2020

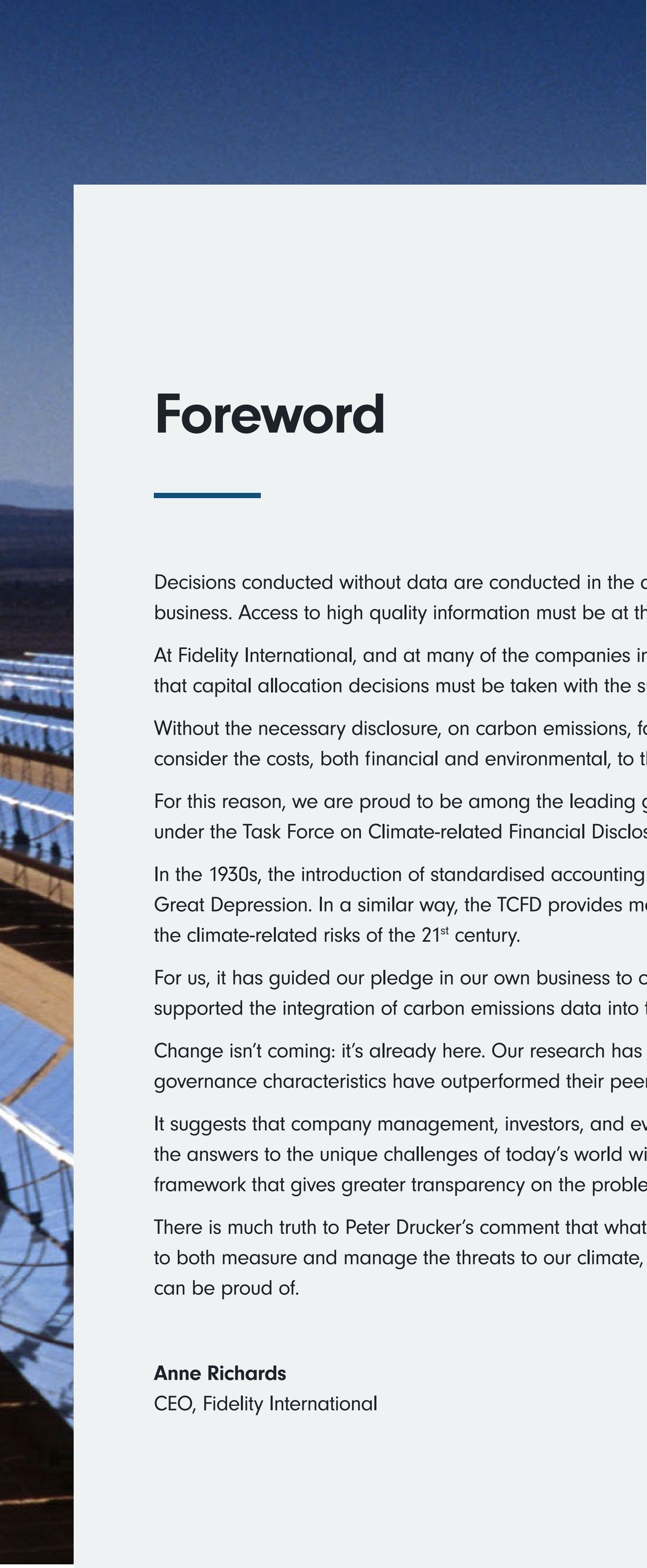
Task Force on Climate-related Financial Disclosures

Inaugural report

Solar farm in California, United States. (Photo by: Raphael GAILLARDE / Contributor Images via Getty Images)

For investment professionals (such as financial intermediaries and institutional investors) use only and should not be relied upon by private investors.

Fidelity INTERNATIONAL



Foreword

Decisions conducted without data are conducted in the dark. This is as true for investing as it is for managing a business. Access to high quality information must be at the heart of both.

At Fidelity International, and at many of the companies in which we invest, there is an urgent and growing awareness that capital allocation decisions must be taken with the sustainability of our shared environment in mind.

Without the necessary disclosure, on carbon emissions, for example, capital may be misallocated, through failing to consider the costs, both financial and environmental, to the wider ecosystem.

For this reason, we are proud to be among the leading global asset managers to publish our approach to climate risks under the Task Force on Climate-related Financial Disclosure guidelines.

In the 1930s, the introduction of standardised accounting rules helped improve transparency for investors during the Great Depression. In a similar way, the TCFD provides more clarity for markets and investment managers as we face the climate-related risks of the 21st century.

For us, it has guided our pledge in our own business to operate on a carbon neutral basis by 2040, as well as supported the integration of carbon emissions data into the way we structure and evaluate investment portfolios.

Change isn't coming: it's already here. Our research has shown that companies with good environmental, social and governance characteristics have outperformed their peers in the debt and equity markets, in this volatile year.

It suggests that company management, investors, and even capitalism itself, are already adapting, and rapidly. To find the answers to the unique challenges of today's world will require innovation and entrepreneurship, and a disclosure framework that gives greater transparency on the problems that must be solved will accelerate that process.

There is much truth to Peter Drucker's comment that what gets measured, gets managed. And we must do all we can to both measure and manage the threats to our climate, to ensure the legacy we leave to future generations is one we can be proud of.

Anne Richards
CEO, Fidelity International

Important information
The value of investments can go down as well as up so you may get back less than you invest. Funds with a focus on securities of companies which maintain strong environmental, social and governance ("ESG") credentials may result in a return that could, at times, compare less favourably to similar products without such focus. No representation nor warranty is made with respect to the fairness, accuracy or completeness of such credentials. The status of a security's ESG credentials can change over time.

Contents

Executive Summary

Open, honest, consistent and transparent disclosure is a fundamental precondition for the realignment of finance and capitalism. The TCFD provides an essential platform for asset managers and companies alike to deliver this.

Jenn-Hui Tan
Global Head of Stewardship and Sustainable Investing

Practicing what we preach: TCFD reporting

Fidelity International has been a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) from its early stages. Although we are a private company and as such do not have public shareholders or disclosure requirements to the same extent as public companies, we believe that it is as important for Fidelity International to perform as highly against the broad spectrum of Environmental, Social and Governance (ESG) principles as the clients we serve and companies in which we invest.

Therefore, just as we encourage and support our investee companies to report according to the TCFD recommendations, so too are we publishing this inaugural Fidelity International TCFD report. In this first report we holistically gather and publish the relevant global climate-related information that will help stakeholders better understand Fidelity International's alignment with TCFD reporting, both as a corporate entity in our own right and as an investment manager.

We endeavour to address the TCFD's 11 core climate-related disclosure recommendations for all companies with respect to our own corporate operations, along with the additional five disclosure recommendations for asset managers with respect to our investment management process. We have labelled each recommendation as clearly as possible, based on the 4 "pillars" of TCFD recommended disclosures, namely: Governance; Strategy; Risk Management and Metrics and Targets. See Appendix 1 for the TCFD Recommended Disclosures framework.

We have found the process of TCFD reporting to be extremely valuable in raising our awareness of areas for improvement - as aspired to and envisioned by the TCFD. We intend to close the gaps revealed through this year's reporting process as we move forward.

We believe that by working within the TCFD framework, Fidelity International and companies around the globe can make a significant contribution to a much more detailed and comprehensive understanding of climate-related financial risks and opportunities. A higher quality of reporting will in turn create an enhanced appreciation of and consideration for the role that climate change may play in companies' current and, even more crucially, future prospects.

Introduction

"I think it is time for capitalism to look at itself and go through one of its periodic reinventions. And I think we as a global asset manager should be at the centre of that reinvention."

Anne Richards
CEO, Fidelity International

Fidelity International enjoys a privileged position as one of the largest asset managers in the world. Our size and scale provide us with a level of corporate access that very few enjoy. As we face some of the largest environmental and social issues the world has ever seen, this is more important today than ever.

Our clients expect us, as the stewards of their capital, to steer companies towards the right business decisions and influence corporate behaviours that will help build and protect investment returns. Our success as shareholders and asset managers in communicating the importance of a sustainable business agenda is crucial to enhancing our clients' long-term returns and maintaining our own reputation.

In particular, awareness of environmental concerns has grown, with investors becoming increasingly cognisant that their investments can have a direct impact on environmental considerations such as climate change and water scarcity.

Each investment decision we make has consequences for client portfolios and for society as a whole. Potential long-term financial and societal implications must therefore be considered. We believe that ultimately, our own and our clients' goals are fundamentally aligned with those of society, and it is our place to ensure we represent them in the best way possible.

As our CIO, Asia Pacific, and Global Operating Committee (GOC) member, Paras Anand, recently wrote in a note to clients, Covid-19 has made this more important than ever:

"I think we will see a greater acceleration towards what we think of as ESG and sustainability considerations in the corporate sector. Companies will start to think about creating long term value for a broader set of stakeholders beyond just financial investors."

As stewards of our clients' capital and as a provider of sustainable investment solutions, we know that we need to hold ourselves accountable for our impact on society and the environment, just as we do with the companies in which we invest.

Thus, we view our sustainability priorities through the dual lens of what we consider our 'in-house' priorities of conducting our own corporate operations sustainably, along with our externally-oriented priorities of being an asset manager seeking to invest sustainably in other companies. This aligns well with the dual nature of the TCFD recommendations, with the core 11 recommendations focused on asset managers as corporates, and the additional five recommendations on the role of asset managers as investors.

Fidelity International's environmental sustainability priorities

Sustainable Operations	Sustainable Investing & ESG
Acting responsibly to eliminate **waste** and **carbon emissions** from our operations	Utilising our position to influence and support a **sustainable future**

Source: Fidelity International, 2020

Using our influence to help address climate change

Fidelity International recognises that climate change poses one of, if not the most, significant risks to the long-term profitability and sustainability of companies, including our own. Investors are exposed to downside risks as a result of climate change, including the direct physical impacts of climate change (e.g. extreme weather events affecting agriculture and food supply, infrastructure, precipitation and water supply), as well as transition or intermediation risks from the move to a low carbon economy (e.g. policy changes such as the EU Sustainable Taxonomy for economic activities, changing consumer preferences and greater scrutiny of supply chains).

Yet climate change poses not only risks, but also opportunities: ranging from mitigation activities such as the development of electric vehicles and renewable energy sources, to adaptations such as flood protection, building reinforcements and new forms of agriculture. For investment managers, new markets may be found in the provision of products and services that support and promote sustainability, as discussed more in sections below.

As one of the largest investment managers globally, with a presence in over 25 locations and serving clients in over 40 countries, Fidelity International works closely with policymakers, industry groups and non-governmental organisations to recognise the threats and opportunities of climate change and to improve sustainable behaviours by businesses around the world. We are actively working to encourage policymakers and companies to make company sustainability disclosures the norm in every region of the world. Without international common standards, it is difficult to compare different regions, markets and sectors, and companies may have little incentive to improve their sustainability profiles. Investors may find themselves exposed to unseen environmental and financial risks, if there is no expectation to identify and disclose such risks.

Pillar 1: Governance

Disclose the organisation's governance around climate-related risks and opportunities

"A management team that focuses on identifying and mitigating sustainability-related risks has a higher chance of building a stronger business - one that bounces back more swiftly from a downturn, one that is prepared for and addresses issues as critical as climate change, and one that is more resilient to exogenous shocks, such as the Covid-19 pandemic."

Ned Salter
Global Head of Investment Research, Fidelity International

Disclosure a):

Describe the board's oversight of climate-related risks and opportunities.

The most senior decision-making body within Fidelity International is the Fidelity International Limited Board (Board), which is responsible for the company's overall strategy and oversight. Its mandate is to:

- Set corporate and strategic objectives
- Set and maintain Fidelity International's high ethical standards and reputation
- Protect Fidelity International's brands
- Approve major initiatives and expenditures
- Set Group policies
- Ensure that a robust system of internal controls exists throughout Fidelity International
- Ensure the financial stability of the firm

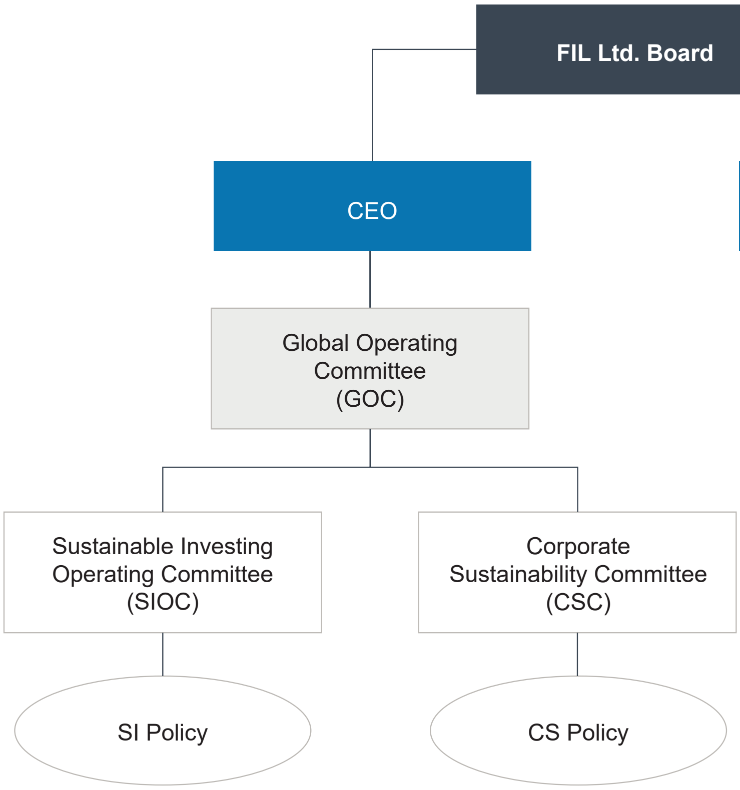
The Board meets at least four times a year and otherwise as required.

The Board exercises oversight of climate-related issues through input from Fidelity International's senior executives and groups within the firm including the Chief Executive Officer (CEO), the Global Operating Committee (GOC), the Corporate Sustainability Committee (CSC) and the Sustainable Investment Operating Committee (SIOC). Each of these provides reporting to and receives direction from the Board.

Further, the Board has formally delegated to the Audit and Risk Committee (ARC) the responsibility to take an independent perspective on audit oversight, internal controls and risk within Fidelity International. ARC is chaired by a non-executive director and the majority of members are also non-executive directors. ARC focuses on the internal control framework and risk structures, financial reporting process and integrity, and the scope and coverage of internal and external audit. ARC also has oversight of regulatory, tax and legal matters and risks including climate change. In these capacities, the Audit and Risk Committee is the primary Board-level entity responsible for the consideration of climate-related risks and risk management policies. ARC meets at least twice a year.

The GOC, CSC and SIOC are management-level committees and are therefore described in more detail in the Governance recommended Disclosure b) below.

Overview of Fidelity International's climate-related governance structure



Source: Fidelity International, 2020

Top view of a young green forest in spring. (Photo by artjazz via Adobe Stock)

Disclosure b):

Describe management's role in assessing and managing climate-related risks and opportunities.

Fidelity International's board delegates management of the company to the CEO. The CEO has created the GOC to implement strategy across Fidelity International's businesses and activities. The GOC is chaired by and reports to the CEO.

The GOC has created two committees to focus on climate-related responsibilities: the Corporate Sustainability Committee (CSC) and the Sustainability Investment Operating Committee (SIOC). Both the CSC and the SIOC report to the GOC in its capacity as a management committee that reports to the CEO. These committees take primary oversight and execution responsibilities for assessing and managing climate-related activities with respect to Fidelity International as a corporate entity (CSC) and as an investment manager (SIOC), as described below.

Fidelity International's Climate-Related Management Structure

GOC
(Global Operating Committee)

SIOC (Sustainable Investment Operating Committee) Senior leadership group drawn from across the firm with operational and oversight responsibility for the conduct of all sustainable investment activities	**CSC** (Corporate Sustainability Committee) Senior leadership group drawn from across the firm with operational and oversight responsibility for the conduct of all corporate sustainability activities
Sustainable Investing Team Implement and execute sustainable investment integration agenda across the firm	**Management Representative** Senior Management responsible for Environmental Sustainability across Fidelity International Operations
Sustainable Investing Champions To ensure best practice integration across all asset classes and distribution channels to understand local client SI priorities	**Health, Safety and Sustainability** Implement and execute environmental sustainability agenda across Fidelity International Operations
Fidelity Research Team Research and engagement insights developed through our investment professionals are shared across the firm	**Corporate Property Services** Regional Implementation and Arrangements for Environmental Sustainability

Source: Fidelity International, 2020

Corporate sustainability: Management approach

The CSC was established in February 2020 to assess the impact of our business operations on the social and environmental ecosystem in which we operate, and to roll out a strategy that captures and delivers our corporate sustainability ambitions.

