



Year ended 2024

Climate and Nature Report

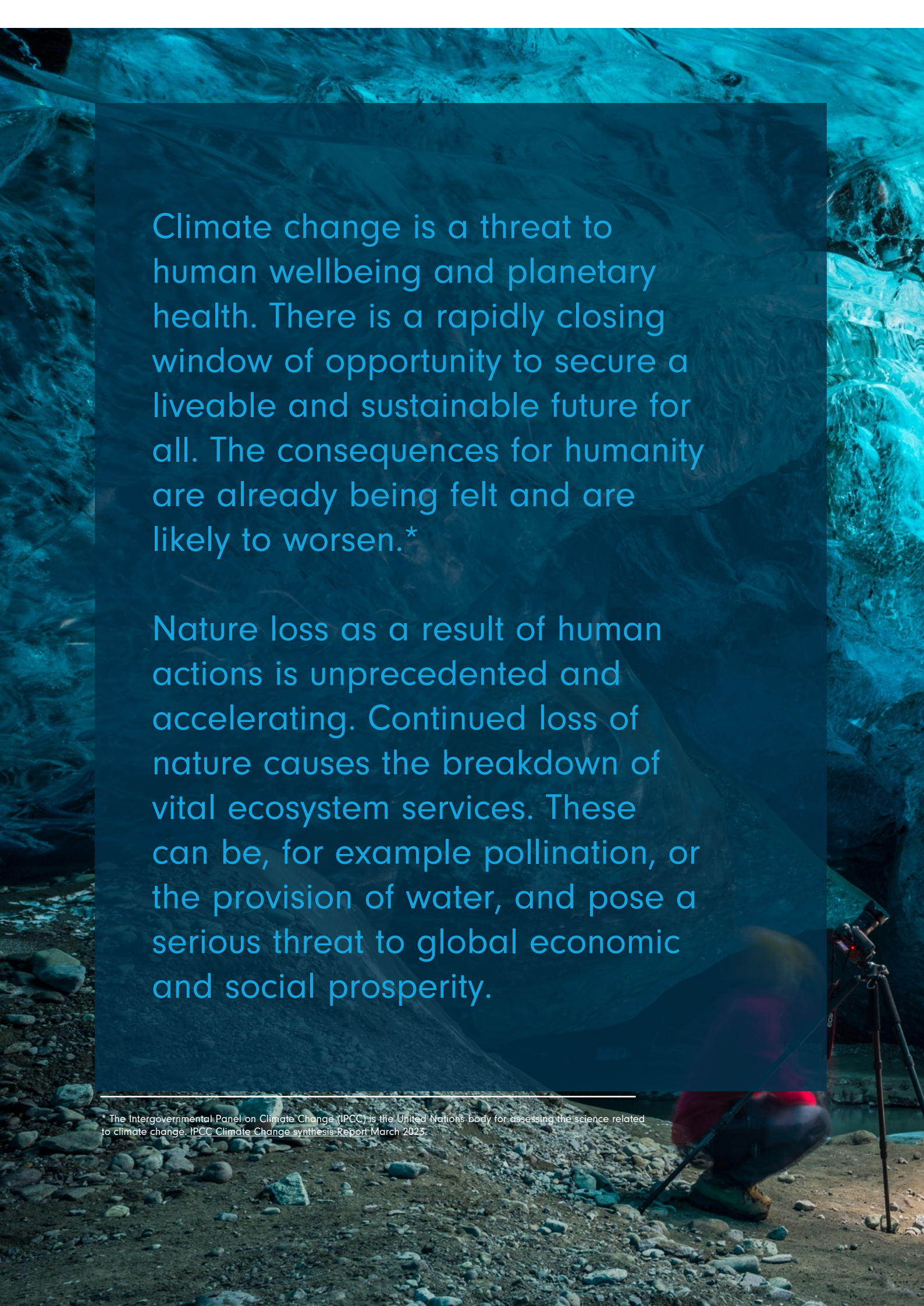
The Fidelity International Climate and Nature related Disclosures Report.

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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Please read this report with care. It relies on incomplete data, estimations, methodologies, as well as assumptions and or judgements made at a specific time. For more details, see our cautionary statement in the [Appendix](#).

A person wearing a red jacket and dark pants is crouching on a rocky, pebbly shore. A camera is mounted on a tripod next to them. The background is a body of water with a strong blue tint. A large, semi-transparent blue rectangle covers the upper and middle portions of the image, containing white text.

Climate change is a threat to human wellbeing and planetary health. There is a rapidly closing window of opportunity to secure a liveable and sustainable future for all. The consequences for humanity are already being felt and are likely to worsen.*

Nature loss as a result of human actions is unprecedented and accelerating. Continued loss of nature causes the breakdown of vital ecosystem services. These can be, for example pollination, or the provision of water, and pose a serious threat to global economic and social prosperity.

* The Intergovernmental Panel on Climate Change (IPCC) is the United Nations body for assessing the science related to climate change. IPCC Climate Change synthesis Report March 2023.

The Purpose of this Climate and Nature Report

According to the Global Risks Report 2025¹ issued by the World Economic Forum, five of the top ten economic risks in the coming decade are environmental. These include 'Extreme weather events', 'Biodiversity loss and ecosystem collapse', 'Critical change to Earth systems' and 'Natural resource shortages'. Whilst recognising these risks can be financial risks, they can also present opportunities to benefit from the transition to a more sustainable future, through climate and nature-related opportunities. That is why we prioritise these sustainability themes.

This report contains [educational material on climate and nature](#).

Why Climate?

The latest Intergovernmental Panel on Climate Change (IPCC) Climate report, dated March 2023, states that we've already reached 1.1°C of global warming above pre-industrial averages. By 'pre-industrial', we mean the period 1850-1900. This was before fossil fuel burning started to change the climate.

The purpose of this report is to give our clients and other stakeholders a better understanding of climate-related risks and opportunities. It shows how we address them, and how we incorporate them into our governance, strategy, risk management, and our metrics and targets.

It's important that we lay out our approach to climate change for our business operations and the investments we make on behalf of our clients. We need to understand the impact climate change could have, work towards mitigating its material effects and adapt to it. We also need to know how to handle the transition in a way that allows us to maximise the opportunities that arise.

The report is consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and its supplemental guidance for Asset Managers. It also includes certain local regulatory disclosure requirements ([Appendix 1](#)).

Why Nature?

Globally, biodiversity loss as a result of human actions is unprecedented and accelerating. Yet, the global economic system is highly dependent on nature. It is estimated that more than 50% of global Gross Domestic Product (GDP) is moderately or highly dependent on nature². Its continued decline poses potential financial risks to investments.

We aim to give our clients and other stakeholders a better understanding of nature-related dependencies, impacts, risks and opportunities. It shows how we are addressing them, and incorporating them into our governance, strategy, risk management, and our metrics and targets. It follows our early voluntary adoption of the recommended disclosures developed by the Taskforce on Nature-related Financial Disclosures (TNFD) and its additional guidance for financial Asset Managers.

We launched our [Nature Roadmap](#) in 2023. It is a blueprint in which we set out our aims to identify and manage our nature related risks and opportunities. We aim to use the structures that we have in place for our Climate Investing Framework. Relative to our climate strategy, our Nature strategy is in the early stages of implementation.

TCFD considers financially material risks and opportunities, whilst the TNFD considers double materiality, including dependencies, impacts, risks and opportunities. During the year, we have commenced work on a CSRD report which considers double materiality (including impacts to people and environment). As yet we do not fully align with TNFD disclosures due to this extra dimension of 'impact' materiality. The detailed alignment to [TNFD is located in Appendix 2](#).

¹ [World Economic Forum \(2025\). Global Risks Report 2025](#)

² [World Economic Forum \(2020\). Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy](#)

About Fidelity International

Fidelity, or Fidelity International, is defined as FIL Limited and its subsidiary entities.

Fidelity was established in 1969 and is a management and family-owned private investment and retirement savings business with global operations across more than 25 countries.

Our purpose at Fidelity International is to help build better financial futures for our clients. We believe that investing for the long term is critical to achieving that. We're passionate about delivering the right investment guidance and solutions, and improving access to investing for as many people as possible.

We serve individuals, financial professionals, and institutions around the world in three ways:

US\$585.9bn

Assets Under Management (AUM) and
Assets Under Administration (AUA)

2.5m

Clients Globally

As an Asset Manager, we
invest money on behalf of
our clients.

As an Asset Owner, we provide
unit-linked (insurance) pension
funds, which enable members of
company pension schemes to
save for their retirement.

As an Asset Administrator,
we provide a platform for
investment assets.

Our approach is articulated in two segments: (1) the day-to-day business operations for the whole Fidelity International group (i.e. Asset Manager, Asset Owner and Asset Administrator), and (2) the investments we make on the Asset Manager and Asset Owner businesses (i.e. when acting as an Asset Administrator, we do not make investment decisions). Both segments generate emissions that affect climate and nature. Climate change and nature loss can in turn affect our business operations and the investments we make.

Our approach to climate matters, as well as the regulatory reporting requirements, differ between our three activities (i.e. Asset Manager, Asset Owner and Asset Administrator).

As a result, we produce two distinct reports, which are 'companion' of each other. The Asset Owner report includes our Asset Owner

approach to investments, which can be accessed [here](#).

This report, the Asset Manager report, will include our Asset Manager approach to investments, as well as the approach to business operations which are shared across the group.

When read together, these companion reports provide an overall view of Fidelity International.

Our report **does not cover** the activities of Fidelity Management and Research (FMR), Geode or Fidelity Canada which are independent businesses (and sit outside of the FIL Limited consolidated group), although we may refer to these companies during this report where we delegate investment management to these companies.

Business Operations

As a large investor, it's important for us to set an example for the companies we invest in by the way we manage our own business operations. We believe this allows us to more effectively engage with these companies, with the aim of reducing their emissions, meeting emissions targets, and mitigating the effects of climate change, resource use and nature loss.

Some of our emissions are related to operating our business. For example, those from our buildings, or our employee business travel and commuting. These are known as 'operational' emissions. We aim to reduce these, and to be 'operationally' net zero by 2030. Please note that, business operational emissions do not include 'financed' emissions related to our clients' investments, which are covered below.

Over the past 5 years, we have worked to reduce our impact and use of natural resources. In 2019, we set targets to reduce our waste and water consumption by 25%, increase our recycling rate by 80%, and reduce our paper usage by 50% by end of 2024 based on a 2019 baseline. Having already made reductions since 2019, we now set further climate targets for our Business Operations from [2025 to 2027](#).

More recently, we have engaged an Ecologist for our Kingswood campus in Surrey in the UK, to advise us on how to increase the biodiversity in the ancient woodland we manage.

Our clients' investments

A Long-term approach

Across both Climate and Nature, we take a long-term stewardship approach to systemic themes. We engage with and aim to positively influence the companies into which we invest. We encourage them to manage and reduce their material climate and nature related risks, and if possible contribute to the reduction of real world emissions and building sustainable

reliance on natural ecosystems. This approach aims to help us manage our long-term climate and nature-related risks and opportunities, and in turn the investment performance we are able to deliver to our clients.

Climate

Every company we invest in is exposed to climate change in some way, and in some cases, it could significantly influence an investment decision. And that's why we consider these climate-related risks and opportunities across the investments we make on behalf of clients, when they are material.

Most of our emissions come from, or are related to, these companies. These are called 'financed emissions'.

We aim to halve the Scope 1 and 2 carbon emissions intensity of our clients' investment portfolios by 2030 from a 2019 baseline, consistent with a pathway to achieving net zero by 2050. We will publish further details in our upcoming transition plan. [A review of performance against Investment targets](#) is available in our [Metrics Section](#).

Selected equity and corporate bond funds with sustainability considerations are reviewed quarterly for Net Zero alignment under Fidelity's Net Zero Approach. As at 30th September 2024, these strategies account for 33% of our FIL managed AUM.³

We operate in a complex, and evolving environment where uncertainty can make outcomes unpredictable.

"The investments we manage generate emissions of 192 million tons compared with our business operations of 10,023 tons of greenhouse gases."

