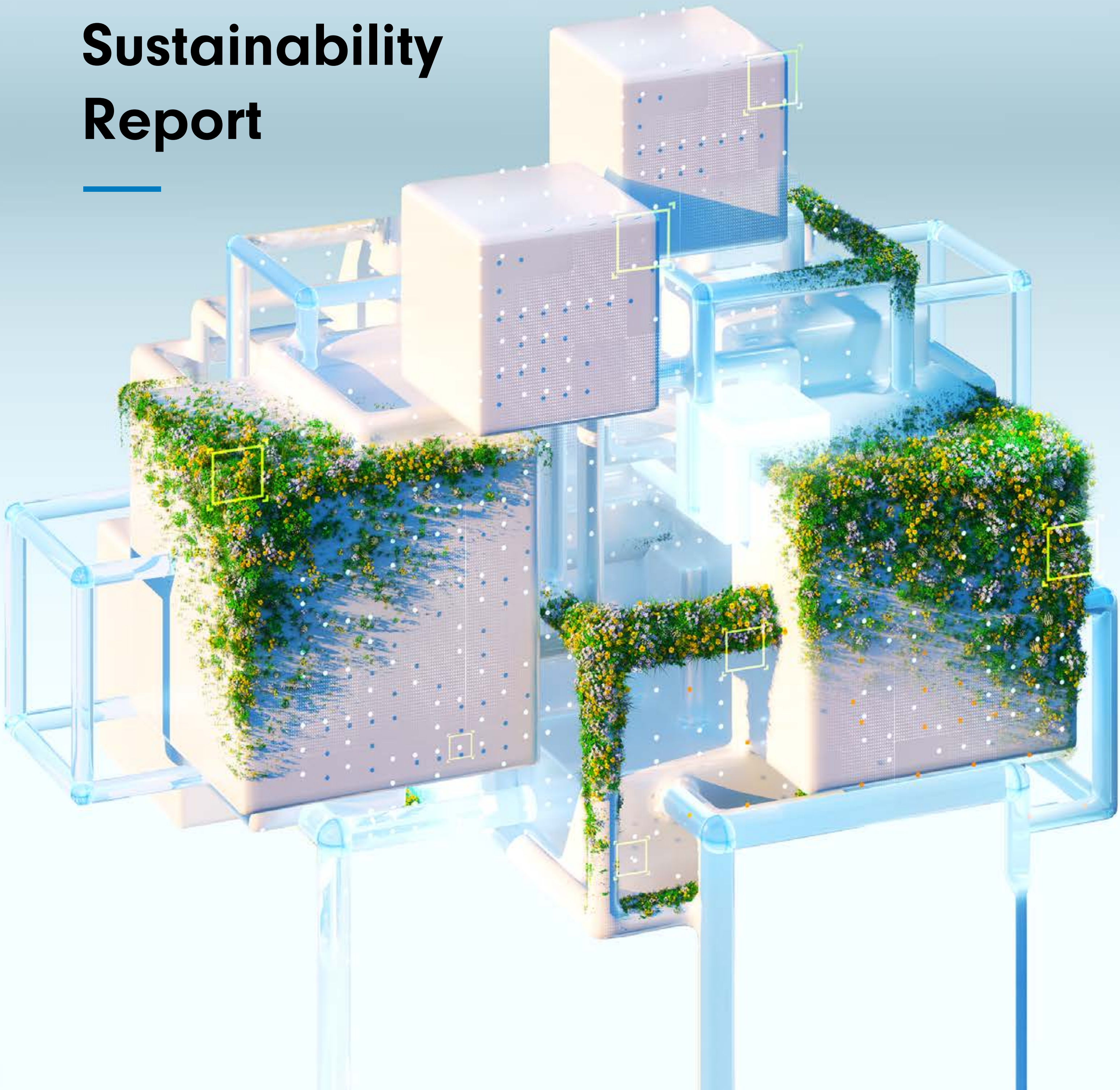
July 2025

Sustainability Report



This report, in respect of calendar year 2024, is for investment professionals only and should not be relied upon by private investors.

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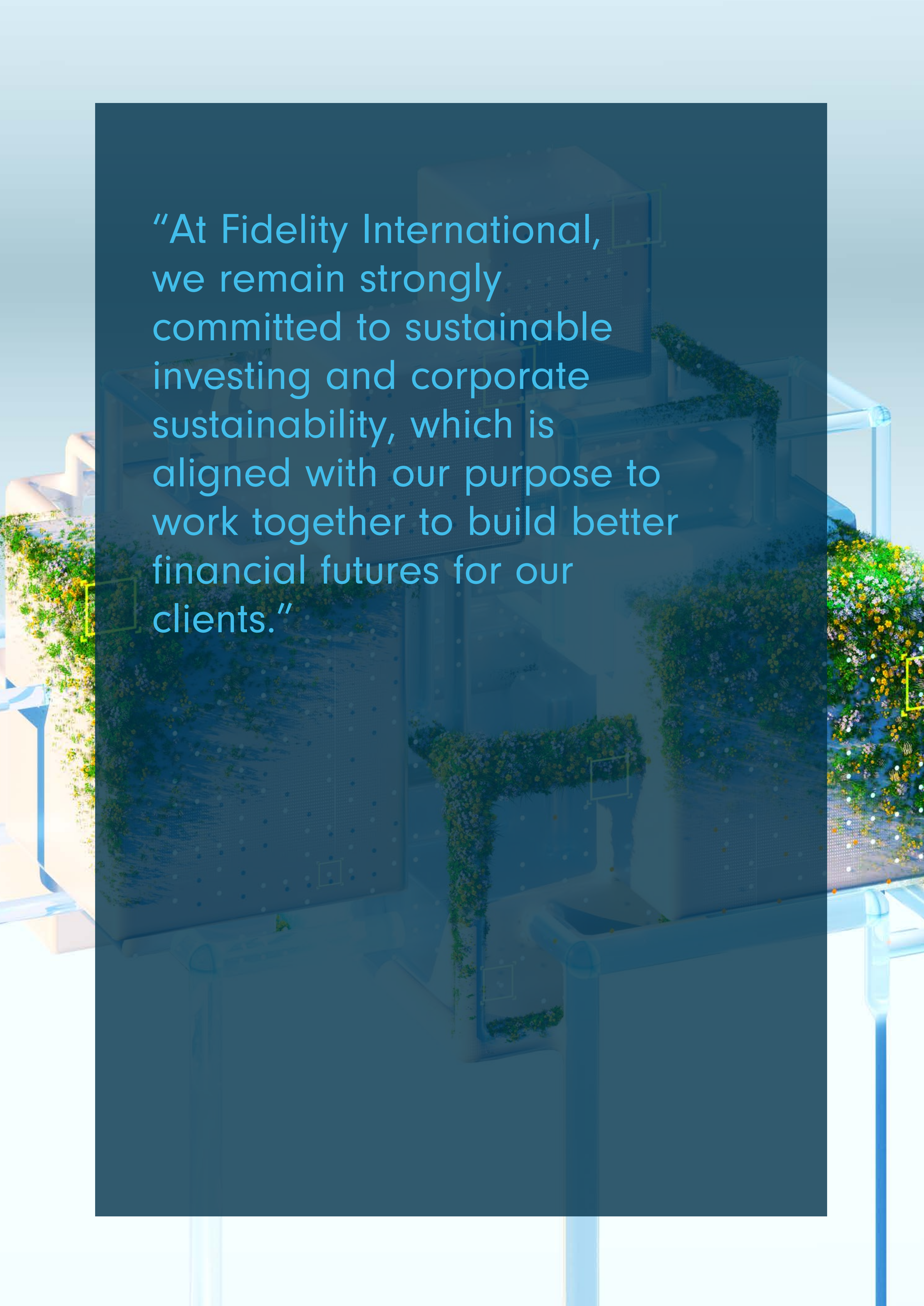


"At Fidelity International, we remain strongly committed to sustainable investing and corporate sustainability, which is aligned with our purpose to work together to build better financial futures for our clients."

Overview

Jenn-Hui Tan

Chief Sustainability Officer

The past year has seen significant volatility in global financial markets and the sustainable investing landscape. After several years of rapid growth, assets under management in sustainable funds globally appear to have stabilised at around US$3 to 3.5 trillion.* However, the global policy landscape continues to evolve rapidly, and presents both challenges and opportunities for investors.

The European Union and Asia are forging ahead with sustainable investing and disclosure regulation. The European Union has focused on reducing regulatory burden. Examples include the European Commission's delivery of an 'Omnibus' sustainability regulation simplification package, and requirements for ESG fund names introduced by the European Securities and Markets Authority (ESMA). In the Asia Pacific region, key markets announced the intention to adopt International Sustainability Standards Board (ISSB) aligned reporting, and many jurisdictions implemented new initiatives targeting climate-related and transition finance.

At the same time, in the U.S., renewable energy policies and sustainable investing practices face increasing scrutiny which has led some climate-related collaborative initiatives to reconsider their overall approach.

At Fidelity International, we remain strongly committed to sustainable investing and corporate sustainability, which is aligned with our purpose to work together to build better financial futures for our clients. Recent volatility amplifies the importance of a thoughtful approach to navigating material sustainability risks and opportunities, and to provide clients with investment solutions that meet their financial and non-financial objectives.

This Sustainability Report outlines our progress in calendar year 2024 by including future areas of focus for our corporate sustainability strategy and under the three main levers of Fidelity's sustainable investing approach: integration, stewardship, and solutions. Highlights include: 1) an enhanced product framework to better align our products with evolving client and regulatory expectations; 2) a new tool to help monitor progress and provide transparency for our engagements; 3) improvements to our proprietary climate rating; 4) publishing our first Climate and Nature Report, aligned to the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and partially aligned to the recommendations from the Taskforce on Nature-related Financial Disclosures (TNFD); 5) concluding our 2020-2024 corporate sustainability strategy; and 6) completing a double materiality assessment to identify our business' significant impacts, risks and opportunities, and shape the evolution of our corporate sustainability strategy and set the groundwork for 2025 and beyond.

As we move forward, we remain committed to transparency, continuous improvement, and collaboration with our stakeholders. We believe that by working together, we can create long-term sustainable value for our clients.

*Source: Morningstar, 2025.

Sustainability Highlights - 2024

Sustainability highlights - 2024

Integration and Stewardship enhancements, e.g. refining our proprietary ratings and tools and improving milestone and progress tracking for engagements

Published Climate Report (TCFD-aligned) and updated SI Principles and Exclusion Framework

Expanded fund range with new EU SFDR Article 9 funds and private asset strategies

Launched new Sustainable Investing Framework to support our product range

Launched new Diversity, Equity and Inclusion (DEI) Strategy

Met corporate GHG emissions reduction targets - on track for net zero in 2030

Conducted a Double Materiality Assessment to identify our business operations' significant sustainability Impacts, Risks and Opportunities

Sustainable investing

Ratings

- **Morningstar ESG Commitment Level** upgraded from 'Basic' to **'Advanced'**
- **PRI 2023** - rated **3.5 stars** across categories / above median across all categories
- **CDP: B ratings (2024)**
- Named a **'Responsible Investment Leader'** by **Responsible Investment Association Australia (RIAA)** for the third year in 2024

Awards

- **The Asset Triple A Awards - ESG Asset Management Company of the Year**
- **China Stewardship Report** recognized by the **Shanghai Lujiazui Financial Centre Asset Management awards** for thought leadership

Corporate sustainability

Ratings

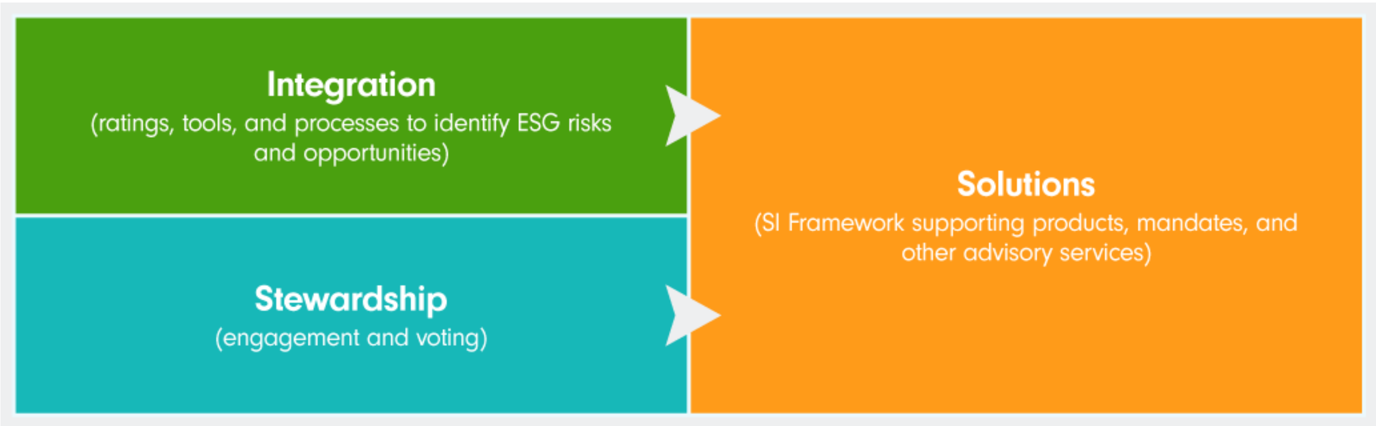
- **EcoVadis Sustainability Rating:** Bronze Medal

Awards

- **Financial Times Adviser Diversity in Finance Awards (UK):** Employer of the Year (Large Company)
- **Glassdoor's Best Places to Work UK list,** ranked 37th out of 50
- **Social Mobility Foundation (UK) Employer Index:** One of the Top 75 Employers
- **Women in Investment: Investment Group of the Year for Diversity and Inclusion (UK)**
- **Minority Supplier Diversity UK (MSDUK) Emerging Corporate Supplier Diversity Programme of the Year Award**
- **Citywire Gender Diversity Awards UK**
  - Best Gender Representation
  - Best Retention Rates
  - Regional Leader: Europe
  - Judge's Choice
- **DivHERsity Awards India**
  - DivHERsity Policies
  - DivHERsity Programs
  - DivHERsity Women Returnee Programs

Sustainable Investing

As an investment manager, we have a fiduciary duty to act in the best interests of our clients. In the context of sustainable investing, we have developed an approach with three key components (integration, stewardship, and solutions) that aim to provide our clients with investment offerings that meet their financial and non-financial objectives, and to comply with rapidly evolving sustainability regulations for product labelling and disclosure. Details of each of the components can be found in our Sustainable Investing Principles.[1] The rest of this Sustainability Report will provide calendar year 2024 updates on each of these components from our Investment Solutions and Services business.



