

Fidelity Investment Companies

Fidelity Asian Values PLC (the Company)

Task Force on Climate-Related Financial Disclosure

30 June 2023 Product Level Report

Introduction

As the world works towards transitioning to a sustainable economic system, Fidelity's longstanding commitment to outcome-based investing continues as we transition the funds and portfolios we manage for the benefit of our key stakeholders: clients, employees, and the broader society in which we operate.

This TCFD product report aligns with the UK regulatory requirements and with Fidelity's overarching approach as documented in the FIL Limited (The Group, or Fidelity) [TCFD Report](#) including the FIL Investment Services (UK) Limited (FISL) specific disclosures. FISL is the Alternative Investment Fund Manager (AIFM) for this Company. This report aims to provide you with more information on the emissions generated by the companies, or issuers, held by the Company together with further information about how the Company is operated. For a more complete understanding, this report should be read in conjunction with our Group TCFD Report.

This Company's approach to governance, strategy and risk management does not materially deviate from Fidelity's overarching approach as documented in the Group TCFD report. As such, this Company's approach follows that of the wider Fidelity organisation and can be reviewed in the entity report, alongside an overview below.

1. Climate Metrics

Indicator	Unit	31 December 2022
Scope 1 and 2 greenhouse gas emissions	tCO ₂ e	91,352
Scope 3 greenhouse gas emissions	tCO ₂ e	376,797
Total carbon emissions	tCO ₂ e	468,149
Total carbon footprint	tCO ₂ e/invested	923
Weighted average carbon intensity	tCO ₂ e/revenue	1,224
Climate Warming scenario: Implied Temperature Rise Range	°C	Between 2.7 and 3.2 degrees

How the metrics should be interpreted

To carbon footprint any Fidelity fund, or a company or issuer held within a fund, we aim to fully align with the Partnership for Carbon Accounting Financials (PCAF) standard. To achieve this, we are using data from our primary climate data provider, Institutional Shareholder Services (ISS). To calculate the carbon footprint of a fund, we measure the emissions financed by a fund, i.e. a claim on how much of a company's, or issuer's, emitted carbon could be attributed to financing provided by the fund's investment.

We also measure what level of emissions, on average, are generated per a unit of a company's, or issuer's, revenue - this gives a number less sensitive to business performance fluctuations. All of the funds are footprinted daily on Carbon Footprint and Weighted Average Carbon Intensity - scopes 1, 2, and 3. This carbon footprinting approach will use Adjusted Enterprise Value (a measure of a company's total value, adjusted for debt) as the denominator for both equity and fixed income funds.

The table below is a guide to help understand the terms used:

Metric	Usage	Description
Scope 1 Greenhouse Gas (GHG) emissions	Measuring direct GHG emissions	Emissions that occur from sources owned or controlled by the reporting issuer (i.e. a company/issuer held by the fund), i.e., emissions from owned or controlled boilers, furnaces, vehicles, etc.
Scope 2 Greenhouse Gas (GHG) emissions	Measuring indirect GHG emissions	Emissions from the company/ issuer's generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company. Scope 2 emissions physically occur at the facility where the electricity, steam, heating, or cooling is generated. Traditionally this is calculated alongside Scope 1 at a fund level, using the proportion of total Scope 2 emissions by amount invested.
Scope 3 Greenhouse Gas (GHG) emissions	Measuring all other indirect GHG emissions (not included in Scope 2)	Emissions (not included in Scope 2) that occur in the value chain of the reporting issuer. Scope 3 can be broken down into upstream emissions and downstream emissions. Upstream emissions include all emissions that occur in the life cycle of a material/product/service up to the point of sale by the producer or service provider, such as from the production or extraction of purchased materials. Downstream emissions include all emissions that occur as a consequence of the distribution, storage, use, and end-of-life treatment of the organisation's products or services.
Total carbon emissions	Measuring a fund's total carbon footprint	Absolute GHG emissions associated with a fund - aggregated company / issuer emissions as a proportion of their total based on the fund's holding. This is usually expressed in metric tonnes of CO ₂ e (carbon dioxide equivalent).
Carbon footprint calculations	This is used for a variety of demands, including, client requests, regulatory disclosures, used in portfolio construction, and investment research analysis.	Carbon footprint acts as the main indicator of the portfolio's emissions, portfolio's total carbon emissions as emitted entity - a corporate, a government, or a project. Consequently, it enables reporting, target setting, climate action, and scenario analysis. Carbon footprint, at portfolio level, is expressed in tonnes CO ₂ e per US\$ million invested.
Weighted Average Carbon Intensity (WACI)	Measuring a fund's exposure to carbon-intensive companies	This measures a fund's exposure to carbon-intensive companies. An investment's emissions are allocated based on its weight within the fund, i.e. the value of the investment relative to the fund's value (at the time of the calculation). A fund's exposure to carbon-intensive companies is expressed in tonnes CO ₂ e per US\$ million in revenues.
Implied Temperature Rise Range	The Implied Temperature Rise metric provides an indication of how companies and investment funds align to global climate targets.	A fund's Implied Temperature Rise measures, in aggregate, a fund's temperature alignment (in °C) to keeping the world's temperature rise to 2°C by 2100. Each company/issuer (invested into by the fund) is assessed for their potential emissions versus a budget allocated by sector and market share. This difference results in an estimated temperature which is then aggregated on a fund level.