This means that for every ton of business operational greenhouse gas there are 19,881.8 tons of investment related emissions."⁵

Nature

In its 2025 Global Risks report⁴, the World Economic Forum highlighted 'Extreme weather events', 'Critical change to Earth systems', 'Biodiversity loss and ecosystem collapse' and

³ This AUM comprises of our ESG Tilt and ESG Target funds (numerator). 33% excludes Sub-advised mandates and Workplace from the denominator. This would represent 25% of FIL AUM when including sub-advised and Workplace assets.

⁴ [World Economic Forum \(2025\), Global Risks Report 2025](#)

'Nature resource shortages' all in the top 5 long-term global risks.

The identification of companies which face nature and ecosystem risks is today largely a 'heatmapping' exercise to identify companies which are in material sectors which may impact nature or have high dependencies, and/or risks upon nature. We have prioritised some of these companies, and we have or will engage with them to improve our understanding of investment risks. We have also created products which have biodiversity considerations.

In November 2021, we joined other financial organisations by becoming a signatory of the Finance for Biodiversity pledge. This is a commitment to develop a strategy for nature for investments. In addition, we are signatories of the Finance Sector Deforestation Action Initiative⁵ which emphasises ongoing stewardship actions to address deforestation risks.

In 2025, we will continue to engage with companies across our nature-related thematic engagements, focussing on our material holdings and key impact drivers of nature loss. Institutional investors can find out more details of our approach in our [Nature Roadmap](#).



⁵ Deforestation Free Finance ([DFF](#)) [Commitment letter](#)

A summary of our Climate and Nature Report

Here is a summary with the links to find out more:

	Fidelity Business Unit	Description	Entity Level report	Fund or Product level reports	Business Operations
Investments	Asset Manager - This report	This report focuses on our investment management businesses which serve a range of clients from retail investors to institutional clients.	This report contains information on our investment approach to Climate and Nature for our asset management business. It includes coverage of subsidiaries as required by regulations, detailed in Appendix 1 . Information for investments is located in the blue sections of this report for ease of navigation.	A separate companion report contains information about climate for a number of UK funds as required by regulation. It can be found here .	This report contains information on our business operations approach to Climate and Nature for the Fidelity International group for all our activities of Asset Manager, Asset Owner and Asset Administrator. Information for business operations is located in the green sections of this report for ease of navigation.
	Asset Owner - FIL Life (UK)	A separate companion report focuses on the UK Life insurance business which provides unit-linked pension products which enable members of company pension schemes in the UK to save for their retirement.	A separate companion report contains information on our investment approach to Climate for our Asset Owner business. It can be found here .	A separate companion report contains information about climate for a number of UK funds as required by regulation. It can be found here .	FIL' business operations are centralised across the FIL group, and span the asset manager and asset owner. The Asset Owner's business operational data is consolidated within the Group Climate report, and is not repeated for UK Life.

Scope of this report - the 'Asset Manager'

Materiality is a term used to help us decide when to consider and report on an issue about climate or nature. We report 'material' information when we believe it's sufficiently important to impact the investment decisions we make on behalf of our clients and for our business as an asset manager. Over time, this threshold may change or evolve, so we'll continue to assess and adapt our approach.

Business Operations

In scope	Out of scope
The scope includes the business operations of Fidelity.	The scope excludes our international joint venture Fidelity Canada, and companies outside of Fidelity International such as Fidelity Management Research (FMR), Fidelity Institutional Asset Management (FIAM) and Geode.

Investments

In scope	Out of scope
<p>We aim to report on our approach to integrating the climate and nature-related dependencies, impacts, risks and opportunities of Fidelity's client investments across the Asset Manager business of the Fidelity International group, i.e. where we have discretionary investment authority for the asset classes and the regions in which we invest.</p> <p>This excludes the portions described as 'Out of scope' in the adjacent column.</p>	<p>The following are out of scope of this report:</p> <ul style="list-style-type: none"> Asset owner business: <ul style="list-style-type: none"> FIL Life - note that UK Life has its own report, and FIL Life Ireland. Small/immaterial businesses/not investing on behalf of clients, e.g. FIL Strategic Ventures (invests on behalf of Fidelity International not clients), and platform administration. International joint ventures covered by their own Climate reports in accordance with TCFD, e.g. Fidelity Canada has a Climate Report which is available here: Fidelity Canada Sustainability Sub-advisors, that sit outside the Fidelity International group that we may appoint, which include Fidelity Management Research (FMR), Fidelity Institutional Asset Management (FIAM) and Geode. <p>Where we have discretionary investment management authority, we do include the AUM and emissions within our metrics table. For further information on data, see here and here.</p> <p>Fidelity does not make use of extensive external investment management delegations. Rather, these are strategic in nature to offer particular strategies. No current external investment management delegation is related to an ESG strategy, and have been selected for other investment reasons. Further details of delegations (where made) are included in Appendix 1.</p>

How to understand this Climate and Nature Report

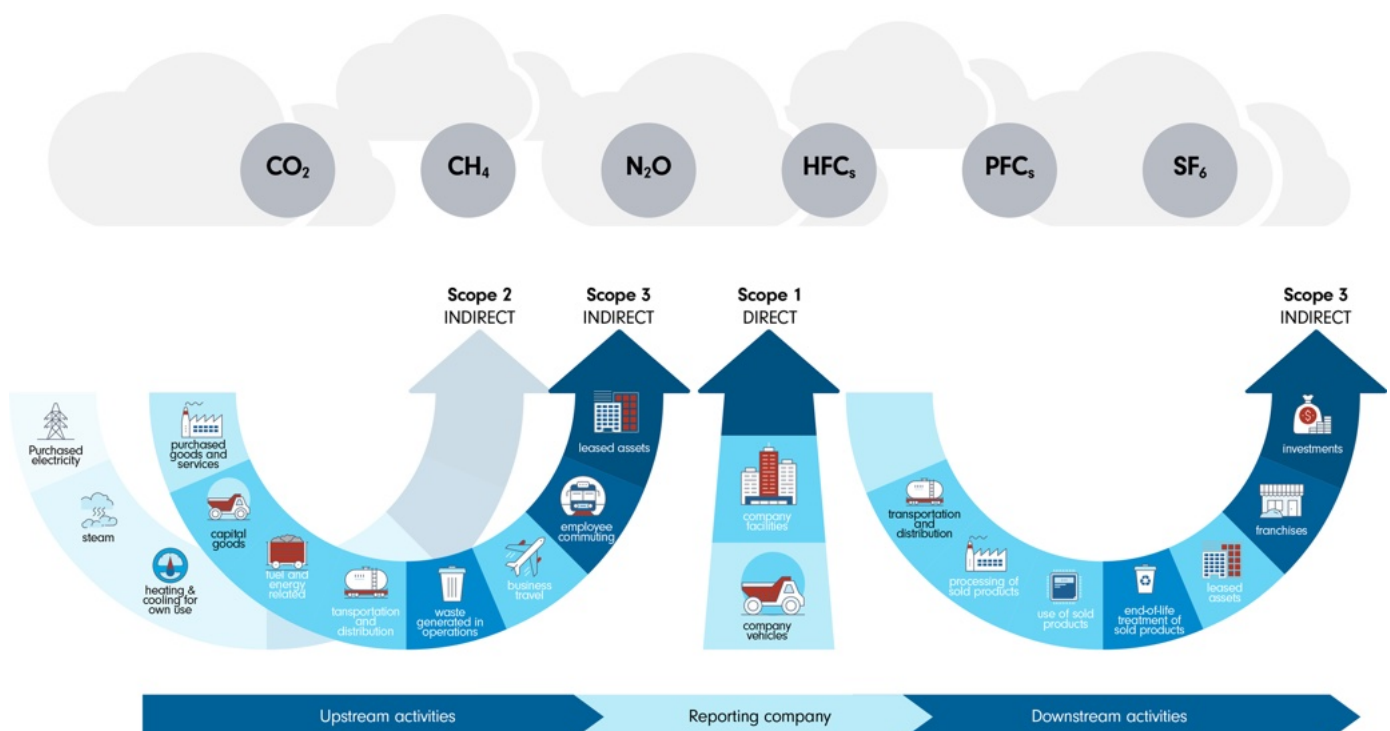
What are Greenhouse Gas (GHG) emissions?

Greenhouse Gases (GHG) are gases that contribute to global warming. They get their name because they trap heat and energy from the sun, just like a glass greenhouse. GHG emissions don't just come from carbon dioxide. They can also come from other gases such as methane, and nitrous oxide.

The GHG Protocol is a widely used tool for measuring and managing Greenhouse Gases. It puts the sources of GHG emissions into three scopes:

- **Scope 1 emissions** - These come from equipment **directly owned or controlled** by an organisation. It includes all the fuel the company has burned on site using boilers, furnaces, vehicles or other machinery.
- **Scope 2 emissions** - These are from **bought** electricity heat, steam and cooling.
- **Scope 3 emissions** - These are the other emissions through the 'value' (or supply) chain that are not in the two scopes above:
 - They include **upstream emissions** which occur before the product or service is sold. These could be emissions released by getting raw materials out of the ground, or transporting them to a company's factory.
 - They also include **downstream emissions** which occur when a product is sold, stored, used, or disposed of.

Overview of GHG Protocol scopes and emissions across the value chain⁶:



⁶ Note that CO₂ = Carbon dioxide, CH₄ = Methane, N₂O = Nitrous oxide, HFCs = Hydrofluorocarbons, PFCs = Perfluorinated compounds, SF₆ = Sulphur hexafluoride

Our approach to a lower carbon economy

As an asset manager, our greatest exposure to climate risks and opportunities comes from the investments we make. These are called **'financed emissions'**. We measure them by calculating how much of our clients' money is invested in each company, and the GHG emissions of each of these companies.

'Financed Scope 3 emissions' come under Category 15 of the GHG Protocol, a category that is material for us as an investment business. We consider these on an intensity basis, and set our target to reduce them on a GHG per US\$ million of Assets under Management. This is called the 'carbon footprint', and we target Scope 1 and 2 reductions of our financed emissions.

For our business operations, Scope 1 and 2 emissions are part of our planning and reporting. Where possible, Scope 3 emissions that don't come from the companies we invest into, are also included.

To limit global warming to 1.5°C, we need to work towards 'net zero'. This is when we reduce our emissions to zero, or as close to net zero as possible. Net zero will happen when the amount of GHG produced is balanced by the amount removed from the atmosphere. Removal means there is a need to protect and rejuvenate the natural systems that remove and store GHG – forests and mangroves for example. So, the approach to nature and climate are interrelated.

How future climate risk is assessed

The path towards reducing emissions across economies is not certain, and could take many routes. As part of this report, we look at three different key climate scenarios of how the world could respond to see what they could mean for our investments. Here we describe the scenarios explored:

Disorderly transition

Under this scenario the response to achieve 1.5°C net zero is delayed until 2030. This is followed by a rapid reduction in emissions which acts as a shock to the economy. Average temperatures are set to rise by 1.6°C to 1.8°C by 2100 and by similar temperatures by 2050.

Orderly transition

Emissions start to reduce immediately to limit warming to 1.4°C - 1.6°C. It means the economy invests more in energy efficiency and low GHG technologies earlier and doesn't receive a 'shock' as it would during a disorderly transition. This is the most cost-efficient scenario as climate policies are introduced earlier. The economy has more time to make changes, more efficiently.

Current Policies (otherwise known as a 'hot house' world)

While many countries have started to introduce climate policies, they are not yet sufficient to achieve official commitments and targets. If no further measures are introduced, 2.7°C.⁷ or more of warming is modelled to occur by 2100. This would likely result in deteriorating living conditions in many parts of the world and lead to some irreversible impacts like sea-level rise. Physical risks to the economy could result from disruption to ecosystems, health, infrastructure and supply chains.⁸

The types of climate and nature-related risks and opportunities

Nature and Climate have common transition and physical risks. In the [next section](#), we also define nature-related impacts and dependencies according to the [Taskforce on Nature-related Financial Disclosures \(TNFD\)](#) framework.