Source: Fidelity International, 2024. For illustrative purposes only.

Integration

Our proprietary sustainability tools and process remain integral to our sustainability research which complements traditional investment insights contributed by c.180 sector analysts and the Sustainability Team.

In 2024, we continued to refine our suite of proprietary sustainability tools, including ESG Ratings, Climate Rating, and SDG Tool, to further support integration of sustainability into our research and meet the needs of our clients.

ESG Ratings

The Fidelity ESG Ratings aim to provide a forward-looking assessment of the extent to which an issuer's performance on material sustainability issues either support, or are likely to impair, long-term value creation for shareholders. Ratings are comprised of a combination of E, S, and G indicators that aim to address the most material issues in each sector, providing a holistic view of a company's ESG practices by considering double materiality.

We have a continuous process to review and refine the Fidelity ESG Ratings. In 2024, 180+ sub-industry ESG indicators were reviewed to ensure indicators remain material as part of this process. We also developed sector guidance for ESG indicators and conducted training sessions to investment analysts to enhance rating quality.

Climate Rating

Our proprietary Climate Rating remains an important tool to assess an issuer's net zero transition on the pathway of the Paris Agreement. One of the priorities achieved during the reporting period was the growth of Climate Rating coverage. By the end of 2024, the Climate Rating covered c.90% of broad corporate indices. This growth was mainly enabled by systematic data collection which replaced the previous manual process.

SDG Tool

Fidelity's SDG (Sustainable Development Goals) Tool aims to provide an assessment of

[1] Links to relevant documents are provided in "Useful Links" at the end of this report.

an issuer's positive contribution to environmental and social outcomes. It is intended to complement Fidelity's ESG Ratings and support our definition of 'sustainable investments' (SI) under the European Union Sustainable Finance Disclosure Regulation (SFDR).

Coverage extended to local development banks

In addition to corporates, the SDG Tool has been used to assess supranational banks. In 2024, its coverage was extended to local development banks, prioritised by scale and our fixed income investment exposure.

The assessment of local development banks' contribution to SDGs focuses on their missions and project financing instead of their revenue. Based on Fidelity's approach, if the assessment of a development bank results in a ≥50% alignment or contribution to our shortlisted investible SDGs targets and indicators, then the bank will be considered as contributing to an environmental or social objective under the SFDR. If such a development bank also satisfies our 'Do No Significant Harm' (DNSH) Test (comprising our exclusions and MSCI ESG Rating), minimum standards referencing international norms-based principles, and 'Good Governance' requirement (defined by MSCI Governance pillar score), then the bank will be eligible as a 'Sustainable Investment' under the SFDR.

Application to the ESMA fund naming guidelines

The European Securities and Markets Authority (ESMA) published its final guidelines on funds' names using ESG or sustainability-related terms in 2024. One of the key rules established by ESMA is the requirement for all funds using 'sustainable' in the name to invest 'meaningfully in sustainable investments'. We use the SDG Tool as an input to define 'sustainable investments' in this context.

Application to the UK Sustainability Disclosure Requirements (SDR)

The UK SDR includes four investment labels which can be adopted by products on a voluntary basis including 'Sustainability Focus', 'Sustainability Improvers', 'Sustainability Impact', and 'Sustainability Mixed Goals'. For labelled products under the SDR, at least 70% of assets must be invested in accordance with the product's sustainability objective, with reference to a robust, evidence-based standard that is an absolute measure of environmental and/or social sustainability and applied in a systematic way. The UK Financial Conduct Authority (FCA) provides a non-exhaustive list of possible standards that could be applied to labelled products to meet this objective, including setting a minimum threshold for the percentage of an issuer's economic activities that is aligned to, for example, the UN SDGs.

At Fidelity, we use the SDG Tool to apply this standard to 'Sustainability Focus' products under the SDR. Details of our methodology are available on the Sustainable Investing Framework website.

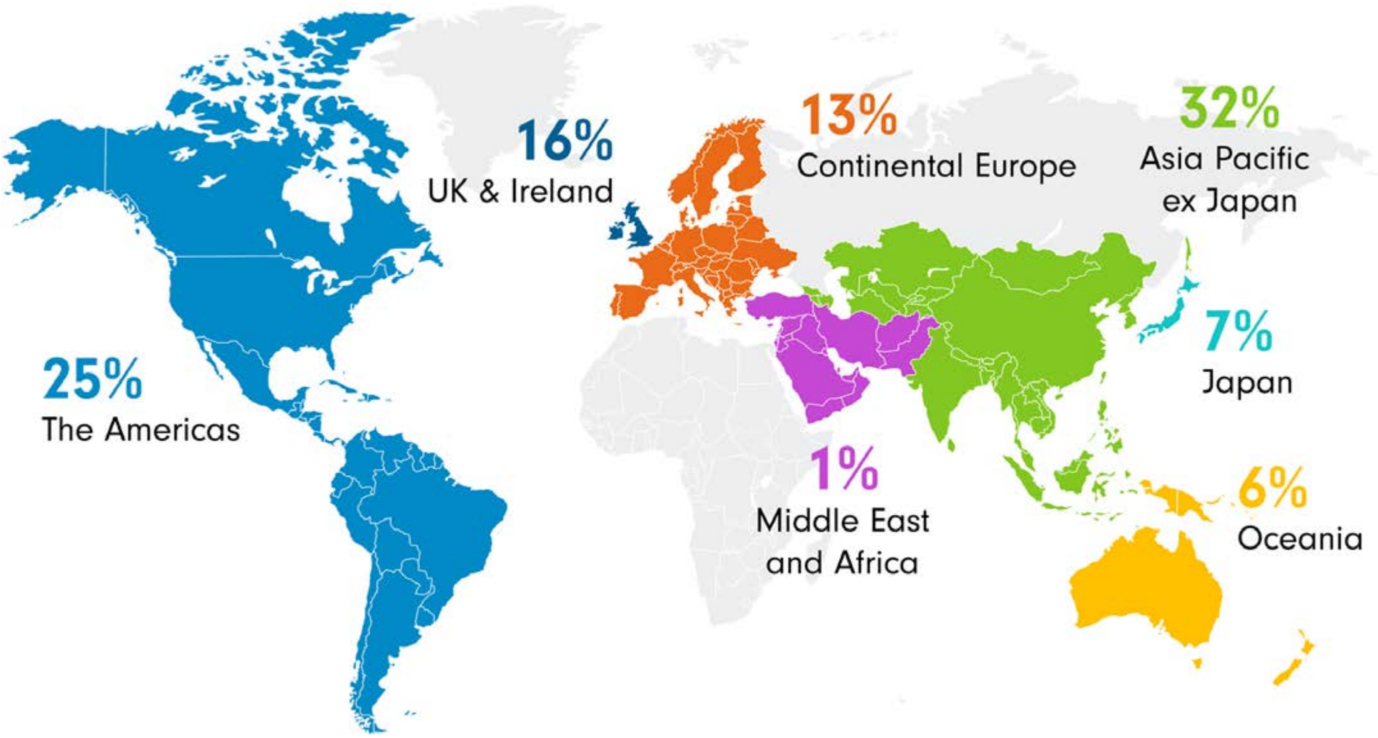
Stewardship

Fidelity's stewardship activities support the responsible allocation of client assets in two main ways: by informing the investment process at the research and investment decision-making stages, and through engaging with companies with the aim of supporting better outcomes for our clients. Our approach to stewardship is detailed in the SI Principles, with highlights from 2024 captured below.

Engagement

Fidelity conducted 1,488 ESG engagement activities with 1,109 companies during 2024. These engagement activities comprised 647 in-person or remote engagement meetings with companies (2023: 772) and 841 written communications (2023: 986), including letters and communications related to voting. This included 169 meetings with chairs and other non-executive directors and 181 meetings with CEOs, CFOs, and other executive directors.

Chart 1: Engagements per region



Source: Fidelity International, 2025.

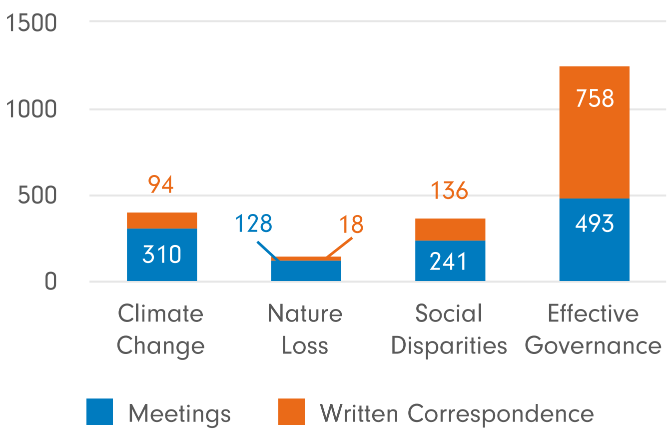
The largest share of ESG engagement activities were with companies based in Asia Pacific ex Japan (c. 32%) followed by the Americas (25%), UK and Ireland (16%), Continental Europe (13%), Japan (7%), Oceania (6%), and Middle East and Africa, MEA (1%).

We track and report our ESG engagement activities across four broad systemic themes: climate change, nature loss, social disparities, and effective governance.

For our engagement in person or remote meetings: 76% of meetings discussed effective governance, 48% climate change, 37% social disparities, and 20% nature loss.

For all engagement interactions, including written communication, 84% covered effective governance, 27% climate change, 25% social disparities, and 10% nature loss. Written communications predominately relate to communications on our shareholder voting for the purpose of improving a company's governance or sustainability practices. Note that many of our ESG engagement activities may cover more than one of the four systemic themes.

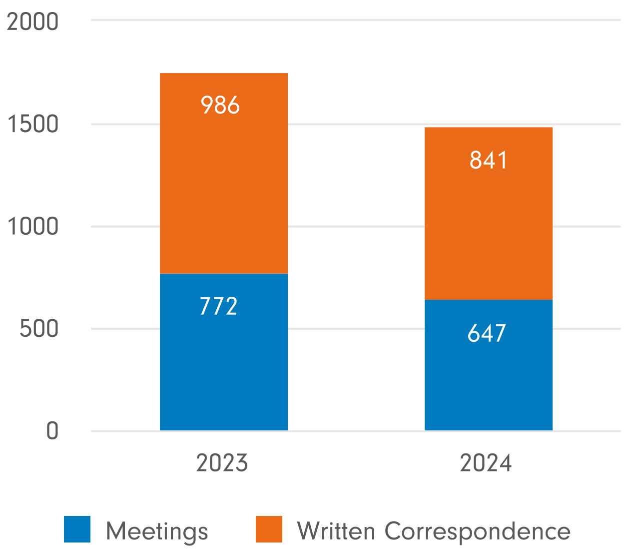
Chart 2: Engagements by systemic theme



Source: Fidelity International, 2025.

Generally, a large proportion of our engagements take the form of face-to-face dialogue whether in person or online. Written correspondence includes letter-writing campaigns and email correspondence, often related to voting at shareholder meetings.

Chart 3: Engagements by type



Source: Fidelity International, 2025.

Tracking Engagement Progress

In 2024, we trialed an update to our internal monitoring application with an improved approach to tracking and reporting progress against engagement objectives and milestones. Each milestone reflects one of three objectives: 1) to improve disclosure; 2) to improve practice or policy; or 3) to improve sustainability performance or an outcome, and each milestone includes a stage of progress from 1 to 4: 1 - Research, 2 - Call for action; 3 - Acknowledge & address, and 4 - Achieving change. We anticipate this capability will better enable reporting of engagement outcomes going forwards, including where engagements are not having the desired impact despite our best efforts and escalation may be required.

Enhancements by theme

Within our core systemic themes, we focus on specific areas where we believe risks are most material. Below are recent updates on our thematic engagement programmes.

Climate Change

Our climate stewardship approach is crucial to meeting our investment portfolio emissions targets. When identifying candidates for intensive engagement, we are focused on issuers across four categories:

1. Top emitters, where we aim to engage with issuers representing the top 70% of our Scope 1 and 2 financed carbon emissions in material sectors,[2] as well as the top 25 contributors to our Scope 3 financed carbon emissions
2. Thermal coal
3. Collaborative engagements, and
4. Transition financing

In 2024, with the release Net Zero Investment Framework 2.0 from the Institutional Investors Group on Climate Change (IIGCC), we reviewed the updated material sectors to

[2] Sectors are categorised as material in-line with the IIGCC Net Zero Investment Framework (NZIF) 2.0, covering NACE codes A-H and J-L. "NACE" refers to the statistical classification of economic activities in the European Union.

ensure that there was alignment with our focus sector list in scope. We also reviewed our thermal coal engagement approach in 2024 and further aligned our approach with the Fidelity Exclusion Framework, prioritising engagements with issuers that generate revenue from thermal coal power generation or mining but are credibly transitioning.

With the trial launch of the internal monitoring application enabling an improved approach to tracking and reporting progress against engagement objectives and milestones in 2024, we also enhanced climate engagement progress tracking by setting objectives and milestones that align more closely to our Climate Rating. Each stage of the Climate Rating's progress assessment now has corresponding standard milestones which help inform analyst choice on the appropriate milestones to engage on. Moreover, for material sectors, we have also developed sector-specific standard milestones that have been informed by existing sector best practice guidance as well as our own engagement experience. These milestones seek to tackle material sector-specific areas, such as methane abatement initiatives in the oil and gas sector.

As our largest thematic engagement programme, we have hundreds of climate-specific milestones that we are actively engaging issuers on. On average, each issuer has between 3 and 5 specific climate milestones which we engage on as appropriate annually. We track the progress of these milestones using the stage 1 - 4 framework as outlined above. As expected, the majority of our milestones are at stage 2, where we have given the 'call to action' to companies and are encouraging progress on the milestone.

In 2024, several milestones were achieved during the period and reached stage 4, with the majority related to improved practice or policy, while the remainder was related to improved disclosure. Examples of improved practice or policy milestones include 'adoption of net zero targets', 'oversight of climate risks', as well as 'third-party validation of climate targets'. In terms of disclosure-related milestones, examples include 'disclosure of Scope 1 and 2 emissions' as well as 'disclosure on the role of offsets and negative emissions technologies towards a company's transition plan'.

We are also very encouraged by the number of climate thematic milestones that have reached stage 3 in 2024, where the company has acknowledged our asks. The milestones are well dispersed across regions and sectors, which we believe is an encouraging leading indicator for our engagement activities. Despite the challenging nature of some of the milestones (for example, 'third-party validation of climate targets'), we are seeing companies acknowledge our milestones with early signs of progress towards delivering on the asks.

