

Sustainable Finance Disclosure Regulation

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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 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’ its 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 on-going 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.

Material sustainability risks for our investments are managed within a broader risk management and oversight structure. Risks are monitored on a regular basis through a range of oversight processes and across investment and oversight teams which may include Quarterly Fund Reviews, monthly investment oversight forums and weekly and or daily risk monitoring.

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.

In addition to the above, sustainability risks specific to real estate include but not limited to:

- physical risks resulting from climate change such as damages to real estate assets caused by extreme adverse weather conditions such as flooding, landslides or storms;
- transition risks arising from changes in environmental laws and regulations which may result in additional costs incurred to ensure regulatory compliance of real estate assets, increased insurance costs, costs for the assessment, measurement and reporting of environmental impact.

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. Fidelity Sustainability Ratings are used in real estate where available. This ratings system was established in 2019 and provides for the assessments of specific ESG issues identified for issuers in each sub-sector, and covers a range of asset classes, including emerging market sovereigns and real estate. To help maximise the insight from the ratings, entities are divided into sub-sectors, and material ESG issues are identified and assigned weights through a sub-sector specific materiality mapping process involving the Sustainable Investing team and the relevant Investment Analyst. For example, climate change risk KPIs may be based on different metrics and have different weights for different sub-sectors. Each entity is scored on its engagement with material Environmental, Social and Governance risks, and these insights inform an overall ESG score that can impact the decision as to whether the company is investible.

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, such as real estate, if relevant, portfolio managers manage sustainability risks within the parameters of the specific product and investment strategy. For real estate, this includes but is not limited to the identification and evaluation of sustainability risks on the basis of physical building assessments in the aim of establishing physical and transition risks, energy, water and waste consumption as well as carbon footprint.

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 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. Fidelity Sustainability Ratings incorporate the consideration of principal adverse impacts into the assessment of ESG characteristics. 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 investment platform. As such, a consideration of the principal adverse impacts of our investment decisions on sustainability factors is integrated 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, Fixed Income and Private Assets, 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. For Real Estate, portfolio managers analyse principal adverse impacts such as energy and water consumption, CO2 emissions or adverse impacts on biodiversity. This way, we seek to develop a 360-degree view of every company in which we invest, and principal adverse impacts of our investment decisions on sustainability factors are regularly considered in our research process.

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 and portfolio managers 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. The Sustainable Investing Team has developed Fidelity frameworks and policies for ESG analysis which seek to achieve consistent implementation and sustainability standards. 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
- 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 and real estate. 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 sub-sectors, 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 investment decisions made under Fidelity International management.

(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 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 has set a target to reduce CO2 emissions across our investment portfolios by 50 per cent by 2030, against our 2020 base level. This will be supported by development of a set of proprietary Climate Ratings that will leverage our existing in-house research capabilities to assess whether the companies we invest in have ambition and alignment to achieve net zero targets. Once all companies in Fidelity's investment universe have been assessed using this framework, Fidelity will be able to aggregate the assessments and score all funds for their alignment to net zero. This will enable transition targets to be set at both fund and individual company level and allow resources to be directed towards the biggest emissions reduction opportunities in terms of investment and engagement.

As part of our transition to net zero, we have also committed to phase out companies exposed to thermal coal in OECD countries by 2030 and by 2040 globally. This gradual exit will give companies the chance to demonstrate their ability to transition. However, if individual companies do not show progress towards net zero in a timeframe not exceeding three years, we will look to divest.

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 and article 9 funds)

Article 8 Funds

Fidelity Sustainable Family of Funds - Sustainable Focused

Fund range	Fund
Fidelity Funds	FF - Sustainable All China Equity Fund
Fidelity Funds	FF - Sustainable Asian Bond Fund
Fidelity Funds	FF - Sustainable Asia Equity Fund
Fidelity Funds	FF - Sustainable Asia Equity II Fund
Fidelity Funds	FF - Sustainable China A Shares
Fidelity Funds	FF - Sustainable Emerging Market Debt Fund
Fidelity Funds	FF - Sustainable Emerging Markets Equity Fund
Fidelity Funds	FF - Sustainable Emerging Markets Ex China Fund
Fidelity Funds	FF - Sustainable Euro Cash Fund (from 16 August 2022)
Fidelity Funds	FF – Sustainable Europe Equity Fund
Fidelity Funds	FF - Sustainable European Dividend Plus Fund
Fidelity Funds	FF - Sustainable European Smaller Companies Fund
Fidelity Funds	FF - Sustainable Eurozone Equity Fund
Fidelity Funds	FF - Sustainable Global Dividend Plus Fund
Fidelity Funds	FF - Sustainable Global Equity Income Fund
Fidelity Funds	FF - Sustainable Japan Equity Fund
Fidelity Funds	FF - Sustainable Multi Asset Income Fund

Fidelity Funds	FF - Sustainable Strategic Bond Fund
Fidelity Funds	FF - Sustainable US Dollar Cash Fund (from 16 August 2022)
Fidelity Funds	FF - Sustainable US Equity Fund
Fidelity Funds	FF - Sustainable US High Yield Fund
Fidelity Institutional Liquidity Fund plc	The Euro Fund
Fidelity Institutional Liquidity Fund plc	The Sterling Fund
Fidelity Institutional Liquidity Fund plc	The United States Dollar 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 Japan UCITS ETF
Fidelity UCITS ICAV	Fidelity Sustainable Research Enhanced US Equity UCITS ETF
Fidelity UCITS ICAV	Fidelity Sustainable Research Enhanced Pacific Ex-Japan 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 (carbon intensity, carbon emissions and energy efficiency), 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 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 and the Fidelity Funds - Sustainable Multi Asset Income Fund, 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.

In addition, in respect of Fidelity Funds - Sustainable Global Equity Income Fund, Fidelity Funds - Sustainable Japan Equity Fund, Fidelity Funds - Sustainable All China Equity Fund, Fidelity Funds - Sustainable Asia Equity Fund, Fidelity Funds - Sustainable China A Shares, Fidelity Funds - Sustainable Emerging Markets Ex China Fund, Fidelity Funds - Sustainable Emerging Markets Equity Fund, Fidelity Funds - Sustainable European Dividend Plus Fund, Fidelity Funds - Sustainable Global Dividend Plus Fund, Fidelity Funds - Sustainable US Equity Fund, Fidelity Funds - Sustainable US High Yield Fund and Fidelity Funds - Sustainable Europe Equity Fund, the average ESG rating of the fund will exceed the average ESG rating of the fund's investment universe after the exclusion of 20% of the assets with the lowest ESG ratings.

In respect of Fidelity Funds - Sustainable Eurozone Equity Fund and Fidelity Funds - Sustainable European Smaller Companies Fund, when selecting investments, the fund's investment universe will be reduced by at least 20% due to the exclusion of issuers on the basis of their ESG characteristics.

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:
 - issuers deriving any revenue from production of 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.

The SF funds are also subject to a firm-wide exclusions list, which includes, but is not limited to, cluster munitions and anti-personnel landmines.

Fidelity portfolio managers have the discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time.

Further information and information on any additional negative screens that are applied to each fund can be found at <https://fidelityinternational.com/sustainable-investing-framework/> and may be updated from time to time.

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 0 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 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, Moody's and FactSet for EU taxonomy data, 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 Biodiversity Fund

Environmental or social characteristics of the fund

Environmental characteristics include, but are not limited to, climate change mitigation and adaptation (carbon intensity, carbon emissions and energy efficiency) as well as global decarbonisation. 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 that are involved in providing solutions to biodiversity loss and those that are leaders in terms of policies, products & services that address biodiversity issues.