Transition risks and opportunities

Transition risks arise from changes in regulation, policy, law, and technology that

⁷ Source [Temperatures | Climate Action Tracker](#)

⁸ Further information is available on slide 10/11 of this report - slides titled 'Scenarios at a glance' also showing the emissions and carbon price evolution for each scenario. [NGFS Climate Scenarios for central banks and supervisors - Phase IV | NGFS](#)

impact the speed and timing of future climate and nature scenarios. These changes can create risks as the economy shifts towards lower carbon emissions and reduced nature loss. Depending on the region, type of business activity, and the issuer's climate or nature-related impacts, transition risks can affect us in the short, medium and long term. However, these changes can also present climate and nature-related opportunities in areas such as resource efficiency, energy sourcing, product and service innovation, market development and resilience.

Physical risk categories

As the planet continues to warm and natural capital degrades, along with the depletion of ecosystem services that support economic activity, there is a well-documented increase in economic impacts. Physical risks include droughts, wildfire hazards, severe weather patterns, and sea level changes. These risks can affect Fidelity's business operations and our clients' investments.



Source: [Preventionweb](#), Fidelity International, June 2024.

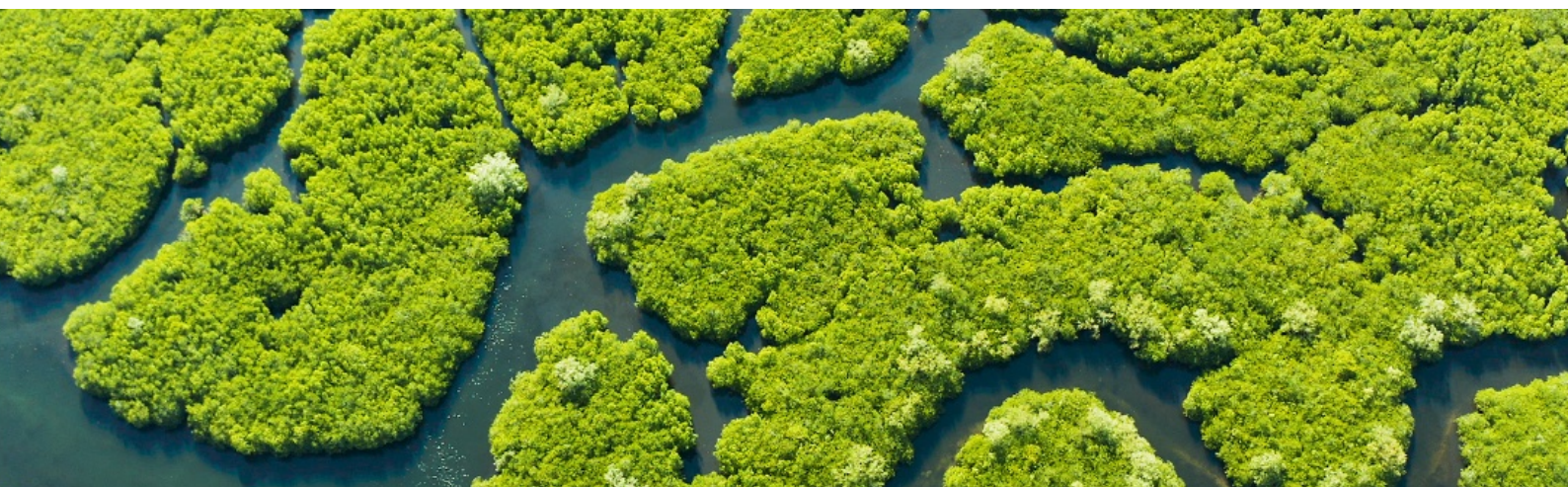
Comparing the Climate scenarios

Climate risks are expected to grow over the medium and longer term if global emissions reductions aren't on track, or if policy delay continues.

The physical risks are increasingly disruptive under a 'Current Policies', sometimes referred to as a 'hot house world', scenario. Warming will be higher, cause more frequent and severe weather events, and affect human health, labour and agricultural productivity.

Transition risks will be most prevalent in a disorderly scenario. A delay in global emissions reductions, followed by compressed emissions reductions into a shorter span, will exacerbate transition risks more than in other scenarios.

Each scenario sees a trade-off between transition and physical risks.



An Introduction to Nature Loss

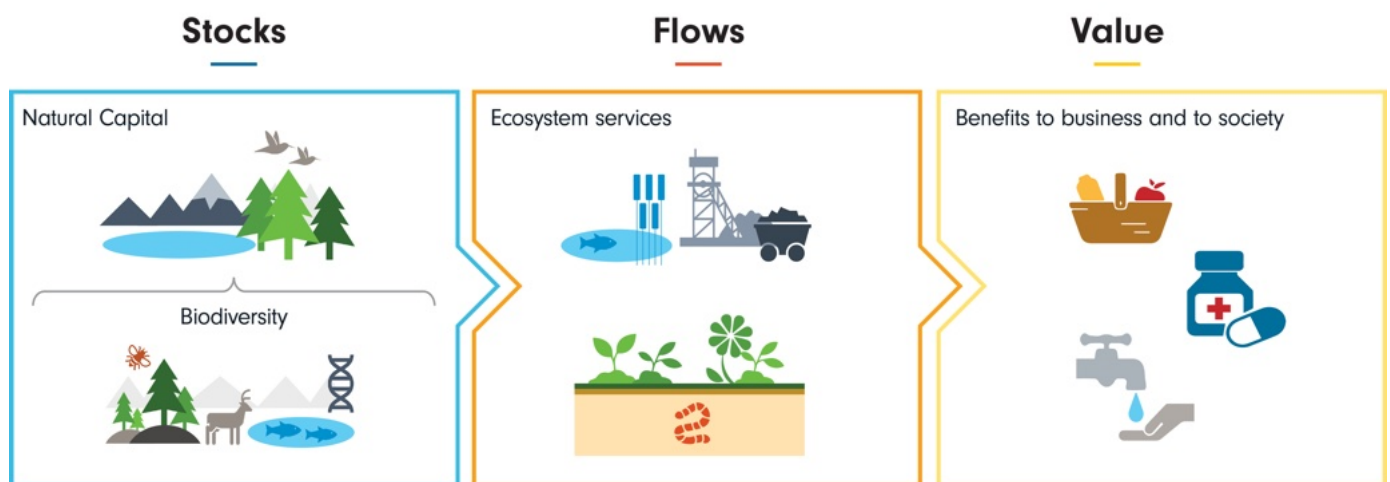
Nature loss is a risk for investors, addressing it represents an opportunity. Analyses by the Global Commission on Adaptation (GCA) shows that investing US\$1.8 trillion globally in five target areas from 2020 to 2030 could produce US\$7.1 trillion in total benefits.⁹

What is Natural Capital and Biodiversity?

Natural capital refers to the the stock of renewable and non-renewable natural resources such as plants, animals, air, water, soils and minerals that combine to yield a flow of economic and non-monetary benefits to people. Biodiversity is the variety of 'living things' within these resources.

Together, all components of natural capital interact to provide ecosystem services, such as pollination and food production, air circulation, climate regulation, flood protection and carbon sequestration, which play an essential role in basic human survival and from which we derive social, economic and cultural benefits.

Dependencies on biodiversity and natural capital:



According to the latest global assessment report by Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES):¹⁰

- Human activities have already severely altered 75% of land and 66% of marine environments.
- Around 25% of assessed plant and animal species are threatened by human actions, with a million species facing extinction, many within decades.
- Ecosystems have declined in size and condition by 47% globally compared to estimated baselines.

In its 2025 Global Risks report¹¹, the World Economic Forum ranked 'biodiversity loss and ecosystem collapse' and 'natural resource shortages' in the top 5 of the long term (over the next 10 years) global risks.

Climate change and nature loss

Climate change is a direct driver of nature loss and is increasingly exacerbating the impact of other drivers of nature loss. Since 1980, greenhouse gas emissions have doubled. The latest Intergovernmental Panel on Climate Change (IPCC) Climate report¹², dated March 2023, states that we've already reached 1.1°C of

⁹ [Global Commission on Adaptation \(2019\), Adapt Now: A global call for Leadership on Climate resilience](#). The 5 target areas are Early warning systems, resilient infrastructure, dryland agriculture, protecting mangroves, resilient water management.

¹⁰ [IPBES \(2019\): Global assessment report on biodiversity and ecosystem services](#) The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) is an intergovernmental organization established to improve the interface between science and policy on issues of biodiversity and ecosystem services.

¹¹ [World Economic Forum \(2025\), Global Risks Report 2025](#)

¹² [IPCC \(2023\): Synthesis Report for the Sixth Assessment Report](#)

global warming above pre-industrial averages. Over this period, there has been a marked increase in the frequency and intensity of extreme weather events, associated fires, floods and droughts threatening the survival of species and the functioning of ecosystems.

Conversely, the preservation of nature plays a critical role in achieving net zero and providing solutions to some of these effects, such as flood mitigation. Nature's continued decline serves to undermine society's ability to achieve the goals of the Paris Agreement on climate change¹³. The Intergovernmental Panel on Climate Change's (IPCC) 1.5°C 'safe landing' pathway assumes nature will continue to provide storage of carbon from the atmosphere and ecosystem services. Protecting nature can be jointly beneficial in meeting climate goals, for example by preventing deforestation. Yet, in some cases, there can be conflicts which result in compromises.

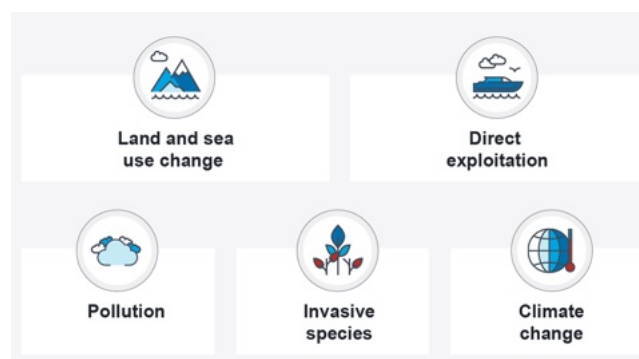
Climate change, nature loss and human rights

Climate change and nature loss are recognised to have negative impacts on a wide range of human rights such as access to food, water, adequate housing and health. At the same time, measures to address the increase in adverse climate events and the loss of biodiversity might also have impacts on human rights and social disparities.

These potential overlaps, and sometimes 'trade-offs', can be considered when engaging with companies and policy makers. For example, as part of our thematic engagement on thermal coal, we encourage companies to take into account the principle of a "Just Transition" and consider the social implications of their 'phase out' commitments. Similarly, while certain minerals and technologies are critical to the net zero transition, we have also been engaging with renewable energy producers on allegations of modern slavery in their supply chain.

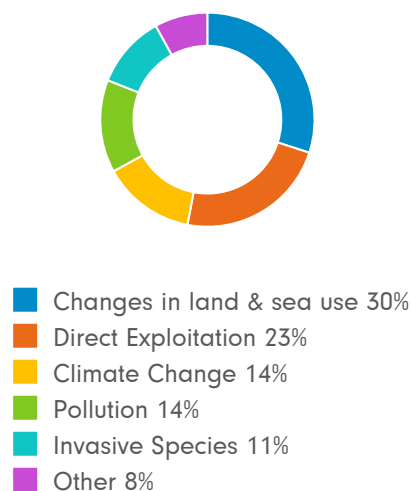
Drivers of natural capital loss

In addition to climate change, nature loss can be attributed to four other key direct drivers resulting from a range of societal causes:



The drivers of nature loss reinforce one another, perpetuating impacts and further accelerating nature's decline. Hence, they undermine globally agreed sustainability goals, including progress towards the UN's Sustainable Development Goals¹⁴, the Paris Agreement on climate change and the Kunming-Montreal Global Biodiversity Framework.¹⁵

Direct drivers of nature loss



Source: IPBES, Fidelity International, 2024.