The CSC is tasked with defining the priorities for Fidelity International in relation to the implementation of corporate sustainability practices (Sustainability Arrangements) as follows:

Environmental		Social			Governance	
Corporate Sustainability Governance: Accountability at Executive Level; CS Strategy; Firmwide CS Goals						
Environment	**Supply Chain Management**	**Social Engagement**	**Human Capital**	**Diversity & Inclusion**	**Risk Management**	**Governance & Business Ethics**
Group Environmental Policy	Supplier Diversity	Community Engagement & Philanthropy	Employee Retention Rate	D&I Policies	Whistleblower & AML Programs	Corporate Structure
Environmental Management System	Prompt Payment	Financial Wellness	Training & Development	Board / Senior Leaders Gender Diversity	Data Protection & Security Policies	Taxation Transparency
GHG emissions monitoring	Monitoring Supply Chain Sustainability		Talent Management	Gender Pay Gap	Incident & Regulatory Fines Reporting	Compensation & Benefits
			Employee Engagement	Workforce Diversity	BCP Plan	Code of Conduct
			Health & Safety Policy	Inclusive Culture	Bribery & Corruption Policies	Independent Audit Committee

Source: Fidelity International, 2020

The primary responsibility of the CSC is to review and identify the suitability, adequacy and effectiveness of Corporate Sustainability Arrangements (Sustainability Targets) within Fidelity International, and review the progress and performance of business units against those Sustainability Targets. As seen above, climate-related issues are a key component of Fidelity International's corporate sustainability considerations.

Members of the CSC are drawn from a cross-section of representatives across the organisation with functional responsibility for, or significant involvement in, Fidelity International's environmental or social footprint. The Committee meets every two months and otherwise as required. The Committee is to provide an annual report to the Board and the GOC.

CSC Responsibilities

1. Develop and monitor Sustainability Arrangements and continuously review Fidelity International's performance
2. Review sustainability risk and opportunities as well as concerns/complaints from employees
3. Assist with the tracking of corrective action and facilitate pollution prevention via education and awareness efforts within the organisation
4. Monitor inspections and audits and follow up on identified root causes to help ensure long term solutions are in place
5. Develop and monitor communication and consultation on sustainability matters, promoting participation and a proactive sustainable culture within Fidelity International
6. Review feedback actions from regional sustainability teams for group wide action where needed
7. Discuss positive and negative sustainability trends and develop plans to address identified trends
8. Review completion of sustainability training and develop plans to correct any identified gaps
9. Act as the pre-approval body for the Fidelity International Board for larger transactions

Global Health, Safety and Sustainability Management

Fidelity International has outlined a Health, Safety and Sustainability Management System for its business, which includes environmental aspects and impacts analysis. The Global Health, Safety and Sustainability Associate Director is charged with ensuring that environmental impacts analyses are undertaken and maintained for the ongoing identification of hazards and opportunities, the assessment of risks, and the implementation of necessary control measures. In some countries, legislation may require analysis to be completed in a specific format, carried out by an approved or certified practitioner, or submitted to a certified body for approval.

Sustainable investment: Management approach

Whilst the CSC focuses on Fidelity International's sustainability issues as a corporate entity, the SIOC applies our sustainability lens to the investments that we make. Established in November 2019, SIOC supersedes two previously-existing groups within Fidelity International to ensure the consistent and comprehensive conduct, management and oversight of all sustainable investment activities across Fidelity International. Like the CSC, the SIOC considers climate-related risks and opportunities to be a fundamental aspect of sustainability.

Members of the SIOC represent those organisational units with functional responsibility for sustainable investing matters including Investment Management, Distribution and General Counsel. The Committee meets at least ten times a year and otherwise as required. The SIOC is to provide a semi-annual report to the Board on the sustainable investment activities of Fidelity International (including governance and proxy voting activity) and ad-hoc reporting as and when instructed.

The primary responsibility of the SIOC is to propose policies and objectives, and oversee the delivery and implementation thereof, relating to Fidelity International's sustainable investing. A key factor of consideration within sustainable investing concerns climate-related issues. The SIOC is responsible for application, implementation and oversight of sustainable investing matters across Fidelity International's business units, including the overall strategic direction, policy formulation, external representation, product, business growth, investment integration, the exclusion lists, and day-to-day operational delivery.

The SIOC considers and, if thought fit, approves proposals relating to sustainable investment, alongside having responsibilities in combination with the Sustainable Investing Team, for the conduct and oversight of the following responsibilities:

SIOC responsibilities

1. Oversight of the Sustainable Investing Policy and related policies and procedures as they relate to sustainable investing (including the exclusion policy framework and list)
2. Execution of Fidelity International's ownership rights in investee issuers, including engagement and proxy voting activities
3. Monitoring of client requirements and overseeing Fidelity International's positioning in comparison to client needs
4. Monitoring industry developments in Fidelity International's sustainable investing commercial positioning
5. Review Fidelity International's sustainable investing investment management capabilities
6. Monitor the policy and regulatory environment as regards sustainable investing
7. Receive and review updates on internal and external communication strategies
8. Receive and review updates on all active ESG initiatives across Fidelity International

Pillar 2: Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material

"At Fidelity International, we believe the integration of climate risk is a vital part of the investment decision-making process. Climate change is a core consideration for good strategic planning."

Andrew McCaffery
Global CIO, Asset Management, Fidelity International

Disclosure a):

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

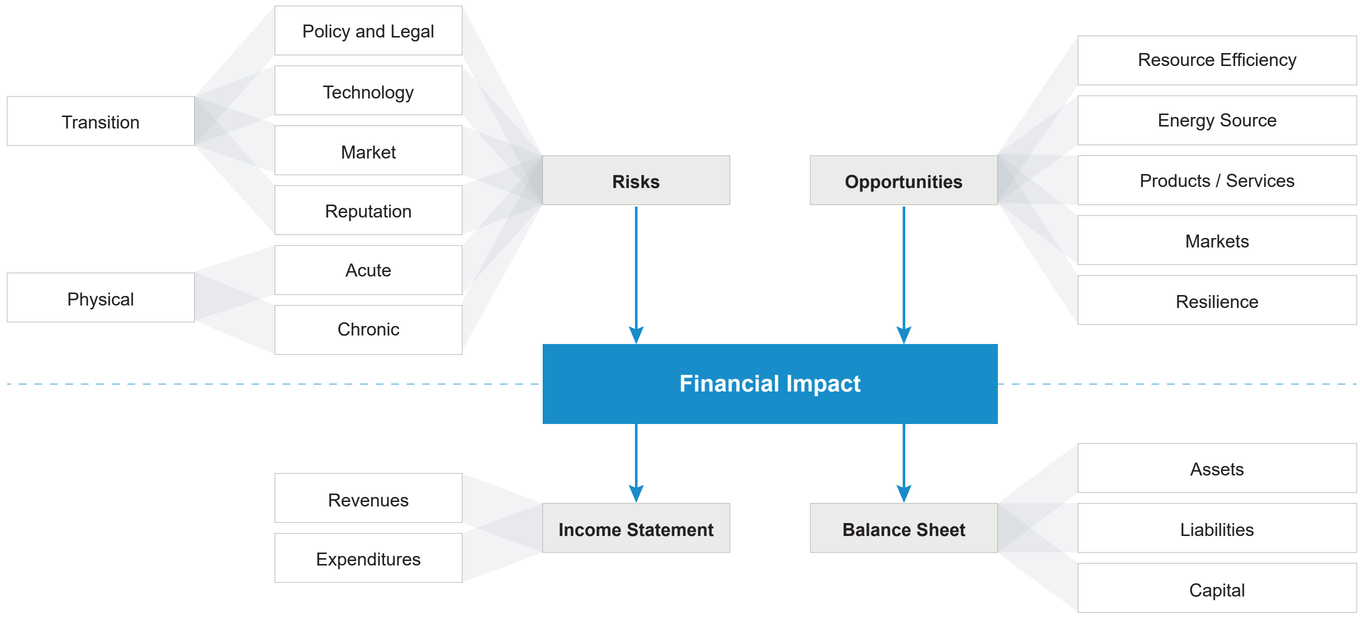
Our approach to climate-related risks and opportunities is grounded in the observation that climate change is not a problem solely for the future: climate-related risks are already impacting business models, the Earth's landscape (physical risk) and the regulatory environment (transition risk). These risks may be linked to issues like policy change, or supply and demand of raw materials and may also vary by geography, with, for example, climate-related change impacting the poorest nations disproportionately.

Specific climate-related issues for short, medium and long-term time horizons can be categorised into two groups:

- **Physical risks:** those that arise directly from changing climate conditions. These can be acute, episodic risks such as tornadoes, typhoons, and wildfires, as well as chronic, ongoing risks such as rising sea levels, freshwater scarcity, and supply chain disruption.
- **Transition risks:** those that occur as a result of the necessary transition to a lower-carbon economy. These may result from regulatory actions, technology developments, reputational impacts, and stranded or depleted assets - impacting both our own company and our investment portfolios.

Indeed, both sets of risks exist for Fidelity International as a corporate entity and in our role as an investment manager. These risks may be considered as depicted by the TCFD, shown on the next page.

Climate-related risks and opportunities



Source: TCFD

Key risks for Fidelity International operations

We have identified the following key climate-related risks to the organisation:

- *Carbon and GHG (Greenhouse Gas) emission control and reduction*
  Not only is it important to reduce emissions, specific directives to do so may be increasingly required under legislation and taxation; a cohesive strategy is needed to manage the effects and to track legislative changes and analyse client requirements, in order to best manage these transition risks.
- *Energy scarcity, reliance and dependency*
  These transition and physical risks may be addressed by diversification and on-site energy generation.
- *Vulnerability to impacts from climate change such as flooding, heatwaves or extreme weather*
  Business operation adaptations need to be considered to mitigate such physical risks.

Climate-related opportunities

While climate change presents numerous risks to Fidelity International, it also presents opportunities for our business. We have the opportunity, at the corporate level and as an investment manager, to improve our own and our investee companies' approaches and practices with respect to climate change: to develop resource efficiency and resilience and to provide open and transparent disclosure about our activities.

On the corporate side, we have identified and are making progress towards realising climate-related opportunities in our business practices. The centrepiece of our ambition is our net zero 2040 goal, announced earlier this year. Details of this and of our corporate sustainability climate-related initiatives are set out in the Targets & Metrics section; highlights include reducing our consumption of resources (energy, water, materials, packaging) by:

- Minimising waste through a commitment to reduce, re-use, recover and recycle waste;
- Pursuing energy efficiency in the design, maintenance, management and operation of our owned/operated buildings; such as:
  - Reducing power demands by programming monitors and printers to automatically switch off overnight;
  - Replacing inefficient lighting units and lamps with more energy efficient alternatives.

Strategy

As a company, it is our pledge to keep innovating and improving how we manage our own operations to limit the impact we have on the environment. From reducing our use of plastic cups, office supplies and paper to introducing more tap sensors, LED lighting, rainwater harvesting and even beekeeping - we are committed to doing more, which together will make a difference.

We are pursuing a variety of methods to deploy alternate energy sources. To date we have installed solar panels in our Bermuda (2018) and Surrey (2020) offices, and we are currently carrying out feasibility studies to increase the generation of on-site renewables. In 2019 we entered into a renewable energy contract for our UK operations, backed by Renewable Energy Guarantees of Origin (REGO), to match our projected electricity demand with electricity generated from renewable wind sources over the next five years. We will review in other locations where this is economically viable to do so. Power Purchase Agreements will be investigated as part of the future strategy, as mentioned later in this report.

In a material business sense, our primary opportunities lie in developing and promoting products and services that are responsive to clients' appetites for climate-friendly, sustainable investments. Further description of our climate-related products and investment strategies is provided below, in the relevant TCFD "Supplemental Guidance for Asset Managers" sections.

Aerial view of a wind farm during a dramatic sunrise in the English countryside. (Photo by Studio-FI via Adobe Stock)

Disclosure b):

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

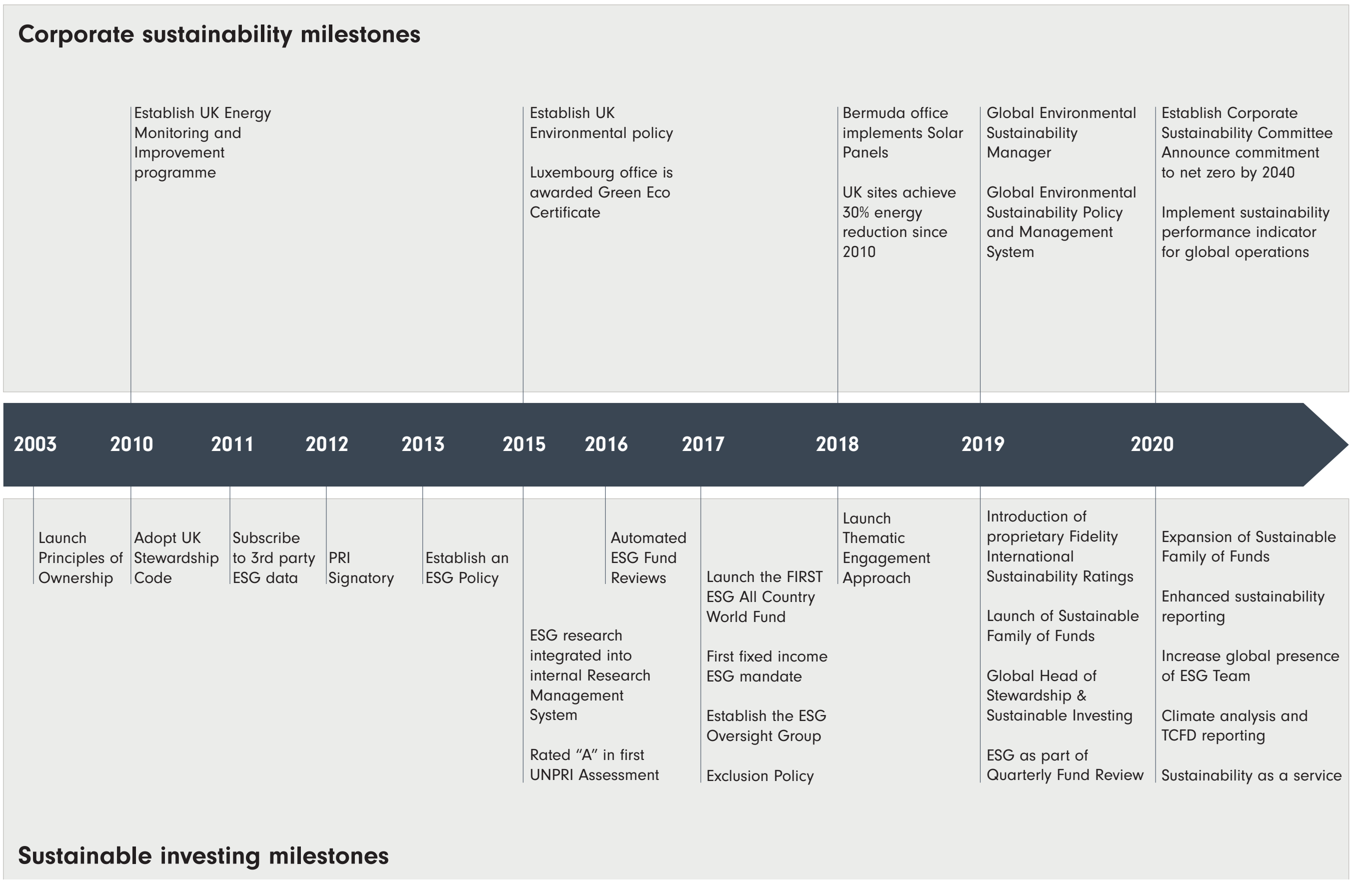
Overview

Building on the TCFD recommended Strategy Disclosure "a)" as described above, Fidelity International is increasingly considering the impact of climate-related risks and opportunities on our businesses, strategy and financial planning. Indeed, ESG or "sustainable investing" is one of the core strategic business initiatives of our organisation, as we see the importance and the opportunities of integrating sustainability considerations in the investment process.