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 that contribute to the stabilisation or improvement of global biodiversity.

For companies that provide solutions to the biodiversity crisis, the portfolio managers focus on businesses whose growth is driven by the global need to preserve biodiversity as well as attractive industry dynamics and/or technological/innovation leadership. This includes technologies in the relatively early stages of penetration like alternative plastics or new recycling technologies, consumer companies where the contribution from innovative solutions is overlooked and more cyclical industries such as industrials providing wastewater solutions. For companies adopting best in class practices for biodiversity preservation, opportunities are found across sectors and include companies employing best practices (e.g., reducing the size of packaging used, working on more environmentally friendly chemical formulations) to address these 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 0 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 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 of Funds (SFF), 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 addition, when selecting investments, the fund's investment universe will be reduced by at least 20% due to the exclusion of issuers on the basis of their ESG characteristics.

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.

The fund is also subject to a firm-wide exclusions list, which includes, but is not limited to, cluster munitions and anti-personnel landmines.

Fidelity portfolio managers have the discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time.

Further information on the negative screens that are applied to the fund can be found at <https://fidelityinternational.com/sustainable-investing-framework/> and may be updated from time to time.

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 policies⁰ 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 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 fund is 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 and triggering a list of issuers under the fundamental exclusion criteria, Institutional Shareholder Services (ISS) ESG for carbon and climate data and data on 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 this fund 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 Climate Solutions Fund

Environmental or social characteristics of the fund

Environmental characteristics include, but are not limited to, climate change mitigation and adaptation (carbon intensity, carbon emissions and energy efficiency) as well as global decarbonisation. 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 which enable global decarbonisation via technologies and solutions which materially reduce greenhouse gases (eg. Carbon Dioxide - CO₂) versus incumbent technologies and encourage a transition towards a greener environment. This includes companies which are involved in the design, manufacture or sale of low greenhouse gas (CO₂) technologies across all sectors, such as (but not limited to): electric vehicles, green hydrogen, autonomous vehicles, ride pooling, renewable energy, smart grids, industrial automation, agricultural efficiency, cloud computing, cellular networks, building efficiency solutions (including insulation, LED lighting and smart building systems) recycling, alternative meat / milk, e health, e work, and e learning. This list of low greenhouse gas (CO₂ eq) technologies is not exclusive and can expand to include new solutions in the future.

Decarbonisation is measured in two different ways:

1. The percentage reduction in greenhouse gas (CO₂-eq) emissions if the global economy fully adopts the solutions, included in the investment universe.

2. The absolute kilotons greenhouse gas (CO₂-eq) emissions offset per year by the solutions the target companies help develop.

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 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 of Funds (SFF), 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 addition, when selecting investments, the fund's investment universe will be reduced by at least 20% due to the exclusion of issuers on the basis of their ESG characteristics.

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.

The fund is also subject to a firm-wide exclusions list, which includes, but is not limited to, cluster munitions and anti-personnel landmines.

Fidelity portfolio managers have the discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time.

Further information on the negative screens that are applied to the fund can be found at <https://fidelityinternational.com/sustainable-investing-framework/> and may be updated from time to time.

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 policies⁰ 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 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 fund is 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 and triggering a list of issuers under the fundamental exclusion criteria, Institutional Shareholder Services (ISS) ESG for carbon and climate data and data on 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 this fund 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.

3. Fidelity Funds - Sustainable Consumer Brands Fund

Environmental and social characteristics of the fund

Environmental characteristics include, but are not limited to, climate change mitigation and adaptation (carbon intensity, carbon emissions and energy efficiency), 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 strategy aims to invest in issuers characterised by brands with strong consumer moats (i.e. companies with intellectual property, pricing power and strong track record of growth), who demonstrate superior sustainability practices. Investments will include, but will not be limited to, companies involved in the designing, manufacturing, marketing and/or selling of branded consumer goods and/or services, including but not limited to the consumer sectors.

ESG considerations are integrated throughout the investment process with a strong focus on sustainable characteristics through engagement with companies and the use of sustainability ratings. The portfolio manager prefers companies with strong and sustainable brands that can maintain and enhance their competitive positions through responsible practices. Beyond this, the portfolio manager also focuses on companies with strong governance and management teams aligned with shareholders' interests.

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 sub-sectors in our framework,

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 and social characteristics of this fund is adherence to the following:

I. Portfolio Construction

As part of the Fidelity Sustainable Family of Funds (SFF), 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 addition, when selecting investments, the fund's investment universe will be reduced by at least 20% due to the exclusion of issuers on the basis of their ESG characteristics.

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.

The fund is also subject to a firm-wide exclusions list, which includes, but is not limited to, cluster munitions and anti-personnel landmines.

Fidelity portfolio managers have the discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time.

Further information on the negative screens that are applied to the fund can be found at <https://fidelityinternational.com/sustainable-investing-framework/> and may be updated from time to time.

III. Qualitative Assessment

Environmental and 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 policies⁰ 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 sub-sectors in our framework, 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 and social characteristics of the fund is 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 and triggering a list of issuers under the fundamental exclusion criteria, Institutional Shareholder Services (ISS) ESG for carbon and climate data and data on 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 this fund 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.

4. Fidelity Funds - Sustainable Demographics Fund

Environmental or social characteristics of the fund

Environmental characteristics include, but are not limited to, climate change mitigation and adaptation (carbon intensity, carbon emissions and energy efficiency), 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 strategy aims to invest in the companies that stand to benefit from demographic trends including ageing population, growth of the middle class and population growth. The portfolio managers focus on owning high quality businesses that can grow over the long-term and which demonstrate attractive sustainability credentials.

Sustainability considerations must be closely interwoven with investments seeking to capture the benefits of demographics shifts in such a way to create long-term, attractive returns for clients. As such, sustainable investing is core to the team's quality-focused and fundamentals-driven investment process. Sustainability considerations are integrated throughout the investment process with a strong focus on sustainable characteristics through engagement with companies and the use of sustainability ratings. The investment strategy used to attain these characteristics includes both positive and negative screening.

The portfolio managers assess the goods and services provided by the investee companies, and prefer those with compelling sustainability practices, that are also characterised by strong governance and whose management teams are aligned with shareholders' interests.

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 of Funds (SFF), 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 addition, when selecting investments, the fund's investment universe will be reduced by at least 20% due to the exclusion of issuers on the basis of their ESG characteristics.

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.

The fund is also subject to a firm-wide exclusions list, which includes, but is not limited to, cluster munitions and anti-personnel landmines.

Fidelity portfolio managers have the discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time.

Further information on the negative screens that are applied to the fund can be found at <https://fidelityinternational.com/sustainable-investing-framework/> and may be updated from time to time.

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 policies⁰ 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 sub-sectors in our framework, 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 fund is 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 and triggering a list of issuers under the fundamental exclusion criteria, Institutional Shareholder Services (ISS) ESG for carbon and climate data and data on 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 this fund 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.

5. Fidelity Funds - Sustainable Future Connectivity Fund

Environmental and social characteristics of the fund

Environmental characteristics include, but are not limited to, climate change mitigation and adaptation (carbon intensity, carbon emissions and energy efficiency), 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 philosophy of the fund is based on the belief that the market systematically underestimates the impact, quantum, and duration of growth caused by constant technology and business innovation. The portfolio manager believes that combining business and technology insight is the key to successfully investing in Future Connectivity. The fund exploits this theme with a deep understanding of underlying technologies, new business models, and a truly global investment perspective. The portfolio manager aims to identify when emerging technologies will start to have an economic impact, how this will manifest itself in specific themes within the broad field of Future Connectivity, and who the resulting winner and loser companies will be.