Land and sea use change

Land and sea use change, in combination with direct exploitation, accounts for more than 50% of the global impact on ecosystems.¹⁶ Land use change occurs mainly due to

¹³ [Paris Agreement on Climate Change](#)

¹⁴ [United Nations Sustainable Development Goals](#)

¹⁵ [Kunming-Montreal Global Biodiversity Framework](#)

¹⁶ [IPBES \(2019\): Global assessment report on biodiversity and ecosystem services](#)

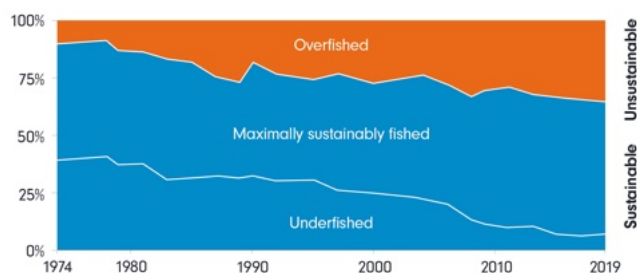
agriculture, forestry and urbanisation, which contribute to air, water and soil pollution, illustrating the interconnected and reinforcing aspects of factors contributing to nature loss. Further pressures are emerging, particularly those related to mining activities associated with energy transition. Mining can have significant negative effects on biodiversity, resulting in emissions of highly-toxic pollutants, water stress and significant impacts on human health.

This highlights the tensions that may arise between efforts to decarbonise and efforts to protect and restore nature.

Direct exploitation

The extraction of renewable and non-renewable resources has doubled in the last 50 years, directly correlated with the increase in the human population. Intense pressure on natural resources undermines the ability of ecosystems to survive and regenerate. For example, global fishing volumes have been maintained by expanding into new geographies and deeper waters, with an estimated 35% of marine fish species being overfished, which increases to 93% when including fish stocks being fished at their maximum sustainable levels.¹⁷

Global trends in the state of the world's marine fishery stocks, 1974 - 2019



Source: FAO, Fidelity international 2024.

Pollution

Air, water and soil pollution continue to rise globally. Pollutants leach into local ecosystems, affecting soil, air and water

quality, cumulatively impacting the functioning ecosystems. It is estimated that over 80% of global wastewater is discharged back into the environment without treatment, while 300–400 million tons of heavy metals, solvents, toxic sludge and other waste from industrial facilities are dumped into the world's waters each year.¹⁵ Plastic pollution is an area of particular focus. Plastics have become ubiquitous due to their low cost and versatile nature. Plastic production has therefore increased exponentially in the last 65 years, with production expected to double through to 2050¹⁸. However, most plastic ends up as waste. Marine plastic pollution has increased tenfold since 1980¹⁹, with plastics accounting for 85% of total marine waste.²⁰

Invasive Species

In the past 50 years, global trade has grown almost tenfold, while the human population has nearly doubled. The associated spatial decoupling of production and consumption has coincided with a 40% increase in cumulative records of non-native species.²¹ The introduction of non-native species can have impacts on ecosystems, for example through the introduction of disease, or lead to excessive demand on scarce resources, and or disruptions to food chains. For example, the introduction of wilding conifers in the 1880s has penetrated more than 1.8 million hectares of land in New Zealand. They continue to spread at an estimated rate of 5% per year²¹, despite efforts to contain their growth. Their spread has significant negative environmental, social and economic consequences, consuming scarce water resources, causing acidification, degrading soil quality, reducing the area of land available for arable grazing, providing a habitat for exotic pest plants, animals, and diseases, and limiting recreation and tourism activities, to name just a few examples.

¹⁷ FAO (2022): *The State of World Fisheries and Aquaculture 2022. Towards Blue Transformation*

¹⁸ National Geographic (2019): *The world's plastic pollution crisis explained*, Laura Parker

¹⁹ IPBES (2019): *Global assessment report on biodiversity and ecosystem services*

²⁰ UNEP (2021): *From Pollution to Solution: A global assessment of marine litter and plastic pollution*

²¹ Department of Conservation, New Zealand, *Wilding conifers: Weeds (doc.govt.nz)*

Dependency and Impact on Nature

All economic activity depends on nature through its provision of ecosystem services, such as pollination, the provision of fresh water, disease control and flood and storm protection. Ecosystem services serve three critical functions:

1. Provisioning natural resources, such as timber, crops and minerals
2. Regulating and maintenance services, such as water and air purification, water flow regulation and disease control
3. The provision of cultural services, the often intangible benefits derived from the perceived qualities, or actual qualities, of an ecosystem, such as cultural identity and aesthetic inspiration, and recreational and tourism opportunities

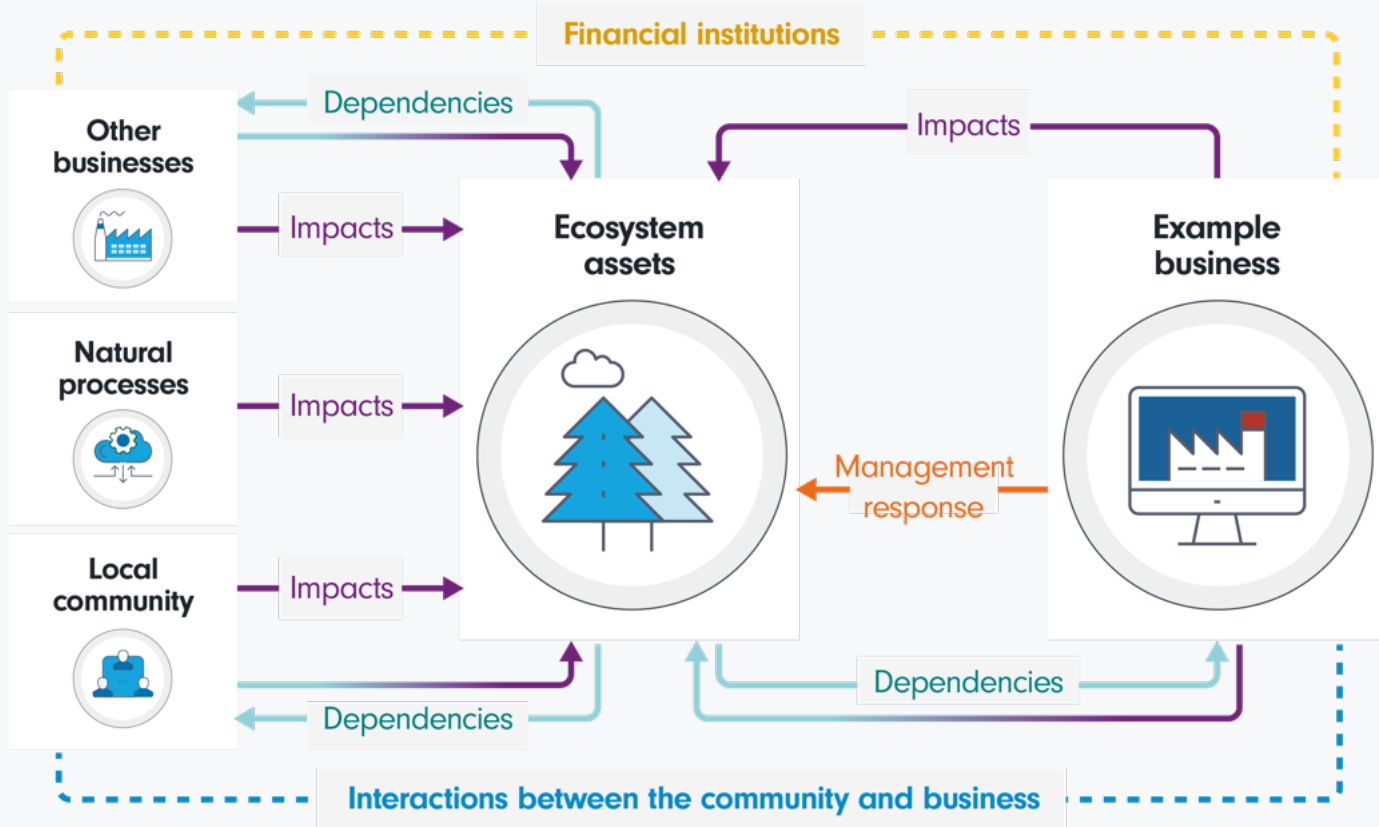
These services are important inputs to all economic activity, either directly or indirectly,

through value chains. Indeed, these ecosystem services can be considered capital goods, which much like produced capital (i.e. human-made goods and financial assets), depreciate if they are misused or overused. However, nature differs to produced capital in three key ways.

1. Depreciation in many cases is irreversible, or at best takes a long time to recover, highlighting the importance of protection and conservation of intact ecosystems.
2. Most ecosystem services are not fully replicable, and some are irreplaceable.
3. Ecosystems can collapse abruptly without warning.

As such, economic activity both impacts and depends on nature, as summarised in the diagram below. Therefore, its preservation and the management of related risks is critical to ensuring long-term global social and economic prosperity, and the effective functioning of global financial markets.

Business relationship with nature: system-level impacts and dependencies



Source: Fidelity International, 2024 based on UN Environment Programme (2023). Towards a robust measurement of business dependencies on nature. UNEP WCMC Cambridge, UK.

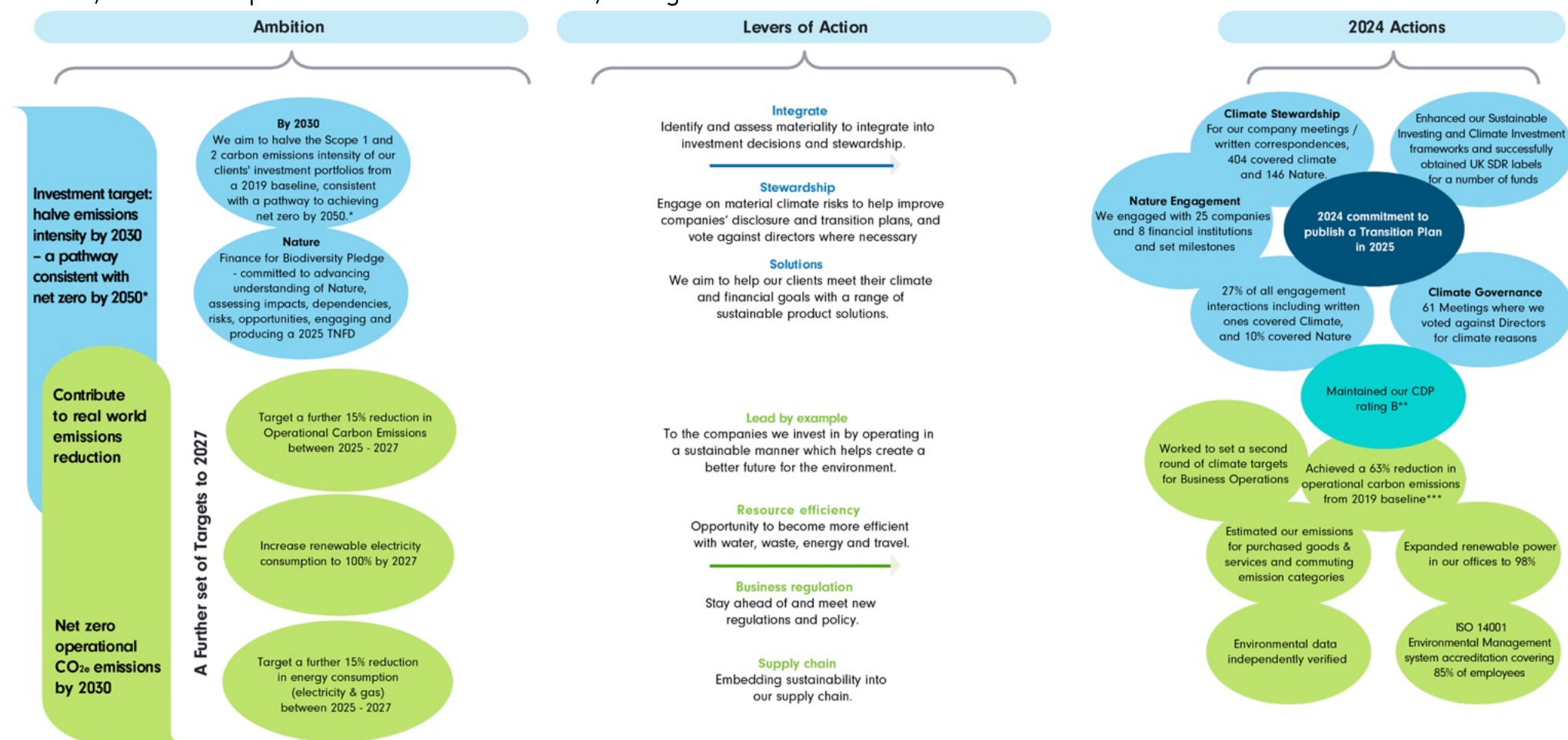
An accelerating policy response

We have and expect to continue to see a wave of nature-related regulation and reporting requirements. As is common with sustainability issues, this is largely being led by the European Union, for example with the introduction of the Deforestation Act, the integration of nature into the European Sustainability Reporting Standards (ESRS), the EU Taxonomy and French Article 29 biodiversity reporting requirements for financial institutions. Looking globally, the International Sustainability Standards Board (ISSB) has also signalled that it will consider nature reporting.

