January 2021

# Sustainable Investing Policy

Heart Reef, Great Barrier Reef. Queensland. Australia. (Credit: Avalon / Contributor, Getty Images)

Fidelity INTERNATIONAL

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## About Fidelity International

Fidelity International offers investment solutions and services and retirement expertise to more than 2.5 million customers globally. As a privately held, purpose-driven company with a 50-year heritage, we think generationally and invest for the long term. Operating in more than 25 countries and with $611.4 billion in total assets*, our clients range from central banks, sovereign wealth funds, large corporates, financial institutions, insurers and wealth managers, to private individuals.

Our Workplace & Personal Financial Health business provides individuals, advisers and employers with access to world-class investment choices, third-party solutions, administration services and pension guidance. Together with our Investment Solutions & Services business, we invest $471 billion* on behalf of our clients. By combining our asset management expertise with our solutions for workplace and personal investing, we work together to build better financial futures. Read more at fidelityinternational.com

* Data as at 30 September 2020

# Introduction: The purpose of sustainable investing

Financial decisions aren't just financial. At Fidelity International we consider the longer-term consequences of our actions in both financial and societal terms. Increasingly, this means protecting and enhancing our client returns in a way that helps create a more sustainable financial system for society as a whole. As global investment managers, how we hold investee companies to account today will help shape a more sustainable tomorrow.

Our purpose is to build better financial futures. We strive to become a trusted partner to our clients, delivering innovative investment solutions that meet their financial and non-financial objectives. Investing sustainably is key to achieving these goals.

It is about understanding the material non-financial factors that impact long-term value creation at the companies we invest in or lend to. The correct analysis of these factors is directly linked to the long-term investment outcomes we generate for our clients. Specifically, we aim to achieve:

1. The integration of environmental, social and governance (ESG) factors in our fundamental bottom-up investment research and security selection process, resulting in a more complete view of the true price of a company's externalities.
2. An understanding of the non-financial and Principal Adverse Impacts* of our investment decisions on investee companies and their broader stakeholders, including employees, suppliers, customers, regulators and communities.
3. A local approach to our sustainable investment process, recognizing the differences in economic systems, market structures, societal norms and business models across all the jurisdictions in which we operate and invest.
4. Measurable improvements in the behaviour of the companies we invest in or lend to, both directly and in collaboration with our peers and clients, by leveraging our tools of selection, engagement and voting.

How does sustainable investing help build better financial futures? Our research demonstrates that sustainability factors have the potential to materially impact the short and long-term value of companies. Thus, investing in companies with high standards of sustainability can protect and enhance investment returns. The thesis, simply put, is that companies actively considering and managing their environmental and societal impact will support the process of long-term value creation. This will result in more positive outcomes for society now and in the future.

How do we identify sustainability issues and interact with companies? We start by integrating sustainability factors into our fundamental bottom-up research, which leads to more complete analysis and better-informed investment decisions. Then, we help companies improve by exercising our ownership rights and actively engaging with investee companies in collaboration with others. In this way, Fidelity seeks to help companies and economies become more sustainable and resilient.

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*Fidelity International considers principal adverse impacts on sustainability factors are those impacts of our investment decisions that result in material negative impacts on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters such as environment degradation, poor labor practice, and unethical corporate behaviour for example bribery and corruption ("principal adverse impacts"). Analysis of whether these impacts are material and negative is undertaken by our investment team using the due diligence processes described in this Policy. In accordance with our Sustainable Investment Policy which covers the consideration of principal adverse impacts, our investment team may take into account the size, nature and scale of our investment and the type of financial product we are investing in when considering whether an investment decision has a principal adverse impact on sustainability factors.

# Part 1: Expectations of corporates

**At Fidelity, we recognise that maintaining our privileged position as one of the largest asset managers in the world is contingent on our ability to continue meeting and exceeding investors' growing expectations for sustainable investing. To this end, our size and scale provide us with a level of corporate access that few enjoy, and we see it as our fiduciary duty to use this to influence corporate behaviours for better long-term investment outcomes and to avoid Principal Adverse Impacts of these companies. We believe more sustainable corporate behaviour drives better financial outcomes in the long term, and we have developed a set of guiding principles and best practices that we expect companies to adopt.**

**Environmental Responsibility:** We expect companies to manage environmental matters that affect their businesses in a responsible manner, to be able to identify the factors that are material for their business. This includes setting and reporting on ambitious targets aligned to the UN's Paris Agreement on climate change.

