Fidelity Sustainable Global Equity Fund - Stock Selection Process

Important Information:
The value of investments can go down as well as up so you may get back less than you invest. The Investment Manager's 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.

The Fund aims to provide long-term capital growth with the potential to increase the value of your investment while adhering to high standards of sustainable investing. The Fund is part of the Fidelity Sustainable Family of Funds and adheres to the Fidelity Sustainable Family framework under which at least 70% of the fund's net assets will be invested in issuers deemed to maintain sustainable characteristics. Issuers that are not assessed as having positive sustainable characteristics are eligible for inclusion (up to 30% of the Fund's assets) provided they are able to demonstrate that they are on an improving trajectory with respect to their sustainable characteristics or demonstrate the potential for improvement via engagement. The Fund will also adhere to the Fidelity Sustainable Family exclusion policy.

Investments with sustainable characteristics are those which we believe consider effective governance and management of environmental and social issues and deliver long-term sustainable outcomes through positive societal impact. Such investments are identified through Fidelity's Sustainable Investing process which is built on three related elements; integrated ESG analysis, engagement and collaboration.

Sustainable characteristics such as environmental, social, and governance considerations are analysed by Fidelity and assessed based on issues which will include, but are not limited to, climate change mitigation and adaptation, water and waste management and biodiversity, product safety, supply chain, health and safety and human rights.

The Portfolio Management Team will continue to adopt a bottom-up stock picking approach (with a focus on company's fundamentals), making use of Fidelity's extensive global research expertise to identify opportunities that we believe are mispriced or unrecognised by the market.

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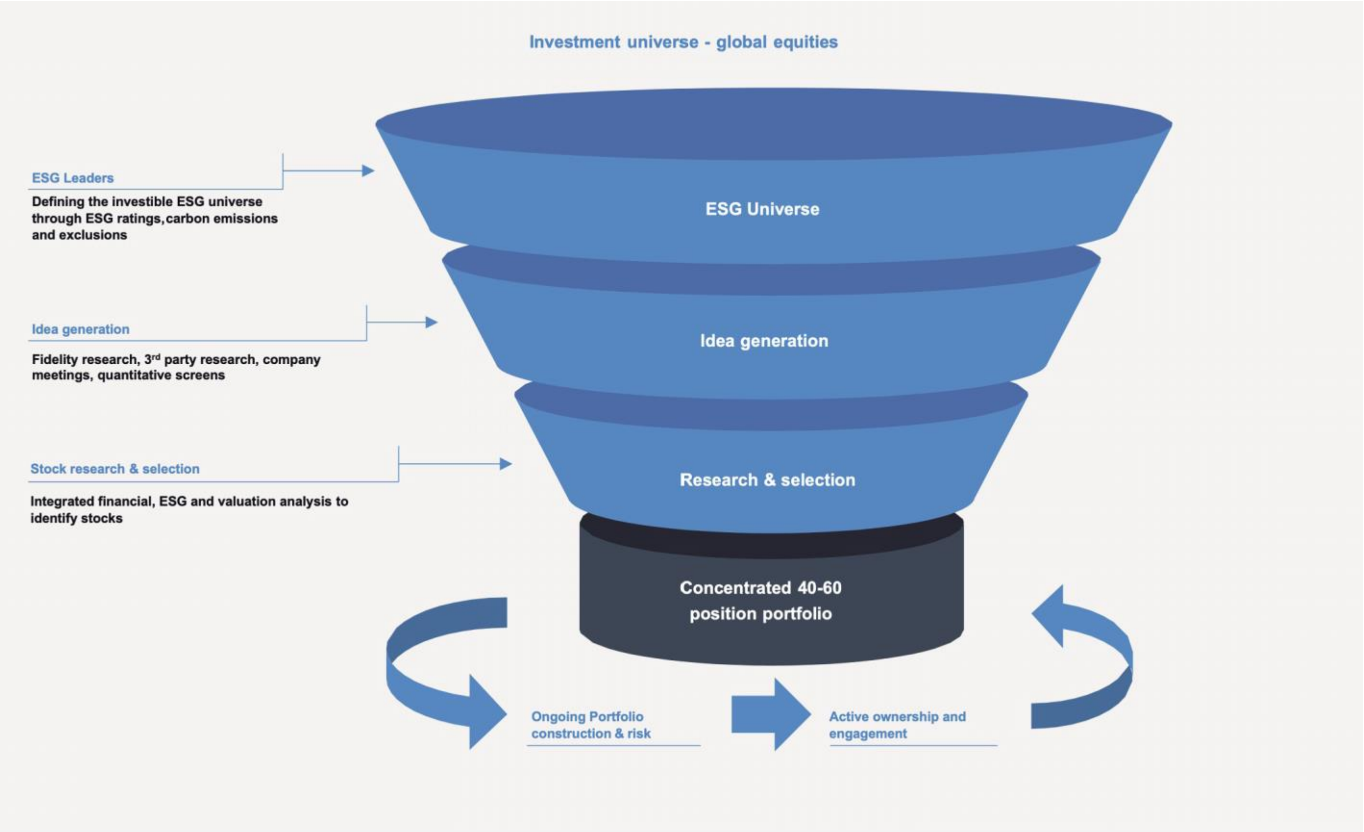
A summary of our investment approach is set out below.