For escalation, we have developed a Climate Escalation Watchlist consisted of high emitting issuers that were materially misaligned to a 1.5-degree trajectory or had demonstrated signs of unresponsiveness or backtracking on their climate transition plans. There were 19 companies on our watchlist, of which we pursued escalation in 8 cases, either voting against management or sending letters to company boards. Many of the instances where we did not escalate were fixed income holdings, where addressing our concerns via voting was not possible.

Looking to 2025, this is an area we are seeking to improve and develop a strategy on how to appropriately escalate fixed income issuer engagements. Below are case studies of our climate thematic engagement programme.

Incitec Pivot

Mode of Engagement:	Call
Sector:	Materials
Engagement topic(s):	Net Zero
Systemic theme(s):	Climate Change
Asset class:	Equities

Engagement objective/rationale:
Adoption of a full net zero ambition that incorporates Scope 1, 2 and material Scope 3 emissions; validation of existing net zero targets by a third-party entity (e.g. Science Based Targets initiative (SBTi)).

Engagement details:
During the year, we met with Incitec Pivot's sustainability team as part of our climate thematic engagement. In 2023, we abstained from their Say on Climate vote due to concerns that their climate targets were not aligned with a less than 2-degree world and that their stated net zero targets did not cover Scope 3 emissions, while the net zero target was only outlined as an ambition.

During our engagement, we discussed several elements of Incitec Pivot's climate change and decarbonisation strategy, in particular value chain emissions, green ammonia potential and their sustainability capex spend.

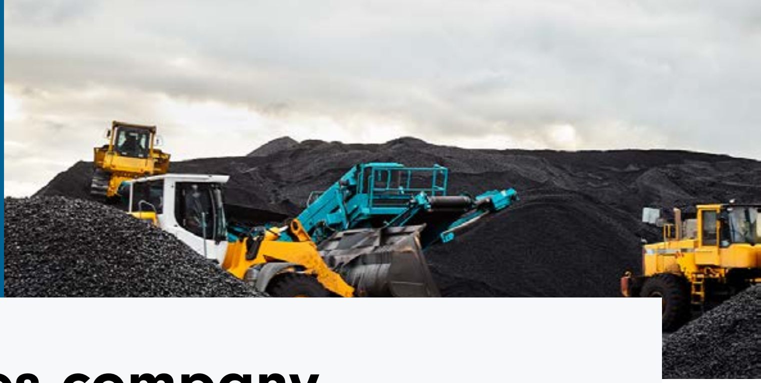
On Scope 3 emissions, Incitec Pivot has started to implement supply chain measurement in response to Australian climate reporting requirements and therefore has indicated it is not in a position to set a full net zero ambition.

On external verification, Incitec Pivot is awaiting the final publication of the SBTi chemicals sector pathway which has been delayed since the original launch date in late 2023. Based on the discussion, it did not sound like the company had been considering undertaking external validation, nevertheless we highlighted our support for external verification and providing better clarity on emissions reduction targets and their alignment with net zero trajectories.

Given that we have been engaging with Incitec Pivot on these climate matters since early 2023, we decided to write the Board a letter indicating the importance of a Scope 3 emissions reduction strategy, which we believe is critical for a credible climate transition plan. The Board acknowledged our letter and expressed their commitment to developing a comprehensive strategy to address Scope 3 emissions.

Outcomes and next steps:
We will continue to engage with Incitec Pivot through our climate thematic and monitor the progress of their emissions trajectory.

Note: Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only.



Global natural resources company

Mode of Engagement: Various

Sector: Materials

Engagement topic(s): Thermal coal

Systemic theme(s): Climate Change

Asset class: Equities, Fixed Income

Engagement objective/rationale:
To encourage the company to formulate and appropriately disclose its progress against a phase-out strategy for its thermal coal operations that is aligned with the ambition of the Paris Agreement.

Engagement details:
We have undertaken several actions to support our engagement objective, including:

- Supporting the managed phase-down strategy at the 2021 Annual General Meeting (AGM). We actively discouraged asset sales.
- Voting against the Climate Report in 2022 citing concerns around the climate scenarios used by the company and suggesting a new 2030 target.
- Meeting with management in 2022 and calling for improved disclosures alongside no greenfield developments. We also discussed challenges around committing to a time-bound phase-out.
- Abstaining on the Climate Report vote in 2023 following the new greenfield commitment.
- Reiterating our asks later in 2023 for improved disclosures of pathways and thermal coal sales by end market as part of the formal climate plan consultation, and once again during a meeting in 2024 and in written form ahead of the AGM.
- Asking for further clarity around the implications of an acquisition for the group's climate strategy.

Outcomes and next steps:
The company has been responsive to the content of our engagement and has implemented two key changes since inception. In the 2023 Climate Report, it published a commitment to not to develop greenfield mines. In the 2024 Climate Action Transition Plan, the company provided disclosures evidencing the alignment of its decarbonisation strategy with various pathways, alongside a new 2030 target. We continue to engage with the company on a long-term commitment to phase-out thermal coal and improve disclosures around its current thermal coal sales and the impact of acquisitions on the group's climate strategy.

Chinese steel company

Mode of Engagement:	In-person
Sector:	Materials
Engagement topic(s):	Climate Change, ESG Integration
Systemic theme(s):	Climate Change
Asset class:	Equities

Engagement objective/rationale:
To understand the company's overall approach to climate change, especially its approach to the regulatory inclusion of the steel sector in China's Emissions Trading Scheme (ETS).

Engagement details:
In December 2023, we initiated our first engagement with the company to discuss its overall approach to climate strategy, including the opportunities and risks within China's steel sector. A key topic of discussion was the company's approach to the anticipated inclusion of the steel sector in China's Emissions Trading Scheme. The company expressed its active involvement in the carbon trading pilot programme and its anticipation for the sector's inclusion. During the engagement, we also shared best practices and explained Fidelity's climate commitment as part of our ongoing stewardship efforts. In 2024, we visited the company's headquarters, where they detailed the progress made on addressing climate change.

Outcomes and next steps:
Notably, the company had established an internal carbon pricing mechanism. This timely achievement ensured the company's preparedness ahead of the regulator's official inclusion of the steel sector in the ETS. Furthermore, the internal carbon price was set higher than the average price determined by the regional pilot programme to incentivise carbon reduction initiatives and efficiency optimisation. The company had also made significant progress in climate governance and strategy, adopting several of our suggestions.

As we continue our engagement into 2025, we will monitor its progress on other aspects, including developments in low-carbon technology, climate target verification, and pay disclosures.

Nuclear and coal-fired power company

Mode of Engagement: In-person

Sector: Utilities

Engagement topic(s): Governance, Thermal Coal

Systemic theme(s): Climate Change, Effective Governance

Asset class: Equities

Engagement objective/rationale:
Encouraging coal phase-out.

Engagement details:
The company generates 44% of its electricity from nuclear power. Since the Fukushima accident, the company temporarily shut down its nuclear reactors and implemented safety measures, but the gradual resumption of operations has led to a rapid recovery in performance, making the company an attractive investment.

Meanwhile, 11% of its electricity supply is coal-fired, and the company has not announced any coal phase-out plans, based on its view that future CCUS (carbon capture, usage and storage) technology will help curb carbon emissions. Like other Japanese power companies, it had been reluctant to communicate with investors, but the revelation of a bribery scandal and subsequent management renewal with the strengthening of governance provided an opportunity for dialogue.

We have started a dialogue on preventing the recurrence of misconduct and at the same time phasing out coal-fired power. The company has declared a 2050 Net Zero goal and published its plan, but it only covers its domestic operations. The coal-fired power plants it operates through joint ventures overseas are not a part of its net zero plan, so we requested that these be included.

Regarding the planned phase-out of domestic coal-fired power plants, the company pushed back, saying that the priority was to ensure a stable supply of electricity to customers, and that the CCUS technology would make the phase-out of coal-fired power plants unnecessary. However, following an announcement by a large coal supplier that it intended to downsize its coal mines, we engaged with them again on the unsustainability of coal-fired power generation in terms of raw material sourcing.

Given scepticism around the cost viability of CCUS at scale, we also asked them to demonstrate a net zero plan in case CCUS technology development fails.

Outcomes and next steps:
In our dialogue with the CEO, our impression was that their priority is to provide stable power to customers, with less consideration for its responsibility to its overseas operations. The CEO stated that he would review its overseas coal-fired power operations. Although the company has not yet agreed to a coal phase-out plan, it has taken a step forward by stating that it will not build any new coal-fired power plants and will consider closing coal-fired power plants in tandem with national policy and carbon prices. However, compared to the progress of its Asian peers, the pace seems slow.

Climate Action 100+

Fidelity has participated in several engagements as part of Climate Action 100+. In 2024, we were lead or co-lead with five issuers and participated in eleven other engagements, some of which are referenced below.

Rio Tinto

Objective
Provide improved disclosure and action on steelmaking value chain emissions to align with a green steel future.

Background and engagement action
Since early 2021, we have been actively engaging with Rio Tinto to encourage the company to set a Scope 3 emissions reduction target but historically have made little progress. Rio Tinto's Scope 3 emissions represent 95% of their total emissions and account for more than 500m tonnes of CO_2e per annum. In 2023, we decided to change tack and focus on what is within Rio Tinto's control and what is commercially relevant for their iron ore portfolio.

During 2023, we met with Rio Tinto four times through one-to-one engagements and collaborative meetings. We sought to ensure there was multi-stakeholder alignment via a combination of bilateral engagement, collaborative engagement (CA100+) and engaging with industry players (Australasian Centre for Corporate Responsibility, ACCR).

We sought to adopt multiple stewardship tools, combining direct board and management engagement, effective incentive-aligned structures, threat of escalation, and shareholder proposals.

Outcome
Positively, in March 2024 in the lead up to their 2024 AGM, Rio Tinto announced that they would enhance disclosure on plans to reduce Scope 3 emissions from processing iron ore. Following the announcement, we met with the Chair of Rio Tinto to reiterate our core areas of focus and congratulate them on the commitment. We continue to engage with Rio Tinto on this area and monitor their emissions strategy.

Grupo Mexico

Objective
Encourage more transparency and disclosure around decarbonisation strategy.

Background and engagement action
As a large emitter both operationally and through the value chain – but a critical enabler of decarbonisation as one of the largest global copper producers – we are engaging with Grupo Mexico to encourage the development and transparent disclosure of a comprehensive decarbonisation strategy and associated targets.

We have held several meetings with management over the course of the past four years as lead of the Climate Action 100+ investor engagement with Grupo Mexico.

Our asks have been incremental, initially focussing on TCFD-aligned reporting and governance, followed by disclosure of a strategy to reduce operational emissions and associated targets. Throughout 2023 and 2024, our focus has centred on improving disclosures around existing targets and advocating for a Scope 3 reduction strategy and associated targets.

Outcome
The company now reports in alignment with the TCFD recommendations and its CDP disclosure score has risen from a C to a B. It has improved disclosures on corporate lobbying and set short- and medium-term targets along with a net zero ambition by 2050 covering Scopes 1 & 2 (2023). In 2024, it released new short-, medium- and long-term targets for Scope 3 emissions and an associated roadmap. However, while the company has considered an internal carbon price, it has not yet integrated this into investment decisions, and it has no net zero target for 2050 for Scope 3 emissions. It also has more work to do on linking executive remuneration to climate goals, demonstrating board-level expertise and being transparent on lobbying activities alignment.

Anglo American

Objective

To improve Anglo American's measurement, disclosure and abatement of methane emissions.

Background and engagement action

Methane emissions are some 80 times as potent as CO_2 over a 20-year period and responsible for around a third of global warming. They also account for 30% of the steelmaking industry's value chain emissions. However, there are widely held concerns that these emissions are systematically underreported due to current estimation methods and that current abatement efforts are ineffectual. In our view, these factors create key legal, regulatory and reputational risks for operators of coal mines with methane emissions, like Anglo American.

Accordingly, Fidelity co-signed a letter from the Climate Action 100+ engagement group for Anglo American calling on the company to develop a best-practice and industry leading approach to the measurement, disclosure and abatement of methane emissions from its metallurgical coal operations, including:

- Disclosure of estimation methods and their efficacy
- A publicly-disclosed methane action plan
- Development of an approach for non-operated assets and third-party volumes
- Disclosure of related advocacy or industry engagement activities
- Implementation of direct methane measurement at each mine site to verify emissions estimates.

Outcome

At the 2024 AGM, our collaborating partner made a statement and reiterated the asks of our joint letter sent in March. At the meeting, the company directly and firmly committed to produce the requested disclosure by the end of 2024. However, the company later disposed of its remaining steelmaking coal portfolio to a U.S. firm, with a partial onward sale to an Indonesian company. The engagement can therefore not proceed in its current form and has been closed.

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Nature Loss

We have designed our top-down thematic nature stewardship strategy around the direct drivers of nature loss as identified by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), complemented by stewardship tools such as policy engagement and voting to amplify and escalate our position as active owners where necessary. We find that by focusing on the drivers of nature loss, we can improve the likelihood of engagement outcomes. We are also part of several nature-related engagement initiatives such as those led by Ceres, the FAIRR (Farm Animal Investment Risk and Return) Initiative, ARE (Asia Research and Engagement), Cardano, and the PRI (Principles for Responsible Investment). More details of our approach to nature loss can be found in our Nature Roadmap.

In our 2023 nature impact and dependency analysis using ENCORE data, we identified that across our portfolios we are materially exposed to sub-industries that impact on water quality and quantity, as well as sub-industries that are highly dependent on the provision of fresh water. We therefore launched our water risk engagement in 2024, in addition to our Deforestation engagement which has been running for several years.

The water risk engagement seeks to identify priority sectors and issuers and set clear investor expectations against which we can monitor engagement progress and management of water-related impacts and dependencies across our engaged investments. The objective of water risk engagement is to champion companies that responsibly steward and protect water resources in business operations and global supply chains, to build a resilient water future. Our investor expectations include that companies do not negatively impact water availability in water scarce areas across their value chain. Furthermore, we expect that companies do not negatively impact water quality across their value chain.

Similar to climate, we have developed a set of standard objectives and milestones for nature to enable consistent engagement progress tracking. The milestones were developed through leveraging existing frameworks and experiences gained through past engagements.

In 2024, we had engagement interactions with 25 companies and 8 financial institutions within our deforestation thematic engagement in 2024. We have identified around 3 to 5 milestones per issuer across our deforestation thematic engagements and mid-teens milestones have been achieved by companies to date.