We have placed particular emphasis on investing in our capabilities to expand and improve our products and services that relate to sustainable investing - of which climate-related issues are a critical component. Likewise, we would view neglect of climate-related risks and opportunities as an extreme risk in itself, as more and more clients consider these matters crucial to their own business strategies.

Whilst we have been building our asset management capabilities with respect to sustainable investing, we have also made great strides recently in introducing consideration of climate-related risks into our own corporate thinking, processes and planning. Some key milestones in our sustainability journey - both on the Corporate and the Investment paths - are shown here:

Fidelity International's sustainability journey



Source: Fidelity International, 2020

Impact of climate-related issues: Fidelity International Corporate

In the past year, major initiatives that Fidelity International has taken to integrate climate-related considerations of business impacts include:

- Establishment of the CSC
- Adoption of a formal Environmental Sustainability Policy
- Net Zero Pledge: commitment to reduce our operational carbon emissions to net zero by 2040
- Appointment of an Associate Director to drive the Environmental Sustainability Strategy for our operations
- Launch of the Environmental Sustainability Policy and Management System that outlines our commitment to build a better future
- Implementation of a Sustainability Performance Indicator tool (in progress) to enable quantification and reporting of greenhouse gas emissions and removals

More details of these initiatives are provided in the sections on Risk Management and Metrics and Targets.

Impact of climate-related issues: Asset management

In addition to our corporate-oriented activities, in the past year we have enhanced our emphasis on climate-related risks in our Investment Management decision making and oversight process, including:

- Establishment of the SIOC
- Launch of our first internal proprietary Sustainability Ratings (June 2019), which take into account material climate-related considerations for all companies covered by Fidelity International's internal investment research department
- All Fidelity International research analysts and portfolio managers have been trained to integrate these sustainability ratings into their company analyses
- All SI team members incorporate climate considerations in their work
- Fidelity International has launched and grown its Sustainable Family of Funds (SFF), from its first Sustainable Fund (Water & Waste) in November 2018 to eight Sustainable Funds as of mid-2020, two of which are thematic funds focused on climate change
- Development of our climate change voting policy (due to be launched in 2021)
- Development of our climate change engagement policy (due to be launched in 2021)
- Enhancement of our climate data capabilities, such that all Fidelity International portfolio managers and analysts can use key carbon metrics, including scenario analysis, in their assessments of investee companies and broader portfolio performance

Specific climate-related products and services offered by Fidelity International

	Sustainable Focused	Sustainable Thematic	Sustainable ETFs
Equity	Fidelity Funds - Sustainable Global Equity Fund	Fidelity Funds – Sustainable Water & Waste Fund	Fidelity Sustainable Research Enhanced ETF – US
	Fidelity Funds - Sustainable Eurozone Equity Fund		Fidelity Sustainable Research Enhanced ETF – Europe
			Fidelity Sustainable Research Enhanced ETF – Global
Fixed Income	Fidelity Funds - Sustainable Strategic Bond Fund	Fidelity Funds – Sustainable Reduced Carbon Bond	

Source: Fidelity International, 2020

Inputs to the financial planning process
In order to pursue the initiatives and achieve the impacts described above, Fidelity International has primarily focused on products and services, and invested in research and development, along with operations. This is further discussed in the section below.

Likewise, these climate-related products and services have featured as inputs to our financial planning process over the past year and will continue to do so for the foreseeable future. We prioritise the opportunities (and risks) from provision of such products and services (or failure to provide such), given our position as a leading international investment manager. Therefore, our operating costs and revenues, capital expenditures, and other financial planning considerations are impacted by development of these activities related to climate change.

Similarly, and more recently, focus has also been placed on climate-related impact to our supply chain and adaptation and mitigation activities. As part of our commitment to having a responsible supply chain, our Global Procurement team are implementing a platform to assess and monitor the sustainability performance of our material suppliers. The platform assesses supplier environmental practices in order to help us understand the risks and opportunities and drive improvements towards high standards. Such issues are further discussed in the Risk Management and Metrics and Targets sections, as are considerations of climate-related scenarios.

Supplemental Guidance b):

Describe how climate-related risks and opportunities are factored into relevant products or investment strategies.

Overview

As mentioned above, Fidelity International's sustainable investment approach is to integrate climate considerations across our franchise. As such, climate-related risks and opportunities are integrated into the analysis of each company held by Fidelity International, and accordingly into relevant products and investment strategies.

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 of potential investments. They visit companies in person, scrutinising issues that could have an impact on business, from the shop floor to the boardroom. Customers and suppliers are also subject to scrutiny. In this way, we seek to develop a 360-degree view of every company in which we invest, and ESG factors are regularly considered in our research process.

Whilst our analysts have overall responsibility for analysing the ESG performance of the companies and buildings in which we invest, these analysts also work closely with the sustainable investing (SI) team. The SI 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, as well as the institutional, sales and marketing teams). The specialists ensure 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, including climate-related factors.

The transition to a low carbon economy is one of the key elements of our work across climate change risk integration and as such we have tools in place to understand, monitor and measure it for our own business as well as that of our investee companies. The low carbon transition is sector, asset class and geography agnostic, and as such we consider it across all investment strategies. The consideration of how the low carbon transition might impact each strategy is integrated via our sustainability ratings, described in the next section.

Sustainability ratings

Our commitment to sustainable investment took a significant step forward in 2019 with the launch of our proprietary sustainability ratings, which generate a forward-looking assessment of corporates' 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 proprietary ESG ratings include:

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

Fidelity International's proprietary ESG 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 issues, ahead of a meeting with the company and to prompt discussion of these issues with management.

An external research vendor also provides 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 a company's business or its reputation. Additionally, we are currently developing an in-house, climate-specific risk indicator which will be factored into products and investment strategies.

More detail on our proprietary ESG ratings is also provided in the Risk Management disclosure section.

Fidelity International proprietary sustainability ratings

Why our own ratings?	How we make them	Climate change*
Does not solely rely on public disclosures	Collaborative input across 180 equity and fixed income analysts	■ Climate risks are a core part of the rating for all sub-sectors.
More forward looking	Rated relative to peer group on a standardised scale	■ The ratings capture the most material risks to the respective sector.
Fundamental analysis	Forward looking assessment of a company's ESG trajectory	■ For example, for utilities it is setting GHG reduction targets whilst for banks it is their fossil fuel-lending policy.
Allows fuller coverage	Quantify impact on valuation	■ The KPIs are tagged and therefore a climate assessment can be conducted across all holdings.
	Ranked A → E; 99 Sub-sectors; 5 - 8 KPIs each	

* GHG refers to greenhouse gas emissions; KPI refers to key performance indicators.
Source: Fidelity International, 2020

Focused sustainable products
In addition to integrating climate-related analysis into our investments through the Fidelity International ESG rating, Fidelity International has introduced a suite of funds designed to focus on the sustainable investing universe, as also discussed in the Strategy Disclosure "b)" above. Fidelity International's Sustainable Family of Funds is designed to select companies with strong sustainable characteristics, whilst aiming to achieve compelling long-term financial performance.

Fidelity International's Sustainable Family of Funds offers two investment categories: best-in-class and sustainable thematic. The best-in-class funds actively seek to select companies that are higher sustainability performers relative to peers, while the sustainable thematic funds use an investment approach that contributes to addressing sustainability challenges and/or creates a positive value-add to society and the environment.

Our sustainable family consists of eight Sustainable Funds as of September 2020, including water and waste and carbon reduction sustainable thematic strategies, as well as two best -in-class equity funds, one best-in-class fixed income fund and three Enhanced Sustainability ETFs (exchange-traded funds).

The Fidelity International Sustainable Research Enhanced ETFs are actively managed using a highly repeatable, robust and disciplined risk management framework. The strategies provide an enhanced beta exposure by leveraging both our proprietary sustainable ratings and our fundamental research insights to select and weight securities, whilst seeking to capture the characteristics of the broader market.

For our Sustainable Family of Funds, threshold ESG rating criteria are applied: an SFF fund must have at least 70% of its holdings in MSCI-rated ESG scores of at least BBB or, if there is no MSCI rating, Fidelity International ESG scores of at least C, and the remaining 30% must have improving ESG trajectories[1, 2]. This is the minimum requirement for the Fidelity International Sustainable Family of Funds; individual strategies may have stricter rules. As with all of our actively managed funds, investment decisions rest with the portfolio manager. Thus within the requirements, each manager has a wide scope of discretion to exercise over the specific weighting of climate-related factors in their funds and strategies.

1. MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).
2. The three Sustainable ETFs follow the 70% rule, however the 30% portion is not required.

Fidelity International's Sustainable Family of Funds: Enhanced requirements

	Firm-wide ESG approach		Additional requirements for Sustainable Family*
Sustainable investment approach	ESG integration through investment process	+	Best-in-Class / Sustainable Thematic**
Engagement	Follow Fidelity International general engagement programme	+	Enhanced engagement framework particularly for low rated holdings
Exclusions	Cluster munitions and landmines	+	Additional product exclusions including due to behavioural violations based on UN Global Compact

* The Fidelity International Sustainable Family of Funds is a minimum framework, individual strategies may have stricter rules.
** A minimum of 70% of the fund's net assets will be invested in securities that maintain sustainable characteristics.
Source: Fidelity International, 2020.

Real estate
Fidelity International's real estate team believes that a responsible approach to property investment and management not only has an impact on our business reputation and that of our clients, but also is likely to impact the performance of the real estate assets we manage. Globally, the built environment is responsible for around 40 per cent of energy-related carbon emissions. For asset managers like Fidelity International, the answer to getting real estate to zero emissions in the coming decades will depend on three Rs: renewables, retrofitting and responsible ownership.

At Fidelity International, our real estate team is continuously seeking to retrofit and improve our existing stock of around 8m sq ft of commercial real estate. When we have voids and we are in control, we take the opportunity to improve assets ourselves, and when our buildings are let, we try to influence tenant behaviour to reduce the impact of their use on the environment.

We have six working groups each tackling a major area of environmental, social and governance (ESG) concern, where we believe further progress can be made. We submit data on all of our assets to the Global Real Estate Sustainability Benchmark (GRESB) and, through our enhanced focus on ESG, have seen our scores improve and climb up the rankings. We also use our proprietary ESG ratings system, and work with our in-house sustainable investing team, to see where we may be able to influence companies that are tenants. We believe this kind of cooperation is key to delivering ever greater reductions in carbon emissions - and getting the built environment to net zero in the coming decades.

Disclosure c):

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower (2DS) scenario.

Our analysis over a 30-year time horizon highlights the importance of investing in the low-carbon energy transition. In the Paris Pledges scenario, the share of oil and coal in the global primary energy mix declines only slightly, with natural gas and nuclear roughly constant and an increasing share for renewable energy. In the 2DS scenario, there is a steeper decline for coal and a corresponding increase in the shares of hydro, biomass and waste and other renewable fuels. In the more desirable 2DS scenario, we assume that all sectors of economic activity would ultimately be transformed by the change to a low carbon energy system.

Whilst we have conducted this research and are in the midst of understanding how it impacts our business model and strategy, Fidelity International as of yet has not undertaken a full corporate-focused climate-related scenario planning analysis. However, we envision provisioning for this work in the coming year: the importance of doing so has been underscored by our TCFD reporting process. We look forward to more detailed disclosures on this topic in future reports.

From an investment management perspective, in 2020 we secured third party provision of scenario analysis calculations for our entire suite of investment funds. This ensures that all portfolio managers can use scenario analysis both as an ex-ante portfolio construction tool and ex-post reporting and assessment capability. Having this information available across investment strategies will help us understand how different climate-related scenarios will impact our own business strategy. More details on these investment-oriented scenario analyses are provided in the Metrics and Targets supplemental disclosure section below.

The Brent Bravo oil rig arrives on Teesside for decommissioning. (Photo by: Ian Forsyth / Contributor Images via Getty Images)

Pillar 3: Risk Management

Disclose how the organisation identifies, assesses, and manages climate-related risks

> **"Climate-related risk is somewhat of a misnomer. Whilst it is indeed specific to the theme, it is simply another form of major risk, equal in importance with credit, market, liquidity and all other types of key risk. Foregoing proper climate risk management is equivalent to saying we're not taking a company's balance sheet into consideration."**
>
> Paras Anand
> CIO, Asia Pacific, Fidelity International

Disclosure a):

Describe the organisation's processes for identifying and assessing climate-related risks.

Overview

As described in the Governance disclosure section above, on an operational level pertaining to the corporate entity, climate-related issues are assessed and managed primarily by the CSC, and for investment management activities, by the SIOC. Both committees are supported by management teams, and in turn report to the GOC. All members of the GOC are members of the Global Risk Forum, thereby providing one of the key linkages to the organisation's overall risk management. The firm's Risk Governance and Risk Management Framework provide further scope for integration of climate-related issues into the organisation's overall risk management, as detailed in the sections below.

Management system to identify and assess environmental aspects and impacts

The firm has adopted and is in the process of implementing a Health, Safety and Sustainability Management System that incorporates corporate-level environmental aspects and impacts analysis. The system is intended to ensure that all significant environmental impacts, both positive and negative, of Fidelity International's operations are considered and controlled. It is within this framework that the potential size and scope of identified climate-related risks are assessed, along with references to existing risk classification frameworks and the establishment of definitions of risk terminology used.

Corporate environmental sustainability management system

Identification of environmental aspects and impacts → Assessment and identification of significant environmental aspects and impacts → Identify and implement control measures → Monitor and review

Source: Fidelity International, 2020

Within this framework, environmental aspects include:

- Emissions to air
- Releases to water
- Contamination of land
- Waste management
- Water and energy use
- Raw materials chemical use
- Storage on site
- Transportation

The aspects are evaluated for an impact risk rating score and details are recorded, with each aspect identified to be considered with regards to normal, abnormal and emergency situations. Where environmental aspects and impacts have been identified as significant, suitable control measures or improvement objectives are to be identified and implemented. These should be recorded on an Environmental Aspects and Impact Register.

The Global Health, Safety and Sustainability Associate Director is responsible for regular monitoring using appropriate means (for example, a steering committee, scheduled audits, and programme reviews), in order to ensure that the environmental aspects and impacts are controlled effectively. The CSC has oversight of the Health, Safety and Sustainability Management System, and is tasked with regular review of the environmental aspects and impacts, which may take place in conjunction with the management review.

Regulatory requirements

The firm actively considers existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) as these requirements may pertain both to our corporate entity and to our investee companies. Our memberships of a wide range of climate change-focused associations and organisations help to keep us abreast of and involved with policy developments and relevant regulatory requirements. Such organisations include:

- Asia Investor Group on Climate Change (AIGCC)
- CDP (formerly Carbon Disclosure Project)
- Climate Action 100+
- Climate Bonds Initiative
- Institutional Investors Group on Climate Change (IIGCC)
- Task Force on Climate-related Financial Disclosures (TCFD)

The CSC is currently developing a strategy with specific deliverables and priorities, which include clear articulation of the processes for assessing the potential size and scope of identified climate-related risks. As this strategy is being developed, the group continues to focus on three specific near-term priority areas:

1. Environmental sustainability (including lowering our carbon footprint, with the established aim of achieving net zero by 2040)
2. Our suppliers' sustainability
3. Corporate sustainability governance (e.g. data and reporting)

Charging station for electric cars. (Photo by: picture alliance / Contributor Images via Getty Images)

Supplemental Guidance a):

Describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks to improve data availability and asset owners' ability to assess climate-related risks.