Fidelity Sustainable Global Equity Fund: Framework

Focus on sustainable positive returns through active ownership and constructive engagement



Source: Fidelity international, 2021. For illustrative purposes only.

The investment process can be broken down into five separate stages:

1. Investment Universe: Defining the ESG Universe

The starting investable universe of the strategy consists of c. 3000 global companies with a market capitalization of over US$ 1 billion. The ESG Investment Universe (a sub-set of the overall investable universe) comprises of sustainable leaders with strong ESG credentials. Approximately c.50% of the global investment universe meet the team's ESG criteria as outlined below for initial inclusion, and are then eligible for further due diligence and analysis of their sustainability credentials:

- Inclusion of only those stocks with strong ESG ratings (minimum 70% of fund invested in ≥ BBB MSCI ESG ratings* or Fidelity A-C ratings. Internal ESG assessment of companies not rated by external providers)
- Exclusion of companies with relatively high carbon intensity
- Exclusion of selected other sub-sectors (violators of the UN Global Compact, Tobacco, Firearms, Uranium mining, Nuclear power plant operators, Fossil fuel extraction, Producers of key nuclear-specific products, Nuclear power industry, Coal mining & coal fired power generation, Oil sands, Fracking, Weapons, Gambling, Adult entertainment)

Companies with strong ESG credentials (the ESG Universe) are then eligible for further consideration.

*MSCI ESG Ratings use a rating scale ranging from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). Fidelity analysts assign an overall A to E rating (C being understood as the sector average) for each rated name.

The Fund will also have the ability to hold up to 30% of assets in lower ESG-rated stocks, so long as we believe there is an improving ESG outlook, as flagged by our proprietary ESG research, which can be aided by our engagement.

2. Idea generation

The Portfolio Managers rely on a combination of Fidelity's research, third-party research, inputs from quantitative screens and company meetings to help narrow the universe. Only stocks which satisfy the investment philosophy and have the potential to meet the minimum acceptable rate of return are considered for further analysis.

In practical terms, the portfolio managers are also able to reference the investment recommendations of the team's global diversified and global sector portfolio managers which provides them with an overall perspective and highlights the most promising investment themes and their best stock ideas.

3. Stock research and selection

Stock research and selection consists of assessment of ESG profile and UN Sustainable Development Goals (SDGs) alignment, rigorous bottom-up financial analysis and valuation profiles of potential investments. The PM team conducts thorough assessment of ESG risks and opportunities at stock (environmental, social and governance factors) and sector (c. 80 Key ESG Issues) levels to select companies having best practices, sustainable development, high ESG scores and low controversy risks.

Detailed financial model and industry analysis is carried out in conjunction with the relevant Fidelity analyst to gain a fundamental edge in understanding the business and the industry it operates in. This includes analysis of the company's financial model, industry structure, capital allocation and risk profile. The team then overlays their own views on the trajectory of earnings forecasts in order to identify companies where expectations may be too low on a 3-5 year view.

Throughout the research process, the PMs use company meetings not only to build conviction in ideas, but also to draw broader conclusions and identify implications for other industries and businesses within that specific industry value chain.

A bespoke valuation approach allows the team to assess a security's upside potential as well as its relative attractiveness versus history, other potential candidates and existing holdings.

The PM team also believes that the UN Sustainable Development Goals (SDGs) provide an excellent framework for analysing a potential investment's positive impact.

4. Portfolio Construction & Risk Management

The portfolio typically consists of 40 - 60 stocks. Typically the average size of these will be between 1.5%-3.5% of the portfolio.

Stocks are sold when the investment thesis has played out and the company's value consistently exceeds our target value range, when there is a significant change in risk / reward balance or if the investment thesis is altered materially or is proved wrong. Also, the holding is re-evaluated when ESG issues materially change the investment thesis.

In a stable market environment, the expected turnover of the portfolio will be c. 30 - 40%. An average holding period of around 3 years allows for deep and constructive engagement with companies held in the portfolio, driving better sustainability outcomes.

Risk Management: At the stock level, the Portfolio Managers undertake a thorough analysis of the fundamental & ESG risk profile of the company and the investment thesis. They also monitor all ongoing developments with the help of Fidelity's analysts. They look to ensure that the portfolio is well diversified and can deliver returns across different market backdrops.