Gaps in the underlying data and how FIL is addressing these

For climate-related data, Fidelity works with multiple data providers to try and cover as much as the invested universe (of companies and issuers) as possible. Our core provider, Institutional Shareholder Services Inc. (ISS), has one of the widest coverages of emissions data available in the market, but data gaps do exist due to reasons such as: asset class (e.g. currencies) and lack of disclosure (such as for smaller companies) or challenges involving certain types of derivatives. ISS uses a detailed estimation methodology where possible, but some data gaps remain which we work alongside the data providers to try and minimise. Once raw data is provided (e.g. from ISS), there is an element of both automated and manual aggregation and mapping within Fidelity's systems. Fidelity has quality checks and review systems in place to manage the risk associated our data aggregation processes and minimise any potential gaps. Further information is available in Fidelity's Group TCFD report.

For this fund we have determined a sufficient level of data coverage for the fund's investments is available in order to provide the key metrics above.

2. Governance

The Fidelity Asian Values PLC (the Investment Company) has a Board that is independent of the appointed FIL Group investment manager. In addition, FIL Investment Services (UK) Limited is appointed to provide Alternative Investment Fund Manager (AIFM) services. The Investment Company has adopted the FIL Group's climate related policies in relation to the management of this company and therefore the approaches taken to climate matters do not materially deviate from the FIL Group.

The Board of FIL Investment Services (UK) Limited (FISL) relies on FIL Group structures and committees to set the direction and the agenda to manage and oversee climate related risks and opportunities.

The Sustainable Investing Operating Committee (SIOC) was established by the FIL group to drive our climate agenda through our investment and corporate strategies. More detail relating to this committee can be found in the Group TCFD report.

3. Strategy

Fidelity is developing its suite of products and services to align to its climate goals and commitments.

The approach of the wider organisation and can be reviewed in Fidelity's Group TCFD Report.

4. Risk Management

The investment strategy for this Company is managed within the FIL Group and therefore risk management for this Company is aligned with FIL's wider approach, which is further explained in Fidelity's Group TCFD Report and is summarised below.

5. How climate change is likely to impact this fund

Efforts to address the emissions responsible for climate change and its physical impacts pose potential 'transitional' and 'physical' risks and opportunities for every investment type. Transitional factors may include the introduction of new policies, regulations or technologies, while physical factors might include changes to climate patterns, rising sea levels, or severe weather events.

We have provided commentary below as to how we believe this fund, based on its exposure to investment sectors* that are likely to have a material climate change impact, might be affected by the following climate scenarios, as devised by the Network for Greening the Financial System (NGFS). It is likely that our views will evolve over time.

'Hothouse world' scenarios assume only currently implemented policies are preserved, current commitments are not met and emissions continue to rise, with high physical risks and severe social and economic disruption and failure to limit temperature rise.

'Disorderly transition' scenarios assume climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2 degrees Celsius on pre-industrial averages.

'Orderly transition' scenarios assume climate policies are introduced early and become gradually more stringent, reaching global net zero CO2 emissions around 2050 and likely limiting global warming to below 2 degrees Celsius on pre-industrial averages.