System-level targets			
<p>COP15: At the 15th meeting of the Conference of the Parties to the UN Convention on Biological Diversity (COP15) in 2022, the Kunming-Montreal Global Biodiversity Framework was agreed and has now been ratified by 196 nations. The framework aims to halt and reverse global biodiversity loss by 2030, with the vision of living in harmony with nature by 2050, and includes 23 targets to achieve by 2030.</p> <p>Governmental Deforestation Declaration: At 26th Conference of the Parties to the UN Framework Convention on Climate Change (COP26) in 2021, the leaders of 141 countries signed a declaration committing to halt and reverse forest loss and land degradation by 2030.</p>			
Deforestation	Biodiversity	Risk, Reporting and Target Setting	Finance
<p>European Union (EU) Deforestation- Free Products Regulation: Imports law on forest-risk commodities linked to deforestation (legal and illegal) implemented from December 2025.</p> <p>UK Environment Act: Imports law covering forest-risk commodities (including derivatives) linked to illegal deforestation. It requires secondary legislation for precise implementation.</p>	<p>EU Biodiversity Strategy to 2030: The EU's strategy is to get Europe's biodiversity on path to recovery by 2030. The EU Nature Restoration Law entered into force in 2024 with legally binding targets to restore various degraded ecosystems.</p>	<p>European Sustainability Reporting Standards (ESRS): Under the Corporate Sustainability Reporting Directive (CSRD) report a range of biodiversity and pollution metrics where material.</p> <p>Science Based Targets for Nature: The Science Based Targets Network has launched the world's first science-based targets for nature, providing guidance for companies to set targets.</p> <p>EU Taxonomy: Biodiversity is one of the main environmental objectives to classify business activities as 'green'.</p> <p>Taskforce for Nature-related Financial Disclosures: Risk management & disclosure framework on evolving nature-related risks.</p> <p>International Sustainability Standards Board: Announced on its intention to commence projects to research disclosure risks and opportunities associated with biodiversity, ecosystems and ecosystem services (and human capital).</p>	<p>French Article 29: Mandates asset managers to report on their biodiversity footprint alongside climate metrics.</p> <p>Sustainability Finance Disclosure Regulation (SFDR): Includes the requirement for investors to report on Principal Adverse Impact (PAI) indicators, several of which relate to biodiversity.</p>

Overview of our Climate & Nature Strategy

Our plan covers our medium and long-term strategy, which are our levers of action in the chart below. Our 2024 actions are the steps that we took, or initiated, in 2024 to help us move towards our ambitions, or targets.



*For further information please see the [Metrics section](#). We will publish further details in our upcoming Transition plan.

The CDP rating covers both operations and investments. *Market based emissions - [GHG inventory](#)

Our Climate Targets

Business Operations

Our goal at Fidelity is to conduct current and future business operations in a sustainable manner, which helps create a better future for the environment. To date, we have focused our targets on areas over which we have operational control. This means:

- Net Zero for scope 1 and 2, and operational control Scope 3 categories. (See [metric section](#) for full list)

For 2019-24, we had also set interim targets for:

- 25% reduction in carbon emissions (Scope 1 and 2, and operational control categories of Scope 3)
- 25% reduction in energy consumption (Electricity + Gas)
- 50% reduction in air travel carbon emissions

[A review of performance against our Business Operations targets](#) is available in our Metrics Section.

Looking to the future, we recently examined other sources of emissions related to our business activities but which we deemed to be outside of our operational control. These additional material sources of Scope 3 form part of our Corporate Value Chain Emissions.

2025-2027 To continue our progress, we have committed to a further 15% reduction of GHG emissions to be achieved by:

- 15% reduction in energy consumption
- Reaching 100% renewable electricity consumption in all locations
- Maintain business travel intensity per employee at 2024 levels
- Maintain >90% of employees covered by ISO14001 certification²²

For more information on our commitments, professional investors can refer to our latest Sustainability Update.²³

Investments

We have set the following commitments:

- We aim to halve the Scope 1 and 2 carbon emissions intensity of our clients' investment portfolios by 2030 from a 2019 baseline, consistent with a pathway to achieving net zero by 2050.²⁴ We will publish further details in our upcoming transition plan. [A review of performance against Investment targets](#) is available in our [Metrics Section](#).
- Equity and corporate bond funds with sustainability considerations are reviewed quarterly for Net Zero alignment under Fidelity's Net Zero Approach. As at 30th September 2024, these strategies account for 33% of our FIL Managed AUM.²⁵

Further information is available in our [Climate Investing Framework](#).

Progress on climate targets

Business operations 2019-24

We set a 25% reduction target for operational control emissions. We achieved a 63% market-based reduction.

Investments 2030

We aim to halve the Scope 1 and 2 carbon emissions intensity of our clients' investment portfolios by 2030 from a 2019 baseline, consistent with a pathway to achieving net zero by 2050. Since 2019, this has fallen by 54%.

For further details of progress against individual targets, see the [Metrics and Targets](#) section of the report.

²² ISO 14001 is the internationally recognized standard for environmental management systems (EMS). It provides a framework for organizations to design and implement an EMS, and continually improve their environmental performance. [ISO.org](#)

²³ Sustainability update [report](#). Target emissions cover Business Operations scope 1,2 and categories 5 and 6 of scope 3.

²⁴ For further details see the [Metrics section](#).

²⁵ This AUM comprises of our ESG Tilt and ESG Target funds (numerator). 33% excludes Sub-advised mandates and Workplace from the denominator. This would represent 25% of FIL AUM when including sub-advised and Workplace assets.

The transition to Net Zero by 2050 is dependent on constantly evolving technology evolution, geopolitics, and policies which make timings uncertain.

Our Nature-Related Commitments

As a Finance for Biodiversity pledge signatory and Foundation member, we have committed to protecting and restoring nature through our financing activities and investments. We aim to meet five core elements of the pledge which are:

1. Collaboration and knowledge sharing.
2. Engaging with companies.
3. Assessing impact.
4. Setting targets.
5. Publicly reporting on these activities by 2025 which is the purpose of this report.

At COP26, in 2021, we signed the Financial Sector Commitment Letter on Eliminating Commodity-Driven Deforestation²⁶. The commitment emphasises the role of active ownership and ongoing stewardship, and the importance of collaboration with wider stakeholders to meet these goals. For institutional investors, our [Nature roadmap](#) sets out our engagement-led approach to meeting this, including our expectations of exposed investee companies, and our escalation approach where companies do not meet expectations, in line with our [Voting Principles and Guidelines](#).

In 2025, we aim to engage with at least 45 companies across our nature-related thematic engagement, focussing on our material holdings and key impact drivers of Nature loss. Our commitment is subject to company access, holding size and resourcing.



²⁶ [DFF commitment letter](#)

Our Climate Reporting approach

Our Climate Reporting approach

Fidelity's Climate approach is aligned with the TCFD framework

The Task Force on Climate-Related Financial Disclosures recommends disclosures across four pillars – Governance, Strategy, Risk Management, Metrics & Targets. Further details available throughout the report and a mapping to the TNFD framework is available in [Appendix 2](#).

TCFD Pillars	Fidelity's Approach
Governance Governance describes how our senior leadership team oversees, assesses, and manages climate risks and opportunities. It helps ensure that we are prepared to address and adapt to the risks and opportunities.	<p>Where referring to the Board, this means the FIL Limited Board:</p> <ul style="list-style-type: none">▪ The Board is responsible for setting, considering and managing the company's strategy for climate-related risks and opportunities. The President reports to the Board and is responsible for executing the strategy, and is supported by the Global Operating Committee. They can delegate certain activities. While delegating both the Board and the President retain overall responsibility.▪ The Board is also responsible for implementing the Enterprise Risk Management (ERM) framework. The ERM Framework sets out the guiding principles and global minimum control requirements for the identification, assessment, and management of risks, including ESG-related risks. These include climate transition and physical risks.▪ The Board has created a governance structure. This provides oversight and direction through designated committees and forums, including the Audit and Risk Committee.▪ The purpose of the Corporate Sustainability Working Group (CSWG) is to provide recommendations, including key initiatives, new commitments and policies, and technical expertise to support the GOC to evolve and deliver Fidelity's sustainability strategy for its Business Operations, and to ensure compliance with expected future requirements of ISSB and CSRD.▪ The CSO and these committees are responsible for climate-related opportunities. Senior management including the Co-Chief Investment Officer (CIO) who chairs SIOC, also attend Board meetings.▪ Climate opportunities could come through resource and energy efficiency, waste reduction, and the sourcing of renewable electricity. There could also be opportunities for client funds that arise from new sustainability regulation or client demand.

<p>Strategy</p> <p>Strategy describes our understanding of how climate can impact our business. We identify and assess the risks and opportunities and embed it into our strategy.</p> <p>We describe our plans to adapt and also look at how climate could impact the value of our clients' investments looking at different future situations.</p>	<ul style="list-style-type: none"> ▪ The biggest risks and opportunities we face are from our clients' investments. That's because every company we invest into is exposed to physical and transitional risks from climate change. ▪ We focus on identifying, assessing, and managing the material risks across all our investments. Material risks and opportunities are those that affect investment decision making or the potential outcome for an investment. ▪ Both physical and transitional risks can have a negative effect on our investment performance, but they could also help to stimulate investment opportunities. <p>Investments - Our three Levers</p> <ol style="list-style-type: none"> 1. Integration: We integrate those risks into our investment processes by identifying and assessing materiality of climate-related risk and opportunities, using tools and analysis. 2. Stewardship: We engage with the companies we invest into to set minimum standards, for example, on climate, biodiversity, and deforestation. If companies don't follow through and improve their transition plans, we can vote against directors and ultimately withdraw our investment. 3. Solutions: We aim to help our clients meet their climate and financial goals with a range of products including our Sustainable labelled funds. <p>Resilience: We assess our clients' investments for their resilience according to different climate-related scenarios which outline differing speeds and timing of pathways to a lower carbon economy.</p> <p>Business Operations</p> <p>We face less risk in our group operations when compared with our investments. However, we know it's important to reduce our environmental and climate footprint for three main reasons:</p> <ul style="list-style-type: none"> ▪ We'll have opportunities to become more efficient with our resources, and to adopt renewable energy sources. This will ensure that our supply chain and business operations stay resilient to transition risks. ▪ It will help us meet business regulations and policy changes. This may lead to more favourable costs. ▪ It helps us set an example to the companies we engage with and invest in.
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Risk Management

Describes how and what we are doing to identify, assess, and manage climate risks in our business operations and our clients' investments.

It describes the framework, processes, and their oversight checks and balances.

We have integrated Environmental, Social, and Governance (ESG) risks which includes climate risks in our Enterprise Risk Management (ERM) framework. This makes sure we have a common approach to identify, assess, mitigate, manage, and report risks across the organisation.

It includes risks that could cause harm to the organisation, or to our clients' investments. These risks may significantly affect our strategic goals or maintain our operations.

We have a 'three lines of defence' approach to managing climate-related risks (as defined in Risk Section). This ensures clear responsibility for risk management across Business and Operations, Investment Management, Risk and Compliance, Internal Audit, and external assurance.