The investment strategy used to attain the environmental and social characteristics includes both positive and negative screening. The strategy aims to favour issuers linked to the theme of future connectivity (the enablers, networks and beneficiaries of next generation communications). Investments will include, but will not be limited to, companies that are involved in the roll out of cellular networks, wired networks, internet infrastructure, social media, online content production, streaming, e-commerce, and the Internet of things.

The sustainability assessment aims to improve on traditional fundamental analysis as this does not reveal all risks and therefore our investment process also focuses on analysing sustainability risks. These can vary depending on the types of companies under analysis, with typical issues for each category cited below:

- Enablers: Sustainable sourcing, clean technology, and supply chain management
- Networks: Environmental impact, sustainable sourcing, privacy, and supply chain
- Innovators: Data governance, misinformation, online welfare, cybersecurity, ethical use of AI, carbon footprint, equality, health & safety, ethics & culture, and corporate governance.

The portfolio manager follows a systematic four step portfolio construction process. The portfolio manager examines the key industry trends within the connectivity universe and the associated ESG issues relevant to these trends. The portfolio manager then looks at winning companies within each trend, while also identifying sustainability leaders within industries. From there, the portfolio manager moves to validation of the investment thesis and moves to ascertain fundamental risks - looking at factors like industry structure, management alignment and company fundamentals, while also conducting deep analysis of sustainability risks and opportunities associated with each company. The final stage is construction of a relatively concentrated 35-45 stock portfolio, with ongoing assessment of risks (both fundamental and sustainability-associated) and continual assessment of investment theses for each company.

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 sub-sectors in our framework, 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 and social characteristics of this fund is adherence to the following:

I. Portfolio Construction

As part of the Fidelity Sustainable Family of Funds (SFF), 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 addition, when selecting investments, the fund's investment universe will be reduced by at least 20% due to the exclusion of issuers on the basis of their ESG characteristics.

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.

The fund is also subject to a firm-wide exclusions list, which includes, but is not limited to, cluster munitions and anti-personnel landmines.

Fidelity portfolio managers have the discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time.

Further information on the negative screens that are applied to the fund can be found at <https://fidelityinternational.com/sustainable-investing-framework/> and may be updated from time to time.

III. Qualitative Assessment

Environmental and 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 policies⁰ 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 sub-sectors in our framework, 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 and social characteristics of the fund is 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 and triggering a list of issuers under the fundamental exclusion criteria, Institutional Shareholder Services (ISS) ESG for carbon and climate data and data on 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 this fund 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.

6. Fidelity Funds - Sustainable Global Health Care Fund

Environmental or social characteristics of the fund

Environmental characteristics include, but are not limited to, climate change mitigation and adaptation (carbon intensity, carbon emissions and energy efficiency), 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 strategy seeks to invest in companies across the world which are involved in the design, manufacture, or sale of products and services used for or in connection with healthcare, medicine or biotechnology. The portfolio manager looks for high quality businesses which exhibit earnings visibility at attractive valuations and can deliver sustainable returns to investors.

Sustainability considerations permeate across the philosophy and process of the strategy and play a critical role in stock selection as well as portfolio construction. The healthcare space presents an attractive opportunity to invest in businesses that can aid good health and wellbeing, as they allow affordable access to healthcare, improve health outcomes and/or provide cost effective solutions for healthcare systems.

As such, the portfolio manager considers the sustainability of business practices throughout the investment process, believing that better ESG outcomes aid the delivery of sustainable growth over time. As active, long term investors, the portfolio manager conducts active engagement to encourage adoption of best practice and continuous improvement.

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 of Funds (SFF), 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 addition, when selecting investments, the fund's investment universe will be reduced by at least 20% due to the exclusion of issuers on the basis of their ESG characteristics.

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.

The fund is also subject to a firm-wide exclusions list, which includes, but is not limited to, cluster munitions and anti-personnel landmines.

Fidelity portfolio managers have the discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time.

Further information on the negative screens that are applied to the fund can be found at <https://fidelityinternational.com/sustainable-investing-framework/> and may be updated from time to time.

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 policies⁰ 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 sub-sectors in our framework, 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 fund is 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 and triggering a list of issuers under the fundamental exclusion criteria, Institutional Shareholder Services (ISS) ESG for carbon and climate data and data on 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 this fund 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.

7. Fidelity Funds - Sustainable Climate Bond Fund

Environmental or social characteristics of the fund

Environmental characteristics include, but are not limited to, climate change mitigation and adaptation (carbon intensity, carbon emissions and energy efficiency). 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 policies⁰ 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 sub-sectors in our framework, 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.

In addition, the average ESG rating of the fund will exceed the average ESG rating of the fund's investment universe after the exclusion of 20% of the assets with the lowest ESG ratings.

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:
 - issuers deriving any revenue from production of 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.

The fund is also subject to a firm-wide exclusions list, which includes, but is not limited to, cluster munitions and anti-personnel landmines.

Fidelity portfolio managers have the discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time.

Further information on the negative screens that are applied to the fund can be found at <https://fidelityinternational.com/sustainable-investing-framework/> and may be updated from time to time.

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 sub-sectors in our framework, 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.

8. 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 of 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 policies⁰ 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 sub-sectors in our framework, 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.

In addition, when selecting investments, the fund's investment universe will be reduced by at least 20% due to the exclusion of issuers on the basis of their ESG characteristics.

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:
 - issuers deriving any revenue from production of 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.

The fund is also subject to a firm-wide exclusions list, which includes, but is not limited to, cluster munitions and anti-personnel landmines.

Fidelity portfolio managers have the discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time.

Further information on the negative screens that are applied to the fund can be found at <https://fidelityinternational.com/sustainable-investing-framework/> and may be updated from time to time.

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 policies⁰ 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 sub-sectors in our framework, 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 (excluding Thematic ETFs)

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 - America Fund
Fidelity Funds	FF - American Growth Fund
Fidelity Funds	FF - ASEAN 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 - China RMB Bond Fund
Fidelity Funds	FF - Emerging Asia Fund

Fidelity Funds	FF - Emerging Market Corporate Debt Fund
Fidelity Funds	FF - Emerging Market Debt Fund
Fidelity Funds	FF - Emerging Market Local Currency Debt Fund
Fidelity Funds	FF - Emerging Market Total Return Debt 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 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 - European Low Volatility Equity Fund
Fidelity Funds	FF - European Multi Asset Income Fund
Fidelity Funds	FF - FIRST All Country World Fund
Fidelity Funds	FF - Flexible Bond Fund
Fidelity Funds	FF - Global Bond Fund
Fidelity Funds	FF - Global Corporate Bond Fund
Fidelity Funds	FF - Global Dividend Fund
Fidelity Funds	FF - Global Equity Income Fund
Fidelity Funds	FF - Global Financial Services Fund
Fidelity Funds	FF - Global Focus Fund
Fidelity Funds	FF - Global High Yield 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 Multi Asset Income Fund
Fidelity Funds	FF - Global Short Duration Income Fund
Fidelity Funds	FF - Global Thematic Opportunities Fund
Fidelity Funds	FF - Global Technology Fund
Fidelity Funds	FF - Greater China Fund
Fidelity Funds	FF - Greater China Fund II
Fidelity Funds	FF - Iberia Fund
Fidelity Funds	FF - India Focus Fund

Fidelity Funds	FF - Institutional Emerging Markets Equity Fund
Fidelity Funds	FF - Institutional European Larger Companies Fund
Fidelity Funds	FF - Institutional Global Focus Fund
Fidelity Funds	FF - Italy Fund
Fidelity Funds	FF - Nordic Fund
Fidelity Funds	FF - Pacific Fund
Fidelity Funds	FF - Structured Credit income Fund
Fidelity Funds	FF - Switzerland 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 (carbon intensity, carbon emissions and energy efficiency), 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.