## Climate change

Climate change is one of the most important risks facing the world today. It impacts the very nature of major industries in which we invest, and as such must be high up on the agenda of all companies. It is not only about avoiding risks; the transition to a low-carbon society provides a plethora of new opportunities for companies and innovative technologies. Successful asset managers will identify companies that help society mitigate or adapt to climate change versus those that are not transitioning sufficiently. The search is already on for the clean tech leaders of the future.

We expect investee companies to have policies in place to reduce carbon and other greenhouse gas emissions. They should also have the ability to meet potential regulation on climate change, e.g. via the management of their energy mix (the proportion of energy provided by fossil fuel, renewable, nuclear and others), a strategy to reduce scope 3 emissions (greenhouse gas emissions beyond a company's direct control but within its value chain), and carbon price assumptions.

## Environmental opportunity

We expect companies to seek opportunities to improve the energy efficiency of their existing businesses, for example through product design, responsible sourcing of materials, and increasing the proportion of recycled materials used. Companies should look to exploit opportunities in new products or services that are compatible with a more sustainable future.

## Biodiversity

As with the climate, the negative effects of human activity are observable in our natural habitat and biodiversity. It is estimated that global wildlife populations have declined on average by over 50 per cent since the 1970s due to overexploitation, climate change and deforestation, among other factors. This is particularly pertinent in arctic ecosystems where climate change occurs at double the speed of global averages, impacting ice volume and snow cover, and thus the range animals have to hunt and migrate. One of the most significant contributors to this biodiversity loss is deforestation, which traditionally takes place as land is converted to be used for agriculture - i.e.- food supply.

As investors, we constantly assess biodiversity risks and believe it is essential for the companies we invest in to conduct biodiversity impact assessments of their operations and supply chains, and to achieve net zero deforestation objectives within clear timeframes. Such companies include producers of palm oil, cocoa or soy, or food manufacturers.

We expect portfolio companies to minimize the negative externalities caused by their businesses. This includes monitoring product quality, and the chemical safety of products for both the environment and human health upon disposal.

We also expect companies to manage their water usage, and to have specific policies for water-stressed areas, including usage reduction or efficiency strategies. We further expect companies to reduce the ecological impact of their operations (e.g.- management of operational discharges and other wastewater). Companies should be able to sustainably source water and mitigate water scarcity risks.

## Waste and pollution

We expect portfolio companies to minimize the negative externalities caused by their businesses. This includes monitoring product quality, and the chemical safety of products for both the environment and human health upon disposal. Firms should manage the risks of environmental liabilities arising from toxic emissions and waste, and properly treat discharges to minimize impact on biodiversity and local communities. Companies should be able to manage the product end-of-life (including recovering materials for reuse/recycling, including packaging).

**Societal Responsibility:** Companies should manage their relationships with all their key stakeholders. Covid-19 and lockdowns of entire economies have sharpened the focus on companies' societal responsibilities and underlying business purposes. We believe this is not a temporary phenomenon in response to the outbreak, but instead will lead to a serious reappraisal of our system of capitalism, of how enterprises are run and for what purpose.

## Diversity

We believe that welcoming and inclusive organizations that hire, foster, promote, and remunerate employees on the basis of merit and without regard for gender, age, ethnicity, religion, sexual orientation, economic background, disability, or other factors make better use of their human capital. Moreover, an increasing body of research has shown that organizations that promote diversity are more productive and better performing. Portfolio companies are therefore encouraged to establish comprehensive and effective non-discrimination policies and actively ensure that these policies are upheld. They are also encouraged to regularly review their hiring and promotion practices to ensure against bias, and to set ambitious diversity targets appropriate to the business. We expect companies to demonstrate alignment with our belief that diversity helps deliver long-term shareholder value.

## Human rights and supply chain management

We believe a company that manages its supply chain in relation to social and environmental matters can add competitive value and improve its organizational performance in the long run. Inadequate management of a company's supply chain can open it up to reputational, operational and legal/regulatory risks as well as hidden and uncontrollable risks, such as human rights abuses and corruption. In addition, the benefits of an environmentally sustainable supply chain include helping to reduce costs, manage risks and improve corporate image.

We expect companies to practice fair treatment of workers, including contractors and sub-contractors, and we look for decent wages, collective bargaining policies, freedom of association and grievance mechanisms. These expectations also apply to companies' supply chains, to the extent that they should take responsibility, and be able to account for both the human and materials/produce sourcing side of their supply chains. Companies should have measures in place to ensure suppliers meet a code of conduct, applicable to tier 2 (and below) suppliers, with robust policies and training in place to help find and mitigate against instances of modern slavery. And companies should be able to trace suppliers' compliance with its code to the source.