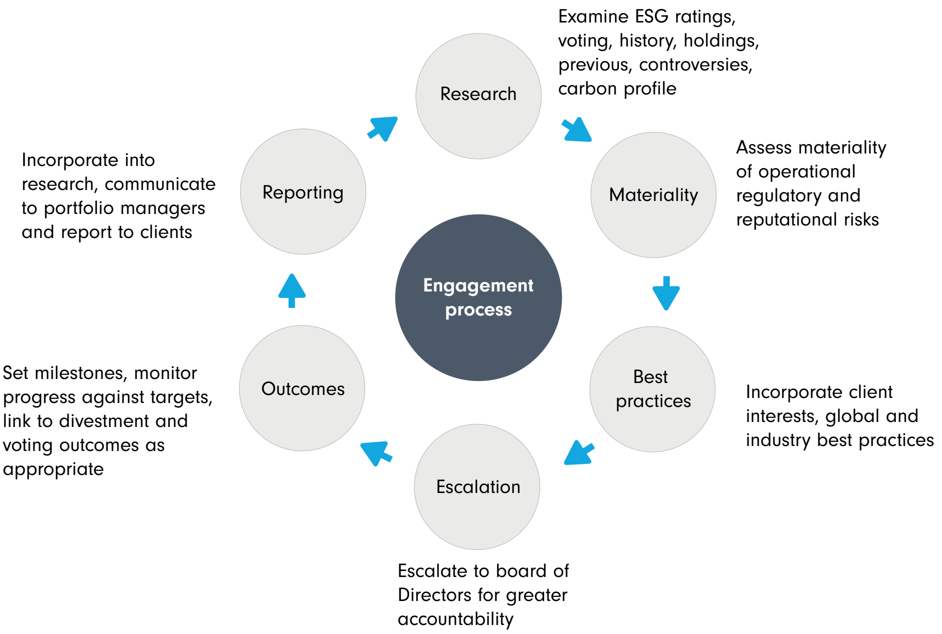
As active stewards of capital, we believe the most effective way to improve investor outcomes is by influencing corporate behaviour through continuous and in-depth engagement. As such, Fidelity International regularly engages with investee companies. For engagement to be meaningful, we believe it must be substantive and interactive. Our approach adds value by, for example, engaging in direct dialogue with leadership teams, working closely with other stakeholders for maximum impact and, where necessary, employing the use of proxy voting and shareholder resolutions to improve practices. When we make investment decisions, we think carefully about how we can engage with the companies we own to create better results for a range of stakeholders, whilst building long-term social and corporate value.

Engaging with management teams enables us to raise concerns that we may have regarding a company's impact on the environment, for example. Through this process we can identify risks and opportunities that do not show up on a company's balance sheet. At Fidelity International, we see better disclosure as fundamental to improving sustainability within companies. We take the opportunity whenever possible during company engagements to recommend TCFD-aligned disclosure.

Similarly, by closely monitoring corporate behaviours and responses to our requests, we are able to assess when progress is or is not being made. Where companies fail to improve against agreed goals or develop a pattern of deteriorating ESG scores, we consider reviewing our holdings. We believe this kind of impactful stewardship can lead to better risk mitigation and enhanced outcomes for investors.

Fidelity International engagement philosophy

681 ESG company engagements in 2019



Our active ownership approach

- Company Meetings and Formal Correspondence
- Shareholder Resolutions
- Collaborative Engagment
- Proxy Voting
- Public Policy

Describe how you identify and assess material climate-related risks for each product or investment strategy. This might include a description of the resources and tools used in the process.

For all Fidelity International funds, across equity, fixed income, real estate and multi-asset asset classes, the transition and physical climate-related risks and opportunities are identified on a sector basis and analysed for each company by the corresponding research analyst. The analysis, together with the synthesised proprietary ESG rating, feeds into the entire investment process including investment decision-making as well as voting and engagement.

Our proprietary Fidelity International sustainability ratings system (also see above in Strategy section) was established in 2019 and provides for the assessments of specific ESG issues (including climate change) identified for companies within a given subsector. For companies in each of the 99 sub-sectors, there are 5-8 questions focusing on the key ESG risks facing the organisation. Almost all 99 sub-sectors include at least one question on climate change, identifying the core risks associated with that company based on its sub-sector. The climate change risk KPIs have different weightings depending on the sub-sector, which is aggregated into an overall ESG score that can impact the decision as to whether the company is investible. The climate question(s) for each sub-sector has also been identified as that which is most material. For high emitting sectors, such as utilities, this will (for example) be a question on carbon emission reduction targets, whilst for lower emitting sectors, such as banks, it is a focus on their lending policy to fossil fuel companies.

In addition to developing and using our own proprietary Sustainability Ratings to identify and assess material climate-related risks for each product and investment strategy, we consider and incorporate external ratings and information from sources including: MSCI; Trucost and ISS ESG. This external data, and the tools that accompany it, cover carbon emissions, portfolio carbon footprinting, scenario analysis, fossil fuel reserve assessment, transition and physical risk assessments and other topics across the climate-related risk spectrum.

Disclosure b):

Describe the organisation's processes for managing climate-related risks.

As described in other sections, the processes for managing climate-related risks for Fidelity International as a corporate entity are determined primarily by the CSC, which meets at least every two months and reports at least annually to the GOC. The Fidelity International Health, Safety and Sustainability Management System, combined with the Fidelity International Environmental Sustainability Policy, provide the framework for the policies, planning, implementation and operational control of climate-related issues.

As identified in the Sustainability Management System, Fidelity International's Global Health, Safety and Sustainability Associate Director must ensure that environmental aspects and impacts analyses are undertaken and maintained for the ongoing identification of hazards and opportunities, the assessment of risks, and the implementation of necessary control measures. In some countries, legislation may require analysis to be completed in a specific format, carried out by an approved or certified practitioner, or submitted to a certified body for approval.

From a broader perspective, climate risk has featured as an Emerging Risk theme in Fidelity International's ERM (Enterprise Risk Management) Strategic Risk Framework. More detail on the ERM Framework is outlined in the Risk Management Disclosure c) section. The organisation has recognised the relevance of this theme and is increasing the focus on this Strategic Risk through the refinement of our Sustainable Investment Strategy and the development of our Corporate Sustainability Strategy.

Additionally, in the first half of 2020, Fidelity International established an "ESG Risk Working Group", as the Global Risk Management team recognised the need to develop a second line risk management coverage model specific to ESG-related matters. ESG touches a broad range of areas, from the sustainable investment management rating framework and the build-out of our corporate sustainability framework to regulatory disclosure and risk governance requirements. To address all of these areas, a group of representatives from teams across various risk disciplines and regions has been working to identify required actions and resources to integrate ESG-specific variables within the risk management frameworks and oversight mechanisms.

The main focus of this group this year has been to review and challenge Fidelity International's developing ESG policies and practices and monitor industry developments. Going forward, the ESG Risk Working Group will contribute to multidisciplinary working groups established to drive the further development and execution of Fidelity International's Sustainable Investment and Corporate Strategy. Main focus areas for these groups will be the development and integration of the data, tools and capabilities needed to support disclosure, risk identification and monitoring for ESG related risks, including climate-related risks.

Supplemental Guidance b):

Asset managers should describe how they manage material climate-related risks for each product or investment strategy.

At an asset management level, material climate-related risks for our investments are managed within a broader risk management and oversight structure. Risks are monitored through a range of oversight by individuals and across a variety of fora to provide systematic daily, weekly, monthly and quarterly reviews. Within this framework, ESG considerations and climate-related issues specifically - such as carbon footprint analysis - are overseen via the processes and groups depicted below.

At the specific product level, portfolio managers develop their views of climate-related risks relevant to their investment universe. At the individual issuer level, each investment is assessed as described in the section above detailing our fundamental research approach. This incorporates our proprietary ESG rating that assesses key risks, including climate-related risks. Utilising the information from our fundamental research, our proprietary ESG ratings, and external providers of climate-related data, asset managers manage climate-related risks within the parameters of the specific product and investment strategy.

The Investment Risk Oversight and Analytics teams provide holistic independent risk oversight on the funds managed by the portfolio managers. The emphasis on sustainability risks in the analysis of this independent oversight process is gradually increasing and will be an area of further focus and build-out in 2021.

Risk Management

Investment risk management and oversight

	Forum	Risk Discussions	Responsibility
Quarterly	Quarterly Fund Review (QFR)	▪ Performance ▪ Risk metrics including beta & tracking error ▪ Portfolio concentration ▪ ESG ratings and carbon footprint analysis ▪ Liquidity, active money, trading & style factors	Chief Investment Officer / Head of Equities
Monthly	Investment Risk Oversight Committee Review (IROC)	▪ Ex-post & ex-ante tracking errors vs. target ranges ▪ Return distribution / risk model analysis ▪ Trading activity & compliance	Head of Investment Risk and Analytics
Daily / weekly	Risk monitoring	▪ Stock specific risk ▪ Tracking Error as well as sources of Common Factor Risks ▪ Portfolio construction ▪ Sector/Regional allocation ▪ Position size & liquidity	Portfolio Manager
		▪ Daily monitoring of portfolio guidelines and constraints, regulatory requirements	Investment Compliance

Source: Fidelity International, 2020

Disclosure c):

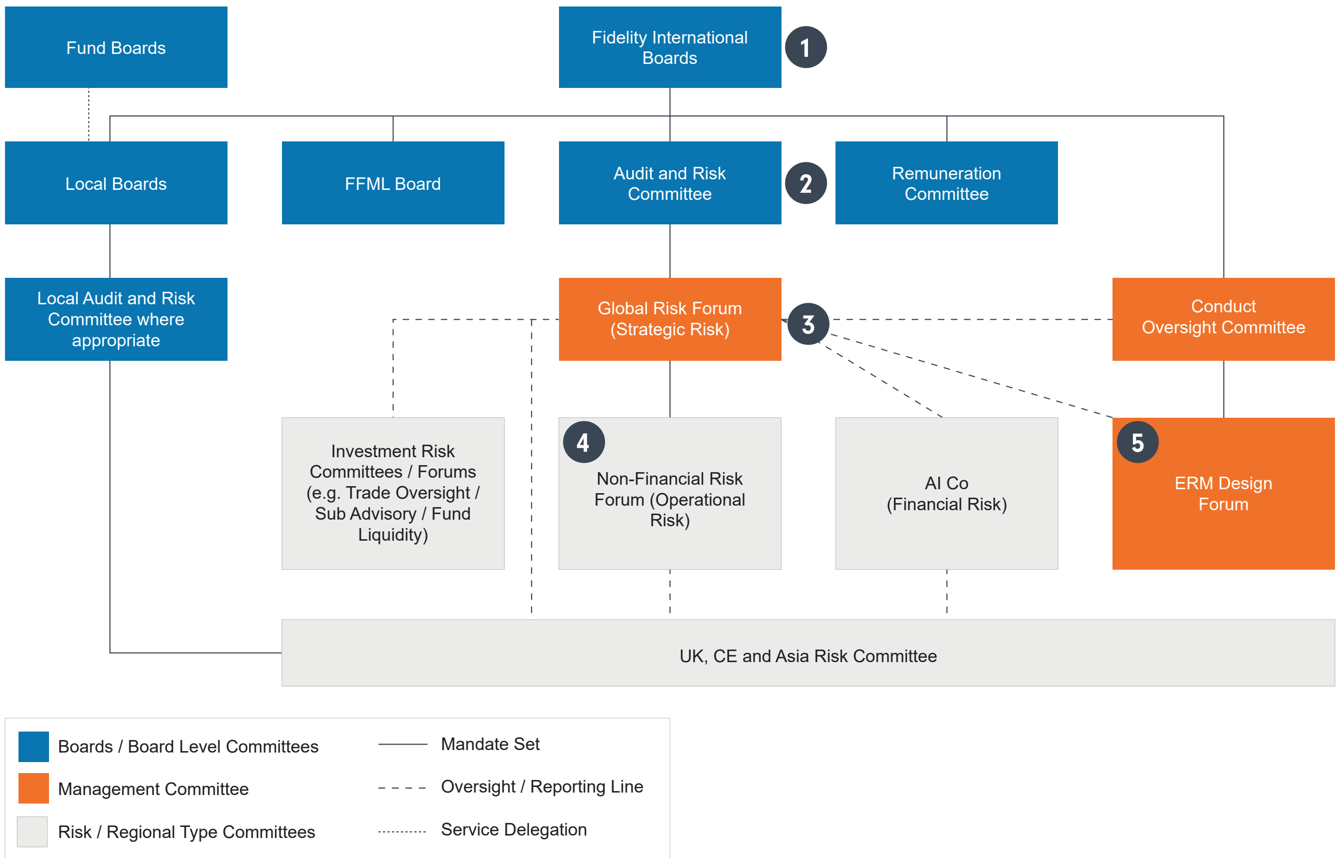
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

As pointed out in previous sections, the operational work related to climate-related risks, and as managed through the primary bodies of the CSC and the SIOC, is complemented by the organisation's overall risk governance and risk management framework, as detailed below.

Risk governance

An overview of the Fidelity International global risk governance structure is depicted here, with specific detail relating to climate-related issues provided below.

Investment risk management and oversight



1. The FIL Board is responsible for setting the firm's overall Risk Strategy and maintains accountability for oversight and monitoring of FIL's overall risk profile and risk framework.

2. The FIL Audit and Risk Committee has specific responsibility delegated to it by the FIL Board for the direct oversight of the Risk Strategy and risk profile, the scope and coverage of internal and external audits, and for assessing the effectiveness of the ERM Framework. The Audit and Risk Committee also has oversight of relevant regulatory, tax and legal matters, including ensuring all external reporting obligations are met.

3. The FIL Global Risk Forum acts as the key risk management forum for executive management whose responsibilities include approval and oversight of the core risk management frameworks and direct responsibility for ensuring remediation of material risk issues including breaches of Risk Appetite, Limits or Tolerances.

4. The Non-Financial Risk Forum (NFRF) has been established to provide ongoing oversight of the global operational risk profile with consideration to the underlying control environment, remediation activities and emerging risks, as well as monitoring adherence to policy requirements. The NFRF escalates material operational risk issues to the Global Risk Forum.

5. The ERM Design Forum has been delegated by the Global Risk Forum to review and approve the design or changes to global risk management frameworks and policies, or to recommended for approval of these to the Global Risk Forum where required.

Source: Fidelity International, 2020

It should be noted that the Global Risk Forum includes all members of the GOC and is chaired by the Global Chief Risk Officer. The GOC has also been extensively discussed in the above Governance section. The GOC is chaired by the CEO of Fidelity International and consists of the heads of the main investment, business and support areas. Its role as a Risk Owner is to oversee the operations of the Fidelity International business. Via this important link, the GOC plays a senior role in the oversight and management of climate-related issues, including risk.

In addition, our Global Risk Team (including regional CROs) 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.

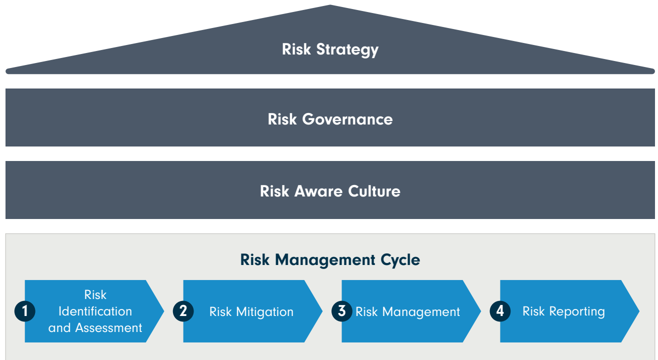
Fidelity International's approach to Risk Management: ERM Framework

The Enterprise Risk Management (ERM) Framework defines a holistic management of risk, which is 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 Policy sets out the guiding principle 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 Policy defines the principle requirements for an effective risk management framework throughout the organisation and is supplemented by additional policies, which define the requirements for the management of specific risk types.

Fidelity International's risk strategy is to ensure that effective risk management 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 organization 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.

The diagram below reflects how core elements of the ERM Framework are aligned across the operational, strategic, financial and investment risks-types to support Fidelity International's risk strategy.

ERM framework



Source: Fidelity International, 2020.

As indicated in the section dedicated to Disclosure b), above, the organisation has recently established a number of working groups to drive the further development and execution of Fidelity International's Sustainable Investment and Corporate Strategy. One of these groups will focus on sustainability risk management and is expected to make recommendations and enhancements to the scope and emphasis of sustainability risks such as climate risk in Fidelity International's existing risk appetite, risk taxonomy, and investment oversight frameworks.

Risk Management

Pillar 4: Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

"Talking about climate change is one thing, but measuring it is a fundamental element of realistic long-term strategic planning and risk management. By identifying the material metrics of our business, and calculating our performance against those, we can truly understand our current position and set ambitious targets for the future."

Grant Speirs
Chief Financial Officer, Fidelity International

Disclosure a):

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Metrics and environmental sustainability principles
Fidelity International's goal is to conduct current and future business operations in a sustainable manner that helps create a better future for the environment. We seek to ensure that environmental sustainability is managed as any other critical business activity in an integrated, systematic way.