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 sub-sectors in our framework, 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.

Fidelity portfolio managers have discretion to implement enhanced, stricter sustainable characteristics and exclusions from time to time.

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 policies⁰ 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 sub-sectors in our framework, 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.

Fidelity Sustainable Investing Framework - Thematic ETFs

Fund range	Fund
Fidelity UCITS ICAV	Fidelity Clean Energy UCITS ETF
Fidelity UCITS ICAV	Fidelity Cloud Computing UCITS ETF
Fidelity UCITS ICAV	Fidelity Digital Health UCITS ETF
Fidelity UCITS ICAV	Fidelity Electric Vehicles & Future Transportation UCITS ETF
Fidelity UCITS ICAV	Fidelity Metaverse UCITS ETF

Environmental or social characteristics of the funds

The fund seeks to track the performance of an index which integrates a wide range of environmental and social characteristics on an ongoing basis as part of the index construction process. Environmental characteristics include, but are not limited to, climate change mitigation and adaptation (carbon intensity, carbon emissions and energy efficiency), 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.

Investment strategy

Each fund seeks to track the performance of an index as follows:

Fund	Index ²
Fidelity Clean Energy UCITS ETF	<p>Fidelity Clean Energy ESG Tilted Index NR</p> <p>The Index is designed to reflect the performance of a global universe of companies that distribute, produce or provide technology or equipment to support the production of energy from solar, wind, hydrogen and other renewable sources (the "Index Theme"). The Index comprises equity securities of the relevant companies who are positioned to benefit from the increased demand for clean energy.</p> <p>For more information on the Index, please refer to the publicly available index methodology at https://moorgatebenchmarks.com/wp-content/uploads/2022/04/Fidelity-Thematic-ESGTilted-v1.0.pdf.</p>
Fidelity Cloud Computing UCITS ETF	<p>Fidelity Cloud Computing ESG Tilted Index NR</p> <p>The Index is designed to reflect the performance of a global universe of companies that provide products or services enabling the increased adoption of cloud computing, characterized by the delivery of computing resources over the internet (the "Index Theme"). The Index may therefore encompass stock of companies engaged in activities linked to cloud infrastructure, such as, but not limited to, on-demand data storage space, remote servers technology and networks, cloud platforms, such as, but not limited to, tools supporting the creation of computer programs or operating systems delivered online and cloud software, such as, but not limited to, software applications delivered over the internet relevant to the Index</p>

² See the heading "Designated reference benchmark" below.

	<p>Theme. The Index comprises equity securities of the relevant companies who are positioned to benefit from the increased adoption of cloud computing technology.</p> <p>For more information on the Index, please refer to the publicly available index methodology at https://moorgatebenchmarks.com/wp-content/uploads/2022/04/Fidelity-Thematic-ESGTilted-v1.0.pdf.</p>
Fidelity Digital Health UCITS ETF	<p>Fidelity Digital Health ESG Tilted Index NR</p> <p>The Index is designed to reflect the performance of a global universe of companies providing healthcare records management, connected healthcare devices, surgical robotics, telemedicine, and other technology-enabled health care products and services (the “Index Theme”). The Index Theme comprises two sub-themes: (a) digital healthcare products and services, which covers activities such as, but not limited to, healthcare software products, internet pharmacies, telehealth services, robotic surgery products and (b) connected medical devices, which covers activities such as, but not limited to, neurology, oncology, respiratory and cardiology medical devices. The Index comprises equity securities of the relevant companies.</p> <p>Further details on the methodology applied are set out at https://moorgatebenchmarks.com/wp-content/uploads/2022/04/Fidelity-Thematic-ESGTilted-v1.0.pdf and may be updated from time to time.</p>
Fidelity Electric Vehicles & Future Transportation UCITS ETF	<p>Fidelity Electric Vehicles and Future Transportation ESG Tilted Index NR</p> <p>The Index is designed to reflect the performance of a global universe of companies engaged in the production of electric and/or autonomous vehicles and their components, technology, or energy systems or engaged in other initiatives that aim to change the future of transportation (the “Index Theme”). The Index Theme comprises two sub-themes: (a) future transportation technologies, which covers activities such as, but not limited to, manufacturing of electric vehicle, lithium batteries, electric vehicles charging stations or ride sharing apps and (b) future transportation enablers, which covers activities such as, but not limited to, power devices, application processors or electronic circuits semi-conductor company or supporting components and software manufacturing such as sensors, GPS, or autonomous software/electronics. The Index comprises equity securities of the relevant companies.</p> <p>For more information on the Index, please refer to the publicly available index methodology at https://moorgatebenchmarks.com/wp-content/uploads/2022/04/Fidelity-Thematic-ESGTilted-v1.0.pdf.</p>
Fidelity Metaverse UCITS ETF	<p>Fidelity Metaverse ESG Tilted Index NR</p> <p>The Index is designed to reflect the performance of a global universe of companies that develop, manufacture, distribute, sell products or services related to establishing and enabling the “Metaverse”, which is a term used to describe a future state of the internet characterized by a network of both</p>

	<p>augmented reality and virtual worlds that can be experienced persistently and in a shared environment by large numbers of users (the “Index Theme”). The Index may therefore encompass stock of companies engaged in activities such as, but not limited to, the manufacturing of computing hardware, components, or digital infrastructure, design and engineering software, gaming technology, web development and content services or smart phone and wearable technology relevant to the Index Theme. The Index comprises equity securities of the relevant companies.</p> <p>For more information on the Index, please refer to the publicly available index methodology at https://moorgatebenchmarks.com/wp-content/uploads/2022/04/Fidelity-Thematic-ESGTilted-v1.0.pdf.</p>
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The investment strategy used to attain these environmental and social characteristics is to replicate the index by holding all of the index securities in a similar proportion to their weighting in the index. Fidelity believes that investing in issuers actively considering and managing their environmental and societal impact and with high standards of sustainability will protect and enhance investment returns. A wide range of environmental and social characteristics are assessed during the Index construction process, it starts by excluding issuers based on sustainability factors alongside fundamental ones. The analysis is specific to each issuer.

From an environmental and social perspective, third-party ESG metrics are utilised which aim to indicate a company's exposure to, and management of, ESG issues. Material ESG issues may include, but are not limited to, business ethics, corporate governance, human capital, product governance, resource use, occupational health and safety, human rights, and environmental emissions, effluents, and waste.

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 to track the index which will adhere to the following:

Index

- A minimum of 50% of the index must be comprised of securities which maintain sustainable characteristics:

Sustainable characteristics are defined by reference to a combination of different measurements such as ESG ratings provided by external agencies or Fidelity Sustainability Ratings. Further details on the methodology applied are set out at <https://moorgatebenchmarks.com/wp-content/uploads/2022/04/Fidelity-Thematic-ESGTilted-v1.0.pdf> and may be updated from time to time. The Index is rebalanced on a quarterly basis.