## Data privacy and security

We expect companies to adhere to high standards of digital ethics. This includes handling customer data with extreme care and deploying robust, transparent policies and practices regarding the use of that data. Companies must have the ability to identify and manage data privacy risks and cybersecurity threats. We expect companies to have strong practices in place to safeguard online welfare.

## Health and safety

The provision of safe working conditions and managing health and safety risks is fundamental to a company's license to operate. Failures and incidents can have far reaching consequences, including irreparable reputational damage and destruction of shareholder value. We expect companies to have effective policies in place to minimize health and safety risks for all employees, contractors and sub-contractors. These should include safety procedures, training and linkage with executive compensation.

**Corporate governance:** We expect companies to have a robust corporate governance framework that can define long-term, innovative strategies and implement them for the benefit of all stakeholders. Vision and effective oversight are key to building a company with sustainable long-term success.

## Board effectiveness

Effective boards play a critical role in the strategic direction of a company, overseeing both business risk and management. Boards have a duty to serve the interest of shareholders. We expect the majority of board members to be independent with the suitable skills to fulfil supervisory duties as well as provide guidance and constructive challenges to executive management. We expect boards to reflect, or demonstrate a plan towards improving gender, ethnic and cognitive diversity.

## Corporate culture and behaviour

Companies should promote an ethical culture and code of conduct that permeates throughout the organization. Corrupt business practices represent a significant investment risk and create negative externalities for the broader economy and society. The board should ensure that the company fosters a culture of acting lawfully, ethically and responsibly. To this end, the board should ensure that the company has adequate whistle blower, anti-bribery and corruption policies in place and is actively monitoring the application of those policies

## Remuneration

A well-designed remuneration structure can incentivize senior managers to deliver on the company's strategy while aligning with the interests of shareholders and other key stakeholders. Setting appropriate remuneration levels is primarily the responsibility of the board. We look for an appropriate vertical alignment between the remuneration and pension benefits of executive directors with that of the broader workforce. We encourage broad-based share ownership in the workforce. For executive directors and other senior managers, we expect equity awards to have appropriately challenging vesting criteria and we require a share retention period of at least five years. We expect the remuneration policy to be consistent with effective risk management, including sustainability risks.

## Shareholders' rights

Shareholders are entitled to ownership rights in proportion to equity commitment. We expect companies to treat all shareholders fairly and have one vote per share to ensure alignment between capital risk and ownership responsibility. Shareholders should have the right to ask questions to the board and management, elect members of the board, approve their remuneration and to remove them. They should also have a commensurate say in material changes to the business, including mergers and acquisitions and changes in corporate purpose. We also expect shareholders to be able to vote on matters that could result in the dilution of their share ownership.

## Transparency

Companies should be open and honest about their objectives, strategy and financial position. We expect adherence to all relevant accounting practices, transparency about material weaknesses and fairness in their tax policies. The board should ensure the independence of the audit function with a clear policy on auditor rotation and the tendering process.

Fidelity actively engages with companies, often to promote and guide them towards achieving these standards. These expectations and beliefs form the foundation of our proprietary sustainability ratings framework.

# Part 2: ESG integration and implementation

**Fidelity has developed its own proprietary framework for ESG analysis, which is integrated into fundamental analysis. Through the sustainability ratings framework we assess the exposure of financial securities to sustainability risks and Principal Adverse Impacts, including to what extent the issuers of these securities deliver on our expectations for best practices as outlined in the previous section. The framework divides the investment universe into 99 subsectors, each with industry-specific criteria against which the issuer is assessed relative to its peers, using an A to E rating scale (A being the top rating). The sustainability ratings draw upon the assessments of more than 180 equities and fixed income analysts who take part in more than 15,000 company meetings a year. These are updated at least annually, and on the occurrence of a significant ESG event. The ratings have been fully integrated into FIL's investment process and are available to all members of the investment team on our internal research platform. They serve as an additional source of insight and as a tool to support investment decisions.**

### Why our own ratings?

Does not solely rely on public disclosures

More forward looking

Fundamental analysis

Allows fuller coverage

### How we make them

Collaborative input across 180 equity and fixed income analysts

Rated relative to peer group on a standardised scale

Forward looking assessment of a company's ESG trajectory

Quantify impact on valuation

| Ranked A – E | 99 Sub -sectors | 5 – 8 KPIs each |
|---|---|---|

This ESG analysis leverages Fidelity's extensive research capabilities and ongoing engagement with companies, supported by the expertise of the Sustainable Investing team, to provide a forward-looking evaluation of a company's performance and trajectory on sustainability issues. As a result, ESG integration at Fidelity is an investment analysis input, and not an overlay.