<table>
<tr><td rowspan="5">Direct Drivers of Nature loss (IPBES)</td><td colspan="5">Nature loss engagements</td></tr>
<tr><td colspan="5">Nature Action 100</td></tr>
<tr><td>Land & Sea Use Change</td><td>Pollution</td><td>Direct Exploitation</td><td>Climate Change</td><td>Invasive Species</td></tr>
<tr><td rowspan="2">Deforestation</td><td colspan="2" rowspan="2">Water Risk</td><td>Thermal Coal</td><td rowspan="2">Difficult to engage</td></tr>
<tr><td>High Emitters</td></tr>
<tr><td colspan="6">■ Thematic Engagement ■ Collaborative Engagement ■ Climate Engagements</td></tr>
</table>

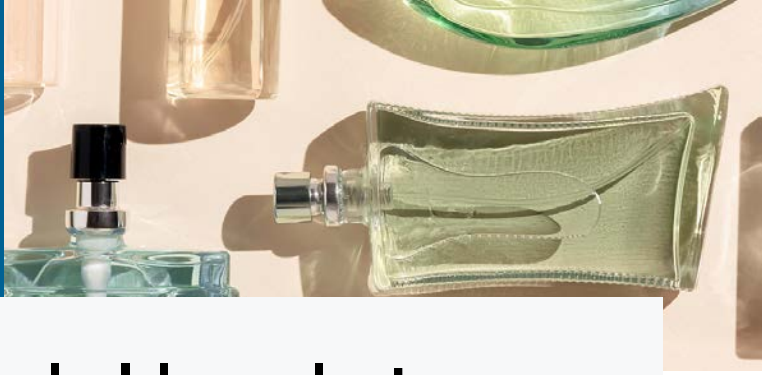
Source: Fidelity International, 2024.

Half of the milestones achieved by companies related to improved disclosure, such as issuers disclosing the proportion of certified volumes and conducting a CDP Forests disclosure. We were encouraged to see the other half related to improved practice or policy, such as issuers adopting a time-bound deforestation-free commitment.

While we have observed some progress, at the market level, the number of companies which has prepared to disclose that they have achieved deforestation-free direct operations and supply chains remains relatively small. CDP reported in 2024 that only 64 companies reported that at least one commodity supply chain was 100% deforestation or conversion-free.[3]

Overall, we had engagement interactions with 42 companies across deforestation, water risk and collaborative nature engagements in 2024. Below are some case studies on nature-related engagement. In 2025, we aim to engage with at least 45 companies across our nature-related thematic engagements, focusing on our material holdings and the key impact drivers of nature loss. Our commitment is subject to company access, holding size and resourcing.

[3] CDP Global Forests Report 2024



Personal care and household products company

Mode of Engagement: Call

Sector: Consumer Staples

Engagement topic(s): Biodiversity, Water Management, Climate Change

Systemic theme(s): Nature Loss

Asset class: Equities

Engagement objective/rationale:
Understand progress towards a circular economy and improved sustainable packaging practices; deforestation-free direct operations and supply chain; ways to reduce water consumption.

Engagement details:
In November 2022, the company set improved sustainable packaging targets:

- To achieve a 20% reduction in packaging gram per ml of product manufactured by 2030;
- 100% folding box boards are made with FSC or PEFC certified material by 2025; and
- Increase post-consumer recycled materials to at least 30%. The company also plans to disclose their packaging mix in line with peers.

In 2024, we continued to encourage the company to make further improvements to its targets, including the following:

- **Circular economy:** Packaging is a significant part of the company's carbon footprint; we encouraged the company's to disclose its packaging material mix and set targets in line with Ellen MacArthur Foundation (EMF) goals, like many global peers.
- **Deforestation:** We encouraged the company to set a time-bound deforestation-free commitment and encouraged improved disclosure such as via CDP Forests.
- **Water:** We encouraged the company to set water consumption reduction targets and disclose water consumption in the supply chain.

Outcomes and next steps:
There has been progress and we will continue to encourage further improvements on packaging to bring targets in line with EMF goals. On deforestation, The company noted that they have joined the Action for Sustainable Derivatives (ASD) initiative. They have completed a nature risk assessment and intend to do more work here. In October 2024, The company flagged that they have submitted their CDP Forests disclosure, due to be released in 2025. There were no major outcomes on water consumption with the company having already decided to submit its CDP Water disclosure in 2024. The company continues to be an engagement candidate.

Nature Action 100

We believe collaboration is imperative to support our ambition to reduce nature loss and redirect financial flows towards nature positive outcomes. As such, to complement our firm-driven engagement, we also participate in a range of investor initiatives and collaborative engagement programmes, including the global industry-led collaborative engagement initiative, Nature Action 100.

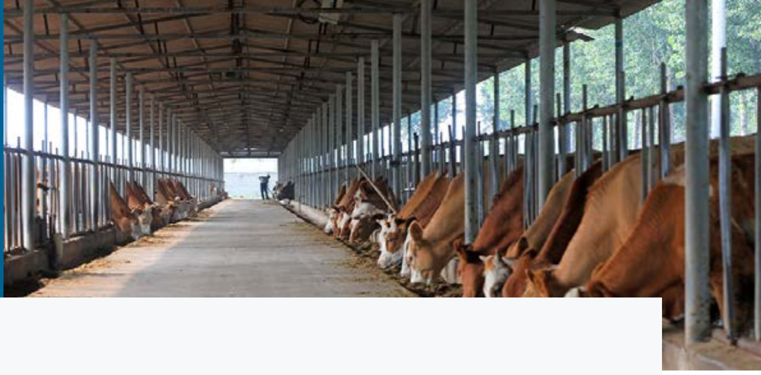
The initiative focuses on companies in systemically important sectors. The objective is to drive greater corporate ambition and action to reverse nature and biodiversity loss to mitigate financial risk and to protect the long-term economic interests of investors' clients and beneficiaries. We selected our participation in engagements with individual companies according to where we have material holdings and our assessment of company practices. The sector-agnostic investor expectations outline a roadmap for companies to assess and address their nature-related impacts and dependencies, complemented by company specific asks, as identified by each collaborative investor working group.

Nature Action 100 investor expectations:

- **Ambition:** Publicly commit to minimise contributions to key drivers of nature loss and to conserve and restore ecosystems at the operational level and throughout value chains by 2030.
- **Assessment:** Assess and publicly disclose nature-related dependencies, impacts, risks, and opportunities at the operational level and throughout value chains.
- **Targets:** Set time-bound, context-specific, science-based targets informed by risk assessments on nature-related dependencies, impacts, risks and opportunities. Disclose annual progress against targets.
- **Governance:** Establish Board oversight and disclose management's role in assessing and managing nature-related dependencies, impacts, risks, and opportunities.
- **Engagement:** Engage with external parties including actors throughout value chains, trade associations, policy makers, and other stakeholders to create an enabling environment for implementing the plan and achieving targets.

2024 update

Within the Nature Action 100 collaborative engagement, utilising our global footprint, we actively engaged with four companies within the food, chemicals, and metals & mining sectors. We set out our expectations for these companies and will continue to engage on these in 2025.



Chinese dairy company

Mode of Engagement: Various

Sector: Consumer Staples

Engagement topic(s): Climate Change, Supply Chain Management, Nature Disclosures

Systemic theme(s): Climate Change, Nature Loss

Asset class: Equities

Engagement objective/rationale:
Following multi-year engagements with the company across various topics including corporate governance and climate change with positive outcomes, since 2023 we have broadened out the engagement topics to nature impact, deforestation and supply chain management.

Engagement details:
In 2023, we encouraged the company to establish a deforestation-free policy and promote animal welfare and a member of the Sustainability team visited the company's upstream organic dairy farm from one of its suppliers in the Inner Mongolia desert to observe supply chain animal welfare and deforestation risk.

During our visit, we learned that the business model is deeply rooted in the principles of the circular economy and organic production. The supplier cultivates up to 70% of the roughage cattle feed within the desert region and subsequently utilises cattle manure for organic fertilizer production. It also addresses the risk of deforestation in the supply chain by localising feed procurement which allows for close monitoring and verification of organic status assurance, instead of importing feed from countries exposed to high risk of deforestation. Furthermore, the analyst was able to observe animal welfare on the ground. In 2024, along with other investors, we expanded the engagement into broader nature assessment, including the adoption of Taskforce on Nature-related Financial Disclosures (TNFD).

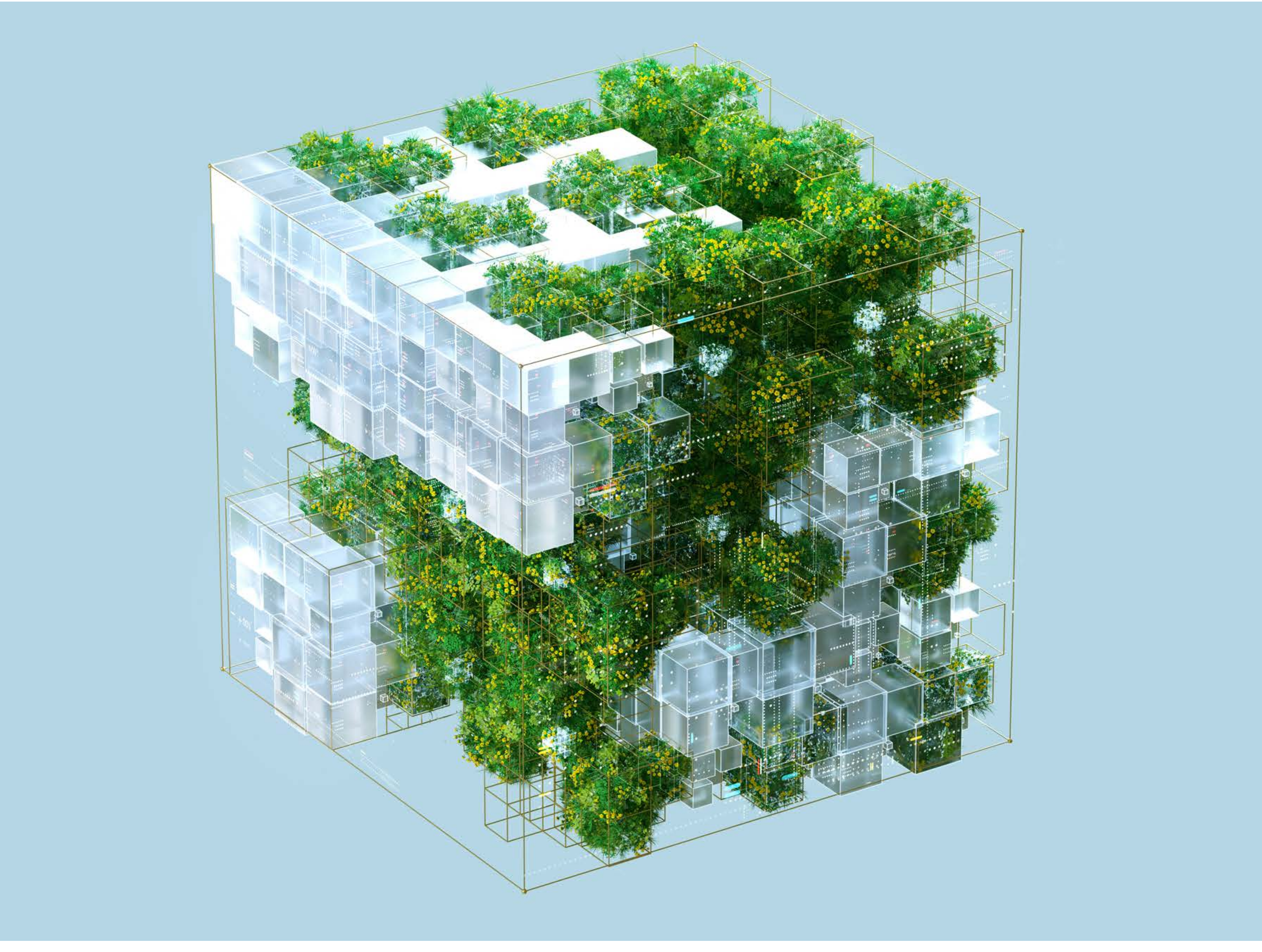
Outcomes and next steps:
In April 2023, the company published a Forest Protection Policy which includes a zero-deforestation commitment by 2030 covering the entire supply chain. Coupled with the on-the-ground interaction with its supplier, this helped our analyst gain increased confidence in the company's commitment to its sustainability strategy.

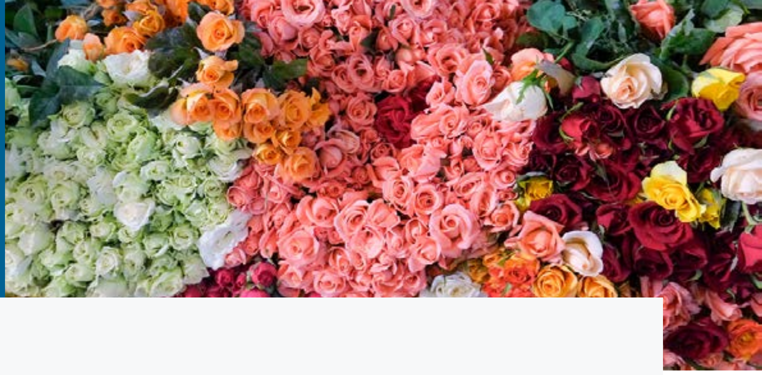
Nevertheless, the specific organic upstream dairy farm we visited only represents 10% of the company's overall raw milk supply. There are also challenges in finding a balance between evolving consumer preferences and the company's organic product offerings in the long term. As such, we continue to engage with the company on its practices for the rest of the value chain, and expanded the analysis to broader nature topics, encouraging adoption of TNFD. In 2024, the Company published its first TNFD report, one of the few companies globally to proactively respond to the global framework. The TNFD report provided important disclosures for deeper discussion the same year, where we along with other investors within Nature Action 100, engaged with the company on linking risk assessments within the TNFD framework with its long-term ESG strategy.

Social Disparities

The widening gap of wealth, lack of access to basic services and respect for human rights can create a range of systemic risks for investors. While these are hard to calculate and can take many shapes and forms, they are increasingly manifesting as material risks. These risks can impact the resilience of our economies, supply chains and potentially be disruptive to the legal and political frameworks that enable us to serve our clients. Many of these risks are starting to attract attention from regulators around the world, so we believe that understanding them better through our systemic engagement can help us anticipate their implications.