- Norms-based screening excludes certain issuers 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;
- Exclusions based on business activities, which includes, but is not limited to, cluster munitions and anti-personnel landmines; and
- An ESG controversies screen is applied to exclude certain issuers depending on their impact on the environment and society as well as the risks to the issuer's business. Stocks exposed to severe controversies are removed from the Index.
- In addition, for, Fidelity Digital Health UCITS ETF, Fidelity Metaverse UCITS ETF and Fidelity Cloud Computing UCITS ETF, issuers belonging to the worst 5th percentile based on the Data Privacy and Security risk score within the Sustainalytics Coverage Universe are excluded from the selection universe.

Governance practices

The investment management process aims to ensure that investee issuers adhere to good governance practices through integration within the index methodology of ESG controversy screens, measuring indicators which include governance, and norms-based screening, including with regard to the UN Global Compact and OECD Rules for Multinational Enterprises.

Data sources and processing

The data used by the Index for ESG Screens and Integration i.e. ESG risk scores and exclusions based on business activities, ESG controversies, global norms and product governance where applicable, utilises the business involvement data sets from a third-party data provider specialising in sustainability research and analysis. For more information, please refer to the publicly available index methodology at www.moorgatebenchmarks.com.

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.

Engagement policies

As part of its commitment to responsible investing, the investment manager engages with investee companies to encourage sustainable and responsible corporate behaviour. This includes the adoption of proxy voting guidelines designed to promote long-term shareholder value by supporting good corporate governance practices and engagement with investee companies, either directly or by means of collective engagement initiatives via third party providers that act as agent for a pool of investors in certain companies.

Designated reference benchmark

The index designated in the prospectus as a reference benchmark for each of these funds is an index which integrates environmental and social considerations and the fund promotes environmental and social characteristics by tracking the performance of the index, as described above.

Fidelity Product Services, LLC (“FPS”) is the index provider and owner of the Fidelity Investments Index Family. FPS may propose or advise on potential rules changes, new indices, or the cessation of existing indices. It cannot require changes to constituents or weightings, rules or any other aspect of the indices and has no involvement in the day-to-day management of the indices.

FPS contributes research and resources who contribute the thematic scores, ESG ratings, and composite score data used to determine eligibility and constituent weightings, and may propose changes to the indices’ eligible universes. Those resources providing thematic scores and ESG ratings do not propose any rule changes to the indexes and conduct their analyses independently of any considerations regarding index eligibility.

Where conflicts of interest may exist, these are noted in the Moorgate Benchmarks Conflicts of Interest Register and carefully managed.

Thematic ETFs - Taxonomy Disclosure - Article 6 (Transparency of financial products that promote environmental characteristics in pre-contractual disclosures and in periodic reports)

Where a fund is identified as subject to the disclosure requirements of article 8 of the SFDR, such fund is required by the EU Taxonomy Regulation (EU) 2020/852 (the “**Taxonomy Regulation**”) to state that the “do no significant harm”

principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the fund do not take into account the EU criteria for environmentally sustainable economic activities.

In order for an investment to qualify as environmentally sustainable (ie, to be “**Taxonomy-aligned**”), it must meet a number of different technical screening criteria and it must not significantly harm any of the environmental objectives set out in the Taxonomy Regulation.

The Fidelity Clean Energy UCITS ETF and Fidelity Electric Vehicles & Future Transportation UCITS ETF invest a minimum of 0% of their net asset value in Taxonomy-aligned investments. The Fidelity Cloud Computing UCITS ETF, Fidelity Digital Health UCITS ETF and Fidelity Metaverse UCITS ETF invest a minimum of 0% of their net asset value in Taxonomy-aligned investments.

Fidelity Real Estate Funds

The Eurozone Select Real Estate Fund - FIREF Fidelity International Real Estate Fund

Environmental or social characteristics of the funds

The Fund applies a set of four principles:

- Deliver the Fund's objective, by integrating ESG considerations into the investment processes - and document this at each stage of the investment process.
- Implement sustainable practices through innovation and the sharing of best practices across the portfolio.
- Act responsibly as a steward for the natural environment by addressing environmental impacts whilst also enhancing operational efficiency and values.
- Recognise social impact and have consideration for the local communities in which our assets reside.

These principles are integrated by a set of commitments (i.e. to energy and carbon, water consumption, waste management, social certification of assets and reporting) for which objectives are set and progress tracked. To ensure that the above principles are met, an environmental management system (EMS) has been established, aligned to the internationally recognised standard, ISO 14001. Moreover, independent external benchmarks (i.e. GRESB and BREEAM) are used to measure the progress of such commitments.

Engagement with stakeholders (i.e. employees, suppliers, tenants and community) is also part of the ESG approach of the Fund, with the aims on developing joint sustainability efforts to achieve better building operation and at the same time respecting the specific needs which individual tenants may have.

The Fund considers the following environmental and social characteristics - at the time of acquisition and throughout the holding period:

- Energy efficiency
- Water efficiency
- Waste management
- Health and wellbeing
- Community engagement
- Tenant engagement

- Walkability
- Tenants ESG profile (for listed companies and where information available)
- Green Building Certification or attainable certification levels
- Resilience to Climate Change
- Alignment with the Fund's ESG Policy

The Sustainable Investing Policy and activities are overseen by the Fidelity Sustainable Investing Operating Committee (the 'SIOC'). The SIOC is responsible for setting the policies and objectives of Fidelity as they relate to Sustainable Investing and oversee the implementation and delivery of these policies and objectives. The committee is comprised of senior executives from across Fidelity's business units, including the Global Head of Stewardship and Sustainable Investing.

Investment strategy

The Fund will consider environmental, social and governance (ESG) characteristics and risks as part of its investment process and on an ongoing basis during the holding period of the Real Estate Investment. This is expected to include, but not to be limited to, the performance of ESG due diligence on the Real Estate Investment as well as its tenants prior to acquisition in order to assess and evaluate its technical specifications, the level of carbon emissions, energy and water consumption of the Real Estate Investment under consideration as well as the potential for a reduction of such levels. Such comprehensive pre-acquisition ESG due diligence is designed to minimise downside sustainability risks by identifying and measuring the exposure of the Real Estate Investments made by each Fund to sustainability risks. This process also aims at evaluating each Real Estate Investment's resilience as it is becoming a major consideration for business with impacts on insurance, valuation and rents already starting to show in many countries. Finally, the Investment Advisor will consider Energy Performance Certificate risks for all Real Estate Investments.

Monitoring of environmental or social characteristics

Further to the integration of sustainability risks, the Fund will measure its ESG performance and the achievement of the environmental and social characteristics promoted against relevant independent external benchmarks such as GRESB (Global Real Estate Sustainability Benchmark) and make sustainability-related reporting available to Investors in line with the provisions for reporting for financial products subject to Article 8 of SFDR.

Methodologies

An essential building block to monitor the Fund's ESG performance is benchmarking versus industry peers. This is done through annual submission to GRESB, a global real estate and infrastructure index with > 1,200 entities participating globally in the 2020 assessment cycle.

Data sources and processing

Energy, CO2 and water consumption data as well as waste data is taken from various sources:

- Automatic meter readings
- Data communicated by tenants
- Data communicated by managing agents
- Data taken from utility bills

All consumption data is collated and verified by independent external ESG consultants before being entered into the consumption data platform, and ultimately GRESB platform.

For investor reporting, all energy, CO2 and water consumption as well as waste related data is taken from the respective year's GRESB benchmark report.

ESG data on tenants is taken from proprietary Fidelity Research "Proprietary Ratings".

Property level ESG data is also obtained through third party assessments such as energy audits, BREEAM in Use assessments or pre-checks, ESG due diligence addressing the subjects listed under Environmental or social characteristics of the funds above.