We use several external research sources, which are regularly reviewed and updated, to complement our internal research.

The table below provides an overview of material sustainability factors and exposures observed across different sectors as assessed by Fidelity's fundamental research team through the lens of financial materiality. Fidelity's research analysts assess the sustainability practices and controls that companies have instituted as regards to the management of these factors. The materiality assessment of these factors helps to identify and consider the Principal Adverse Impacts of investment decisions.

## Investment decisions

As an active manager, our portfolio managers generally have discretion to manage the investments for their funds within a set of pre-defined investment guidelines. Portfolio managers may consider research notes, including our proprietary sustainability ratings, when making an investment decision.

Individual portfolios are subject to an in-depth quarterly review with senior management, in which every aspect of the fund in question is examined, including risk profile, volatility, performance and fund positioning as well as the individual investments of the fund. We include ESG scoring data, both from third parties and our proprietary ratings, and carbon data as part of our portfolio manager's quarterly reviews, as standard measurements of the ESG quality of our funds. In this way, portfolio managers are held accountable by their Chief Investment Officer as to how sustainable investing forms part of their investment decision making process.

### Table 1: Sustainability factors and exposures

| Banks & Insurance | Chemicals | Construction | Consumer Products | Healthcare | Machinery | Metals & Mining | Oil & Gas | Property | Retail | TMT | Transport | Utilities |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Customers | Carbon Emissions | Carbon Emissions | Waste & Product Packaging | Waste Management | Sustainable Products | Biodiversity | Carbon Emissions | Carbon Emissions and Energy Use | Carbon Emissions and Energy Use | Carbon Emissions | Carbon Emissions | Carbon Emissions |
| Employees | Other Environmental Impacts | Sustainable Products | Water Management | Water Management | Employees | Carbon Emissions and Energy Use | Disaster Recovery & High Impact Risk Management | Green Building | Waste & Product Packaging | Water Management | Employees | Other Environmental Impacts |
| Corporate Governance | Water Management | Employees | Health & Safety | Customer Access & Welfare | Health & Safety | Waste Management | Water Management | Corporate Governance | Employees | Waste Management | Product Safety & Quality | Water Management |
| Cyber Security | Product Safety & Quality | Occupational Health & Safety | Product Safety & Quality | Product Safety & Quality | Bribery & Corruption | Water Management | Human Rights | Ethics & Culture | Supply Chain | Employees | Ethics & Culture | Community Relations |
| ESG Integration | Occupational Health & Safety | Bribery & Corruption | Supply Chain | Ethics & Culture | Corporate Governance | Community Relations | Community Relations | | Corporate Governance | Supply Chain | Corporate Governance | Occupational Health & Safety |
| Ethics & Culture | Corporate Governance | Corporate Governance | Corporate Governance | Corporate Governance | | Health & Safety | Occupational Health & Safety | | Cyber Security | Corporate Governance | Cyber Security | Corporate Governance |
| | | | | | | Human Rights | Bribery & Corruption | | | Cyber Security | | |
| | | | | | | Corporate Governance | Corporate Governance | | | Ethics & Culture | | |
| | | | | | | Ethics & Culture | Political Risk | | | | | |

- Environmental issues
- Social issues
- Governance issues

Source: Fidelity International, 31 March 2020. For illustrative purposes only.

# Part 3: Engagement & voting

**Engaging with companies on financially material environmental, social and governance issues reflects our belief that active ownership can contribute to the long-term sustainability of a company and positive investor returns.  Engagements are undertaken for two reasons: to gain a deeper understanding of a company's ESG practices to better inform our investment decisions; and to use our influence to improve the sustainability practices of the companies we own or lend money to.**

## Identifying engagement opportunities

We maintain an ongoing dialogue with management of investee companies. Formal meetings involving both portfolio managers and analysts are held with investee companies at least twice a year. In addition to these regular engagements, there are a variety of other opportunities for ad hoc engagements, including:

- Responding to a controversy or adverse event (e.g.- evidence of poor governance);
- Firms flagged by our analysts during the proprietary sustainability rating assessment as good candidates for engagement (e.g.- exposure to sustainability risks);
- Issuers held in our range of sustainable products and strategies  are subject to a more systematically targeted programme of engagement;
- Our Sustainable Investing team may conduct a thematic engagement on a particular sustainable investing issue (for example, supply chain management);
- Issuers may request engagement on a specific governance or corporate event (e.g.- mergers and acquisitions) prior to its announcement;
- Through involvement with a third-party engagement forum (e.g.- Climate Action 100+).