*Generally we have provided scenario analysis commentary where sector exposure is greater than 10%, however for funds that are very well diversified (by sector) we may provide commentary where exposure is below this level.

Industrials: Materials

The materials sector includes a range of hard to abate activities with inherently high energy requirements (e.g. steel, glass, aluminium and ammonia production) or chemical processes that generate significant greenhouse gases (e.g. cement production). It also includes mining businesses with energy intensive extraction and processing (base and

precious metals). Economic or cost-efficient decarbonisation solutions for many of these activities are yet to be developed or deployed at scale (e.g. use of hydrogen for steel production), however the sector provides critical inputs to facilitate the transition of the broader global economy towards net-zero, or help protect infrastructure and communities against physical risks from climate change and therefore demand will likely remain robust. Consequently, companies will face a range of risks and opportunities under different climate scenarios.

Under a 'hothouse world' scenario, increased severity and frequency of extreme weather events will drive demand for adaptation to these events. Typically, adaptation initiatives require new or enhanced physical infrastructure (e.g. a sea wall to prevent storm surge, or building upgrades to withstand storms and heatwaves). These projects would increase demand for building materials including base minerals, steel and cement. Production and processing assets will be at increased risk from adverse weather conditions such as flooding, and heatwaves. Disruption to global supply chains and potential GDP shocks will present a risk to industry participants. Policy risk will be more muted with a slower transition towards adoption of energy efficiency, and greenhouse gas mitigation initiatives.

Under a 'disorderly transition' costly solutions, rapid scaling of technology, Carbon Capture Use, and, Utilisation or Storage (CCUS) could play a larger role if technology solutions have not been developed or scaled. Divergent policies in different geographies could materially impact competitiveness of carbon intensive activities based in different countries.

Policy and transition risks associated with a 'disorderly transition' have the potential to be extremely disruptive for industry participants. Given cost-effective low or zero carbon alternatives for many activities in the sector are not currently available, a rapid requirement to decarbonise could result in the need to adopt CCUS or other higher cost solutions and place pressure on returns on capital if higher costs are unable to be passed onto customers. Companies with high levels of energy efficiency, or with predominantly domestic customers and competitors may be better placed to navigate these risks.

Under an 'orderly transition', policy driven sector decarbonisation will remain the key risk for the sector. However, a higher level of policy certainty and consistency globally could facilitate earlier investment in developing, testing and scaling low or zero carbon solutions which could mitigate the economic impact. Material capital expenditure will be required to decarbonise, which will need to take into consideration significant capacity expansion to meet growing global demand for inputs into the global energy transition and continuing economic development of the global south.

Important information

This information must not be reproduced or circulated without prior permission.

Fidelity only offers information on products and services and does not provide investment advice based on individual circumstances, other than when specifically stipulated by an appropriately authorised firm, in a formal communication with the client.

Fidelity International refers to the group of companies which form the global investment management organisation that provides information on products and services in designated jurisdictions outside of North America. This communication is not directed at, and must not be acted upon by persons inside the United States and is otherwise only directed at persons residing in jurisdictions where the relevant funds are authorised for distribution or where no such authorisation is required.

Unless otherwise stated all products and services are provided by Fidelity International, and all views expressed are those of Fidelity International. Fidelity, Fidelity International, the Fidelity International logo and F symbol are registered trademarks of FIL Limited.

UK Investment Companies: The latest annual reports, key information document (KID) and factsheets can be obtained from our website at www.fidelity.co.uk/its or by calling 0800 41 41 10. The Alternative Investment Fund Manager (AIFM) of Fidelity Investment Companies is FIL Investment Services (UK) Limited.

Certain Information ©2023 MSCI ESG Research LLC. Reproduced by permission; no further distribution. Although Fidelity International's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Carbon Data Source: Data provided by ISS ESG. All rights in the information provided by Institutional Shareholder Services Inc. and its affiliates (ISS) reside with ISS and/or its licensors. ISS makes no express or implied warranties of any kind and shall have no liability for any errors, omissions or interruptions in or in connection with any data provided by ISS.

Issued by FIL Investment Services (UK) Limited, a firm authorised and regulated by the Financial Conduct Authority.