Investments

1. We identify and assess climate and ESG related risks and opportunities with the use of data, analysis, and research tools. For climate, the important tools are our ESG ratings and our climate ratings which consider climate change. These are our internal ratings produced by our own research and sustainability teams.
2. The key climate-related tools feed into our forums and oversight checks, specifically the Quarterly Sustainable Fund Reviews. These are forums where we review and discuss sustainability-related opportunities and risks related to the investment process and portfolio holdings for some sustainable funds¹¹. They are run by senior management and CIOs together with Portfolio Construction and Risk, the Sustainable Investing team, and the portfolio manager.
3. Risk management is built into our systems so that we can monitor and ensure that funds are managed in line with our clients' expectations and objectives. The information includes carbon intensity (WACI), and is for first and second line review. The Investment Risk Committees are responsible for oversight of and alignment to fund expectations and objectives.
4. We integrate climate-related risks and opportunities in our Stewardship approach. By setting minimum expectations for the companies we invest in and engaging with the high emitters, we seek to manage these risks.

Business Operations

- We carry out environmental aspect and impact analyses for our key locations. This is a central part of managing environmental risk.
- We assess the potential size and scope of the risks. The results are recorded in our Health, Safety, and Sustainability Management System.
- We integrate environmental factors into our supply chain and procurement process.^{27,28}

²⁷ This report has not been externally assured.

²⁸ QSRs were launched in 2022. In 2023, they were extended to cover a range of funds with binding ESG characteristics, including some funds that disclose under Article 8 and 9 of the EU's Sustainable Finance Disclosures Regulation (SFDR), and UK domiciled sustainable funds. The Portfolio Construction and Risk team is a first line of defence function.

Metrics & Targets

Describes our metrics and targets that we use to assess and manage climate-related risks and opportunities.

We report on whether we are on track to meet the targets.

Metrics

Business Operations

- In this report we include emissions data according to the GH protocol for:
 - Scope 1 and 2 and Scope 3 categories 5 and 6. We also provide estimations for other material 'corporate value chain emissions'. These are:
 - Category 1: Purchased goods and services
 - Category 2: Capital goods
 - Category 7: Employee commuting, i.e. commuting between work destinations, from home to work destination and vice versa

Category 1,2,7 are newly estimated metrics, and are not included in our corporate targets and operational net zero commitment. See metric tables for a full list of emission scopes.

Investments

- We monitor the carbon footprint of the investments we make on behalf of our clients. It is a measure of carbon intensity that is calculated using Scope 1 and 2 emissions for each US\$ million of investment. emissions. It's also in line with our climate targets, below.
- We also consider other metrics that indicate an alignment to a lower carbon economy. These are:
 - Percentage of companies with climate targets - the higher the better, because it shows investments (i.e. the companies we invest in) are aiming to reduce emissions. It's also in line with our climate targets, below.
 - Implied Temperature score - (Implied Temperature Rise, or ITR) - if a temperature score is closer to 1.5°C, it shows that investments are already preparing to move to a lower carbon economy. Currently, global governmental policies and regulations are expected to lead to warming of 2.7°C (source-Carbon Tracker). You can read about our methodology in the Metrics section.

You can read about our methodology [here](#)

Targets

Business Operations

- **2030:** Achieve net zero for Scopes 1, 2 and operational scope 3.
- **Our 2019-2024 Targets:**
 - A 25% reduction in Scopes 1, 2 and 3 operational tCO₂e (not including investment emissions nor Purchase Goods and Services and Commuting emissions). Actual 63% reduction (market based).
 - Scope 3 targets do not include categories 1,2,7. For scope 3 category 15, see investment emissions below.
 - A 50% reduction in travel emissions. Actual 39% reduction.
 - A 25% reduction energy consumption (kWh - electricity and gas) by 25%. Actual - 49%.

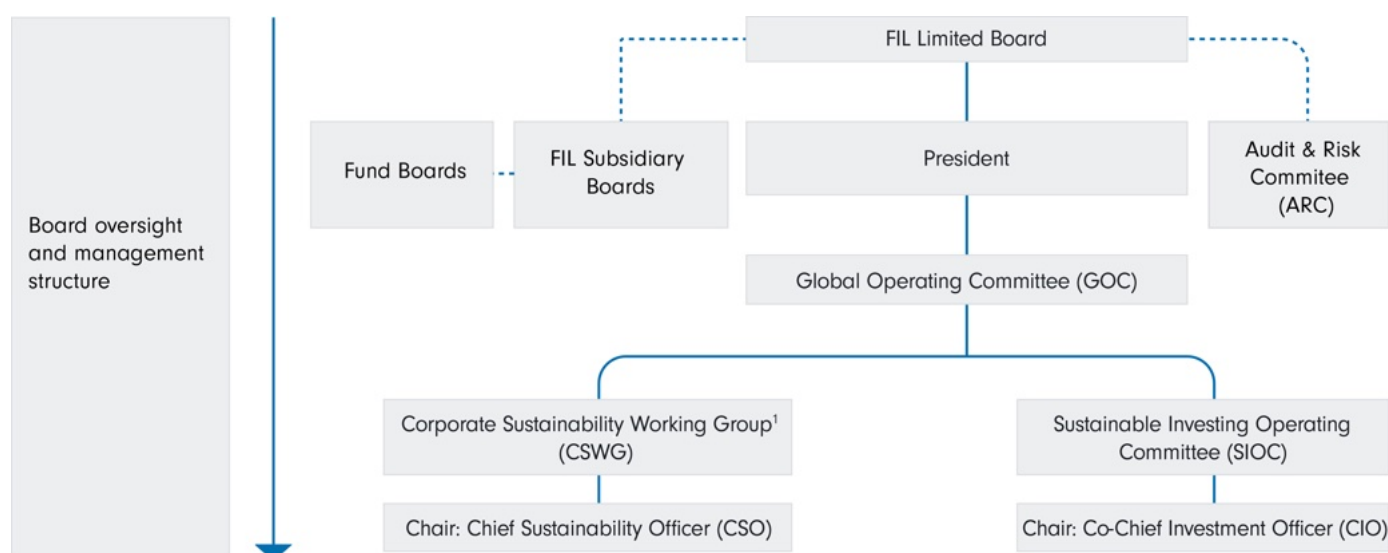
- This year we have set further targets for 2025-27:
 - A further 15% absolute reduction of GHG emissions to be achieved by:
 - 15% absolute reduction in energy consumption
 - Reaching 100% renewable electricity consumption in all locations
 - Maintain business travel emissions at 2024 intensity per employee
 - Maintain >90% of employees covered by ISO14001 certification

Investments

- We aim to halve the Scope 1 and 2 carbon emissions intensity of our clients' investment portfolios by 2030 from a 2019 baseline, consistent with a pathway to achieving net zero by 2050. We will publish further details in our upcoming transition plan. Actual 54% reduction since 2019.
- Equity and Corporate bond funds with sustainability considerations are reviewed quarterly for Net Zero alignment under Fidelity's Net Zero Approach. As at 30th September 2024, these strategies account for 33% of our Managed AUM. This AUM comprises of our ESG Tilt and ESG Target funds (numerator). 33% excludes Sub-advised mandates and Workplace from the denominator. This would represent 25% of FIL AUM when including sub-advised and Workplace assets.

Governance

A High Level overview of Fidelity's Sustainability Governance



¹ During 2024, the Corporate Sustainability Working Group was created. Prior to this, responsibility was delegated to our CSO. The Co-CIO and CSO attend GOC meetings. Subsidiary Boards include UK Life.

The FIL Limited Board

The most senior decision-making body within Fidelity is the FIL Limited Board. The Board is responsible for setting the company's overall strategy and is accountable for oversight of the group, including but not limited to oversight and monitoring of FIL's overall risk profile and risk framework.

The Board is chaired by the Chairman and meets quarterly with additional meetings as required. Fidelity's President is responsible for implementing and executing the business strategy of the organisation, including its sustainability (climate and nature) strategy. The President reports to the Board, and is supported by the Global Operating Committee (GOC) to implement and deliver the strategy.

TCFD considers financially material risks and opportunities, whilst the TNFD considers double materiality, including dependencies, impacts, risks and opportunities. During the year, we commenced work on a CSRD report which considers double materiality (including impacts to people and environment). As yet we do not fully align with TNFD disclosures due to this extra dimension of 'impact' materiality. The detailed alignment to TNFD is located in [Appendix 2](#).

The Board's Responsibilities

The Board sets our corporate and strategic objectives, and is responsible for approving major initiatives or expenditures.

The Board:

- Sets Group policies,
- Ensures that a robust system of internal controls exist within the Group,
- Sets and maintains high ethical standards for the Group,
- Protects the reputation of the Fidelity brand, and
- Ensures the firm's financial stability.

We believe the Board is appropriately qualified to manage the risks of the organisation, including climate and nature related financially material risks and opportunities.²⁹

Risks and Opportunities:

The Board is responsible for setting our Group's business strategy, planning and objectives in relation to risks and opportunities and the Enterprise Risk Management framework. It sets, oversees and monitors the Group's overall risk profile.

The Board is accountable for ensuring we have the appropriate governance, structures, and internal controls to keep the FIL Group compliant with rules, laws and regulations, as well as our own policies. It also ensures that our policies protect our clients and customers.

The Board has set FIL's risk appetite for ESG-related risk, and exercises oversight of ESG risks³⁰ including environmental and climate-related risks.

It has created a governance structure to provide oversight and direction to the business through delegated authorities to designated committees and forums.

Board Reporting

The FIL Board, on a quarterly basis is informed of the risk profile including ESG risks and the effectiveness of the risk management framework. In addition, when necessary, ESG matters are escalated to the Board for consideration from subsidiary boards and/or management committees. ESG risk is included in the FIL Chief Risk Officer (CRO) quarterly risk reporting to the Board. Over the past year, the Sustainability³¹ and Health, Safety and Sustainability Teams have briefed and reported climate-related information to committees and subsidiary boards.^{32 33}

We expect that as the global debate moves forward, and as regulatory requirements expand, more of our subsidiary boards will receive climate-related reporting.

Senior Managers, such as the Co-Chief Investment Officer (CIO) and the Chief Sustainability Officer (CSO), have responsibility for chairing Governance forums. Our Co-CIO is a member of the GOC. Our CIO and CSO also attend FIL Board meetings.

The Audit and Risk Committee (ARC)

The Board has formally delegated to the ARC (FIL Audit and Risk Committee) the responsibility for ensuring that the management of the businesses implement and maintain a risk management and internal control framework in order to manage the associated risks (including ESG Risks and climate-related risks) appropriately, and to comply with legal and regulatory requirements. The ARC meets quarterly and is chaired by a non-executive director.

The committee reviews reports from management on internal controls, risk management and financial reporting processes and their integrity, together with the scope and coverage of internal and external audits.

²⁹ The TNFD framework considers double materiality, that is to say impacts on the environment. Whilst we consider dependencies, we do not currently directly consider these impacts in our Governance.

³⁰ Includes our ESG commitments on environmental, biodiversity and climate.

³¹ Included Business operations and Investment related information.

³² Between January 2024 and the end of May 2025, FIL Limited Board, FIL Investment Advisors (FIA) and FIA (UK), FIL Investments International (FIL), FIL Fund Management Limited (FFML), Singapore (FIMSL) and Taiwan (SITE) received ESG and or sustainability related updates.

³³ During 2023, individual entity boards had specific local regulatory requirements relating to climate, such as but not limited to Singapore, Hong Kong and the UK.

The Role of Senior Management

The Board, together with the ARC, has delegated certain responsibilities to senior management, including the management of climate-related issues and their integration with business strategy. Senior management have created risk management systems and controls to support the strategy.

These include managing climate-related objectives, controls and risk structures, and integrating them into our business strategy.

Corporate Sustainability Working Group

The working group was established in the fourth quarter of 2024, replacing the previous Corporate Sustainability Committee. The purpose of the Corporate Sustainability Working Group (CSWG) is to provide recommendations and technical expertise to support the GOC to evolve, deliver Fidelity's sustainability strategy for its Business Operations and to ensure compliance with disclosure regulations.