## How we engage

Once we have identified an engagement opportunity, we believe the best approach is constructive dialogue with companies to explain our beliefs and expectations, and encourage shifts in long term behaviour. Because of Fidelity's reputation for a fundamental and long-term approach to investing and our long-standing relationships with issuers worldwide, we are well-placed to use our influence on issuers to promote more sustainable practices. We therefore believe that engagement is often a better course for us to drive change than exclusion.

Our engagement process is designed to be well-defined and transparent, with the following components identified at the outset:

- **Key Issue Area(s)** - The theme(s) for which the company needs to demonstrate improvement (e.g.- climate change)
- **Objective** - The ultimate desired outcome from engagement (e.g.- reduced $CO_2$ intensity)
- **Milestones** - Indications that the company is making efforts to achieve the objective we have communicated (e.g.- setting a carbon reduction target)
- **Key Performance Indicators (KPIs)** - It is important that against the milestones set there are measurable KPIs

- **Timeline** - The timeframe in which we can reasonably expect a company to improve
- **Status** - A point-in-time measure of progress (for example, no progress vs. some progress vs. success)

## Monitoring progress

Monitoring the progress of engagements is as important as initiating them to assess change and success against milestones and objectives. Our analysts, portfolio managers and sustainable investing specialists document all engagements with issuers in a centralized application platform, which is available to the entire investment team. This transparency allows the team to learn across sectors, themes and asset classes, enriching our depth of knowledge. Engagements can have various timeframes depending on the materiality and urgency of the ESG topic in discussion, and the outcomes (or lack of outcomes) from our engagements are reflected by our analysts in our sustainability ratings.

## Thematic engagement

In addition to engagements with individual companies, we also identify sustainability issues that are relevant to multiple companies or to sectors. For example, the Sustainable Investing team launched a thematic engagement program in 2018 to accelerate progress on priority ESG issues affecting multiple companies in which we have invested. Each theme is underpinned by specific objectives and milestones that are tracked over time. The ESG thematic engagement strategy is focused on sustainability themes where we feel there is a strong investment case for improved performance; for instance, ESG issues that exhibit high financial materiality or are subject to strong legislative momentum. Current themes are highlighted below.

### Table 2: Current themes of thematic engagements

| |
|---|
| Financing climate change |
| Animal protein |
| Supply chain sustainability |
| Responsible palm oil |
| Corporate sustainability reporting |

Source: Fidelity International, 2020.

## How we vote

The execution of ownership rights, including voting and engagement, can improve the performance and lower the risk of investments over time.

We seek to vote all equity securities in which we are invested wherever possible. On rare occasions we may determine not to submit a vote where the cost in our view outweighs the associated benefits. We will also take account of the particular circumstances of the investee company concerned and of prevailing local market best practice.  Our approach and policy with regard to the exercise of voting rights are in accordance with all applicable laws and regulations as well as being consistent with the respective investment objectives of the various portfolios.

Our Sustainable Investing team is responsible for monitoring possible conflicts of interest with respect to proxy voting. In instances where a fund holds an investment in more than one party to a transaction we will always act in the interests of the fund. When there is a conflict with our own interests, we will either vote in accordance with the recommendation of our proxy advisors, Institutional Shareholder Services (ISS), or if no recommendation is available we will abstain or not tender a vote.

We encourage boards to consult with investors in advance rather than risk putting forward resolutions at general meetings which may be voted down. Subject to the size of our investment, where our views differ from those of the board, we will seek to engage with the board at an early stage to try and resolve differences.

We disclose our voting record for the preceding 12 months on our website and this information is updated on a quarterly basis. Quarterly voting reports are provided to institutional clients as well as a more in-depth annual governance and engagement report.

Fidelity operates a limited stock lending programme through a third-party provider. While we will not generally recall stock for routine votes, we will recall stock when it is in clients' interests to do so. This may include votes of significant economic or strategic importance, votes which are anticipated to be close or controversial, votes where we disagree with management or votes where we do not have sufficient forward visibility to make a timely and informed judgement. We do not borrow stock for the purpose of gaining additional votes.