We have prioritised two themes under social disparities: (1) modern slavery and supply chain resilience and (2) ethical AI. In 2024, we have developed a set of standard objectives and milestones for the themes to enable consistent engagement progress tracking. The milestones were developed through leveraging existing frameworks and experiences gained through past engagements.





Lynch Group

Mode of Engagement:	Call
Sector:	Consumer Staples
Engagement topic(s):	Global supply chain mapping and grievance mechanism development and structure
Systemic theme (s):	Social Disparities, Modern Slavery
Asset class:	Equities

Engagement objective/rationale:
Conduct supply chain mapping across global footprint; disclose grievance mechanism approach with subsequent incident data.

Engagement details:
While we have raised the issue of modern slavery with Lynch in previous meetings this was our first dedicated engagement on modern slavery with the company. As part of our Social Disparities – Modern Slavery thematic, we engaged with Lynch Group to get a better understanding of their approach to human rights and modern slavery in Australia and across their global supply chain footprint. As a grower and wholesaler of flowers and potted plants, Lynch Group has large proportions of its operations and supply chains that are exposed to low-skill labour through labour agencies and has supply chain exposure to several high-risk jurisdictions including Kenya, Ecuador, Malaysia and Vietnam.

During the meeting we met with Lynch's management team and chief scientist to discuss their approach to modern slavery risk management. Through the discussion, the team highlighted their risk assessment approach and supply chain engagement strategy, outlining a lot more activity than they are currently disclosing. We highlighted this and encouraged them to provide more detail on the scope and approach to risk management and assessment. What gives us comfort is that their two largest customers are Coles and Woolworths have high expectations when it comes to their suppliers; furthermore, while they have significant exposure to China, a large proportion of their exposure is under their control and on their own sites and therefore they have better oversight and management of those operations and the conditions there.

Outcomes and next steps:
Following the meeting, we shared our key asks with the company on supply chain mapping, workforce composition data, as well as grievance mechanisms and outcomes. We believe Lynch was open to our suggestions and recognised additional areas where they could provide more detail. We will continue to monitor their modern slavery approach and engage further on these areas. In Australia, with the Modern Slavery Act Reform, regulators are increasingly scrutinising company modern slavery due diligence and action. As a result, we are seeking to maintain oversight of our high-risk holdings and ensure that there is appropriate company-level modern slavery risk management and mitigation.

Note: Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only.

IAST-APAC

Our thematic engagement on supply chain resilience and modern slavery involves intensive engagements with a set of priority companies that fall into two categories: high risk companies and collaborative engagements. One of our key collaborative engagements is our involvement in **Investors Against Slavery and Trafficking (IAST) APAC.**

The IAST-APAC initiative was launched in 2020. Fidelity is one of the founding members and a member of the Steering Committee. The purpose of the initiative is to drive effective action among companies to find, fix and prevent modern-day slavery, labour exploitation and human trafficking.

IAST-APAC is a coalition of leading investors including First Sentier Investors, Aware Super, AustralianSuper, Ausbil, among others, with collective assets under management of approximately US$7.8 trillion. The initiative engages with several companies across the consumer discretionary, consumer staples, technology, and healthcare sectors. Fidelity International is participating in four company engagements.

Our multi-year engagement efforts initially focused on governance and risk oversight and have since evolved to focus on key elements of supply chain management. This can often take the form of encouraging enhanced disclosures of risk-mapping of different tiers of suppliers, auditing coverage, grievance mechanisms, and remedial actions.

In the last year, we have seen significant improvements with one company disclosing a detailed supplier list for the first time, as well as specific details around their tier 1, 2 and 3 suppliers along with the auditing coverage. We will continue to collaboratively engage with companies on how they are addressing the root causes of supply chain risk.

Chinese sportswear company

Objectives:
Conduct supply chain mapping across global operations and enhance disclosures

Background and engagement action:
In our multi-year engagement efforts with a leading sportswear company in China, we discussed the company's progress on ESG topics, with a key focus initially on board ESG governance that evolved into specific discussions to enhance supply chain management.

Through several engagements over the years, we have encouraged enhancements in the sustainable supply chain, an area that we identified as having room for improvement. During the discussion, we delved into essential aspects of industry-leading sustainable supply chain practices that the company could implement. These include climate risk management where we sought:

- Credible target-setting relating to climate risk management
- Raw material traceability initiatives where we highlighted deforestation-risk related to leather sourcing; and
- Supplier labour management, where we encouraged enhanced disclosures on risk-mapping of different tiers of suppliers, auditing coverage, grievance mechanisms, and remedial actions.

Outcome:
The company was open to suggestions and proactively made year-on-year improvements.

In 2021, the company established a robust ESG governance framework, enabling the systematic implementation of ESG strategy and target-setting. More recently, the company has obtained a SBTi decarbonisation target certification, which includes management of its Scope 3 value chain emissions. It also joined several global industry initiatives to enhance raw material traceability and support standards and set a goal to achieve 100% traceability for segments of its raw materials within 3 years.

Australian consumer company

Objectives:
Conduct supply chain mapping across global operations; conduct auditing and verify its internal risk assessment process.

Background and engagement action:
We have been engaging with the company on their approach to modern slavery since 2020 as part of the IAST-APAC collaborative engagement. In 2024 we reached out to the company on several occasions to arrange a meeting to discuss their progress on modern slavery. During the year, the company underwent considerable restructuring and senior management departures, and so we struggled to organise a collaborative engagement meeting.

Outside of the collaborative engagement, in November 2024, we met with the company as part of a pre-AGM meeting and highlighted our continued focus on modern slavery as a material risk for the company and our desire to meet to discuss the issue. The company acknowledged our ask and assured us that it was still progressing on its strategy and implementation plan.

Outcome:
Following the meeting, we highlighted the developments to the Portfolio Manager and he agreed that we should escalate the engagement to push for more focus and action from the company on this issue. Within days of this decision, however, the company faced additional senior management turnover. Given this internal change, as a team we decided to pull back on the escalation approach and wait for the new senior management to settle into the role. Following this development, we have decided to extend the milestones and continue engaging with the company on our modern slavery asks.

Investor Initiative on Human Rights Data (II-HRD) (Digital ethics)

In 2024, we continued to be part of this collaborative initiative with other institutional investors seeking to advance the corporate human rights data environment. This involved engaging with one of the major data providers to encourage them to expand their offering and coverage of human rights data and enable us to effectively manage investments in the long-term interests of our clients.

We plan to continue this engagement in 2025.

WBA Collective Impact Coalition (CIC) for Digital Inclusion (Ethical AI)

Fidelity continues to lead the investor group of the World Benchmarking Alliance's Collective Impact Coalition (CIC) for Ethical Artificial Intelligence (AI), a cross-stakeholder group comprising institutional investors and civil society. The risks and opportunities of AI have materialised with exceptional speed in the last two years. The proliferation of generative AI technology across many sectors and markets has raised questions as to how society can benefit from the opportunities presented from such nascent technologies, whilst protecting against harmful unintended consequences. We believe leading technology companies have a crucial role to play in driving the safe deployment of new technologies, and that collaborative engagement on the topic can be an effective means of driving increased corporate commitments to ethical AI.

The CIC was launched in September 2022 and is underpinned by the findings of the WBA's Digital Inclusion Benchmark (DIB). The DIB scores 200 of the world's most influential hardware, telecoms, software and IT service companies on their contribution to four measurement areas, including fostering safe use and respect for digital rights.

The CIC had three core objectives at the outset: raise awareness of the importance of ethical AI, increase understanding of what best practice looks like, and increase the number of companies making public commitments to ethical AI principles. Progress has been made on all three objectives, through thought leadership and robust corporate engagement on the topic.

Acknowledging the rapid advancements made in the AI field in recent years, in February 2024 the investor group of the CIC published a revised 'Investor statement on Ethical AI', outlining our current expectations of corporates. As a collective, we believe that in addition to the publication of high-level principles, companies must demonstrate robust AI governance and implementation of safeguards in the face of significant risks stemming from the new generation of AI tools.

In 2024, CIC investors attempted to engage 74 companies on ethical AI practices and policies with approximately one-third of companies receptive to our collective asks and views of best practice. Where progress has been slow, investors have continued to explore escalation strategies, including the filing of shareholder proposals at laggard companies. New data from the WBA shows that 71 of the 200 largest digital companies now have AI principles in place, an increase from just 52 in September 2023. In 2024, we also had several educational calls with experts focused on Human Rights Impact Assessments and AI regulation, to help inform corporate engagements. Our engagement with companies continues to be guided by four key questions:

1. How does the company consider and define artificial intelligence in its business and business strategy?
2. How are ethical considerations integrated in the development and deployment of AI?
3. How are the ethical aspects of AI governed in the company and who is responsible for overseeing these processes?
4. Is the company considering a public commitment to ethical AI principles or is it already in the process of making such a commitment public?

Fidelity continued to use this framework to guide engagement dialogue with three target companies: a global social media company, a Chinese cloud and e-commerce platform, and a diversified U.S. technology and service provider.

Outcomes and next steps:
All three companies responded to outreach from investors and agreed to hold at least one focused engagement meeting on ethical AI over the course of the year. All three companies have met our minimum expectations in having published a set of ethical AI principles, and have started to frame the nature and ambition of their ethical AI strategy through the lens of their position in the value chain. One company has also produced a best-in-class Human Rights Impact Assessment that we are able to use as an example in other corporate engagements.

In 2025, the CIC will continue 'Phase 2'. For Fidelity, this will mean the continuation of constructive dialogues with companies where we have a track record of positive engagement, whilst refocusing our efforts towards new companies where we feel the risk is more material.

Effective Governance

Good governance is essential for investors as it provides assurance that a company is being managed responsibly and effectively, which directly impacts investors' long-term returns.

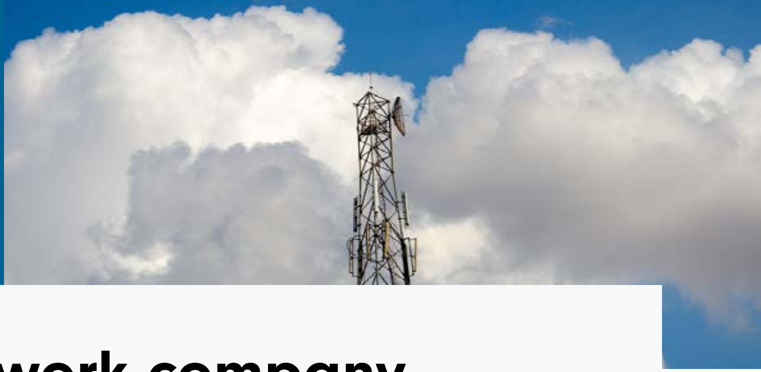
Our engagement on governance consists of three core pillars:

1. **Bottom-up corporate engagement:** Engagements on governance are naturally part of the investment research process and led by investment analysts during the pre-AGM cycle or out of cycle. Analysts focus on a range of issues depending on the company and the region where the company operates, but generally the topics of engagement are: management quality, ownership structure, board effectiveness, executive remuneration, audit quality, risk management and investor rights.
2. **Top-down thematic engagement:** While good governance is usually considered a company-specific feature and would therefore be conducted more from a bottom-up perspective, we have identified circumstances in which governance-related issues stem or manifest at the system level, or a sub-system level (i.e. a specific jurisdiction). In these occasions we take actions from a top-down perspective to help drive change. Our two current thematic engagements are Gender Diversity and Japan Governance.
3. **Embedded in our voting activities:** As outlined in our Sustainable Voting Principles and Guidelines, we believe that companies should adhere to basic corporate governance standards across a range of topics, including but not limited to, shareholder rights and authority, corporate culture and conduct, audit and reporting, and remuneration. Where companies do not meet our minimum expectations we may chose to hold companies to account through our voting activity.

We have prioritised the two sub-themes for our thematic corporate governance activities:

1. **Gender Diversity:** Fidelity's Gender Diversity engagement is primarily driven by our Sustainable Voting Principles and Guidelines that are designed to encourage diversity has been appropriately considered in board composition. We believe that boards benefit from having a diverse group of members who can offer differing perspectives. While differences in personal characteristics are not the only way to measure diversity, we believe that low levels of diversity along these lines are often a signal of poor director recruitment practices. Therefore, in most developed markets, we will generally vote against the election of directors when women do not comprise at least 30% of the board members. In other markets where standards on board diversity are still developing, we will generally vote against directors if less than 15% of the board members are women. We will also consider racial and ethnic diversity when assessing the quality of a board's composition.
2. **Japan Governance:** Corporate Governance in Japan has been selected as a thematic engagement because of concerns that corporate governance risks could impact returns on capital and valuations of issuers in Japan. The Financial Services Agency (FSA) and Tokyo Stock Exchange (TSE) have identified corporate governance reform as a contributing factor to enhance return on capital and valuation multiples of Japanese listed companies relative to international peers. This movement was catalysed by the publication of the initial Corporate Governance Code in 2015, and has gained momentum in the last few years with the restructuring of market sections by TSE (2022), requesting companies to make disclosures specifically on 'cost of capital conscious management' (2023) and the re-designing of the TOPIX index (2024).

Our fiduciary role is to safeguard and enhance the funds that we manage. In the context of addressing the issues outlined above, this means working with companies to address operational and financial risks associated with challenging corporate governance practices, and to promote the adoption of best practice with respect to capital allocation, risk management, and governance.



Indian transmission network company

Sector: Utilities

Voting Issue(s): Governance

Summary of the resolution(s): Amend articles of association.

Details:
Fidelity voted against the election of a director due to concerns about the independence of the Board and gender diversity. The Board's independent representation is only 25% (2 independent directors out of 8 members on the board), which falls short of our minimum standards of having at least 50% board independence where the board chairperson is an executive.

We also voted against the director due to concerns about board diversity. Specifically, the company had no female director on the board of directors and did not meet our minimum standard on gender diversity. We generally expect at least 15% female representation at the board level in developing markets, and our general approach is to vote against an appropriate board member on this basis. We voted with management on all other proposals.

Outcomes and next steps:
All resolutions were approved at the meeting. However, 17.9% of votes cast were against the proposal related to the election of the director we did not support. We will continue to monitor the company's progress on corporate governance.

Japanese gas company

Mode of Engagement: In-person

Sector: Utilities

Engagement topic(s): Business Strategy, Governance

Systemic theme(s): Effective Governance

Asset class: Equities

Engagement objective/rationale:
Better understand the company's capital allocation strategy and encourage investment discipline.

Engagement details:
The company's lack of investment discipline in decarbonisation has eroded capital efficiency and with it shareholder trust. Consequently, while their moves to find the 'best owners' and divest non-core assets are supportive of shrinking the balance sheet, their valuation remains lacklustre given low investor confidence in their ability to reinvest proceeds in high return projects.