The CSWG is chaired by the CSO and members are drawn from a cross-section of functions. The working group aims to help set strategic direction and empower functions and locations to consistently deliver solutions aligned with the targeted objectives.

It will be supported by regional working groups and committees and aims to:

- Guide future materiality assessments and processes to identify impact, risk and opportunities.
- Propose solutions to reflect the materiality outcome in corporate / functional strategy(ies) and action plans.
- Propose suitable, adequate, and effective corporate sustainability targets informed by regulatory obligations, voluntary standards and key stakeholder expectations
- Guide business units and locations to deliver against agreed objectives and targets and monitor performance.
- Track regulatory developments and ensure FIL is positioned to comply and maximise opportunities arising from new regulation.
- Advise on maintaining the Group's reputation for corporate sustainability to reflect customer and other stakeholder views, to support its commercial objectives
- Ensure appropriate alignment of sustainable investing and corporate sustainability priorities where relevant and material.

Sustainable Investing Operating Committee

Fidelity's Sustainable Investing Operating Committee (SIOC) is a committee that oversees the Asset Manager's sustainable investing approach. This meets monthly and is chaired by a GOC member, our Chief Investment Officer. The Vice Chair is our Chief Sustainability Officer.

SIOC works with the Sustainable Investing team to:

- Set policies and objectives for sustainable investing, including those related to climate risks and opportunities.
- Oversight of the Sustainable Investing Principles and related frameworks, resources and procedures as they pertain to sustainable investing. This includes frameworks, tools and exclusions which support our Sustainability Disclosure Requirements (SDR) and Sustainable Finance Disclosure Regulation (SFDR). This includes the [Climate Investing Framework](#) and Climate Rating Framework, and the [Nature Roadmap](#).
- Oversee the execution of our clients' ownership rights in investee issuers, including engagement and proxy voting activities.
- Monitor the policy and regulatory environment as regards sustainable investing and ESG risks (including climate and nature risks), facilitating compliance with local regulations and to maximise any opportunities created.
- Receive and review updates on sustainable investing initiatives across the firm.

Sustainability support

Within the organisation, we have Sustainability and Health and Safety Teams, as well as subject matter experts in the wider group, including Risk and Compliance. They support the senior management governance forums, and board briefings on sustainability and climate-related issues and key performance indicators. These teams provide support by producing climate-related reporting, and proposals on policies, frameworks and solutions to meet regulations.

Role of Management in Sustainable frameworks:

SIOC is supported by technical experts from various working groups:

- **Exclusion Advisory Group (EAG):** This quarterly forum includes members from Sustainable Investing, Investment Research, Compliance, Risk, Legal and other departments. They approve updates to Fidelity's Exclusion Framework and exclusion lists, advising SIOC for final approval.
- **Voting Advisory Working Group (VAWG):** Meeting as needed, VAWG reviews and recommends changes to Fidelity's Voting Principles and Guidelines. It provides advice on implementation, strategic priorities and contentious issues related to voting.
- **Sustainable Product and Mandate Solutions Working Group (SPMS):** Regularly convened to refine sustainable investing frameworks for SIOC approval, it ensures stakeholder involvement in new sustainable product launches, aligning with Fidelity's framework, client expectations and regulatory standards.
- **Sustainable Investments Working Group (SIWG):** Meeting quarterly, SIWG includes members from Sustainable Investing, Investment Management, Risk, Compliance and Legal. It maintains accountability for sustainable investment model changes to

ensure model integrity supporting our SDR and SFDR labelled products.

- **Sustainability Risk Forum:** This forum meets regularly and oversees non-financial risk, tracking sustainability activities across Fidelity. It aligns changes with the firm's risk framework, escalating issues as needed and updating the SIOC and other risk committees.

Training

During the year we conducted voluntary employee sustainability training sessions, called 'SusTrainable' focussing on key sustainable investing topics.³⁴

Global Policies:

Our climate approach, as articulated in the introduction, is embedded into our global sustainability related policies. These policies help guide us by describing our course of actions or setting out principles and risk appetite related to our climate approach.

Business Operations

1. [Health, Safety and Sustainability Policy](#)

This outlines our business operational climate and nature commitments. It sets out how we monitor and track our progress towards targets.

2. The Global Procurement Policy and the Supplier Code of Conduct

For our supply chain, there are two relevant policies:

- The Global Procurement Policy sets out our commitment to protecting the environment, and how we expect our suppliers to share this commitment.
- The [Supplier Code of Conduct](#) goes further. It sets out what we expect of suppliers in their wider business conduct. This includes environmental and climate management issues.

3. Enterprise Risk Management (ERM) Policy

The ERM Policy sets out the guiding principles and global minimum controls for the

³⁴ Sessions address sustainability topics for our global distribution teams.

management of operational, strategic, investment, financial and environmental, social and governance (ESG) risks and how matters are escalated to the Boards.

Investments

1. [Sustainable Investing Principles, Climate Investing Framework](#) and Nature Roadmap

These key documents outline our guiding principles. They set out the minimum thresholds for sustainable investing, our climate targets and our net zero plan. Our [Nature Roadmap](#) (for professional investors) explains the range of actions we are taking to integrate nature into our investment and stewardship processes.

Our Deforestation Framework explains our plan, laid out in 2023, to engage with stakeholders to address agricultural commodity-driven deforestation risks.

2. [Engagement Policy](#) and [Voting Principles and Guidelines](#)

These set out our stewardship approach in public markets, and how we vote equity securities in our managed funds. We have begun to enhance our approach to nature including specifically deforestation, where this is a material issue for companies. This follows earlier policies on climate change that we introduced alongside policies on gender diversity to promote positive corporate action. We will continue to engage with companies on these issues too where they are material to their businesses. We continue to encourage improvements in these areas and may decide not to support boards where companies do not meet our expectations.

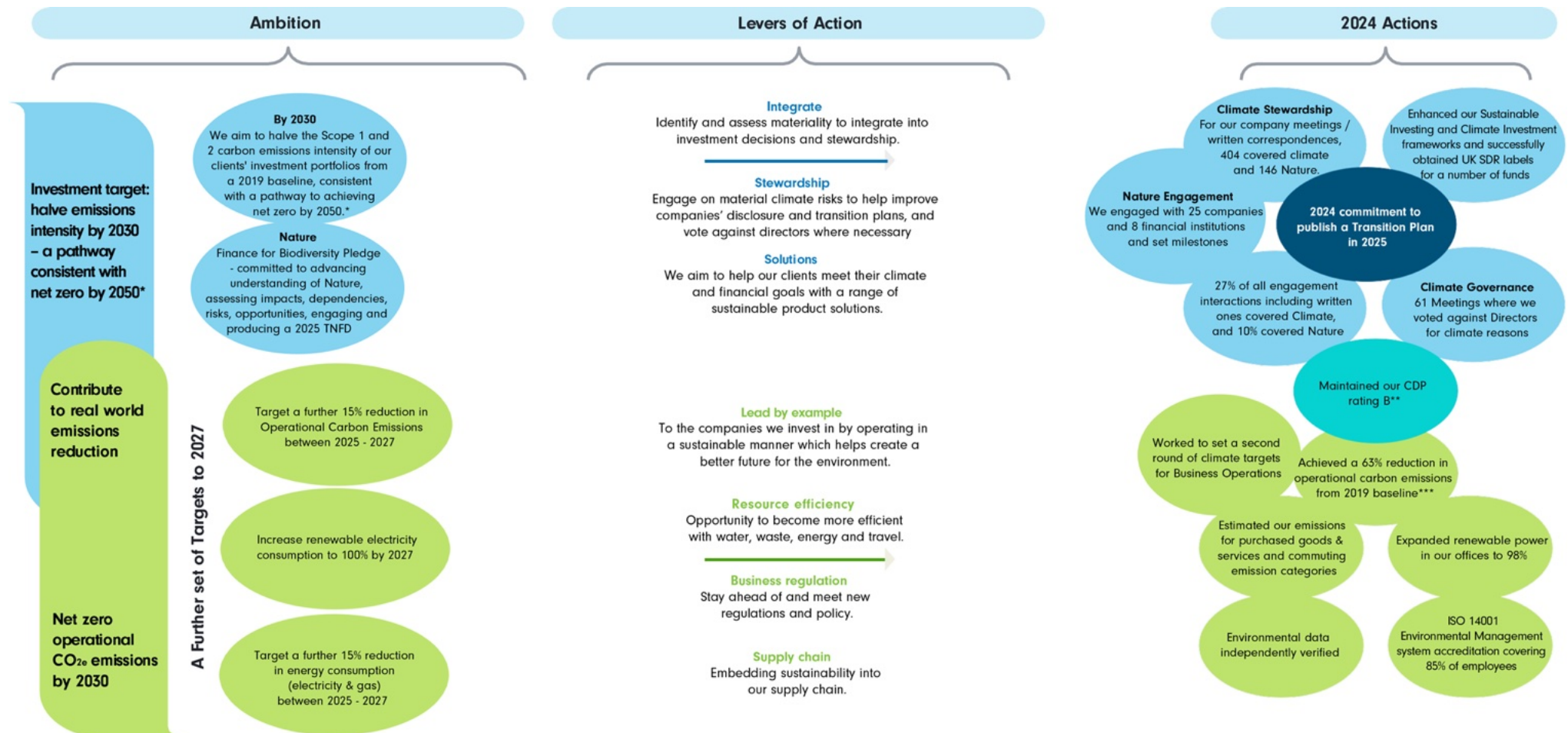
3. Investment Risk Management Policy

This describes how we identify, assess, and oversee investment risks. This includes ESG risks (which include climate and nature risks). These could result in material adverse impact on the value of a fund, or client mandate.

Further detail on these policies can be found the [Appendix 3 - Global Sustainability Related Policies](#).

Strategy

Our Climate and Nature Strategy



For further information please see the [Metrics section](#). We will publish further details in our upcoming Transition plan.The CDP rating covers both operations and investments.***Market based emissions - [GHG inventory](#)

A Summary of our Strategy

The future will present a range of climate and nature risks and opportunities. Our strategy sets out more information on these risks and impacts, and how we integrate these into our business operations and investment considerations.³⁵ We explain the climate and nature 'levers', the tools we use, and our approach to asset classes. Lastly, we explore how resilient the investments we make on behalf of clients are, under three climate scenarios, using a third party model.

In 2019, we set GHG emissions reduction targets for our business operations and the investments we make on behalf of clients. [A summary of these targets.](#)

The aim of our targets and strategy is to reduce the risks of transitioning to a lower carbon economy and one which reduces the impact on nature. Our Net Zero 2050 ambition envisages there will be a wider transition to a lower carbon economy in the future. It is a complex environment which is constantly evolving, with continuously changing geopolitics, and policies which make its timing unpredictable.

Key milestones in 2024

During 2024, we made notable progress on our plan as a result of our actions.

Business Operations

In 2024, our operational carbon emissions increased by 8% from the prior year, mainly due to an increase in business travel. However, we still achieved our 2024 operational carbon emissions reduction target with an overall reduction of (63)% from the 2019 baseline.

Our key activities over the last year included:

1. Sourced 98% of our electricity from renewable sources, up from 3% in 2019.
2. Increasing coverage of our ISO 14001 (Environmental Management System) certification to 85% of employees.

Since 2019 we have reduced our operational (Scope 1, 2 & operational Scope 3) carbon emissions by 63%, versus our target for a 25% reduction.

New Targets for 2025-2027

Now that we have completed the 2024 cycle, we have set the next set of interim targets to ensure we remain on track for our 2030 operational net zero goal. These are:

- A further 15% absolute reduction of GHG emissions to be achieved by:
 - 15% absolute reduction in energy consumption.
 - Reaching 100% renewable electricity consumption in all locations.
 - Maintain 2024 business travel GHG emissions intensity per employee.
- Maintain >90% of employees covered by ISO14001 certification.

Investments

1. Regulatory change plays a vital role in shaping the sustainable investing landscape. In response to this evolution, in 2024, we revised and enhanced our Sustainable Investing Framework. The Fidelity Sustainable Fund Family (SFF) will be phased out starting with the EU fund range, and a new framework introduced.