Workers loading palm oil fruit on trucks. (Credit: SOPA Images / Contributor, Getty Images)

# Part 4: Exclusion and divestment

## Exclusions

We believe Fidelity has a privileged ability to influence companies because of our size and strong reputation as a research-driven investor with long investment horizons. We have over 180 analysts with deep insight into around 4,000 issuers worldwide. These attributes give us excellent access to investee companies' managements globally and have allowed us to forge long-standing relationships. We believe this puts Fidelity in position to have constructive dialogues with corporates and work towards superior ESG outcomes. Therefore, our preferred course, as active owners, is to engage rather than exclude.

All funds managed by Fidelity International are subject to Fidelity International's firm-wide exclusions list (including cluster munitions and anti-personnel landmines).

That said, Fidelity will consider the exclusion of companies from our investment universe based on specific ESG criteria. We adopt a principles-based approach to ESG matters, and as part of this, we place companies which we regard as unsuitable investments on an Exclusion List. When deciding on whether to exclude a company we are guided by international conventions, particularly the Convention on Cluster Munitions, the International Convention on the Prohibition of the use of, stockpiling, production, and transfer of Anti-Personnel Mines, guidance from the United Nations, The World Bank, and other global regulations which uphold ESG principles.

All funds managed by Fidelity International are subject to Fidelity International's firm-wide exclusions list (including cluster munitions and anti-personnel landmines).

Additionally, Fidelity launched a sustainable product range in 2019 , which pursues investment strategies driven by selecting companies with strong sustainability characteristics while achieving compelling long-term financial performance. Products within the sustainable range are subject to additional behavioural and fundamental exclusions. They may be required to divest from existing holdings where the outcomes of our engagements have failed to achieve the objectives and milestones we have set.

# Part 5: Collaboration

## Working with other stakeholders

We maintain close relationships with a wide spectrum of investors as well as other corporate stakeholders to help us guide our investee companies.

We engage through multiple collaborative bodies such as ClimateAction 100+ and we actively consider collective engagement initiatives and opportunities. Relevant factors in determining whether to participate in a collective engagement will include an assessment of the nature of the platform and other participants, the size of our investment and a determination of whether a collective approach will help to achieve a satisfactory outcome. We seek to identify issues, both governance and otherwise, which are relevant to the performance or valuation of the business in question.

We engage through multiple collaborative bodies such as ClimateAction 100+ and we actively consider collective engagement initiatives and opportunities.

We also regularly engage with local regulators on matters that may affect investee companies. This may take the form of direct dialogue, responding to public consultation requests, or other consultation forums.

## Working with industry groups

We are involved in external governance-related organizations and hold positions in the Investment Association, the Panel on Takeovers and Mergers, the Confederation of British Industry and the International Corporate Governance Network. We are also a signatory to the United Nations Principles for Responsible Investment ("UNPRI"), the UK Stewardship Code, the Efama Stewardship Code, the Japanese Stewardship Code, Taiwan's Stewardship Principles for Institutional Investors and the Hong Kong Principles of Responsible Ownership.

## Fidelity is an active member or licensee of the following:

- Asia Investor Group on Climate Change (AIGCC)
- Asia Securities Industry & Finance Markets (ASIFMA)
- Asian Corporate Governance Association (ACGA)
- Association of British Insurers
- Association of the Luxembourg Fund Industry
- Assogestioni
- CDP (formerly Carbon Disclosure Project)
- Climate Action 100+
- Climate Bonds Initiative
- Corporate Governance Forum
- Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's

Corporate Governance Code ("CEFCs"), Council of Experts for the Japan's Stewardship Code ("CESC")

- The Dutch Association of Investment for Sustainable Development (VBDO)
- European Fund and Asset Management Association (EFAMA) - Responsible Investment and Corporate Governance Working Groups
- Farm Animal Investment Risk and Return (FAIRR)
- Find It, Fix It, Prevent It (FFP)
- French Asset Management Association (AFG)
- The Global Real Estate Sustainability Benchmark (GRESB)
- Hong Kong Green Finance Association (HKGFA)
- Hong Kong Investment Funds Association (HKIFA)
- The Hong Kong Securities and Futures Commission (HKSFC)
- The Institutional Investors Group on Climate Change (IIGCC)
- International Corporate Governance Network (ICGN)
- The Investment Association (IA)
- Investment Management Association of Singapore (IMAS)
- Investor Forum (in Japan)
- Investor Forum (in the UK)
- Japanese Stewardship Code
- LuxFLAG (Luxembourg Finance Labelling Agency)
- Net Zero Asset Managers Initiative
- Principles for Responsible Investing (PRI)
- Responsible Investment Association Australasia (RIAA)
- Sustainability Accounting Standards Board (SASB)
- Swedish Investment Fund Association
- Taiwan Stock Exchange's Stewardship Principles for Institutional Investors
- Task Force on Climate-related Financial Disclosures (TCFD)
- Thinking Ahead Institute (TAI)
- World Benchmarking Alliance
- World Economic Forum
- UN Global Compact
- UK Stewardship Code
- UK Sustainable Investment and Finance Association (UKSIF) and European Sustainable Investment Forum (EUROSIF)