To this end, in December 2019, Fidelity International adopted our Environmental Sustainability Policy, which formalises Fidelity International's commitment to managing climate-related risks. The framework is designed to ensure pollution prevention, carbon reduction, waste minimisation, responsible use of resources and compliance with legislation through good practice and continuous improvement.

Fidelity International Environmental Sustainability Policy: Key Commitments

Manage and monitor:

- Manage environmental sustainability requirements in a systematic way
- Develop carbon, natural resources and waste data systems to effectively monitor and analyse performance
- Aim for continuous improvement through setting realistic objectives to ensure sustainability management is improved in line with resources
- Comply with legal and other mandatory requirements in relation to sustainability issues
- Provide adequate control of environmental risks arising from our work activities and operations, including pollution prevention
- Ensure that business strategies, via the Corporate Sustainability Committee, integrate environmental sustainability requirements
- Review and revise this policy, as necessary, at regular intervals

Act sustainably:

- Reduce our consumption of resources (energy, water, materials, packaging), where feasible
- Minimise waste through a commitment to the waste hierarchy to reduce, re-use, recover or recycle waste, where feasible
- Pursue energy efficiency in the design, maintenance, management and operation of our owned/operated buildings
- Seek to use products that have the least possible environmental impact

Culture and communication:

- Develop an environmentally sustainable culture where every employee can contribute towards Fidelity International goals to create a better future for the environment
- Ensure effective communication and consultation on environmental sustainability with employees keeping them informed, motivated, and suitably trained

The process of establishing specific key metrics and measurements to measure and manage climate-related risks and opportunities is now under way with further details expected to be more fully explored in our future TCFD reporting.

We anticipate that metrics will address climate-related risks associated with carbon emissions, water, energy, land use, and waste management where relevant and applicable, and that such metrics will, over time, allow for historical trend analysis. An early example of the metrics and targets we are analysing involves carbon footprinting, as described below.

Carbon footprinting

Fidelity International's corporate sustainability team has initiated carbon footprinting for a number of offices in recent years, and we are currently gathering further information to produce global carbon emissions data for all of Fidelity International's locations and activities.

To date, we have focused on one of our largest footprints: the UK. Here we have been monitoring our energy consumption and emissions. Since 2010, a 30% energy reduction has been achieved across the UK sites and the new 4 Cannon Street Office has been rated Excellent by BREEAM[3]. We are implementing a sustainability performance indicator platform to streamline and enhance data capture from our global operations that will enable us to better monitor and drive environmental improvement in our global portfolio.

We also capture data regarding air travel emissions, as these emissions clearly contribute to our carbon footprint. We are currently making changes to our travel policy to ensure future reductions. This policy will take into consideration the impacts of the 2020 Covid-19 pandemic, where due to unforeseen circumstances we radically reduced air travel. The knowledge of how our business could be resilient in the face of this will help pave the way for future air travel plans.

3. BREEAM is the world's leading sustainability assessment method for masterplanning projects, infrastructure and buildings. It stands for Building Research Establishment Environmental Assessment Method.

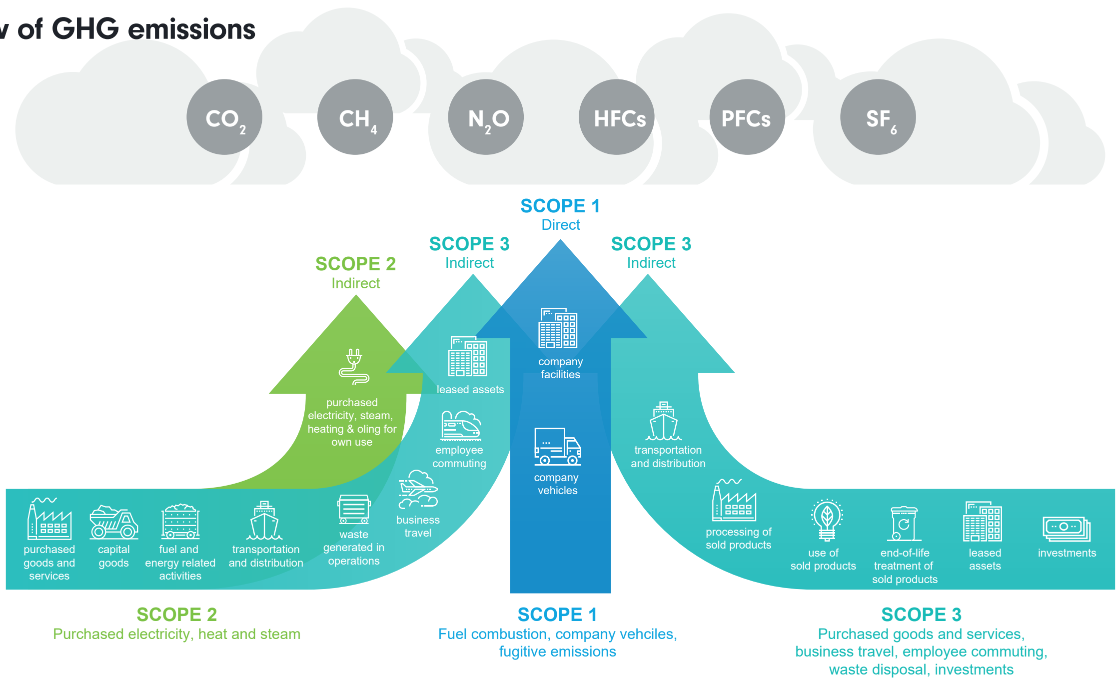
Supplemental Guidance a):

We believe that it is important to utilise a variety of metrics to assess climate-related risks and opportunities for our investment products and strategies[4]. There is no perfect metric to capture carbon emissions of companies across different asset classes and investment strategies, hence we provide our analysts and portfolio managers with a suite of metrics from which to choose. These metrics include those shown below:

- **Weighted average carbon intensity (WACI)** ($tCO_2e/m\$$)[5] is used for ex-post portfolio measurement, reporting and analysis for the majority of assets. Methodology: Sum (Company Carbon-to-Revenue Intensity x Value of Holding Weight).
- **Carbon intensity** (Scope 1 & 2) ($tCO_2e/m\$$) is used for ex-post portfolio measurement, reporting and analysis for the majority of assets. Methodology: Sum (Apportioned Emissions) / Sum (Apportioned Revenue).
- **Emissions disclosure** is an important tool to ascertain whether a company is measuring its own carbon footprint. Disclosure in and of itself is an important indicator for taking climate risks into account and willingness to publish emissions figures demonstrates a likelihood of working towards reducing them.
- **Exposure to carbon assets** is determined through a review of holdings related to fossil fuel reserves, arctic oil and tar sands. The metric is used for ex-post portfolio measurement, reporting and analysis and portfolio construction for the majority of assets.

While this set of metrics (of which the WACI is the most recently added in response to the TCFD's recommendation) helps to understand the current state of a portfolio and company respectively, we also use forward-looking metrics as part of our ex-ante portfolio construction and ex-post reporting and portfolio measurement. Amongst these forward-looking metrics are: science-based or Transition Pathway Initiative targets, scenario analysis, fossil fuel reserve holdings, physical risk analysis and transition risk analysis.

Overview of GHG emissions



Overview of Greenhouse Gas Protocol scope and emissions across the vlaue chain. Source: GHG Protocol, TCFD

4. This report details this set of metrics for a specific range of funds, shown on Page 17. Fidelity International has the capability to conduct the same set of analysis for all funds across the range and does so both on request and for informative purposes.
5. See glossary of metrics in Appendix 3.

Disclosure b):

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

As mentioned earlier and as discussed in further detail in the Metrics and Targets recommended Disclosure c) below, Fidelity International has established a goal to reduce our global operational carbon emissions to net zero by 2040. As part of a new carbon action plan being rolled out across the company, we are accelerating efforts to reduce our greenhouse gas emissions. This includes improving energy efficiency in our buildings and our energy purchasing, and reviewing our approach to business travel.

In the meantime, Fidelity International has begun the process of measuring our Scope 1, 2 and 3 GHG emissions. In the first stage, we have focused on our operations in the UK, a primary location with one of our biggest headcounts.

The following data discloses our operational energy and carbon footprint in line with the UK government's Streamlined Energy and Carbon Reporting (SECR) initiative and includes the data from this financial year (July 2019 – June 2020) and, for the sake of comparison, data from the previous financial year (July 2018 – June 2019).

Table 1 shows our operational UK-based Scope 1 emissions, including our consumption of natural gas, fuel consumed by our fleet and company cars, fugitive emissions from refrigerants and fuel consumed by our backup generators and equipment.

Table 1: Scope 1 Emissions

Scope 1	Natural Gas		Transport - Diesel		Transport - Petrol		Refrigerants		Generators & Equipment - Propane		Generators & Equipment - Gas oil	
	Kwh (000)	tCO_2e	Kwh (000)	tCO_2e	Kwh (000)	tCO_2e	Kwh (000)	tCO_2e	Kwh (000)	tCO_2e	Kwh (000)	tCO_2e
2018/19	4,817	886	201	49	283	66	N/A	-	7	2	135	11
2019/20	4,137	761	129	31	180	41	N/A	18	42	34	77	19

Table 2 shows our UK-based Scope 2 emissions, released from the generation of the electricity we consume. These have been calculated using the location-based methodology, in line with the average UK grid energy mix in the UK. Next year, we will report additionally on the market-based emissions from electricity consumption as we have entered into a renewable energy contract, backed by Renewable Energy Guarantees of Origin (REGO), to match our projected electricity demand with electricity generated from renewable wind sources over the next 5 years.

Table 2: Scope 2 Emissions

Scope 2	Electricity (location-based)	
	Kwh (000)	tCO_2e
2018/19	21,097	5,392
2019/20	13,646	3,182

Table 3: Scope 3 Emissions

Scope 3	Transport Grey Fleet - Diesel		Transport Grey Fleet - Petrol	
	Kwh (000)	tCO_2e	Kwh (000)	tCO_2e
2018/19	232	57	396	92
2019/20	148	36	252	58

Table 3 shows our UK-based Scope 3 emissions as required under SECR guidance, including our energy consumed by our employees who have travelled either in a rental car or claimed mileage in their personal car. These have been calculated using the relevant emission factors from the Department of Business, Energy & Industrial Strategy.

Table 4 summarises all the UK emissions as reported in line with our SECR disclosure:

Table 4: Total Carbon Emissions (tCO_2e)

Scope	Scope 1	Scope 2	Scope 3	Total
2018/19	1,013	5,392	149	6,555
2019/20	904	3,182	93	4,179

We plan to incorporate other geographies as a near-term priority, and to expand our data collection to include full-company data for future reporting periods.

Supplemental Guidance b):

There are a broad set of metrics we deem as useful for investment decision making, the following pages display these across our current range of sustainable funds (See Appendix 2). These metrics include:

1. **Weighted Average Carbon Intensity** - the primary metric recommended by the TCFD, measured against each of the respective funds' benchmarks[6].
2. **Portfolio emissions overview** - multiple emission metrics measured against the fund's benchmark, alongside the proportion of holdings which disclose carbon emissions.
3. **Attribution analysis** - assessing the emissions attributed to specific sector allocation or stock selection.
4. **Scenario analysis** - assessment of the fund's projected future emissions against the allocated carbon budget (across IEA scenarios of 2°C, 4°C and 6°C), on a sector basis.
5. **Transition analysis** - for the energy and utility sectors, a breakdown of green/brown generation share and exposure to fossil fuel reserves.

It is important to note that we view sustainability holistically and as such, not all funds within the range have specific carbon-related objectives. One such example (on Page 37) is the Sustainable Water & Waste fund, which has a higher carbon intensity than the reference index and is outside of a two-degree scenario for the following reasons:

- The fund has minimal exposure to the IT and Financials sectors, which have very low carbon footprints and are significant components of the reference benchmark (c. 35% combined).
- A large proportion of the fund's CO_2 emissions is derived from Industrials exposure, accounting for c. 55% of the portfolio as compared to c. 10% of the benchmark.
  - Within industrials, waste companies, especially ones involved in waste-to-energy or energy from waste (EfW), contribute a major part of the CO_2 emissions.
  - EfW serves as both a sustainable waste management solution, environmentally superior to landfilling, and as a clean energy source that reduces overall GHG emissions, considered renewable under the laws of many states and federal US law.

Direction of travel in terms of sustainability is a very important consideration in the due diligence process. We see investment opportunities in the transition away from traditional sources of energy into more sustainable energy production and distribution. As we aspire to contribute to a fast transition to a low carbon world, we accept some exposure to traditional sources of energy as long as we see a transition within the company.

In addition to providing the carbon metrics for each of these eight sustainable funds, we are providing the same data for our aggregated Equity and Fixed Income "mega-funds" respectively - demonstrating the total climate impact from the full universe of Fidelity International investments.

Metrics and Targets

6. Whilst Fidelity International sees WACI as an important metric for measuring climate change, we feel it should not be taken in isolation but within a broader context of other metrics in order to holistically assess the climate performance of a chosen strategy.

Sustainable Global Equity

Benchmark: MSCI AWCI Index

See Appendix 3 for glossary of fund metrics

Portfolio Overview

Disclosure Number/Weight		Emission Exposure tCO_2e			Relative Emission Exposure tCO_2e/Mio EUR Revenue		Climate Performance Weight Avg.
	Share of Disclosing Holdings	Scope 1 & 2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg. Carbon Intensity	Carbon Risk Rating*
Portfolio	90.5% / 90.3%	38	116	38.43	98.23	155.00	43
Benchmark	56.9% / 80.6%	142	583	144.20	252.85	208.91	36
Net Performance	33.6 p.p. / 9.6 p.p.	73.3%	80.2%	73.3%	61.2%	25.8%	—

Top Sectors to Emission Attribution Exposure vs. Benchmark

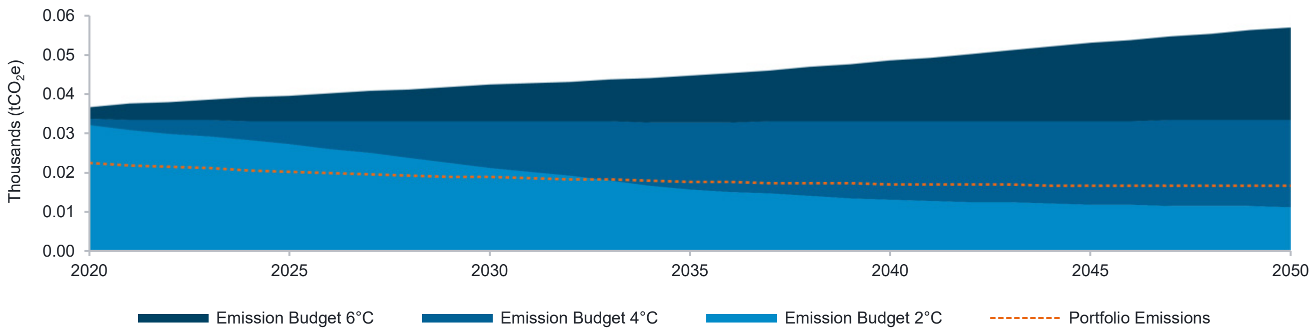
Sector	Portfolio Weight	Benchmark Weight	Difference	Sector Allocation Effect	Issuer Selection Effect
Communication Services	5.1%	9.32%	-4.22%	0.38%	-1.41%
Consumer Discretionary	4.11%	12.79%	-8.68%	1.57%	-1.89%
Consumer Staples	9.72%	7.99%	1.74%	-0.54%	1.86%
Financials	27.92%	12.5%	15.42%	-1.50%	2.44%
Health Care	9.94%	12.65%	-2.71%	0.15%	0.06%
Industrials	15.77%	9.57%	6.2%	-4.3%	9.7%
Information Technology	21.24%	21.68%	-0.45%	0.04%	0.42%
Materials	2.68%	4.78%	-2.1%	13.0%	9.2%
Utilities	3.52%	3.1%	0.42%	-4.75%	29.18%
Energy	0%	2.86%	-2.86%	19.30%	0.00%
Other	0%	0.02%	-0.02%	0.00%	0.00%
Real Estate	0%	2.76%	-2.76%	0.46%	0.00%
Cumulative Higher (-) and Lower (+) Emission Exposure vs. Benchmark				23.79%	49.56%
Higher (-) / Lower (+) Net Emission Exposure vs. Benchmark				**31%**	

Portfolio Compliance with Emission Budget per Scenario

	2020	2030	2040	2050
2°	69.37%	88.92%	132.24%	149.12%
4°	66.06%	56.58%	51.17%	49.48%
6°	60.63%	44.18%	34.99%	29.02%

2033 In its current state, the portfolio is aligned with a 2° Celsius warming scenario until the year 2033.

Portfolio Emission Pathway vs. Climate Scenarios



Transition Analysis Overview

	Power Generation		Reserves		Climate Performance
	% Generation Output Green Share	% Generation Output Brown Share	% Investment Exposed to Fossil Fuels	Total Potential Future Emissions ($ktCO_2$)	Weighted Avg Carbon Risk Rating
Portfolio	39.09%	45.27%	-	-	43
Benchmark	15.53%	63.93%	4.51%	3.85	36

* The Carbon Risk Rating (CRR) assesses how an issuer is exposed to climate risks and opportunities, and whether these are managed in a way to seize opportunities, and to avoid or mitigate risks.