With the company's changing (and sometimes conflicting) messaging on capital allocation, we wanted to convey to the CFO that demonstrating strict investment discipline and an understanding of cost of capital is essential to regain market trust.

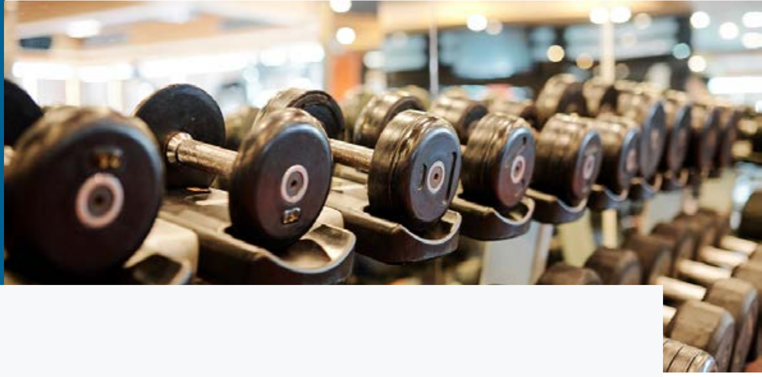
We provided our view on their use of a Weighted Average Cost of Capital (WACC) equal to the utilities business for transition investments. The CFO recognised that the 2% WACC they apply is too low, and that prior investments had not gone as planned. He shared that the new management team is more focused on capital efficiency and is assessing investments using specific WACC and Internal Rate of Return.

We asked that the WACC they apply to each segment be disclosed, with evidence of regular reviews of investment returns provided. He shared that return on assets (ROA) has been added as an evaluation metric for divisional heads and that a list of low ROA businesses has been drawn up, which will be examined and exited if necessary.

We encouraged the company to better disclose this changed management focus towards capital discipline as investors remain sceptical. While the uplift from capital discipline will take some time to come through given past low-return projects, we believe that disclosing how they intend to selectively use excess cash would help to build trust in management and drive down their cost of capital, lifting their price-to-book ratio.

Outcomes and next steps:
Following our engagement, at their results announcement, management indicated their commitment to controlling equity starting with 1) a large share buyback, 2) disclosing a progressive dividend policy, and 3) setting an 8% return on equity (ROE) target for 2026.

This announcement improved the market view of the company, although uncertainty remains on execution. Having our request to the CFO being reflected so quickly has increased our confidence that they are genuine about listening to investors. In the post-results meeting, it was clear that the culture has changed throughout the firm, from the investor relations team's attitude and messaging. The share price reacted to the news, taking it from 0.7x to 1.0x price-to-book in a short time.



The Gym Group

Mode of Engagement: Call

Sector: Leisure Facilities

Engagement topic(s): Executive Remuneration

Systemic theme(s): Effective Governance

Asset class: Equities

Engagement objective/rationale:
To encourage the company to adopt performance hurdles in its revised incentive plan.

Engagement details:
Following upheaval in the management team and a strategic review, the board sought to implement a new incentive pay scheme for the executive directors. It wrote to the company's largest shareholders, including Fidelity, to outline the proposed plan.

The proposal was a non-standard incentive arrangement with a shorter than average performance measurement period, which the board felt would provide greater retention and line-of-sight on remuneration outcomes for participants. The majority (60%) of the award would be paid in deferred shares, with the balance paid in cash. Performance targets would be primarily linked to one-year EBITDA targets.

During the call, we were pleased that the board was receptive to the idea of including a performance hurdle linked to returns in the incentive mix. We were also able to clarify some questions around the incentive's length of exposure to development of the share price and the degree of stretch in the performance hurdles.

Outcomes and next steps:
On 26 March, the board sent through a revised proposal which included a new performance hurdle linked to adjusted return on invested capital (ROIC) and a feature which incentivised share price growth, as well as a higher weighting on deferred shares. The plan was approved at the AGM in May 2024. We found the board to be constructive and responsive to shareholder feedback during the engagement.

Note: Reference to specific securities should not be construed as a recommendation to buy or sell these securities and is included for the purposes of illustration only.

North American application software company

Sector: Information Technology

Voting Issue(s): Governance

Summary of the resolution(s):
Shareholder resolution - provide a right to call a special meeting.

Details:
A shareholder filed a proposal requesting the board take the steps necessary to amend the appropriate company governing documents to give owners of a combined 15% of the outstanding common stock the power to call a special shareholder meeting. The company currently does not allow shareholders to call a meeting.

The ability to call a special meeting is an important way that shareholders can hold boards of directors to account. We consider it to be fundamental for encouraging effective corporate governance at companies with dispersed share ownership. We believe that the ownership threshold for calling a special meeting should be low enough that the possibility of convening such a meeting is realistic, but high enough that it requires a substantial capital commitment to avoid the possibility of abuse. We concluded that the proposed 15% threshold was reasonable in light of the company's ownership structure and decided to vote in favour of the proposal.

Outcomes and next steps:
The resolution was approved at the AGM. Although the resolution was non-binding, we would expect the company to implement it based on the result of the vote.

Voting Record

We believe that exercising our ownership rights by voting at company meetings is a fundamental responsibility for shareholders. Voting is a key tool to improve client returns, improve sustainable business behaviour and advance our purpose to build better financial futures.

In 2024, we updated the Sustainable Voting Principles and Guidelines as part of a regular review process. Our Guidelines are underpinned by the objectives of upholding good corporate governance standards across our equity holdings, preserving shareholder rights and supporting companies that are sustainable, innovative, responsible and accountable to their shareholders. Where companies do not meet our minimum expectations, we may chose to hold companies to account through our voting activity.

41% of meetings covered by Fidelity were for Asian (including Japanese) companies in 2024. This next two most prominent voting regions were Europe including UK (27%) and the Americas (25%).

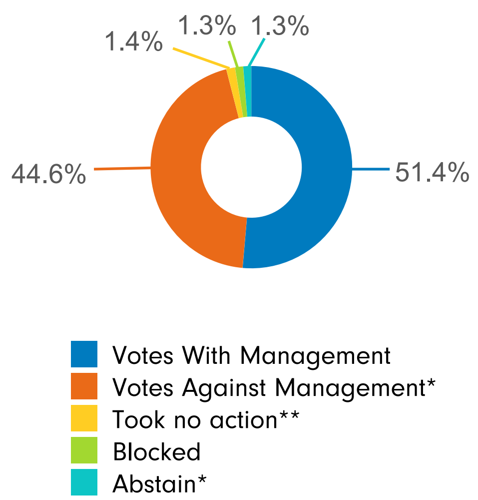
Fidelity analysed 3,746 shareholder meetings in 2024. Of these, we voted at 97.4%. We did not vote at 2.6%; this generally related to meetings where share blocking was applied to our fund holdings, or to voting events for Fidelity funds, at which we do not vote as per our conflicts-of-interest policy. We also did not vote Russian securities in 2024, in line with our policy to wind down Russian holdings. We voted against management on at least one resolution at 45% of the meetings we covered, and we abstained on at least one item at 1%. We generally abstain when there is not enough information to make an informed voting decision, or on occasion to send a cautionary message to the company.

Our voting reflects the global nature of our fund products. 41% of meetings covered by Fidelity were for Asian (including Japanese) companies in 2024. The next two most prominent voting regions were Europe including UK (27%) and the Americas (25%).

Our voting record in 2024 continued to reflect our focus on environmental and social themes. In 2024, we voted against or abstained on director elections at 275 companies globally to reflect concerns on board diversity (c. 7% of all meetings Fidelity voted). Diversity concern was the second most common reason we voted against the board's recommendation on director elections last year behind director independence. We also voted against or abstained on directors at 61 companies last year based on concerns regarding the company's climate change governance, disclosures, and strategy, and we voted against the board's recommendation on 59% of climate shareholder proposals.

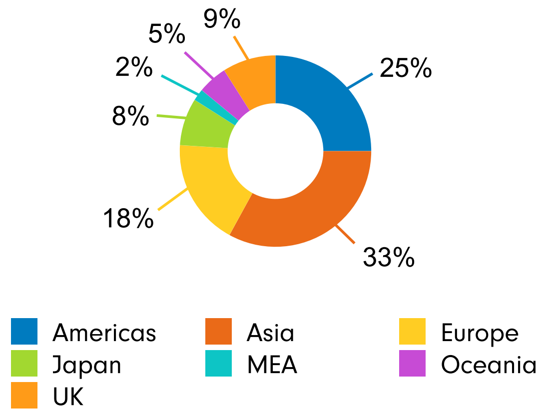
Our voting guidelines update from March 2023 included a new voting policy on deforestation, which we engaged companies on during the year; voting sanctions under this guideline took effect from 2024 and we voted against at least one director in 7 annual general meetings due to deforestation-related concerns.

Chart 4: Summary of votes cast (meeting level)
2024



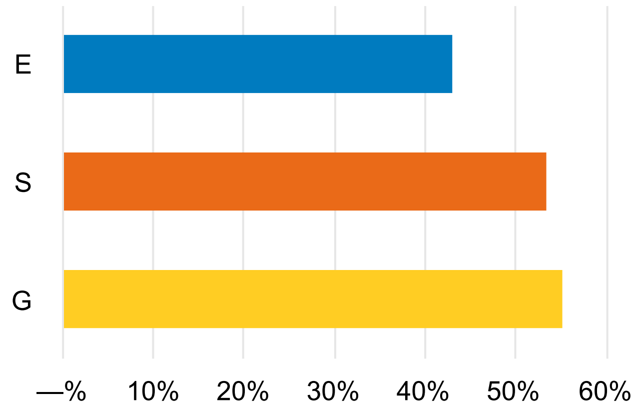
Source: Fidelity International, 2025..
* Includes all meetings where Fidelity abstained or voted against management in respect of one or more resolutions.
** Includes a small number of meetings where Fidelity's votes were rejected.

Chart 5: Summary of meetings by region
2024



Source: Fidelity International, 2025.

Chart 6: Shareholder proposals supported
2024



Source: Fidelity International, 2025.

System-wide Stewardship

Systemic risks

Our Sustainable Investing Principles reflect our belief that material ESG factors can impact long-term value creation at issuer level. This belief informs what we aim to achieve, including the mitigation of negative impacts from system-level risks through active ownership and policy engagement, alongside other approaches. We have identified four systemic themes with the potential to impact the long-term value of our clients' assets: climate change, nature loss, social disparities, and effective governance.

Our policy engagement is an important pillar within our overall engagement strategy. The Public Policy team drives and coordinates official contact with government departments, policy makers, and regulatory bodies across the jurisdictions in which we operate, with our Sustainability team taking the lead on sustainability-related policy engagements.

We focus on regulatory developments that affect Fidelity as a financial services provider and on addressing policy relating to system-level risks critical to long-term investment returns, e.g. via discussions around financing the transition. We engage both via associations and directly with policy makers and regulators. In 2024, we focused our engagement around three pillars: 1) appropriate and decision-useful corporate disclosures, 2) product regulation that supports our clients' sustainability objectives, and 3) policy developments that enable our investee companies to transition to a low-carbon economy in a pragmatic and economic way. Fidelity responded to 20 ESG-related consultations in 2024 issued by governmental bodies or standard-setting organisations across multiple countries. Examples of types of consultations we responded to include consultations on product regulations and sustainability disclosures.

We have set out examples of our system-wide stewardship below.

Sectoral decarbonisation in the UK

In 2024, we engaged with the UK Government through our industry associations, including The City UK and the UK Sustainable Investment and Finance Association on a range of topics, including the Government's Industrial Strategy and the Clean Power Plan that aims to deliver 95% clean power in the UK by 2030.

We also responded to the Department of Business and Trade's consultation on its proposed 10-year industrial strategy, Invest 2035, and inputted into association responses. The strategy focuses on 8 key sectors including financial services and clean energy industries as core enablers of growth across the economy.

We joined an IIGCC working group that produced a paper providing investor views on the development of sector (or segment) decarbonisation pathways. We believe these can provide greater policy certainty for investors wishing to commit capital over different time horizons. Once developed, these sector pathways could be accompanied by an investment plan that sought to close funding gaps, for example, for commercial technologies that needed capital to scale.

Australian Government and Nationally Determined Contributions (NDCS)

We are co-leads for the Australian Federal Working Group for the Collaborative Sovereign Engagement on Climate Change, which is an investor-led engagement initiative coordinated by the PRI. As of June 2024, the group had approximately US$8 trillion in assets under management. The initiative aims to support governments to meet Paris Agreement commitments. Australia was selected by members as the pilot market due to several factors, including a conducive political environment, emissions intensity of the economy, historic performance on climate change and portfolio exposure and risk.[4]

[4] Principles for Responsible Investment Collaborative Sovereign Engagement on Climate Change: Australian Pilot Progress Report

In 2024, we had various collective engagements with Australian Federal Government representatives, including the Australian Treasurer, the Department of Climate Change, Energy and the Environment and Water, and the Australian Climate Change Authority.

These engagements were primarily seeking greater certainty and ambition on NDCs, which as an investor we believe could improve policy stability on how Australia will meet its Paris Agreement commitments and indicate which industries may benefit (or be at risk) as Australia moves to implement its plans.

A review from PRI found that the engagement had reinforced the positive direction of travel on Australian climate policy and economic arguments on transition as well as raising awareness among government stakeholders on how policy and action can be integrated into investment decisions.[5]

Asia Investors Group on Climate Change (SOE engagement practices)

Fidelity chairs the AIGCC Engagement & Policy Working Group, which aims to further understanding of best practice engagements at company and system level. In 2024, the group met four times to discuss relevant topics and consider progress.

The Q1 session focused on the Policy Engagement Guidelines published by the Net Zero Asset Owners Alliance, followed by peer-to-peer sharing on policy engagement. In Q2, there was a joint session with the China Working Group which zoomed in on engaging with State-Owned Enterprises (SOEs). This included a presentation on SOE engagement priorities under Climate Action 100+ and peer-to-peer sharing on SOE engagement in China. In Q3, the working group invited the Investor Group on Climate Change to share information about its approach to policy engagement in Australia. The last session of the year provided an overview of Article 6 of the Paris Agreement and COP29 (UN Climate Change Conference) related outcomes, and a presentation on the status of global fossil fuel subsidies, including a focus on fossil fuel subsidies in Japan. Understanding how these different areas affect the economics of the transition for investee companies is crucial to ensuring investors engage effectively with companies and policymakers.