## Labels

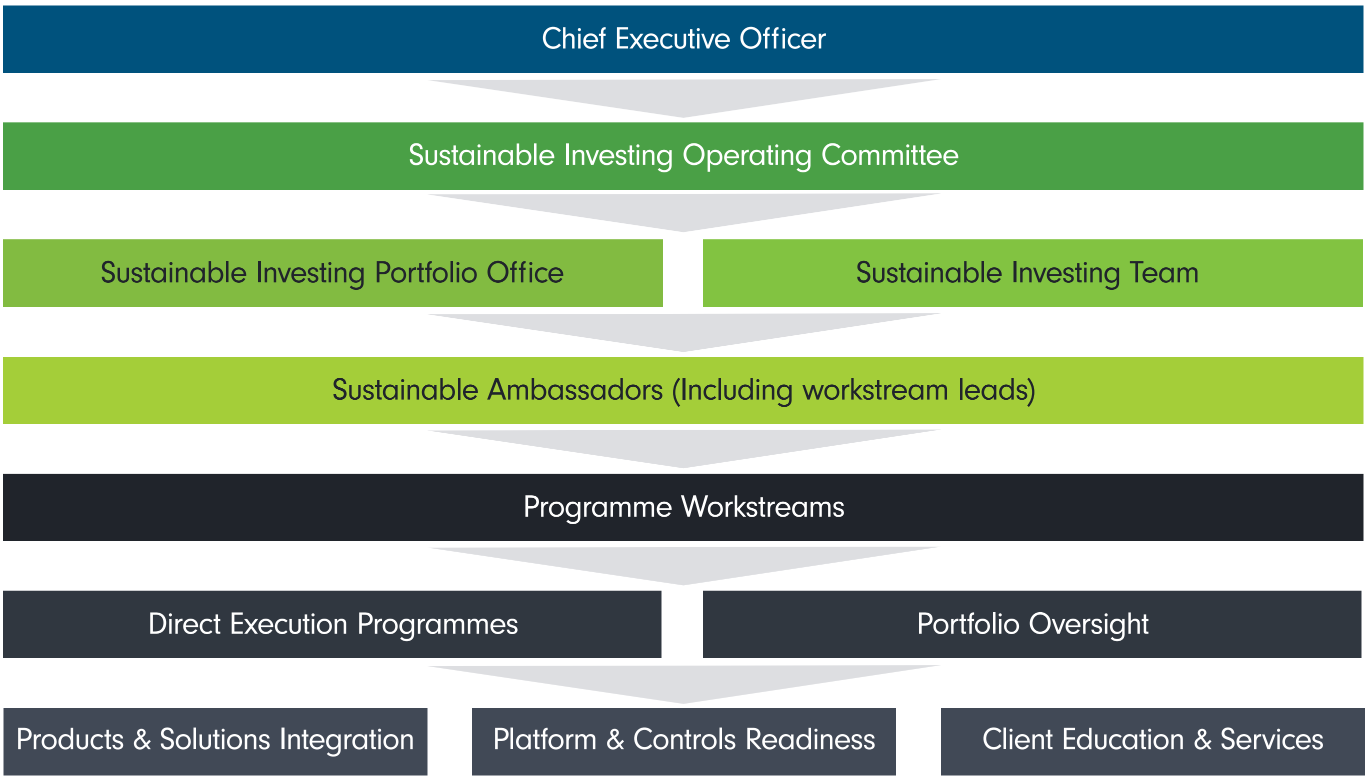
We believe it is important for the strategies in our sustainable range  to maintain credible external certification of their sustainability characteristics as provided through the labelling system of independent national agencies. We intend that all funds within the sustainable range will have the LuxFLAG ESG label provided by the Luxembourg Finance Labelling Agency. We regularly renew our existing labels and where appropriate we seek additional European labels which are regarded as most relevant to those strategies.