Source for all page data: ISS ESG, as of 30 September 2020. Please note that values may change over time.

Sustainable Eurozone

Benchmark: MSCI EMU Index

See Appendix 3 for glossary of fund metrics

Portfolio Overview

	Disclosure Number/Weight	Emission Exposure tCO_2e			Relative Emission Exposure tCO_2e/Mio EUR Revenue		Climate Performance Weight Avg.
	Share of Disclosing Holdings	Scope 1 & 2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg. Carbon Intensity	Carbon Risk Rating*
Portfolio	90.2% / 93.2%	19	80	19.36	34.19	65.68	50
Benchmark	89.6% / 94.1%	256	881	256.32	254.35	224.11	43
Net Performance	0.7 p.p. / -0.9 p.p.	92.4%	90.9%	92.4%	86.6%	70.7%	—

Top Sectors to Emission Attribution Exposure vs. Benchmark

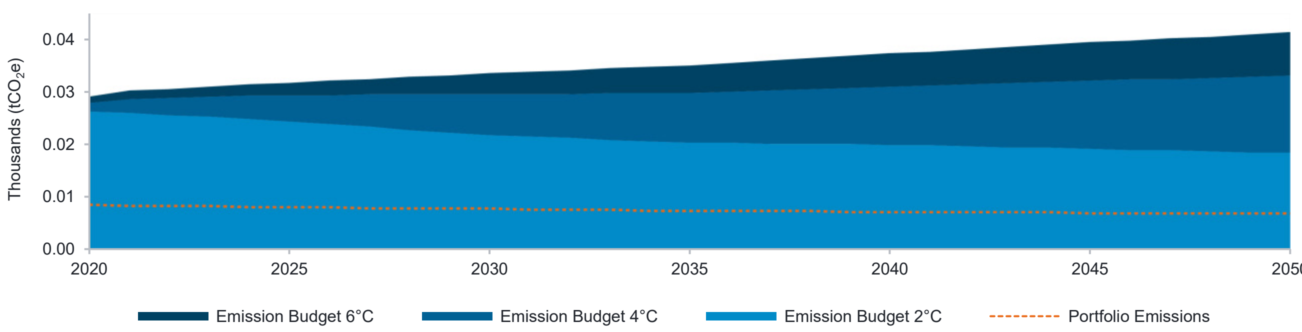
Sector	Portfolio Weight	Benchmark Weight	Difference	Sector Allocation Effect	Issuer Selection Effect
Communication Services	3.37%	4.79%	-1.42%	0.16%	-0.15%
Consumer Discretionary	20.97%	15.84%	5.12%	-0.66%	0.61%
Consumer Staples	8.98%	10.21%	-1.23%	0.18%	0.87%
Financials	13.13%	12.6%	0.53%	-0.03%	0.56%
Health Care	6.58%	9.34%	-2.76%	0.28%	0.39%
Industrials	14.34%	14.27%	0.07%	-0.03%	3.14%
Information Technology	21.82%	12.59%	9.23%	-0.19%	0.13%
Materials	3.79%	7.47%	-3.68%	17.37%	17.27%
Real Estate	1.49%	1.98%	-0.49%	0.04%	0.09%
Utilities	5.54%	7.45%	-1.91%	10.80%	30.16%
Energy	0%	3.46%	-3.46%	11.46%	0.00%
Cumulative Higher (-) and Lower (+) Emission Exposure vs. Benchmark				39.37%	53.08%
Higher (-) / Lower (+) Net Emission Exposure vs. Benchmark				92%	

Portfolio Compliance with Emission Budget per Scenario

	2020	2030	2040	2050
2°	32.3%	35.39%	35.97%	37.26%
4°	30.2%	26.02%	23.01%	20.71%
6°	29.01%	22.96%	19.18%	16.55%

The strategy in its current state is aligned with a 2° Celsius scenario for the full analysed period (until 2050).

Portfolio Emission Pathway vs. Climate Scenarios



Transition Analysis Overview

	Power Generation		Reserves		Climate Performance
	% Generation Output Green Share	% Generation Output Brown Share	% Investment Exposed to Fossil Fuels	Total Potential Future Emissions ($ktCO_2$)	Weighted Avg Carbon Risk Rating
Portfolio	99.97%	-	-	-	50
Benchmark	26.82%	48.01%	5.56%	3.25	43

* The Carbon Risk Rating (CRR) assesses how an issuer is exposed to climate risks and opportunities, and whether these are managed in a way to seize opportunities, and to avoid or mitigate risks.

Source for all page data: ISS ESG, as of 30 September 2020. Please note that values may change over time.

Sustainable Water & Waste

Benchmark: MSCI AWCI Index

See Appendix 3 for glossary of fund metrics

Portfolio Overview

	Disclosure Number/Weight	Emission Exposure tCO_2e			Relative Emission Exposure tCO_2e/Mio EUR Revenue		Climate Performance Weight Avg.
	Share of Disclosing Holdings	Scope 1 & 2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg. Carbon Intensity	Carbon Risk Rating*
Portfolio	50% / 52.5%	453	1,455	464.84	735.13	537.67	31
Benchmark	56.9% / 80.6%	140	578	144.20	252.85	208.91	36
Net Performance	-6.9 p.p. / -28.2 p.p.	-222.3%	-151.8%	-222.3%	-190.7%	-157.4%	—

Top Sectors to Emission Attribution Exposure vs. Benchmark

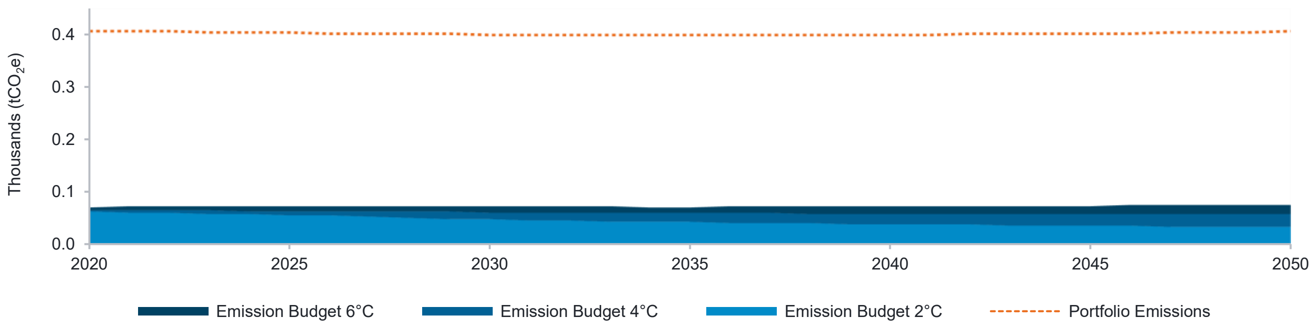
Sector	Portfolio Weight	Benchmark Weight	Difference	Sector Allocation Effect	Issuer Selection Effect
Consumer Discretionary	8.4%	12.79%	-4.39%	0.79%	0.48%
Consumer Staples	1.44%	7.99%	-6.55%	2.05%	0.33%
Health Care	3.2%	12.65%	-9.44%	0.52%	0.01%
Industrials	57.63%	9.57%	48.06%	-33.10%	-167.55%
Information Technology	2.9%	21.68%	-18.78%	1.59%	0.16%
Materials	2.93%	4.78%	-1.85%	11.41%	15.45%
Utilities	23.5%	3.1%	20.4%	-228.8%	152.5%
Communication Services	0%	9.32%	-9.32%	0.85%	0.00%
Energy	0%	2.86%	-2.86%	19.30%	0.00%
Financials	0%	12.5%	-12.5%	1.2%	0.0%
Other	0%	0.02%	-0.02%	0.00%	0.00%
Real Estate	0%	2.76%	-2.76%	0.46%	0.00%
Cumulative Higher (-) and Lower (+) Emission Exposure vs. Benchmark				-223.68%	1.33%
Higher (-) / Lower (+) Net Emission Exposure vs. Benchmark				-222%	

Portfolio Compliance with Emission Budget per Scenario

	2020	2030	2040	2050
2°	668.12%	869.63%	1,067.79%	1,295.18%
4°	638.58%	665.01%	694.77%	728.83%
6°	590.45%	567.1%	562.4%	547.78%

The strategy in its current state is not aligned with a 2° Celsius scenario for the full analysed period.

Portfolio Emission Pathway vs. Climate Scenarios



Transition Analysis Overview

	Power Generation		Reserves		Climate Performance
	% Generation Output Green Share	% Generation Output Brown Share	% Investment Exposed to Fossil Fuels	Total Potential Future Emissions ($ktCO_2$)	Weighted Avg Carbon Risk Rating
Portfolio	25.57%	-	-	-	31
Benchmark	15.53%	63.93%	4.51%	3.82	36

* The Carbon Risk Rating (CRR) assesses how an issuer is exposed to climate risks and opportunities, and whether these are managed in a way to seize opportunities, and to avoid or mitigate risks.

Source for all page data: ISS ESG, as of 30 September 2020. Please note that values may change over time.

Sustainable Strategic Bond

Benchmark: ICE BofA Q944 Custom Index

See Appendix 3 for glossary of fund metrics

Portfolio Overview

Disclosure Number/Weight		Emission Exposure tCO_2e			Relative Emission Exposure tCO_2e/Mio EUR Revenue		Climate Performance Weight Avg.
	Share of Disclosing Holdings	Scope 1 & 2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg. Carbon Intensity	Carbon Risk Rating*
Portfolio	79.8% / 84.7%	48	197	117.50	203.60	203.95	40
Benchmark	56.6% / 84%	60	275	145.39	265.23	236.40	36
Net Performance	23.2 p.p. / 0.7 p.p.	19.2%	28.4%	19.2%	23.2%	13.7%	—

Top Sectors to Emission Attribution Exposure vs. Benchmark

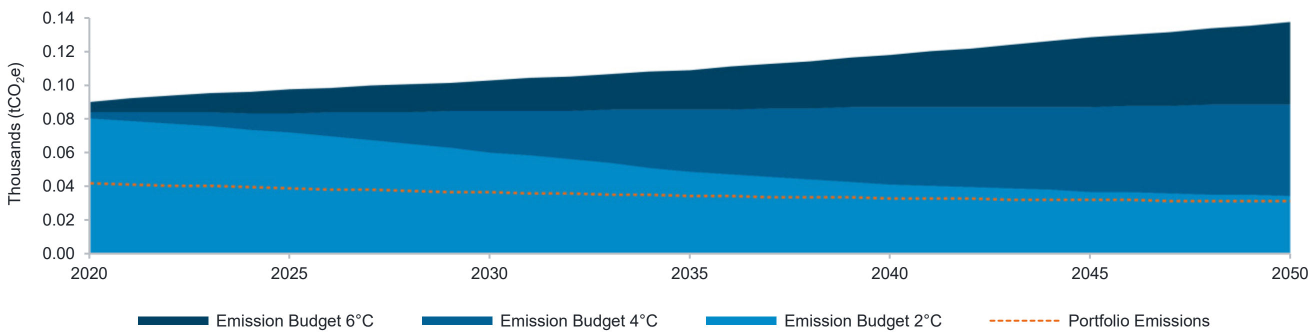
Sector	Portfolio Weight	Benchmark Weight	Difference	Sector Allocation Effect	Issuer Selection Effect
Communication Services	11.05%	8.25%	2.8%	-0.3%	0.2%
Consumer Discretionary	5.37%	10.05%	-4.68%	1.33%	0.48%
Consumer Staples	2.55%	6.31%	-3.76%	1.03%	-0.24%
Energy	4.82%	5.98%	-1.17%	4.22%	5.25%
Financials	27.23%	31.38%	-4.15%	0.07%	0.23%
Health Care	10.18%	5.82%	4.36%	-0.37%	-0.18%
Industrials	7.01%	7.36%	-0.36%	0.27%	3.94%
Information Technology	5.09%	4.27%	0.82%	-0.05%	0.14%
Materials	4.7%	4.47%	0.23%	-1.59%	17.17%
Other	3.09%	5.16%	-2.08%	3.48%	-7.69%
Real Estate	6.67%	4.07%	2.61%	-0.24%	0.08%
Utilities	12.26%	6.89%	5.37%	-20.54%	12.51%
Cumulative Higher (-) and Lower (+) Emission Exposure vs. Benchmark				12.67%	31.86%
Higher (-) / Lower (+) Net Emission Exposure vs. Benchmark				19%	

Portfolio Compliance with Emission Budget per Scenario

	2020	2030	2040	2050
2°	52.14%	60.15%	79.94%	91.01%
4°	50.00%	42.77%	37.68%	34.72%
6°	46.45%	35.18%	27.76%	22.43%

The strategy in its current state is aligned with a 2° Celsius scenario for the full analysed period (until 2050).

Portfolio Emission Pathway vs. Climate Scenarios



Transition Analysis Overview

	Power Generation		Reserves		Climate Performance
	% Generation Output Green Share	% Generation Output Brown Share	% Investment Exposed to Fossil Fuels	Total Potential Future Emissions ($ktCO_2$)	Weighted Avg Carbon Risk Rating
Portfolio	31.96%	39.27%	7.32%	0.57	40
Benchmark	22.44%	44.08%	8.19%	1.76	36

* The Carbon Risk Rating (CRR) assesses how an issuer is exposed to climate risks and opportunities, and whether these are managed in a way to seize opportunities, and to avoid or mitigate risks.

Source for all page data: ISS ESG, as of 30 September 2020. Please note that values may change over time.