5. Engagement & Active Ownership

An active ownership framework and engagement with all companies held within the fund is conducted to influence change and agree on milestones and timelines.

Our proprietary sustainability ratings

Fidelity has developed a purpose-built proprietary ESG ratings framework within which companies are scored on an A-E scale. The framework is fully integrated into our investment process and ratings are forward looking. This provides the Fund with advantages that are hard for its competitors to replicate.

While Fidelity has its own proprietary ESG ratings for stocks that we cover, we also look at MSCI ESG Ratings to assess the sustainability credentials of companies in order to get an external and holistic view. We also understand that these ratings are widely available to end investors thus offers a credible third-party overview of our holdings.

Fidelity's sustainability investment criteria

Sustainable characteristics are defined as issuers rated by MSCI, or in the absence of a rating from MSCI, by the Fidelity Sustainability Rating, as follows:

- Developed market issuers with an ESG rating from MSCI of AAA - BBB
- Non-developed market issuers with an ESG rating from MSCI of AAA - BB
- Issuers with no ESG rating assigned by MSCI will be assessed by Fidelity Sustainability Ratings and are required to have an ESG rating of A - C

Exclusion Framework

While at Fidelity, as active owners we favour engagement over exclusion and we acknowledge there is a requirement to exclude companies involved in harmful activities. The Fidelity Sustainable Fund Family excludes issuers which we judge to be incompatible with our objective to promote sustainable characteristics within the funds.

Excluded issuers are determined based on assessment of norms violations (behavioural exclusions) and/or fundamentals (business activities).

Behavioural exclusions - Issuers which Fidelity considers have failed to conduct their business in accordance with accepted international norms are excluded. The primary inputs into our norms-based exclusion list is ISS-Ethix research and MSCI, which assesses companies' adherence to international norms on human rights, labour standards, environmental protection, and anti-corruption, as set out in the UN Global Compact and OECD guidelines. This research is complemented by Fidelity's forward-looking assessment of a company and any changes to its practices.

Fundamental exclusions - Certain types of business activity are deemed to be incompatible with our aims to promote sustainable characteristics within our Sustainable Fund Family. The below activities are excluded, at the indicated **revenue threshold**.

Category	Description
Controversial weapons	Any controversial weapons - sub-categories include biological, chemical, incendiary weapons, depleted uranium, non-detectable fragment, blinding lasers, cluster munitions, landmines and nuclear weapons.
Conventional weapons	All issuers that derive more than 5% revenue from the production or manufacturing of conventional weapons (excluding semi-automatic weapons).
Semi-automatic weapons	All issuers that derive more than 0% revenue from the production of semi-automatic weapons and Retailers with more than 5% of their revenues from semi-automatic firearms sales.
Tobacco	All producers/manufacturers of tobacco and issuers that derive more than 5% of their revenues from tobacco retail, distribution, supply or licensing.
Thermal coal	All issuers that derive more than 5% revenue from the mining of thermal coal and its sales to third parties or thermal coal-based power generation. Some exceptions for companies transitioning, as determined by Fidelity.
Arctic Oil & Gas	All issuers that derive more than 5% revenue from Arctic Oil & Gas activities.
Oil Sands	All issuers that derive more than 5% revenue from oil sands activities.
Additional categories	Additional categories for exclusion may be identified on a fund/strategy specific basis. **Please see fund documents for further details on any fund/strategy specific exclusions.**

Fund-specific exclusions

In addition to the Firm-level and Sustainable Fund Family level exclusion framework set out above, the fund will adhere to an enhanced principle-based exclusion policy incorporating both norms-based screening and negative screening of certain sectors, companies or practices based on specific ESG criteria to be determined by the Investment Manager from time to time:

- The fund will exclude from its investment universe companies with high carbon intensity (sector dependent, but typically > 500 tonnes of CO_2 / $1m sales, Scope 1 & 2)**.
- Exclusion of issuers deriving more than 5% of revenue from the following activities: adult entertainment, civilian firearms, coal mining, fossil fuel extraction, fracking, gambling, nuclear power generation, uranium mining.

** The Greenhouse Gas (GHG) Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes'. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

DISCLAIMERS

Research professionals include both analysts and associates.

The Key Investor Information Document (KIID) is available in English and can be obtained from our website at www.fidelityinternational.com. The Prospectus may also be obtained from Fidelity. The Key Investor Information Document (KIID) for Fidelity and non-Fidelity funds is available in English and can be obtained from our website at www.fidelityinternational.com. The Prospectus for Fidelity funds may also be obtained from Fidelity. For non-Fidelity funds, the KIID and the Prospectus are also available from the fund provider directly.

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