ESG practices to better inform our investment decisions; and to use our influence to improve the sustainability practices of the companies we invest in.

For further information on Fidelity's engagement policy, please refer to our [Sustainable Investing Policy](#).

Designated reference benchmark (if applicable)

The index designated in the prospectus as a reference benchmark for each of these funds is not an index which integrates environmental and social considerations. Instead, the fund promotes environmental and social characteristics by adhering to the Fidelity Sustainable Investing Framework, as described above.

Important information

This document may not be reproduced or circulated without prior permission. This document is intended only for persons or entity to which it is addressed. Fidelity International refers to the group of companies which form the global investment management organisation that provides information on products and services in designated jurisdictions outside of North America. This communication is not directed at and must not be acted upon by persons inside the United States. Fidelity only gives information about its own products and services and does not provide investment advice based on individual circumstances, other than when specifically stipulated by an appropriately authorised firm, in a formal communication with the client. Fidelity, Fidelity International, the Fidelity International logo and F symbol are registered trademarks of FIL Limited.

Third party trademark, copyright and other intellectual property rights are and remain the property of their respective owners.

The information presented in this document is for information only. It is a general disclosure on the investment approach and should not be considered as (i) investment advice, (ii) an endorsement or recommendation in a financial product or service, (iii) an offer to sell or a solicitation of an offer to purchase any securities or other financial instruments. Unless otherwise stated all views expressed are those of Fidelity International.

Europe:

Issued by: FIL Pensions Management, FIL Investments International, FIL Investment Advisors (UK) Limited, FIL Investment Services (UK) Limited and Financial Administration Services Limited (all authorised and regulated by the Financial Conduct Authority in UK), FIL (Luxembourg) S.A., FIL Investment Management (Luxembourg) S.A. (both authorised and supervised by the CSSF, Commission de Surveillance du Secteur Financier), FIL Fund Management (Ireland) Limited (authorised in Ireland and regulated by the Central Bank of Ireland), FIL Investment Switzerland AG and FIL Gestion (authorised and supervised by the AMF, Autorité des Marchés Financiers) N°GP03-004, 21 Avenue Kléber, 75016 Paris.

For German Wholesale clients issued by FIL Investments Services GmbH, Kastanienhöhe 1, 61476 Kronberg im Taunus. For German Institutional clients issued by FIL (Luxembourg) S.A., 2a, rue Albert Borschette BP 2174 L-1021 Luxembourg. For German Pension clients issued by FIL Finance Services GmbH, Kastanienhöhe 1, 61476 Kronberg im Taunus.