Sustainable Reduced Carbon Bond

Benchmark: Bloomberg Barclays Global Aggregate Corporate Index

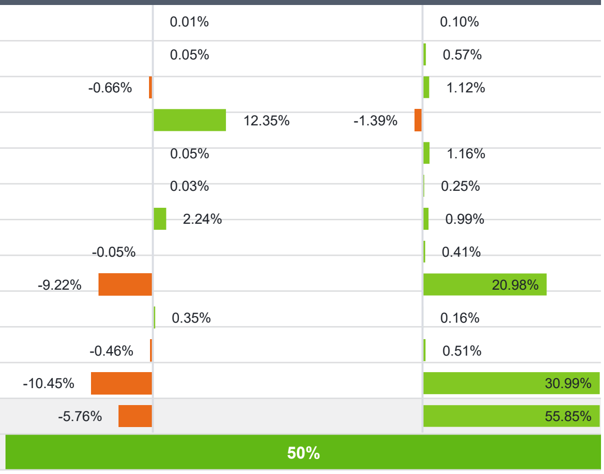
See Appendix 3 for glossary of fund metrics

Portfolio Overview

	Disclosure Number/Weight	Emission Exposure tCO_2e			Relative Emission Exposure tCO_2e/Mio EUR Revenue		Climate Performance Weight Avg.
	Share of Disclosing Holdings	Scope 1 & 2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg. Carbon Intensity	Carbon Risk Rating*
Portfolio	96.4% / 96.7%	1,477	7,025	48.72	117.69	108.76	44
Benchmark	70.2% / 87.4%	2,960	13,339	97.61	212.19	246.21	37
Net Performance	26.2 p.p. / 9.3 p.p.	50.1%	47.3%	50.1%	44.5%	55.8%	—

Top Sectors to Emission Attribution Exposure vs. Benchmark

Sector	Portfolio Weight	Benchmark Weight	Difference	Sector Allocation Effect	Issuer Selection Effect
Communication Services	10.62%	10.61%	0.02%		
Consumer Discretionary	13.62%	12.33%	1.29%		
Consumer Staples	8.58%	6.71%	1.87%		
Energy	1.91%	1.85%	0.05%		
Financials	10%	9.36%	0.64%		
Health Care	13.35%	13.86%	-0.51%		
Industrials	7.45%	8.07%	-0.62%		
Information Technology	27.3%	28.88%	-1.58%		
Materials	2.46%	2.55%	-0.09%		
Real Estate	2.74%	2.78%	-0.04%		
Utilities	1.98%	2.99%	-1.01%		
Cumulative Higher (-) and Lower (+) Emission Exposure vs. Benchmark					
Higher (-) / Lower (+) Net Emission Exposure vs. Benchmark				50%	

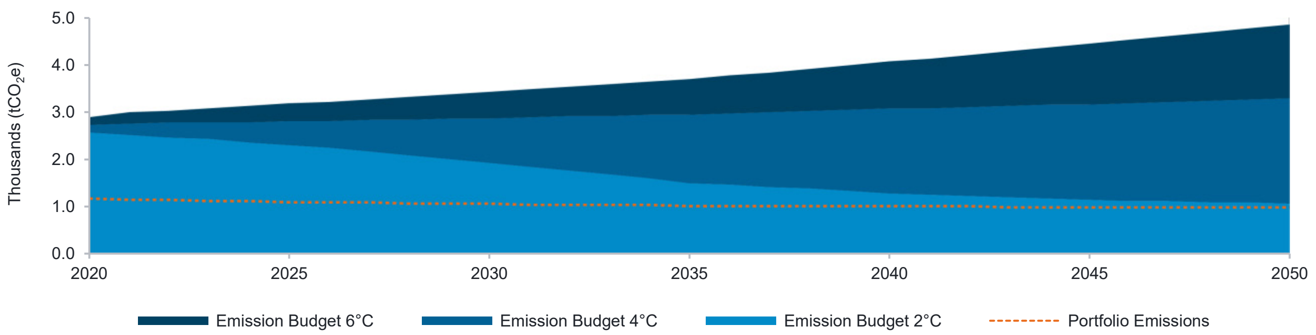


Portfolio Compliance with Emission Budget per Scenario

	2020	2030	2040	2050
2°	44.78%	54.59%	78.4%	93.55%
4°	42.15%	36.25%	32.3%	29.78%
6°	39.78%	30.45%	24.36%	20.24%

The strategy in its current state is aligned with a 2° Celsius scenario for the full analysed period (until 2050).

Portfolio Emission Pathway vs. Climate Scenarios



Transition Analysis Overview

	Power Generation		Reserves		Climate Performance
	% Generation Output Green Share	% Generation Output Brown Share	% Investment Exposed to Fossil Fuels	Total Potential Future Emissions ($ktCO_2$)	Weighted Avg Carbon Risk Rating
Portfolio	21.95%	23.73%	4.68%	27.69	44
Benchmark	15.75%	58.4%	7.46%	58.36	37

* The Carbon Risk Rating (CRR) assesses how an issuer is exposed to climate risks and opportunities, and whether these are managed in a way to seize opportunities, and to avoid or mitigate risks.

Source for all page data: ISS ESG, as of 30 September 2020. Please note that values may change over time.

Fidelity Sustainable Research Enhanced Global ETF

Benchmark: MSCI World Index

See Appendix 3 for glossary of fund metrics

Portfolio Overview

	Disclosure Number/Weight	Emission Exposure tCO_2e			Relative Emission Exposure tCO_2e/Mio EUR Revenue		Climate Performance Weight Avg.
	Share of Disclosing Holdings	Scope 1 & 2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg. Carbon Intensity	Carbon Risk Rating*
Portfolio	73.6% / 85.4%	74	351	74.50	128.08	96.73	38
Benchmark	73.2% / 83.6%	104	414	103.83	189.94	161.66	37
Net Performance	0.5 p.p. / 1.8 p.p.	28.3%	15.2%	28.3%	32.6%	40.2%	—

Top Sectors to Emission Attribution Exposure vs. Benchmark

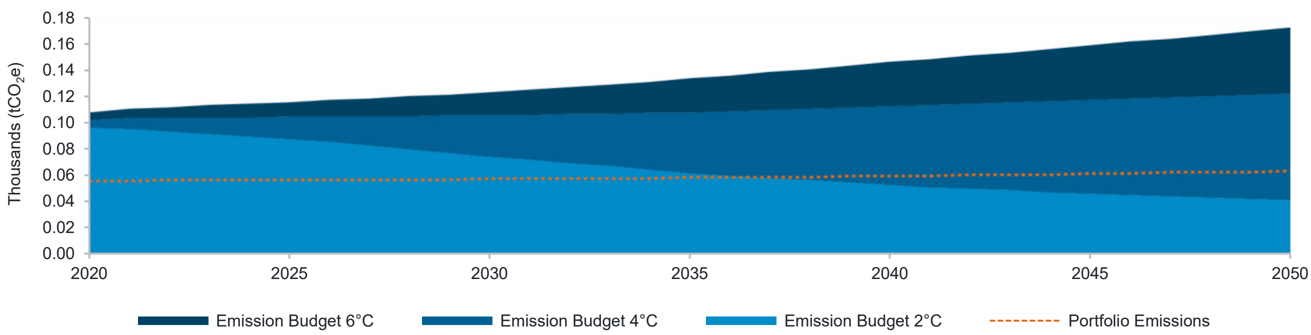
Sector	Portfolio Weight	Benchmark Weight	Difference	Sector Allocation Effect	Issuer Selection Effect
Communication Services	10.14%	8.88%	1.25%	-0.11%	0.31%
Consumer Discretionary	12.68%	11.92%	0.75%	-0.17%	-0.47%
Consumer Staples	8.97%	8.19%	0.78%	-0.28%	-3.72%
Energy	2.72%	2.43%	0.3%	-2.1%	1.8%
Financials	12.15%	11.8%	0.35%	-0.04%	1.07%
Health Care	12.59%	13.52%	-0.93%	0.06%	0.02%
Industrials	9.44%	10.3%	-0.86%	0.58%	0.96%
Information Technology	21.31%	22.32%	-1%	0%	0%
Materials	4.29%	4.46%	-0.17%	0.99%	-1.09%
Real Estate	2.82%	2.82%	0%	0%	0%
Utilities	2.89%	3.34%	-0.45%	5.27%	25.41%
Other	0%	0.02%	-0.02%	0%	0%
Cumulative Higher (-) and Lower (+) Emission Exposure vs. Benchmark				4.24%	24.01%
Higher (-) / Lower (+) Net Emission Exposure vs. Benchmark				28%	

Portfolio Compliance with Emission Budget per Scenario

	2020	2030	2040	2050
2°	57.92%	76.77%	113.68%	153.14%
4°	54.53%	53.86%	52.59%	51.44%
6°	51.91%	46.3%	40.52%	36.33%

2037 In its current state, the portfolio is aligned with a 2° Celsius warming scenario until the year 2037.

Portfolio Emission Pathway vs. Climate Scenarios



Transition Analysis Overview

	Power Generation		Reserves		Climate Performance
	% Generation Output Green Share	% Generation Output Brown Share	% Investment Exposed to Fossil Fuels	Total Potential Future Emissions ($ktCO_2$)	Weighted Avg Carbon Risk Rating
Portfolio	10.76%	20.74%	2.82%	1.35	38
Benchmark	14.78%	61.93%	3.97%	1.95	37

* The Carbon Risk Rating (CRR) assesses how an issuer is exposed to climate risks and opportunities, and whether these are managed in a way to seize opportunities, and to avoid or mitigate risks.

Source for all page data: ISS ESG, as of 30 September 2020. Please note that values may change over time.

Fidelity Sustainable Research Enhanced Europe ETF

Benchmark: MSCI Europe Index

See Appendix 3 for glossary of fund metrics

Portfolio Overview

	Disclosure Number/Weight	Emission Exposure tCO_2e			Relative Emission Exposure tCO_2e/Mio EUR Revenue		Climate Performance Weight Avg.
	Share of Disclosing Holdings	Scope 1 & 2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg. Carbon Intensity	Carbon Risk Rating*
Portfolio	89.8% / 96.1%	190	718	192.03	226.38	146.65	45
Benchmark	90.9% / 94.8%	194	749	195.41	226.70	175.77	44
Net Performance	-1.1 p.p. / 1.2 p.p.	1.7%	4.1%	1.7%	0.1%	16.6%	—

Top Sectors to Emission Attribution Exposure vs. Benchmark

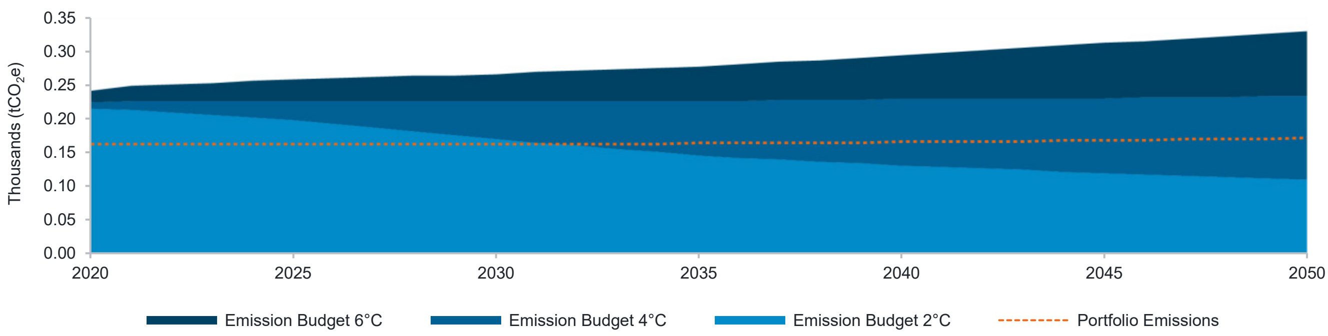
Sector	Portfolio Weight	Benchmark Weight	Difference	Sector Allocation Effect	Issuer Selection Effect
Communication Services	3.82%	4.08%	-0.27%	0.04%	0.27%
Consumer Discretionary	9.99%	10.73%	-0.73%	0.11%	-0.21%
Consumer Staples	15.64%	14.81%	0.83%	-0.13%	-0.22%
Energy	3.51%	3.71%	-0.2%	0.9%	1.5%
Financials	13.25%	13.63%	-0.38%	0.01%	0.24%
Health Care	15.77%	16.08%	-0.31%	0.02%	0.12%
Industrials	15.41%	14.45%	0.96%	-0.36%	-3.79%
Information Technology	8.55%	7.8%	0.74%	-0.02%	-0.10%
Materials	8.01%	8.11%	-0.11%	0.52%	-16.71%
Real Estate	1.59%	1.41%	0.18%	-0.01%	-0.02%
Utilities	4.47%	5.19%	-0.71%	4.23%	15.36%
Cumulative Higher (-) and Lower (+) Emission Exposure vs. Benchmark				5.35%	-3.26%
Higher (-) / Lower (+) Net Emission Exposure vs. Benchmark				2%	

Portfolio Compliance with Emission Budget per Scenario

	2020	2030	2040	2050
2°	74.88%	95.53%	127.23%	154.94%
4°	71.75%	71.84%	72.01%	72.97%
6°	66.92%	60.75%	56.28%	51.9%

2032 In its current state, the portfolio is aligned with a 2° Celsius warming scenario until the year 2032.

Portfolio Emission Pathway vs. Climate Scenarios



Transition Analysis Overview

	Power Generation		Reserves		Climate Performance
	% Generation Output Green Share	% Generation Output Brown Share	% Investment Exposed to Fossil Fuels	Total Potential Future Emissions ($ktCO_2$)	Weighted Avg Carbon Risk Rating
Portfolio	37.31%	45.45%	6.05%	5.01	45
Benchmark	28.43%	47.29%	6.17%	5.40	44

* The Carbon Risk Rating (CRR) assesses how an issuer is exposed to climate risks and opportunities, and whether these are managed in a way to seize opportunities, and to avoid or mitigate risks.

Source for all page data: ISS ESG, as of 30 September 2020. Please note that values may change over time.

Fidelity Sustainable Research Enhanced US ETF

Benchmark: MSCI USA Index

See Appendix 3 for glossary of fund metrics

Portfolio Overview

	Disclosure Number/Weight	Emission Exposure tCO_2e			Relative Emission Exposure tCO_2e/Mio EUR Revenue		Climate Performance Weight Avg.
	Share of Disclosing Holdings	Scope 1 & 2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg. Carbon Intensity	Carbon Risk Rating*
Portfolio	56.7% / 82.9%	49	248	48.77	94.48	86.04	38
Benchmark	59.4% / 80.9%	71	289	70.99	185.40	150.87	37
Net Performance	-2.7 p.p. / 2 p.p.	31.3%	14.1%	31.3%	49%	43%	—

Top Sectors to Emission Attribution Exposure vs. Benchmark

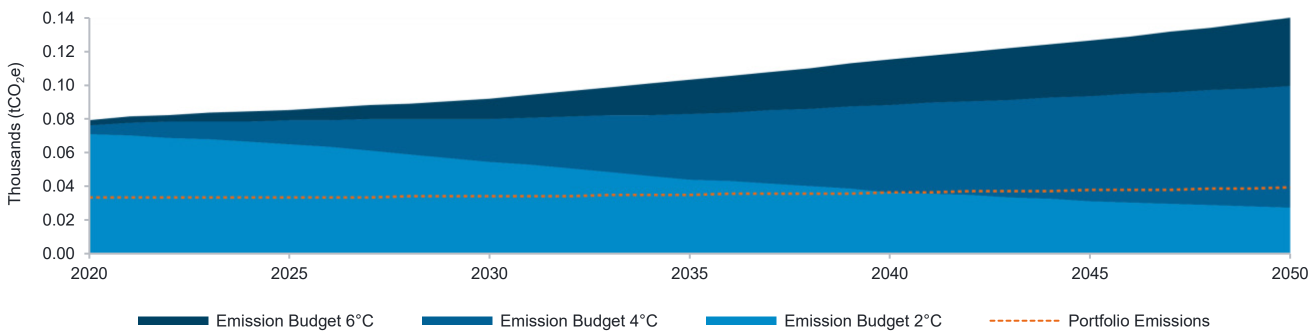
Sector	Portfolio Weight	Benchmark Weight	Difference	Sector Allocation Effect	Issuer Selection Effect
Communication Services	10.62%	10.61%	0.02%	0.00%	0.51%
Consumer Discretionary	13.62%	12.33%	1.29%	-0.30%	-0.11%
Consumer Staples	8.58%	6.71%	1.87%	-1.01%	-11.39%
Energy	1.91%	1.85%	0.05%	-0.53%	0.06%
Financials	10%	9.36%	0.64%	-0.15%	2.11%
Health Care	13.35%	13.86%	-0.51%	0.04%	-0.13%
Industrials	7.45%	8.07%	-0.62%	0.52%	-0.16%
Information Technology	27.3%	28.88%	-1.58%	0.08%	0.30%
Materials	2.46%	2.55%	-0.09%	0.58%	2.54%
Real Estate	2.74%	2.78%	-0.04%	0.01%	-0.01%
Utilities	1.98%	2.99%	-1.01%	15.80%	22.54%
Other	0%	0.02%	-0.02%	0.00%	0.00%
Cumulative Higher (-) and Lower (+) Emission Exposure vs. Benchmark				15.03%	16.27%
Higher (-) / Lower (+) Net Emission Exposure vs. Benchmark				31%	

Portfolio Compliance with Emission Budget per Scenario

	2020	2030	2040	2050
2°	46.18%	62.32%	98.61%	143.39%
4°	43.03%	42.28%	40.79%	39.19%
6°	41.59%	36.87%	31.27%	27.83%

2041 In its current state, the portfolio is aligned with a 2° Celsius warming scenario until the year 2041.

Portfolio Emission Pathway vs. Climate Scenarios



Transition Analysis Overview

	Power Generation		Reserves		Climate Performance
	% Generation Output Green Share	% Generation Output Brown Share	% Investment Exposed to Fossil Fuels	Total Potential Future Emissions ($ktCO_2$)	Weighted Avg Carbon Risk Rating
Portfolio	6.3%	18.03%	1.27%	0.57	38
Benchmark	8.54%	62.98%	2.59%	0.63	37

* The Carbon Risk Rating (CRR) assesses how an issuer is exposed to climate risks and opportunities, and whether these are managed in a way to seize opportunities, and to avoid or mitigate risks.