Designated reference benchmark (if applicable)

The designated reference benchmark is GRESB, and the Fund has participated in annual GRESB assessments since 2018.

Taxonomy Disclosure - Article 6 (Transparency of financial products that promote environmental characteristics in pre-contractual disclosures and in periodic reports)

This disclosure is applicable for all Fidelity Article 8 funds except the Thematic ETFs, as set out above.

Where a fund is identified as subject to the disclosure requirements of article 8 of the SFDR, such fund is required by the EU Taxonomy Regulation (EU) 2020/852 (the “Taxonomy Regulation”) to state that the “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the fund do not take into account the EU criteria for environmentally sustainable economic activities.

There is currently a lack of market data available to calculate the portfolio alignment of these funds with the Taxonomy Regulation. Therefore, notwithstanding the above disclosure relating to do no significant harm, none of the funds subject to article 8 of the SFDR currently take into account the EU criteria for environmentally sustainable economic activities. In due course, as such data becomes available to enable accurate assessment of a fund’s investments, the calculation of portfolio alignment with the EU criteria for environmentally sustainable economic activities will be made available to investors

Article 9 Funds

Fidelity UCITS II ICAV - Fidelity Sustainable Global Corporate Bond Paris-Aligned Multifactor UCITS ETF

Sustainable investment objective of the fund

The sustainable investment objective of the fund is to align with the Paris Agreement long-term global warming objectives by restricting the carbon emission exposure of its portfolio.

Investment strategy

The investment strategy used to achieve this objective includes a combination of quantitative, fundamental and sustainability research to select securities which are: (a) weighted with a view to maximising portfolio return relative to Benchmark; (b) aligned with the carbon emission performance of the Benchmark; and (c) sustainable investments pursuant to the SFDR. The fund is part of the Fidelity Sustainable Family and adopts a 'Sustainable Focused' strategy, investing in securities issued by companies that contribute to an environmental objective, do no significant harm, meet minimum safeguards and have good governance.

The Benchmark

The reduction of carbon emission objective will be aligned with the Solactive Paris Aligned Global Corporate USD Index (the "**Benchmark**").

The Benchmark tracks the performance of investment grade corporate debt securities publicly issued globally while at the same time aiming to align with the Paris Agreement's climate targets on greenhouse gas emission reduction (the "**EU PAB Emission Reduction Requirements**").

As a result of its aim of outperformance, the fund will likely bear a close resemblance to the Benchmark and the risk characteristics (e.g. level of volatility) and carbon footprint of the fund's portfolio will be broadly similar to that of the Benchmark, but the fund will be actively managed and will not attempt to replicate the Benchmark. Rather, the investment manager may overweight the securities which it considers have the highest potential to outperform the Benchmark and underweight or not invest at all in securities which the investment manager considers most overvalued. The fund may also invest in securities which do not form part of the Benchmark in the following circumstances: 1) instruments that were previously constituents of the Benchmark may be held for a transition period after they fall out of the Benchmark in a manner appropriate to protect the best interests of investors and will then be divested; and 2) for liquidity management purposes where inflows and liquidity levels require holdings in certain instruments that are not constituents of the Benchmark.

Further details regarding the Benchmark are available on the index provider's website at www.solactive.com/indices.

No significant harm to the sustainable investment objective

The Benchmark excludes issuers based on their involvement in activities with significant externalities (tobacco, fossil fuels, controversial weapons etc.), breaches of international norms (such as United Nations Global Compact (UNGC) principles) and with a significant negative impact on certain sustainable development goals. Such exclusions ensure that the securities in the Benchmark and their issuers do not significantly harm sustainable objectives pursuant to the SFDR.

To the extent the fund invests in securities which do not form part of the Benchmark, such securities are assessed to ensure they do not significantly harm sustainable objectives pursuant to the SFDR through Fidelity's sustainable investing framework, further details of which are available at <https://fidelityinternational.com/sustainable-investing-framework/>.

Good governance

The governance practices of issuers are assessed as part of the Benchmark construction process with the exclusion of companies with verified failure to respect established norms such as the UNGC principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises or UN Guiding Principles for Business and Human Rights. Such exclusions ensure that the issuers of securities in the Benchmark follow good governance principles pursuant to the SFDR.

To the extent the fund invests in securities which do not form part of the Benchmark, such issuers are assessed to ensure they follow good governance principles pursuant to SFDR through Fidelity's sustainable investing framework, further details of which are available at <https://fidelityinternational.com/sustainable-investing-framework/>.

Environmental objective and consideration of environmental and social characteristics

The investment manager seeks to ensure that the fund's portfolio is aligned with the carbon emission performance of the Benchmark, which in turn is aligned with the EU PAB Emission Reduction Requirements. As such, the fund's investments are in an economic activity that contributes to an environmental objective, namely the reduction of carbon emissions.

Other environmental factors incorporated into the Benchmark are as follows:

- At least 50% reduction in carbon emissions (based on Scope 1, 2, and 3 emissions) compared to the investable universe³ (at the time of launch of the Benchmark).
- At least 7% reduction per year in carbon emissions (based on Scope 1, 2, and 3 emissions).
- At least 50% reduction in carbon intensity (based on Scope 1, 2, and 3 emissions and book values of equity and debt) compared to the investable universe.
- At least 7% reduction per year in carbon intensity (based on Scope 1, 2, and 3 emissions and book values of equity and debt).

In addition, the fund 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, in adherence with the Fidelity Sustainable Family Framework. As a result, the fund's investments will either have an ESG rating from a recognised third-party ESG data provider or a Fidelity proprietary rating. The Fidelity Sustainability Ratings Framework allocates investments into sub-sectors, each with industry specific criteria against which an issuer is assessed relative to its peers, using an A to E rating scale (A being the top rating).

Monitoring of sustainable investment objective & methodologies

The methodology to assess, measure and monitor the sustainable investment objective of this fund is adherence to the following:

Portfolio Construction

All investments in securities of the Benchmark are determined as being sustainable investments in line with the sustainable investment objective of the fund. To the extent the fund invests in securities which do not form part of the Benchmark, such securities are assessed to ensure they comply with the fund's objective of reducing carbon emissions and do not significantly harm sustainable objectives pursuant to the SFDR.

The fund's portfolio is systematically tilted toward securities with higher ESG ratings so that there is a minimum of 70% of the fund's net assets invested in securities with an above average ESG rating relative to industry peers (based on recognised third-party ESG data provider(s), currently meaning a minimum MSCI ESG rating

³ An equivalent global market universe which does not integrate alignment with the Paris Agreement.

of BBB). An ESG rating is determined using a combination of third party data provider(s) and the investment manager's research analysts and corporate governance specialists who focus on key risk factors, including, for example, accounting and tax policies, disclosure and investor communications, shareholder rights, remuneration and social and environmental factors, to seek to identify such negative outliers. The ESG assessment using these risk factors, in addition to carbon intensity data, is integrated into the investment process described above. In particular, the investment manager seeks to improve the portfolio's overall ESG profile compared to the Benchmark by increasing its exposure to securities with a higher rating. In addition, the investment manager takes into account the size of bond and issuer weights, and sector, country, duration, issuer size and weights of the Benchmark in order to deliver out-performance of the Benchmark and align with the Benchmark's carbon emission performance.