# Part 6: Our policy governance

The responsibility for policy and objectives setting as it relates to sustainable investing, and oversight of the implementation and delivery of these policies and objectives, lies with the Sustainable Investing Operating Committee (SIOC or the Committee), which operates under the authority of Fidelity's Chief Executive Officer. The scope of the Committee includes oversight of sustainable investing matters across Fidelity's business units, setting the overall strategic direction, policy formulation, external representation, product, business growth, investment integration, and setting the exclusion lists. The Committee also oversees the execution of Fidelity's ownership rights in investee issuers, including engagement and proxy voting activities. The Committee is comprised of senior executives from across our business, including the Global Head of Stewardship and Sustainable Investing and senior representatives of the Investment Management, Distribution and General Counsel functions.

SIOC meets monthly to review the sustainable investing activities of the firm and this Policy is reviewed and updated at least annually (and more frequently as required). The overall governance and structure of the Committee and associated elements is set out below.

**Table 3: The Sustainable Investing Operating Committee**




Source: Fidelity International, 2020.

# Useful links

**Austria**
https://www.fidelity.at/%C3%BCber-fidelity/verantwortungsvolles-anlegen

**Czech-Republic**
https://www.fidelity.cz/o-fidelity/z%C3%A1vazek-k-odpov%C4%9Bdn%C3%A9mu-investov%C3%A1n%C3%AD

**Slovakia**
https://www.fidelity.sk/o-fidelity/z%C3%A1v%C3%A4zok-k-zodpovedn%C3%A9mu-investovaniu

**Hungary**
https://www.fidelity.co.hu/a-fidelity-r%C5%91l/elk%C3%B6telezetts%C3%A9g-a-felel%C5%91s-befektet%C3%A9s-mellett

**Poland**
https://www.fidelity.pl/o-fidelity/zobowi%C4%85zanie-do-odpowiedzialnego-inwestowania

**Croatia**
http://www.fidelity.hr/

**Romania**
http://www.fidelity.ro/

**Germany**
https://www.fidelity.de/%C3%BCber-fidelity/verantwortungsvolles-anlegen

**Germany DC**
https://betriebliche-vorsorge.fidelity.de/%C3%BCber-fidelity/verantwortungsvolles-anlegen

**Germany DB**
https://institutionelle.fidelity.de/

**Switzerland DE**
https://www.fidelity.ch/de/about-fidelity/responsible-investing

**Switzerland EN**
https://www.fidelity.ch/en/about-fidelity/responsible-investing

**Liechtenstein DE**
https://www.fidelity.li/de/about-fidelity/responsible-investing

**Liechtenstein EN**
https://www.fidelity.li/en/about-fidelity/responsible-investing

**Belgium - FR**
https://www.fidelity.be/fr-be/over-fidelity/verantwoord-beleggen

**Belgium - NL**
https://www.fidelity.be/nl-be/over-fidelity/verantwoord-beleggen

**Belgium KBC - FR**
https://www.kbc.fidelity.be/nl-be

**Belgium KBC - FR**
https://www.kbc.fidelity.be/fr-be/

**Luxemburg**
https://www.fidelity.lu/about-fidelity/responsible-investing

**Netherlands**
https://www.fidelity.nl/over-fidelity/duurzaam-beleggen

**France**
https://www.fidelity.fr/a-propos-de-fidelity/investissement-responsable

**Sweden**
https://www.fidelity.se/om-fidelity/bolagsstyrning-och-samhallsansvar

**Denmark**
https://www.fidelity.dk/about-fidelity/responsible-investing

**Norway**
https://www.fidelity.no/about-fidelity/responsible-investing

**Finland**
https://www.fidelity.fi/about-fidelity/responsible-investing

**Italy**
https://www.fidelity-italia.it/chi-e-fidelity/investimento-responsabile

**Intesa**
https://www.professional.fidelity-italia.it/chi-e-fidelity/investimento-responsabile

**Unicredit**
https://www.unicredit.fidelity-italia.it/

**Malta**
https://www.fidelity.com.mt/about-fidelity/responsible-investing

**Spain**
https://www.fondosfidelity.es/sobre-nosotros/inversion-responsable

**Portugal**
https://www.fidelity.pt/sobre-a-fidelity/responsible-investing

**Global ETF**
https://www.fidelity-etfs.com

**UK Wholesale**
https://professionals.fidelity.co.uk/sustainable-investing/our-approach

**Global Institutional**
https://www.fidelityinstitutional.com/en-gb/sustainable-investing/sustainable-investing

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