COP16 and the Global Biodiversity Framework (GBF)

As part of our membership of Finance for Biodiversity (FFB), we engaged with a range of countries to help encourage policy certainty in the lead up to COP16 (UN Biodiversity Conference).

We see National Biodiversity Strategies and Action Plans (NBSAPs) and associated sector pathways as a key vehicle for governments to provide policy certainty on how they will achieve the targets set out in the GBF. Countries had agreed to submit revised NBSAPs ahead of COP16, which led us to focus on engaging with countries in the run-up to the event.

We engaged collectively via FFB with a wide range of countries on our expectations for ambitious and credible NBSAPs, including the UK, the European Union, Australia, Indonesia, and China. These engagements focused on discussing plans for the upcoming COP16 and the importance of the publication of detailed NBSAPs to investors. Outcomes on policy certainty at COP16 were underwhelming - only 22% of countries published their NBSAPs.

Water sector engagement (UK)

Following an engagement with corporates on the state of the UK water sector in the wake of sewage and water quality issues in 2023, we launched a system-level engagement on the future of the sector in 2024. Companies were facing a tough proposed 5-year regulatory settlement from the UK water regulator Ofwat, which was published in July 2024. Combined with years of underinvestment, they were exposed to penalties and public criticism for failing to meet the required operational standards.

Several companies in the sector saw a re-rating of their debt due to this and concerns about their

[5] ibid.

future financing needs given their already high debt levels. To help achieve a pragmatic regulatory outcome and ensure the sector remained investable, we engaged with associations representing the UK water sector and with the regulator on what was needed to put the sector back on a surer financial footing and ensure that the long-term investment in water purity, sewage management, and climate and water resilience remained feasible.

Sustainability Disclosures

We see sustainability disclosure as a baseline requirement for more informed and effective decisions. We continue to engage with regulators and industry associations around the world to support corporate disclosures, specifically the wholesale adoption of the global ISSB standard, while recognising that each jurisdiction will need to phase adoption in accordance with local circumstances. As investors, corporate disclosures can help us assess the sustainability of our investee companies and issuer alignment with our Sustainable Investing Framework.

In 2024, we engaged with regulators in Europe, Japan, and Korea and the ISSB on sustainability disclosures. In Japan and Korea, we were engaging on the adoption of ISSB in these jurisdictions. In Europe, we engaged on implementation challenges with the Corporate Sustainability Reporting Directive, for example, on the lack of clarity around AUM reporting. We engaged with ISSB specifically on its research project on nature disclosures. We provided our views on quantitative and qualitative nature metrics that were relevant for investors to ISSB. Some of the key metrics we proposed were hectares of impacted land and locations of sites which could be linked to deforestation and biodiversity impacts.

Sustainable Product Frameworks

In 2024, we engaged on the Sustainable Finance Disclosure Requirements (SFDR) in Europe and the Sustainability Disclosure Requirements (SDR) in the UK.

Europe is set to published proposed revisions to SFDR in late 2025. We have been engaging bilaterally and through industry associations to encourage revisions to SFDR are simple and clear for consumers and reflect client investing preferences on sustainability.

Fidelity has been supportive of the FCA’s changes to the UK sustainable fund market and contributed to the consultation on SDR in 2023. In 2024, we joined efforts led by the Investment Association to support industry-wide implementation of the rules and increase understanding of what was required to obtain the SDR's investment labels for sustainable funds.

Solutions

Our Sustainable Investing Framework provides a common language for developing products that meet clients' traditional investment and sustainability preferences. We enhanced this framework in 2024 to include more granular criteria to classify products by their degree of sustainability commitments and to align with evolving client expectations, sustainability regulations and product labels.

Global sustainable investing regulations are inconsistent and fragmented. This introduces challenges for cross-boarder funds that must comply with requirements in multiple jurisdictions. By designing a modular and flexible SI approach, we aim to meet regulatory requirements and diverse client needs with a robust, scalable, and flexible range of products and services.

With rapidly evolving sustainability regulations, more clients are looking for assistance to navigate the sustainability landscape and to meet their own sustainable investing ambitions. We look forward to continuing to support our clients through technical advice and leveraging our sustainability tools and insights to co-create innovative solutions.

Fidelity's Sustainable Investing Framework (FSIF)

The Fidelity Sustainable Investing Framework (FSIF), launched in July 2024, is designed to set minimum standards across all asset classes, with optional modules to support specific client and/or regulatory requirements. It has three product categories: ESG Unconstrained, ESG Tilt, and ESG Target.

Having this range of products and strategies allows our clients to choose their levels of ESG integration and the type of investment approaches they wish to take across their portfolios. Within each category and subcategory sit a range of regional, asset class and thematic types.

This central framework is complemented where appropriate by market specific requirements including the Sustainable Finance Disclosure Regulation (SFDR) in Europe, Sustainability Disclosure Requirements (SDR) in the UK, Autorité des marchés financiers (AMF) requirements in France. In the Asia Pacific region (including Hong Kong, Singapore, and Taiwan), product specific disclosures may be included in order to meet local compliance requirements. For more on the FSIF, visit the Sustainable Investing Framework website.

Our enhanced product framework has three categories

FSIF category	FSIF category description	Alignment to EU SFDR	Alignment to UK SDR*
ESG Unconstrained	This category includes products that aim to generate financial returns and may, or may not, integrate ESG risks and opportunities into the investment process. Products in this category adopt Fidelity's ESG Unconstrained approach to exclusions.	Article 6 - Products that may integrate sustainability risks into investment decisions.	**Products with no ESG terms in the name** Sustainability characteristics are not material to the product and the product does not use ESG terms in its name.
ESG Tilt	This category includes products that aim to generate financial returns and promote environmental and social characteristics through a tilt towards issuers with stronger ESG performance than the product's benchmark or investment universe. Products in this category adopt the ESG Unconstrained exclusions and further exclusions apply such as tobacco production, thermal coal mining, thermal coal power generation, norms-based exclusions, and certain sovereign issuer exclusions.	Article 8 - Products promoting, among other characteristics, environmental and/or social characteristics and (as applicable) investments which follow good governance practices.	**Products with ESG terms in the name** Sustainability characteristics are material to the product and ESG terms (other than 'sustainable' or 'impact') are used in its name.
ESG Target	This category includes products that aim to generate financial returns and have ESG or sustainability as a key investment focus or objective, such as investing in ESG leaders (issuers with higher ESG ratings), sustainable investments, a sustainable theme or meeting impact investing standards. Products in this category adopt the ESG Tilt exclusions and further exclusions apply.	ESG leaders: Article 8 Sustainable Thematic: ▪ Article 8 ▪ Article 9 or 9(3) - Products with a sustainable investment objective (or including a carbon reduction objective). Investments need to contribute to an environmental or social objective, do no significant harm to any of those objectives and (as applicable) follow good governance practices. Impact: Article 9	**SDR labelled products** Products with a sustainability objective. Investments must be made in accordance with a robust evidence-based standard of sustainability.

* SDR funds sit across different categories of the product framework depending on whether they have a sustainability label. They do not correspond directly to SFDR categories.

Exclusions

The revised Fidelity Exclusion Framework includes three levels of exclusions:

- **ESG Unconstrained** includes controversial weapons exclusions;
- **ESG Tilt** includes ESG Unconstrained exclusions and further exclusions such as tobacco production, thermal coal, norms-based exclusions as well as exclusions relating to sovereign issuers; and
- **ESG Target** includes ESG Tilt exclusions and further exclusions such as additional controversial weapons, conventional weapons, semi-automatic weapons, tobacco, thermal coal, Arctic oil and gas, oil sands, and additional exclusions relating to sovereign issuers.

Our exclusion list is reviewed every quarter, with ad hoc assessment as required. Further details are outlined within our Exclusion Framework.

Sustainable Investing Principles

Alongside this update to our product framework, we revised our Sustainable Investing Principles, our key reference document that sets out how we approach sustainable investing at Fidelity.

Key updates include:

1. Articulating our SI approach as focused on Integration, Stewardship, and Solutions
2. Stewardship enhancements, including additional milestone setting and tracking for thematic engagements to ensure outcomes are captured to a more granular level.
3. Asset class adaptations of our Sustainable Investing Framework
4. Updates to our Exclusion Framework to better reflect how exclusions are applied across the three categories of our FSIF.

Climate Report

We published our strategy for a lower carbon economy in our Climate Report in 2024, which maps to the TCFD framework. As regulatory and sector related conditions have evolved, we have sought to provide greater transparency on our approach to managing climate risks to our investment portfolios and how we intend to reach our targets through a range of tools, including our thematic engagements, our thermal coal phase-out plan, product-specific exclusions, and our Climate Rating.

In 2025, we published our first Climate and Nature Report. The Report is aligned to TCFD and partially aligned to TNFD on a voluntary basis as an early adopter. We also aim to publish a Climate Transition Plan report consistent with the Transition Plan Taskforce's framework.[6]

This is part of our preparation for meeting our corporate sustainability obligations in the EU under the Corporate Sustainability Reporting Directive where we report against the European Sustainability Reporting Standards (ESRS), and likely in other jurisdictions where the TCFD, and increasingly the International Sustainability Standards Board (ISSB) standard, applies.

Expanded fund offerings

By the end of 2024, the prospectuses of some of our existing funds were updated to reflect the new FSIF and undergoing regulatory approval.

Supported by the FSIF, we have expanded our range of funds to cover SFDR Article 9 strategies (across equities, fixed income, ETF and real estate) as well as UK SDR labelled funds (formally approved in early 2025).

Innovative client solutions

In addition to offering our funds and mandates, we partner with like-minded clients to further our common objective of promoting a sustainable economy. We have been exploring new opportunities with multilateral development banks in which Fidelity would be responsible for driving investments towards low-carbon transition in emerging economies while supporting the development of local green, social, and sustainable bond markets. By engaging with local issuers, we would also be able to share international best practices in corporate sustainable and sustainable finance.

We also recognise that we have an important role to play in educating clients on sustainability. In this regard, we regularly engage with clients on sustainability-related topics through bespoke training

[6] Transition Plan Taskforce

sessions and one-to-one meetings, explaining key concepts and our evolving sustainable investing strategy, both as it relates to our investment process and more specifically to our sustainable investing products and solutions. In 2024, we distributed an ESG regulatory update to clients to support their understanding of the latest relevant ESG regulations. We also held a client training session on modern slavery for key clients across Europe. In Asia Pacific, we organised our first roundtable event to promote our thought leadership and capabilities around transition finance - a top-of-mind issue among insurance clients.

As TCFD becomes mandatory in various Asia Pacific markets, we are supporting clients to reduce climate risks in their portfolios while identifying relevant investment opportunities. We also leverage our enhanced ESG Ratings and Climate Rating to perform portfolio assessment and develop climate solutions with our clients.

Corporate Sustainability

As an investment manager and strong advocate of active stewardship, it is important for us to hold our own business operations to the high standards we expect from the companies we invest in: sustainable business practices, robust corporate governance, and responsible social and environmental policies that contribute to our continued success and deliver long-term value to our clients and stakeholders.

Corporate Sustainability Strategy 2020-2024

In 2020, we launched a corporate sustainability strategy to more systematically integrate sustainability across our business operations. Understanding and reducing our environmental footprint, strengthening our workplace, embedding sustainability factors into our supply chain management and engaging with our communities had been set as initial focus areas of the strategy. For each of these we established qualitative goals, and where enough data was available, also quantitative targets.

In the latter half of 2024, we conducted a double materiality assessment to identify our business' significant impacts, risks and opportunities. The outcome of the assessment shaped the evolution of our corporate sustainability strategy and set the groundwork for 2025 and beyond. The process benefited from significantly enhanced data quality, which allowed us to underpin our ambition with new quantitative success measures and to set targets at a more granular level.

In the following chapter we are pleased to share progress made towards our 2020-2024 targets and our areas of focus in 2025 and beyond.

Improving our environment

To create a better future for the environment by minimising the impact of our business operations through meaningful business transformation

Standardisation | Carbon footprint reduction | Conservation

1	2	3	4
ISO 14001 environmental system certification	25% reduction in energy consumption	25% reduction in carbon emissions	50% reduction in travel carbon emissions
5	**6**	**7**	**8**
25% waste reduction	25% reduction in water consumption	80% increase in recycling rate	50% reduction in paper usage

Strengthening our workplace

To create an environment where all employees feel welcomed, valued and supported to achieve their full potential

Diversity | Equity | Inclusion

1	2	3	4
45% of board members to be women	35% of global senior management roles to be held by women	45% of global workforce to be women	Annual reduction in UK median gender pay gap

5	6	7
Gather ethnicity data of global workforce and set new diversity goals	ISO 45001 health and safety management system certification	Evolve dynamic working programme to improve work life balance

Buying responsibly from our suppliers

To strengthen our supply chain by helping our partners to operate more sustainably

ESG monitoring | Supplier diversity | Responsibility to suppliers

1	2	3
Modernise and optimise the way we purchase	ESG monitoring for 90% of our high-risk suppliers and 80% of our annual spending	95% of suppliers with unsatisfactory scores put on improvement plans
5	**6**	**7**
95% of tenders include at least one diverse supplier	1,000 diverse suppliers engage in "How to do business with us"	Embedded sustainability in procurement processes and tracking mechanisms

Creating resilient communities

To help create more resilient communities in which we operate through engagement, education, volunteering and financial support

Financial | Volunteering | Payroll giving | Fundraising

1	2	3
20%+ participation rate in workplace giving	Year-on-year increase in employee use of volunteering hours	200+ charities supported

NB: All targets are for 2024 and measured against 2019 baseline where relevant, unless otherwise noted

Improving our environment

Progress against our environmental targets

We are pleased to report that we have surpassed our goals for reducing overall carbon emissions, energy usage, water consumption, and waste generation.

By the end of 2024, our operational carbon emissions were 63% lower than 2019, materially ahead of target for a 25% reduction, primarily due to an increase in renewable energy use. We achieved a 39% reduction in emissions from air travel, however this fell short of our target for a 50% reduction. In 2024, our operational carbon emissions increased by 8% year-on-year due to an increase in air travel, and limited incremental gains from shifting to renewable energy sources. However, we remain on track to achieve our target of operational net zero carbon emissions by 2030.

Our impressive waste reduction made it challenging to reach our goal of an 80% recycling rate. We remain dedicated to introducing new waste recycling initiatives, recognising that waste reduction will always take priority in our waste management efforts.

By end 2024, 85% of our employees were covered by ISO 14001 (environmental management systems), bringing us close to our 90% target. While all planned locations have been certified, recent headcount reductions have impacted the overall percentage of employees covered by the certification. We will continue to extend certifications to additional locations to meet the targeted coverage.