Exclusions

Issuers may be excluded from the Benchmark 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:
 - Exclusion of companies generating revenues (in proportion to their total revenues) >1% from coal mining and coal power generation.
Exclusion of companies generating revenues (in proportion to their total revenues) >10% from fossil fuel production, exploration, distribution and services.
 - Exclusion of companies generating revenues (in proportion to their total revenues) >50% from electric power generation from fossil fuel sources.
 - Exclusion of companies with significant negative impact on one of the following sustainable development goals (SDGs): Sustainable Development Goal 12: Responsible Consumption and Production, Sustainable Development Goal 13: Climate Action, Sustainable Development Goal 14: Life Below Water, Sustainable Development Goal 15: Life on Land.
 - Exclusion of companies generating revenues (in proportion to their total revenues) >0% from tobacco cultivation and production.
 - Exclusion of companies with verified or alleged ongoing involvement in the area of controversial weapons.

In addition, the Investment Manager maintains a screening policy and applies screens to the portfolio. These screens are defined by the Investment Manager, based on globally recognised standards and principles in areas such as environmental protection and human rights. In particular, the ESG Framework screens out companies that derive their revenue according to the exclusion categories in the below table.

Exclusion Category	Scope of Exclusion	Threshold
Controversial weapons	Manufacturer	≥ 0%
Tobacco	Manufacturer / Producers	≥ 0%
	Distributors	≥ 5%
Semi-automatic firearms	Manufacturer	≥ 0%
	Distributors	≥ 5%
Thermal coal	Producers / power generation	≥ 5%
	Producers / power generation with effective commitment to a Paris Agreement aligned objective or revenue share from renewable energy exceeding the one from thermal coal activities.	≥ 30%
Conventional weapons	Manufacturer	≥ 5%
Oil sands	Producers / extraction	≥ 5%
Arctic oil and gas	Onshore and offshore Producers / extraction	≥ 5%

The fund is subject to further exclusions based on Fidelity Sustainability Ratings, a proprietary rating system developed by Fidelity International's research analysts to assess individual issuers which is integrated into the investment process with lower rated issuers (e.g. rated D and E issuers) excluded from the investment universe. This screening is evaluated and updated from time to time at the discretion of the Investment Manager. Fidelity portfolio managers also have the discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time.

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 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 used to construct the Benchmark is sourced externally from Institutional Shareholder Services Inc (ISS). The provider of ESG-related data input is selected by the benchmark administrator based on an assessment of its existing processes in order to ensure the reliability and representativeness of the ESG-related data. The data provider has established processes in accordance with accepted and established market standards that ensure the permanent quality and reliability of the ESG-data provided.

Other data utilised by the investment manager 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](#).

Attainment of the sustainable investment objective

While the fund does not track the Benchmark, the Benchmark is referred to in the construction of the fund's portfolio and it is therefore a reference index within the meaning of the SFDR. As described above, the fund's investment objective is to align with the Paris Agreement long-term global warming objectives by restricting the carbon emission exposure of its portfolio (ie, by adhering to the EU PAB Emission Reduction Requirements) and to achieve income and capital growth.

The EU PAB Emission Reduction Requirements require the Benchmark to exhibit a level of emission intensity 50% lower than an equivalent global market universe (which does not integrate alignment with the Paris Agreement) at launch and subsequently to aim for a further year-on-year decarbonisation target, currently at an average rate of 7% per annum. As a result of complying with the EU PAB Emission Reduction Requirements and the minimum technical requirements for EU Paris-aligned benchmarks, the Benchmark will be labelled as an EU Paris Aligned Benchmark.

As such, the Benchmark is consistent with the Sub-Fund's investment objective. The Benchmark differs from a broad market index in that it complies with the EU PAB Emission Reduction Requirements and excludes issuers which meet any of the exclusion criteria set out in the minimum technical requirements for EU Paris-aligned benchmarks.

Further details regarding the Benchmark are available on the index provider's website at www.solactive.com/indices.

Taxonomy Disclosure - Article 6 (Transparency of environmentally sustainable investments in pre-contractual disclosures and in periodic reports)

The EU Taxonomy Regulation (EU) 2020/852 (the "**Taxonomy Regulation**") requires disclosure regarding how and to what extent the fund's investments are in economic activities that qualify as environmentally sustainable under the Taxonomy Regulation. In order for an investment to qualify as environmentally sustainable (ie, to be "**Taxonomy-aligned**"), it must meet a number of different technical screening criteria and it must not significantly harm any of the environmental objectives set out in the Taxonomy Regulation.

The fund invests 0% of its Net Asset Value in Taxonomy-aligned investments.

Fidelity UCITS II ICAV - Fidelity Sustainable Global High Yield Bond Paris-Aligned Multifactor UCITS ETF

Sustainable investment objective of the fund

The sustainable investment objective of the fund is to align with the Paris Agreement long-term global warming objectives by restricting the carbon emission exposure of its portfolio.

Investment strategy

The investment strategy used to achieve this objective includes a combination of quantitative, fundamental and sustainability research to select securities which are: (a) weighted with a view to maximising portfolio return relative to Benchmark; (b) aligned with the carbon emission performance of the Benchmark; and (c) sustainable investments pursuant to the SFDR. The fund is part of the Fidelity Sustainable Family and adopts a 'Sustainable Focused' strategy, investing in securities issued by companies that contribute to an environmental objective, do no significant harm, meet minimum safeguards and have good governance.

The Benchmark

The reduction of carbon emission objective will be aligned with the Solactive Paris Aligned Global Corporate High Yield USD Index (the "**Benchmark**").

The Benchmark tracks the performance of high yield sub-investment grade corporate debt securities publicly issued globally while at the same time aiming to align with the Paris Agreement's climate targets on greenhouse gas emission reduction (the "**EU PAB Emission Reduction Requirements**").

As a result of its aim of outperformance, the fund will likely bear a close resemblance to the Benchmark and the risk characteristics (e.g. level of volatility) and carbon footprint of the fund's portfolio will be broadly similar to that of the Benchmark, but the fund will be actively managed and will not attempt to replicate the Benchmark. Rather, the investment manager may overweight the securities which it considers have the highest potential to outperform the

Benchmark and underweight or not invest at all in securities which the investment manager considers most overvalued. The fund may also invest in securities which do not form part of the Benchmark in the following circumstances: 1) instruments that were previously constituents of the Benchmark may be held for a transition period after they fall out of the Benchmark in a manner appropriate to protect the best interests of investors and will then be divested; and 2) for liquidity management purposes where inflows and liquidity levels require holdings in certain instruments that are not constituents of the Benchmark.

Further details regarding the Benchmark are available on the index provider's website at www.solactive.com/indices.

No significant harm to the sustainable investment objective

The Benchmark excludes issuers based on their involvement in activities with significant externalities (tobacco, fossil fuels, controversial weapons etc.), breaches of international norms (such as United Nations Global Compact (UNGC) principles) and with a significant negative impact on certain sustainable development goals. Such exclusions ensure that the securities in the Benchmark and their issuers do not significantly harm sustainable objectives pursuant to the SFDR.

To the extent the fund invests in securities which do not form part of the Benchmark, such securities are assessed to ensure they do not significantly harm sustainable objectives pursuant to the SFDR through Fidelity's sustainable investing framework, further details of which are available at <https://fidelityinternational.com/sustainable-investing-framework/>.

Good governance

The governance practices of issuers are assessed as part of the Benchmark construction process with the exclusion of companies with verified failure to respect established norms such as the UNGC principles, the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises or UN Guiding Principles for Business and Human Rights. Such exclusions ensure that the issuers of securities in the Benchmark follow good governance principles pursuant to the SFDR.