Source for all page data: ISS ESG, as of 30 September 2020. Please note that values may change over time.

Fidelity Equity Mega Fund*

Benchmark: Blended Equity Mega Fund

See Appendix 3 for glossary of fund metrics

Portfolio Overview

	Disclosure Number/Weight	Emission Exposure tCO_2e			Relative Emission Exposure tCO_2e/Mio EUR Revenue		Climate Performance Weight Avg.
	Share of Disclosing Holdings	Scope 1 & 2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg. Carbon Intensity	Carbon Risk Rating**
Portfolio	51.1% / 72.6%	23,372,350	87,738,111	120.21	196.19	158.55	35
Benchmark	34.5% / 75.3%	34,100,244	131,450,059	175.39	234.40	206.88	34
Net Performance	16.6 p.p. / -2.6 p.p.	31.5%	33.3%	31.5%	16.3%	23.4%	—

Top Sectors to Emission Attribution Exposure vs. Benchmark

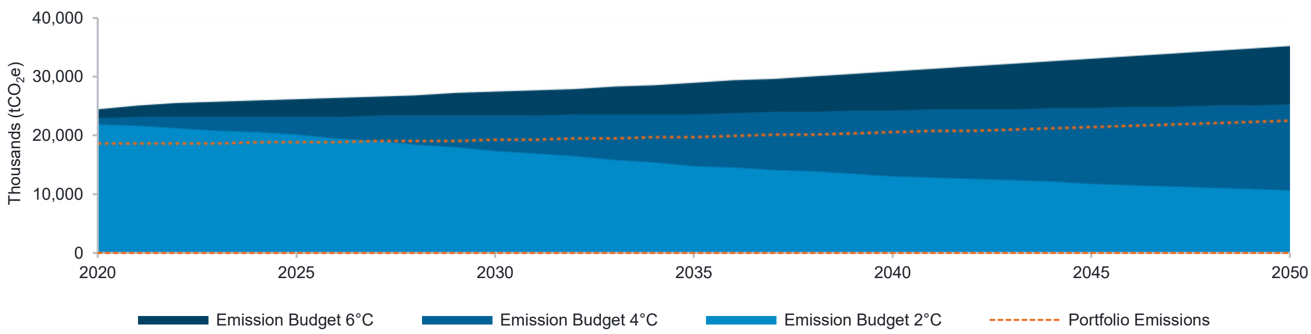
Sector	Portfolio Weight	Benchmark Weight	Difference	Sector Allocation Effect	Issuer Selection Effect
Communication Services	8.34%	8.51%	-0.17%	0.02%	0.23%
Consumer Discretionary	14.69%	14.68%	0.01%	0.00%	0.37%
Consumer Staples	8.18%	8.27%	-0.09%	0.02%	-0.14%
Energy	1.75%	3.02%	-1.26%	6.52%	-0.28%
Financials	13.74%	14.25%	-0.51%	0.02%	0.29%
Health Care	10.86%	10.45%	0.41%	-0.02%	-0.05%
Industrials	11.74%	10.2%	1.54%	-1.3%	4.4%
Information Technology	20.68%	17.84%	2.84%	-0.69%	0.19%
Materials	4.95%	6.31%	-1.36%	7.65%	1.66%
Other	0.04%	0.01%	0.03%	0.0%	0.0%
Real Estate	2.43%	3.56%	-1.13%	0.16%	0.11%
Utilities	2.59%	2.9%	-0.31%	3.22%	8.77%
Cumulative Higher (-) and Lower (+) Emission Exposure vs. Benchmark				15.87%	15.59%
Higher (-) / Lower (+) Net Emission Exposure vs. Benchmark				31%	

Portfolio Compliance with Emission Budget per Scenario

	2020	2030	2040	2050
2°	84.86%	111.18%	157.16%	210.88%
4°	80.84%	82.37%	84.61%	89.23%
6°	76.01%	70.19%	66.41%	63.98%

2028 In its current state, the portfolio is aligned with a 2° Celsius warming scenario until the year 2028.

Portfolio Emission Pathway vs. Climate Scenarios



Transition Analysis Overview

	Power Generation		Reserves		Climate Performance
	% Generation Output Green Share	% Generation Output Brown Share	% Investment Exposed to Fossil Fuels	Total Potential Future Emissions ($ktCO_2$)	Weighted Avg Carbon Risk Rating
Portfolio	19.65%	59.54%	3.2%	371,450.09	35
Benchmark	18.3%	66.26%	5.46%	1,109,105.39	34

* Please note that Fidelity Equity Mega Fund is a composite of all equity investments run by Fidelity International, and is not available for sale as an actual fund.

** The Carbon Risk Rating (CRR) assesses how an issuer is exposed to climate risks and opportunities, and whether these are managed in a way to seize opportunities, and to avoid or mitigate risks.

Source for all page data: ISS ESG, as of 30 September 2020. Please note that values may change over time.

Fidelity Fixed Income Mega Fund*

Benchmark: Blended Fixed Income Mega Fund

See Appendix 3 for glossary of fund metrics

Portfolio Overview

	Disclosure Number/Weight	Emission Exposure tCO_2e			Relative Emission Exposure tCO_2e/Mio EUR Revenue		Climate Performance Weight Avg.
	Share of Disclosing Holdings	Scope 1 & 2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg. Carbon Intensity	Carbon Risk Rating**
Portfolio	65.8% / 70.7%	87	381	177.06	285.71	329.42	32
Benchmark	50.2% / 73.4%	99	446	202.40	323.04	282.51	36
Net Performance	15.6 p.p. / -2.7 p.p.	12.5%	14.6%	12.5%	11.6%	-16.6%	—

Top Sectors to Emission Attribution Exposure vs. Benchmark

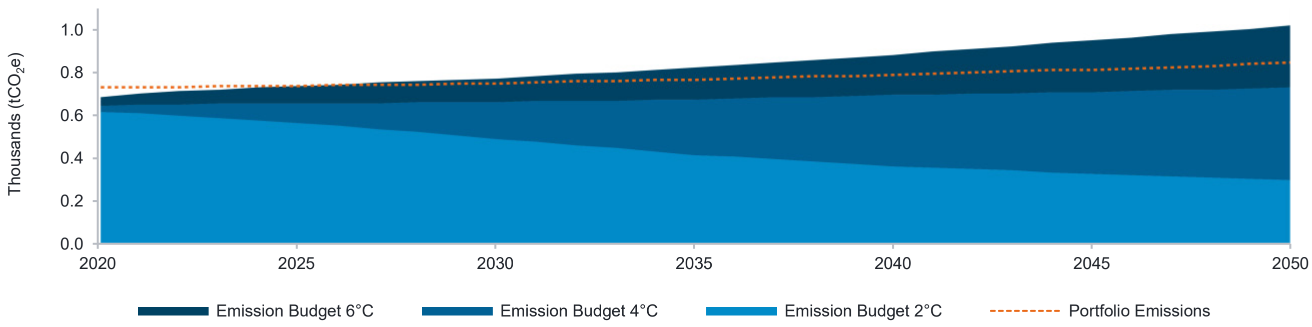
Sector	Portfolio Weight	Benchmark Weight	Difference	Sector Allocation Effect	Issuer Selection Effect
Communication Services	7.04%	8.11%	-1.07%	0.08%	-0.02%
Consumer Discretionary	10.88%	8.95%	1.92%	-0.32%	0.22%
Consumer Staples	2.95%	3.72%	-0.77%	0.16%	-0.03%
Energy	5.53%	4.93%	0.6%	-1.34%	1.92%
Financials	27.47%	29.3%	-1.83%	0.02%	0.04%
Health Care	5.3%	3.17%	2.13%	-0.10%	-0.21%
Industrials	7.31%	6.64%	0.68%	-0.3%	0.5%
Information Technology	2.6%	2.23%	0.37%	0.02%	0.00%
Materials	5.58%	5.01%	0.57%	-4.43%	7.90%
Other	5.02%	13.04%	-8.02%	15.7%	-12.9%
Real Estate	15.45%	7.54%	7.91%	-0.79%	0.85%
Utilities	4.87%	7.36%	-2.49%	5.98%	-0.30%
Cumulative Higher (-) and Lower (+) Emission Exposure vs. Benchmark				14.62%	-2.10%
Higher (-) / Lower (+) Net Emission Exposure vs. Benchmark				13%	

Portfolio Compliance with Emission Budget per Scenario

	2020	2030	2040	2050
2°	118.82%	154.24%	218.1%	286.74%
4°	113.26%	113.54%	113.75%	115.9%
6°	106.67%	97.07%	89.42%	82.87%

2020 In its current state, the portfolio is aligned with a 2° Celsius warming scenario until the year 2020.

Portfolio Emission Pathway vs. Climate Scenarios



Transition Analysis Overview

	Power Generation		Reserves		Climate Performance
	% Generation Output Green Share	% Generation Output Brown Share	% Investment Exposed to Fossil Fuels	Total Potential Future Emissions ($ktCO_2$)	Weighted Avg Carbon Risk Rating
Portfolio	16.67%	42.86%	11.31%	3.17	32
Benchmark	20.53%	41.6%	12.49%	3.98	36

* Please note that Fidelity Fixed Income Mega Fund is a composite of all fixed income investments run by Fidelity International, and is not available for sale as an actual fund.

** The Carbon Risk Rating (CRR) assesses how an issuer is exposed to climate risks and opportunities, and whether these are managed in a way to seize opportunities, and to avoid or mitigate risks.

Source for all page data: ISS ESG, as of 30 September 2020. Please note that values may change over time.

Disclosure c):

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Fidelity International's target: Net zero by 2040
We recognise that GHG emissions are the most significant climate-related impact from our business operations, and we are aware of the wider societal need to support the goals set out by the Paris Agreement capping global emissions to "well-below" 2°C.

With this in mind, in June 2020, Fidelity International formally adopted the target to become carbon net zero by 2040. We are committed to achieve net zero emissions on Fidelity International's operations within this timeframe. Therefore, we are accelerating our efforts to reduce our greenhouse gas emissions and introducing clear targets. The scope for the emissions target includes all scope 1, 2 and 3 over which we have direct control.

In order to achieve our target, the focus will be on reduction of emissions through operational changes and investment in operational efficiencies, on-site renewals and purchasing of renewable energy, whilst offsetting those emissions that we are unable to eradicate. Key focus areas include: pollution prevention; carbon reduction; waste minimisation; and responsible use of resources. These further include improving energy efficiency in our buildings, our energy purchasing, and our approach to business travel.

We intend to build on regional initiatives, incorporating procedures, innovations and best practices from the 28 countries in which we operate, in order to build a global strategy. The 2040 target equates to 5% reduction year-on-year, and although we do not expect progress necessarily to be linear, we believe this framework is achievable. The commitment is a clear demonstration of our support of the goals set out by the Paris Agreement.

Fidelity International's net zero goal is an absolute target that clearly applies over the next 20 years, working forward from our base year of 2020. In connection with this overall target, we are developing key performance indicators to assess our progress against a number of items, which we have detailed in our 2020 Action Plan set out below.

2020 Action Plan

Sustainability Performance Indicators Database	Energy audits Top 10 sites	Assess on-site renewable investments
Energy purchase options	Air travel policy review	Other Scope 3 emissions
3-5 year target setting	Define GHG emissions footprint	Employee engagement

Source: Fidelity International, 2020

Our 2020 Action Plan establishes several actions that are now under way to help achieve our net zero goal. Highlights include:

Implement Sustainability Performance Indicators Database

We are implementing a platform to enable consistent collection and verification of environmental performance indicators including energy consumption, carbon emissions, waste production and water consumption. Data collection process will be aligned to ISO 14064-1:2006[7] quantification and reporting of greenhouse gas emissions and removals.

Conduct energy audits

We are conducting energy audits at our 10 largest sites to assess opportunities to reduce energy consumption/ emissions (already completed for UK sites). We expect this to highlight low-cost quick payback options.

Assess on-site renewables

We are reviewing feasibility of on-site renewables and low carbon technologies (solar panels, wind, combined heat and power, etc) for flagship sites.

Investigate energy purchase options

We are investigating opportunities to purchase green energy, including PPAs (Power Purchase Agreements) with renewable energy producers and REGOs (Renewable Energy Guarantees of Origin).

Review air travel policy

We are reviewing the travel culture and policies within our business. Following the measures put in place to meet the challenges of the Covid-19 pandemic, we are reassessing our previous 60-70% of air travel taken for internal meetings.

Create GHG Emissions Statement with 3-5 year targets - once data sets are established for various emissions sources

We are creating a GHG Emissions Statement highlighting the most significant contributors and actions for reduction, along with 3-5 year targets to track reductions against our 2040 net zero goal.

7. The ISO 14064-1:2006 is an international standard for quantifying and reporting carbon emissions. It was updated in 2018.

Conclusions and next steps

In this inaugural Fidelity International TCFD report, we are pleased to have presented our approach to the 11 general and five asset manager-specific recommendations. We view the TCFD reporting process as an opportunity to conduct a self-assessment: to reflect on how (and how well) we integrate climate-related risks and opportunities into our governance, strategy, risk management and metrics/targets. There are many areas where, both as a corporate entity and as an asset manager, we are advancing well along the journey. Yet in other areas we are in the early stages of incorporating climate considerations, and the TCFD disclosure process has revealed areas for improvement.

Fidelity International's ambition is to become a leading asset manager with respect to integration of climate considerations. To achieve this, it is important to formalise how climate change is integrated into board and management committee terms of reference, including the impact on remuneration across the organisation. Our long-term strategy has sustainability at the core of our business, such that robust materiality risk assessments and climate scenario planning support this aim - both at the corporate and investment management levels. Monitoring and tracking progress will help to achieve our ambitions, and therefore we continue actively developing detailed targets for these processes.

Going forward, this TCFD report (and the research behind it) provides a strong baseline, as we seek to improve our integration of climate-related risks and opportunities in the year ahead, for the well-being of our clients and our organisation - and indeed, for the well-being of our planet.

A woman rides a bicycle in Indonesia. (Photo by: Anadolu Agency / Contributor Images via Getty Images)

Appendix 1

TCFD framework

Recommendations and supported recommended disclosures by TCFD pillar

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the company's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material.	Disclose how the company identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
a) Disclose the company's governance around climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the company has identified over the short, medium and long term.	a)* Describe the company's processes for identifying and assessing climate-related risks.	a)* Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b)* Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning.	b)* Describe the company's processes for managing climate-related risks.	b)* Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	c) Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management.	c) Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets.

* Additional supplemental guidance for asset managers

Source: TDFD

Appendix 2

Fidelity International Sustainable Family of Funds

The Fidelity International Sustainable Family of Funds is a range of strategies which have specific sustainable requirements, including additional exclusions and minimum ESG quality requirements for individual issuers. The range includes a variety of equity, fixed income and ETF asset classes, covering both best-in-class (BiC) and thematic strategies:

Equity:

- Fidelity Funds - Sustainable Global Equity Fund (BiC)
- Fidelity Funds - Sustainable Eurozone Equity Fund (BiC)
- Fidelity Funds - Sustainable Water & Waste Fund (thematic)

Fixed Income:

- Fidelity Funds – Sustainable Strategic Bond Fund (BiC)
- Fidelity Funds - Sustainable Reduced Carbon Bond Fund (thematic)

ETF:

- Fidelity Sustainable Research Enhanced Global Equity UCITS ETF (BiC)
- Fidelity Sustainable Research Enhanced Europe Equity UCITS ETF (BiC)
- Fidelity Sustainable Research Enhanced US Equity UCITS ETF (BiC)

Find out more about our SICAV range here:
https://www.fidelityinternational.com/legal/documents/FF/en/pr.ff.en.xx.pdf

Appendix 3

Glossary of fund carbon metrics (pages 35 to 44)

Number: Number of holdings that disclose carbon emissions data

Weight: Number of holdings that disclose carbon emissions data, scaled according to portfolio weight

Net performance: Over or under performance of the portfolio relative to the benchmark

PP: Percentage points

tCO_2e: Tonne of carbon dioxide equivalent

For more information on the methodology and modeling of the climate data in this report, please contact the Fidelity International Sustainable Investing team at: esgteam@fil.com

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