Activities

In 2024, we continued to work on a number of initiatives to help achieve our environmental goals, including:

- Increasing our renewable energy consumption to 98% via on-site generation and renewable energy contracts (from 3% in 2019).
- Implementing office specific initiatives across locations including energy audits to help identify energy efficiency opportunities including LED lighting, improved temperature setting & controls and day-light harvesting.
- Completing external verification of our GHG Inventory to a limited level of assurance with the British Standard Institute (BSI).

Target	2019 (baseline)	2020	2021	2022	2023	2024	2024 vs baseline
25% absolute reduction in energy consumption (MWh Electricity + Gas)	36,653	29,682	22,123	22,214	19,219	18,572	-49%
25% absolute reduction in carbon emissions (tCO_2e)*	27,310	9,223	4,935	6,892	9,244	10,023	-63%
25% reduction of waste production (tonnes)	998	500	543	733	474	548	-45%
80% of our waste recycled	45%	42%	27%	46%	46%	55%	55%
25% reduction of water consumption (m^3)	64,890	32,432	26,588	47,535	48,542	41,051	-37%
50% reduction in office paper usage (tonnes)	64	31	19	26	23	25	-61%
50% reduction in air travel carbon emissions (tCO_2e)	10,862	2229	506	4,085	6,590	6620	-39%
90% of employees covered by ISO 14001 EMS certification	–	–	–	10%	14%	85%	-85%

Note: Where stated, the % reduction is against the 2019 baseline number except for the recycled waste and ISO 14001 certification targets. *Uses market-based emissions approach.

Looking ahead

We remain committed to further reducing the impact of our business operations on the environment with a strong focus on climate change: Following our successful emissions reduction over the past years, it is important that we continue to progress towards our operational Net Zero 2030 goal. With this in mind, we have set 2024-2027 operational targets to ensure we remain on track. These targets include a 15% absolute reduction of greenhouse gas (GHG) emissions across our own operations, which will be achieved through a 15% absolute reduction in energy consumption, 100% renewable electricity consumption in all locations where feasibly possible, and maintaining business travel GHG emissions intensity per employee at 2024 levels. Additionally, we aim to maintain our ISO14001 certification covering over 90% of employees.

Beyond these targets, we will continue to address our water use, waste production, and paper use as part of our Environmental Management System. We will develop a carbon removal strategy to mitigate unabated emissions by 2030, in line with the firm's operational net zero commitment. Furthermore, we will review options to influence and reduce other material GHG Scope 3 emissions, specifically categories 1, 2 and 7 of the GHG Protocol which cover purchased goods and services, capital goods, and employee commuting/home working, respectively.

Verification statement:

The quantification and reporting of the environmental data on page 45 has, to a limited level of assurance, been independently verified by BSI Assurance UK Ltd.

BSI Verification Opinion Statement: The sustainability activities reported by FIL Limited have been independently verified by BSI over the course of a 9-day audit.

The scope of this audit has been the verification of environmental data in line with the guidance set out in ISO 14016:2020, to a limited level of assurance and a materiality level of 5%.

Verification has been achieved through mechanisms that included (a) evaluation of the monitoring and control systems through interviewing employees, observation and inquiry and (b) verification of data through sampling recalculation, retracing, cross checking and reconciliation.

NOTE: BSI Assurance UK Ltd is independent to and has no financial interest in FIL Limited. This verification opinion has been prepared for FIL Limited only for the purposes of verifying its environmental data described in the scope above. It was not prepared for any other purpose. In making this Statement, BSI Assurance UK Ltd has assumed that all information provided to it by FIL Limited is true, accurate and complete. BSI Assurance UK Ltd accepts no liability to any third party who places reliance on this Opinion Statement.

Strengthening our workplace

Progress against our workplace targets

We made significant progress in implementing our Diversity, Equity and Inclusion (DEI) Strategy 2020 - 2024, with all DEI targets achieved by December 2024, employee perceptions of inclusion improved, and our DEI efforts recognised with industry-leading awards.

We are proud to have made continued progress in reaching greater gender balance and parity, and to have met our targets for female representation in our overall workforce, in senior leadership and on boards. In 2024, there was a marginal increase to the UK median gender pay gap to 19.5% compared to 19.1% in 2023, caused by a reduction in female representation in the lower and upper middle quartile of earners. However, we are pleased to note that female representation increased in the upper pay quartile and that there was a significant improvement to the bonus pay gap.[7]

In 2024, we introduced a new DEI Strategy that sets out how we will build on this foundation and go even further. Over the past year, we further increased the coverage and quality of our workforce diversity data, beyond gender diversity. We now have a better insight into the make-up of our workforce in relation to ethnicity, socio-economic background, LGBTQ+ identities and disabilities and health conditions, which has informed our new DEI Strategy, success measures and action plans.

To assure the physical and psychological safety and wellbeing of our employees across office locations, we continued to seek certifications of our management systems for occupational health and safety (ISO 45001) as well as psychological health (ISO 45003). By end 2024, 85% of our global workforce was covered by the certifications, with plans in place to reach the targeted 90% over the coming years.

Activities

In recent years, we have embraced dynamic working, introduced family-friendly policies and grown our global DEI Networks as part of our wider efforts to build a workplace where all our people feel valued. We created a new DEI operating model and appointed global DEI leads, responsible for key strategic and operational decisions, reporting to the Global Operating Committee and the Remuneration Committee of the FIL Ltd Board. In 2024, we launched new initiatives including:

- the 'I can be myself at Fidelity' storytelling campaign
- LGBTQ+ buddy programme for new joiners
- global expansion of the Mental Health First Aiders programme
- implementation of a pay equity tool
- a cross-company social mobility mentoring programme
- listening sessions for UK senior leaders with the Cultural Diversity Network
- disability and neurodiversity awareness workshops for managers.

As part of our recent re-accreditation as a Disability Leader by Disability Confident, a UK government scheme recognising companies committed to employing people with disabilities and health conditions, we are committed to disclose the percentage of employees who consider themselves as having a disability (now added to below data table). As of December 2024, 38% of our total employees responded to the question regarding disabilities and health conditions in our 'Count Me In' (workforce diversity data) survey.

[7] For more details, please refer to our Gender Pay Gap Report 2024. Note the report covers Fidelity's UK employees only.

Target	2019	2020	2021	2022	2023	2024
45% of FIL board members to be women	44%	44%	40%	44%	50%	56%
35% of global senior management roles held by women	30%	32%	32%	33%	35%	35%
45% of global workforce to be women	42%	43%	44%	45%	45%	45%
Annual reduction in UK median gender pay gap	25%	23%	22%	20%	19%	20%
Gather ethnicity data for at least 70% of global workforce and set new diversity goals	60%	63%	58%	63%	71%	73%
90% of employees covered ISO 45001 health and safety management system certification				10%	14%	85%
Report % of employees with disabilities and health conditions						4.2%

Looking ahead

Our commitment remains steadfast to create a culture where DEI is championed, promoted and felt across the organisation. Building on the progress made we have launched a new DEI 2024 - 2027 strategy, which sets the following global strategic goals:

- Diversity: Our workforce is made up of talented people with a diversity of backgrounds, experiences and perspectives.
- Inclusion and equity: All our people feel valued, safe to speak up, and able to perform and reach their potential.
- Reputation: Fidelity remains known in our industry for our commitment to driving DEI.

To track progress on our goals, we have set ourselves the following success measures to achieve by December 2027:

Diversity

- Gender-balanced and ethnically diverse boards.
- Greater gender balance, ethnic and socio-economic diversity in senior management, mid-management and junior roles.
- Increase senior female representation to 38%.

Inclusion and equity

- Strong employee perceptions of inclusion, equal opportunities and psychological safety for all groups.
- Equitable progression opportunities for all groups.
- Equitable or higher retention rates for target groups.

Reputation

- Ability to attract top diverse talent to work at Fidelity.
- High levels of 'Count Me In' completion rates.

Building on the foundations laid over previous years, we will review the ethnic diversity across our talent pipeline to identify any business areas (e.g. regions, functions, management levels) with under-representation of certain ethnic groups or differences in progression and retention by ethnic group that would benefit from intervention. Guided by the Global Operating Committee DEI Leads, we will plan how each area can best contribute to Fidelity’s collective goals and KPIs. And we will continue to support the effective operation of the DEI Networks.

For further details about our DEI ambitions, strategy and performance against success measures, please visit our dedicated website for Diversity, Equity and Inclusion.

Additionally, we will continue in the years to come to systematically assure the physical and psychological safety and wellbeing of our employees through our health, safety and sustainability management system certified to ISO 45001 and 45003 covering over 90% of employees.

Buying responsibly from our suppliers

Progress against our supply chain targets

Aiming to further embed sustainability into our procurement practices, we continued in 2024 to focus on strengthening our supplier ESG monitoring as well as our Supplier Diversity Programme. Whilst we have not fully met our ambitious targets, we have made good progress:

- We increased the number of our suppliers rated by the external sustainability platform, EcoVadis, which has allowed us to assess the ESG risks and impacts within our supply chain. Currently, we have visibility of ESG management of more than 75% of our expenditure and we will continue, in partnership with EcoVadis, to encourage more suppliers to undergo assessment.
- We also incorporated monitoring and performance management of ESG in our quarterly reviews with suppliers and have rolled out training to Supplier Relationship Managers to enable them to use the EcoVadis platform to agree and set corrective action plans for suppliers to improve their ESG management. At end 2024, the average score of suppliers in our supply chain was 59/100 - which is a 'Bronze' medal level score.
- We promoted our Supplier Diversity Programme through our Supplier Information Centre and maintained ongoing communication with diverse owned businesses[8] via advocacy groups and partnerships with other corporations.
- We have collaborated with our strategic suppliers to establish a robust Tier 2[9] pathway for diverse owned businesses. Building and leveraging relationships with our larger suppliers to develop their own supplier diversity programmes is crucial to ensuring that financial resources reach underrepresented communities through the supply chain.

Activities

Below 2024 initiatives have helped progressing towards our supply chain goals:

- Created Supplier Diversity Playbook – a guide for Sourcing Managers to assist in sourcing and onboarding diverse-owned suppliers[10]
- Presented at and sponsored Supplier Diversity events: OutConnect, Minority Supplier Development UK (MSDUK)
- Winner of MSDUK Emerging Corporate Supplier Diversity Programme of the Year

[8] A diverse supplier is a business that is at least 51% owned, managed and controlled by one or more individuals belonging to an underrepresented group, such as women, ethnic minorities, veterans, disabled persons or LGBTQ+.
[9] Suppliers to companies are divided into tiers. Tier 1 suppliers supply directly to companies who contract with them. Tier 2, 3 etc. supply to the tier above them in the chain.
[10] Businesses that are at least 51% owned and operated by underrepresented groups such as racial or ethnic minorities, women, LGBTQ+ individuals, veterans, and people with disabilities. The aim of engaging these businesses as suppliers is to create a more equitable marketplace.

Target	2019	2020	2021	2022	2023	2024
100 certified diverse suppliers*	Not assessed	Not assessed	10	12	19	17
ESG monitoring for 90% of our critical suppliers (onboarded on EcoVadis platform)	–	–	3%	38%	52%	66%
ESG monitoring for 80% of our annual spending on suppliers (onboarded on EcoVadis platform)	–	–	–	42%	64%	75%

* We have engaged 1,000 diverse suppliers in our "how to do business with us" programmes, our target equates to 10% of 1,000 engaged in the process

Looking ahead

As we stabilised the scope of suppliers we have rated by the external sustainability platform, EcoVadis, we continue to ensure that new suppliers and new spend is covered up to 80% of our spend. We have expanded the scope of 'critical' suppliers to include those with which we have no spend, but we consider essential to monitor and continue to aim to ensure 90% of these most important suppliers are assessed. Any supplier deemed to be high-risk from an ESG risk perspective (either through lack of assessment or low score) is monitored more closely and improvement plans are put in place to reduce and mitigate risks.

We continue to advance our Supplier Diversity Programme and have adapted our goal to focus on spend rather than pure numbers as suppliers come and go over the years and the more effective and revealing measure is what percentage of our spend has gone through to diverse-owned suppliers. As a result, we have updated our goal for 2027 to be 3% of our addressable spend – that is any spend over which we have influence. For more information, read our Responsible Supply Chain Programme.

Creating resilient communities

Progress against our community targets

In 2024, we continued to encourage all our employees to be active members of the communities where we live and work, with the aim to address social challenges, promote environmental sustainability, and to be a contributor for positive change towards a more equitable, inclusive and thriving global community.

We have met our targets for charity support and staff engagement in Workplace Giving activities. We did not manage to increase the total employee volunteering hours from 2023, which can be explained with the overall reduction of headcount in 2024. The volunteering participation rate however has further increased.

Activities

Through the Fidelity Cares programme, we encourage global employees to support local communities through:

- 21 CSR Committees based across our operating locations to drive local activities and support partner charities.
- Offering 2 paid Volunteering Days per year to each employee.
- Dollars for doers, rewarding employees for volunteering by donating to their chosen charitable causes.
- Supporting employees to create their own fundraising events and matching their fundraising activities to double the impact.
- Enabling employees to set up donations through payroll.
- Making it easier for employees to identify volunteering and charitable giving opportunities on the Fidelity Cares platform.

Target	2019	2020	2021	2022	2023	2024
Year-on-year increase in employee use of volunteering hours	4,248	1,600	2,336	6,312	13,699	12,517
200+ charities supported	127	48	171	205	414	687
20%+ participation rate in Workplace Giving	10%	5%	5%	11%	21%	25%

Looking ahead

To strengthen the impact of the Fidelity Cares Programme, we will focus on four strategic pillars in the coming years:

- Business connection: Introducing strategic themes aligned to Fidelity's purpose, for a greater community impact.
- Community impact: Introducing new success measures to achieve by 2027.
- Visibility: Introducing a new communication plan to showcase our commitment to communities both internally and externally, including through an annual giving opportunity.
- Governance: Strengthening governance and accountability to improve risk management, efficiency and decision-making.

Useful Links

Fidelity Sustainable Investing Principles

Fidelity Sustainable Investing Framework (methodologies)

Fidelity Sustainable Investing Voting Principles and Guidelines

Fidelity Exclusion Framework

Fidelity Nature Roadmap

Fidelity Climate and Nature Report[1]

Fidelity's Corporate Sustainability website

[1] This report is intended to be aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the UK FCA's Sustainability Disclosure Requirements (SDR) for entity reporting. It also includes partial voluntary alignment relating to our early adopter status for the Taskforce on Nature-related Financial Disclosures (TNFD).

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