To the extent the fund invests in securities which do not form part of the Benchmark, such issuers are assessed to ensure they follow good governance principles pursuant to SFDR through Fidelity's sustainable investing framework, further details of which are available at <https://fidelityinternational.com/sustainable-investing-framework/>.

Environmental objective and consideration of environmental and social characteristics

The investment manager seeks to ensure that the fund's portfolio is aligned with the carbon emission performance of the Benchmark, which in turn is aligned with the EU PAB Emission Reduction Requirements. As such, the fund's investments are in an economic activity that contributes to an environmental objective, namely the reduction of carbon emissions.

Other environmental factors incorporated into the Benchmark are as follows:

- At least 50% reduction in carbon emissions (based on Scope 1, 2, and 3 emissions) compared to the investable universe⁴ (at the time of launch of the Benchmark).
- At least 7% reduction per year in carbon emissions (based on Scope 1, 2, and 3 emissions).
- At least 50% reduction in carbon intensity (based on Scope 1, 2, and 3 emissions and book values of equity and debt) compared to the investable universe.
- At least 7% reduction per year in carbon intensity (based on Scope 1, 2, and 3 emissions and book values of equity and debt).

In addition, the fund 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

⁴ An equivalent global market universe which does not integrate alignment with the Paris Agreement.

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, in adherence with the Fidelity Sustainable Family Framework. As a result, the fund's investments will either have an ESG rating from a recognised third-party ESG data provider or a Fidelity proprietary rating. The Fidelity Sustainability Ratings Framework allocates investments into sub-sectors, each with industry specific criteria against which an issuer is assessed relative to its peers, using an A to E rating scale (A being the top rating).

Monitoring of sustainable investment objective & methodologies

The methodology to assess, measure and monitor the sustainable investment objective of this fund is adherence to the following:

Portfolio Construction

All investments in securities of the Benchmark are determined as being sustainable investments in line with the sustainable investment objective of the fund. To the extent the fund invests in securities which do not form part of the Benchmark, such securities are assessed to ensure they comply with the fund's objective of reducing carbon emissions and do not significantly harm sustainable objectives pursuant to the SFDR.

The fund's portfolio is systematically tilted toward securities with higher ESG ratings so that there is a minimum of 70% of the fund's net assets invested in securities with an above average ESG rating relative to industry peers (based on recognised third-party ESG data provider(s), currently meaning a minimum MSCI ESG rating of BBB). An ESG rating is determined using a combination of third party data provider(s) and the investment manager's research analysts and corporate governance specialists who focus on key risk factors, including, for example, accounting and tax policies, disclosure and investor communications, shareholder rights, remuneration and social and environmental factors, to seek to identify such negative outliers. The ESG assessment using these risk factors, in addition to carbon intensity data, is integrated into the investment process described above. In particular, the investment manager seeks to improve the portfolio's overall ESG profile compared to the Benchmark by increasing its exposure to securities with a higher rating. In addition, the investment manager takes into account the size of bond and issuer weights, and sector, country, duration, issuer size and weights of the Benchmark in order to deliver out-performance of the Benchmark and align with the Benchmark's carbon emission performance.

Exclusions

Issuers may be excluded from the Benchmark 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:
 - Exclusion of companies generating revenues (in proportion to their total revenues) >1% from coal mining and coal power generation.
Exclusion of companies generating revenues (in proportion to their total revenues) >10% from fossil fuel production, exploration, distribution and services.
 - Exclusion of companies generating revenues (in proportion to their total revenues) >50% from electric power generation from fossil fuel sources.
 - Exclusion of companies with significant negative impact on one of the following sustainable development goals (SDGs): Sustainable Development Goal 12: Responsible Consumption and Production, Sustainable Development Goal 13: Climate Action, Sustainable Development Goal 14: Life Below Water, Sustainable Development Goal 15: Life on Land.
 - Exclusion of companies generating revenues (in proportion to their total revenues) >0% from tobacco cultivation and production.
 - Exclusion of companies with verified or alleged ongoing involvement in the area of controversial weapons.

In addition, the Investment Manager maintains a screening policy and applies screens to the portfolio. These screens are defined by the Investment Manager, based on globally recognised standards and principles in areas such as environmental protection and human rights. In particular, the ESG Framework screens out companies that derive their revenue according to the exclusion categories in the below table.

Exclusion Category	Scope of Exclusion	Threshold
Controversial weapons	Manufacturer	≥ 0%
Tobacco	Manufacturer / Producers	≥ 0%
	Distributors	≥ 5%
Semi-automatic firearms	Manufacturer	≥ 0%
	Distributors	≥ 5%
Thermal coal	Producers / power generation	≥ 5%
	Producers / power generation with effective commitment to a Paris Agreement aligned objective or revenue share from renewable energy exceeding the one from thermal coal activities.	≥ 30%
Conventional weapons	Manufacturer	≥ 5%
Oil sands	Producers / extraction	≥ 5%
Arctic oil and gas	Onshore and offshore Producers / extraction	≥ 5%

The fund is subject to further exclusions based on Fidelity Sustainability Ratings, a proprietary rating system developed by Fidelity International's research analysts to assess individual issuers which is integrated into the investment process with lower rated issuers (e.g. rated D and E issuers) excluded from the investment universe. This screening is evaluated and updated from time to time at the discretion of the Investment Manager. Fidelity portfolio managers also have the discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time.

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 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 used to construct the Benchmark is sourced externally from Institutional Shareholder Services Inc (ISS). The provider of ESG-related data input is selected by the benchmark administrator based on an assessment of its existing processes in order to ensure the reliability and representativeness of the ESG-related data. The data provider has established processes in accordance with accepted and established market standards that ensure the permanent quality and reliability of the ESG-data provided.

Other data utilised by the investment manager 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](#).

Attainment of the sustainable investment objective

While the fund does not track the Benchmark, the Benchmark is referred to in the construction of the fund's portfolio and it is therefore a reference index within the meaning of the SFDR. As described above, the fund's investment objective is to align with the Paris Agreement long-term global warming objectives by restricting the carbon emission exposure of its portfolio (ie, by adhering to the EU PAB Emission Reduction Requirements) and to achieve income and capital growth.

The EU PAB Emission Reduction Requirements require the Benchmark to exhibit a level of emission intensity 50% lower than an equivalent global market universe (which does not integrate alignment with the Paris Agreement) at launch and subsequently to aim for a further year-on-year decarbonisation target, currently at an average rate of 7% per annum. As a result of complying with the EU PAB Emission Reduction Requirements and the minimum technical requirements for EU Paris-aligned benchmarks, the Benchmark will be labelled as an EU Paris Aligned Benchmark.

As such, the Benchmark is consistent with the Sub-Fund's investment objective. The Benchmark differs from a broad market index in that it complies with the EU PAB Emission Reduction Requirements and excludes issuers which meet any of the exclusion criteria set out in the minimum technical requirements for EU Paris-aligned benchmarks.

Further details regarding the Benchmark are available on the index provider's website at www.solactive.com/indices.

Taxonomy Disclosure - Article 6 (Transparency of environmentally sustainable investments in pre-contractual disclosures and in periodic reports)

The EU Taxonomy Regulation (EU) 2020/852 (the "**Taxonomy Regulation**") requires disclosure regarding how and to what extent the fund's investments are in economic activities that qualify as environmentally sustainable under the Taxonomy Regulation. In order for an investment to qualify as environmentally sustainable (ie, to be "**Taxonomy-aligned**"), it must meet a number of different technical screening criteria and it must not significantly harm any of the environmental objectives set out in the Taxonomy Regulation.

The fund invests 0% of its Net Asset Value in Taxonomy-aligned investments.

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