TCFD considers financially material risks and opportunities, whilst the TNFD considers double materiality, including dependencies, impacts, risks and opportunities. During the year, we commenced work on a CSRD report which considers double materiality (including impacts to people and environment). As yet we do not fully align with TNFD disclosures due to this extra dimension of 'impact' materiality. The detailed alignment to [TNFD is located in Appendix 2.](#)

³⁵ Emissions intensity target - climate footprint - covering our corporate debt and equity holdings.

Under the new framework, there are three categories:

- ESG Unconstrained includes products that may, or may not, integrate ESG risks and opportunities into the investment process, and do not have any ESG-related constraints, apart from our firmwide requirements (such as controversial weapons exclusions). This category includes but is not limited to EU SFDR Article 6 funds.
- ESG Tilt includes products that promote environmental and social characteristics, typically through a tilt towards issuers with stronger ESG performance than the product's benchmark or investment universe. This category includes but is not limited to EU SFDR Article 8 funds that were outside the previous SFF range.
- ESG Target includes products that have ESG or sustainability as a key investment focus or objective. These products usually have ESG or sustainability related words in the product name. This category includes but is not limited to EU SFDR Article 8 and 9 funds that were previously included within our SFF range.

2. In July, we updated our [Sustainable Investing Principles](#) to align our approaches across the new ESG framework categories, and the updates to our [Climate Investing Framework](#).
3. In November, we announced our intention to adopt the UK's Financial Conduct Authority's 'Sustainability Focus' Sustainability Disclosure Requirements (SDR) label for three funds within our OEIC fund range, and have announced further additions in 2025.

We continue to work on our approach to sustainable investing. Later in 2025, we aim to publish a Climate Transition Plan.

Sustainable Investing Resourcing

Fidelity has managed sustainable funds since 2019. Our Sustainable Investing team is resourced with experienced individuals with relevant academic and professional qualifications. Based in locations across Europe and the Asia Pacific region, the scope of the team's work covers a broad range of activities related to ESG integration and operation, engagement, policy, product development and sales and marketing, as well as proxy voting. The team works closely with the Investment Manager's broader investment team including through supporting analysts to produce ESG research and to conduct company-specific engagements, driving thematic engagement outcomes with input from sector analysts and supporting portfolio managers to integrate ESG in their investment process (including through the delivery of proprietary tools, training and frameworks).

An Introduction to types of climate and nature-related risks and opportunities

In our introductory guide to this report we laid out how the transition to a low carbon economy, with no further nature loss, could affect us. The timing and size of these transitions, and the physical risks we face, will also be affected by how well prepared the companies we invest in are.

Both Fidelity's business operations and the investments we make on behalf of our clients, are exposed to climate and nature-related physical risks and transition risks and opportunities.

The two types of physical risks

There are two types of physical risks:

1. Acute - driven by specific extreme weather events, floods, wildfires or nature related due to soil degradation and loss of access to raw materials due to supply chain disruption.
2. Chronic - driven by longer-term shifts in climate patterns, or ecosystems, such as rising average temperatures or sea levels.

It is expected that physical risks will continue to increase in frequency and severity according to the the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). The economy relies upon the ecosystem services that nature provides, as well as building resilience to physical risks.

- Physical risks have the potential to impact business operations, such as our physical assets and through our supply chains and the businesses in which we invest on behalf of our clients.
- The timing and severity of these impacts will likely be influenced by the location of the assets, and how quickly collective action to mitigate and/or adapt to changing climate , biodiversity and nature loss are taken.

The longer the delay before meaningful action is taken, the larger and more frequent the eventual impacts are likely to be.

Transition risks and opportunities

The actions taken to mitigate the impacts of climate change and nature loss, such as policies, regulation, and technological innovation could create transition risks and opportunities for our business and investments. Exposure to companies within high climate and nature impact sectors are likely to be at greater risk of becoming subject to new regulation and policy risk.

- Risks include costs associated with risk management, disclosure requirements, or a charge on our operational carbon emissions.
- Litigation risks, for example where those affected seek compensation.
- Our stakeholders expect us to uphold high standards within our own business. Failure to meet these standards could result in regulatory and reputational risks. A strong performance could enhance our reputation with key stakeholders and help reinforce existing client relationships.
- Transition risks and opportunities have the potential to disrupt the value of our investments by influencing revenue, costs, competitive advantage and asset prices, or when considering how transition can affect the financial health of the sovereign, and its government debt.

An Introduction to Nature Impacts and Dependencies

This introduction focuses on investments

Dependencies on biodiversity and natural capital:

Natural capital and biodiversity support human life and economic activity. This happens because companies depend upon ecosystem services. These are inputs to all economic activity either directly or indirectly through value chains. They happen in the following ways:

1. Provisioning natural resources, such as timber, crops, and minerals.
2. Regulating and maintenance services, such as water and air purification, water flow regulation (of flooding), and disease control.
3. Provision of cultural services, including cultural identity, recreation and tourism.

This natural capital can be over or misused, resulting in irreversible or long-term damage. Some may not be replaceable or able to be regenerated, or may also collapse abruptly.

Impacts upon nature

Economic activity can also impact upon nature. Impact drivers are usually grouped as follows:

1. Land and sea use change- Driven by agriculture, forestry, urbanisation and affecting air, water and soil degradation.
2. Direct exploitation - Driven by growing extraction of natural resources which are either renewable or non-renewable. The growth of global fisheries extraction has grown beyond sustainable fishing levels.
3. Pollution - Pollutants leach into ecosystems affecting soil, air, and water quality. Global wastewater discharge and plastic pollution are key pollutants to our ecosystems.
4. Invasive species - Is the introduction of non-native species into an ecosystem. Globalisation has driven this. Effects include impacts upon local ecosystems by competing against local species, or introducing pests, or changes in soil or water balance.
5. Climate change - Increasing global temperatures, the intensity and frequency of extreme weather events, associated wildfires, floods and droughts are threatening the survival of species and the functioning of ecosystems.

Further information is available in our [introduction to nature](#).

TCFD considers financially material risks and opportunities, whilst the TNFD considers double materiality, including dependencies, impacts, risks and opportunities. During the year, we commenced work on a CSRD report which considers double materiality (including impacts to people and environment). As yet we do not fully align with TNFD disclosures due to this extra dimension of 'impact' materiality. The detailed alignment to [TNFD](#) is located in [Appendix 2](#).

In the next section and tables below, we provide a high-level qualitative assessment of key sources of climate-related risk and opportunities for business operations and then our investments. We consider these climate-related risks and opportunities over our definitions of short (0-3 years), medium (more than 3 years and less than 10) and long-term (greater than 10 years).

We also consider the nature-related dependencies, impacts, risks and opportunities, and then lay out the respective measures we have implemented to help mitigate and adapt to their impacts.

For nature, our primary focus is on our downstream value chain, i.e. our investments³⁶.

Business Operations

Professional investors can find further information in our [Corporate Sustainability](#) update which sets out the importance of sustainability for the Group, across the

environment, our workplace, our suppliers and in our communities.

In 2020, we set targets for the reduction of water usage, paper use, waste reduction and recycling, which are related to natural resource consumption, and have achieved reductions in our dependency and impact. Nature is not expected to materially impact our business operations, or supply chain.

We recognise that the investments we manage on behalf of clients are the priority in our value chain.

As an international investment manager, climate change has the potential to impact our operating costs and revenues, capital expenditures and other financial planning considerations. We have also established operational targets and monitoring of our corporate operations and supply chain, as detailed below.

Business Operations - Climate Risks and Opportunities:

Type of Climate Risk/ Opportunity	Predominant time horizon / risk or opportunity	Description Potential Financial Impacts	Actions to manage risk and take advantage of opportunities
Transition Risks and Opportunities	Short to medium-term risk	Operational - Regulatory, Policy and Legal. Failure to meet global regulatory reporting due to an increasing number and complexity of requirements. Alternatively, not reporting accurately as compliance thresholds rise. Potential increased costs or regulatory fine.	Regulatory horizon scanning, compliance and risk management policies and controls frameworks, and planning for the future of our sustainability-related reporting as regulations increase in number, demands and complexity.
	Medium-term risk	Policy and Legal risk. Potential increased carbon pricing affecting of our business operations. Potential increased costs or fines.	Our Health & Safety and Sustainability team monitor the horizon for upcoming changes that may affect us. Some countries have consulted on introducing carbon taxes, such as the UK. To mitigate this, we have been working on our energy efficiency, increasing our purchased renewable energy and reducing business travel - our net zero business operations targets.

³⁶ This is aligned to the TNFD supplemental guidance for Asset Managers.

Transition Risks and Opportunities (cont.)	Short-term risk and opportunity	<p>Fund Strategy, market demand and reduced revenues.</p> <p>The transition leads to changing demand for investment fund solutions. Client climate and financial fund targets are not met leading to less revenue.</p> <p>Alternatively, in delivering such solutions we aim to take advantage of an opportunity to attract clients searching for climate and financial outcomes.</p> <p>Potentially higher or lower revenues.</p>	Development and renewal of climate and sustainability related funds and frameworks to prepare for future market trends and expectations.
	Medium-term risk	<p>Reputational.</p> <p>Missing organisational climate targets, and/or clients feel misinformed about our green credentials leading to reputational damage.</p> <p>Potential increased costs or fines.</p>	First-line monitoring, compliance monitoring, integration of ESG-driven reputational scenarios in assessment and scenario analysis.
	Shorter-term opportunity	<p>Resource efficiency including energy saving and energy sourcing.</p> <p>We have opportunities to increase energy efficiency, to save water and reduce waste and to further increase our sourcing of renewable energy.</p> <p>Potentially lower costs.</p>	Business operations have plans in place to deliver on our 2024 corporate sustainability targets relating to climate. We have been working on our energy efficiency, increasing our purchased renewable energy to 93% and reducing business travel - our net zero business operations targets.
Acute and Chronic Physical Risks	Medium to long-term risk	<p>Operational - Service disruption, operational delivery and increased costs. Climate-related events can affect our corporate operations including infrastructure, processes and people.</p> <p>Potentially higher costs.</p>	<p>Integration of physical climate risks in assessment and business scenario analysis, Business continuity management, Operational Resilience Framework, Health Safety & Sustainability (HSS).</p> <p>Location strategy and operating model may have to be adapted to mitigate risks.</p> <p>We aim to evaluate our suppliers using Ecovadis to help monitor risks and impacts through our larger suppliers. We do this by asking them to use the Ecovadis ratings network. We are working to increase the coverage of our supplier base.</p>

Transition and physical risks and opportunities are considered as part of our Health, Safety and Sustainability (HSS) management system where practical to do so. Our HSS management system is certified to the ISO14001 standard and covers 85% of employees globally.

Suppliers

In order to align our procurement practices with our commitment to sustainability, Fidelity International uses EcoVadis, a global

Corporate Social Responsibility (CSR) rating company, based on international standards, to conduct individual sustainability performance assessments on our key suppliers.

We see our supply chain as an extension of our business, and as such, we need transparency of our supplier's sustainability management systems.

All suppliers are invited to be assessed and rated by EcoVadis which uses sustainability assessment methodology to evaluate how well companies integrate the principles of sustainability and Corporate Social Responsibility (CSR) into their business and management systems. For suppliers deemed critical to our operations, or with whom we have significant spend (>US\$100K per annum), we see the EcoVadis assessment as an important part of our customer-supplier relationship. We also work collaboratively to set improvement plans where appropriate.

We are also actively working towards our 2027 targets of achieving 80% of our supplier spend to be covered by the EcoVadis assessment, and 90% of our critical suppliers, together with a target to ensure that 100% of our low-scoring suppliers (scores of <25) are working towards corrective action plans.

As of 1st February 2025, we have 77% of supplier spend covered, and 71% of our critical suppliers, plus our four suppliers with low scores are on corrective action plans.

Net Zero Corporate Operations by 2030

The goal at Fidelity is to conduct current and future business operations in a sustainable manner, which helps create a better future for the environment. Fidelity ensures environmental sustainability is managed as any other critical business activity in an integrated, systematic way. Reducing the environmental impact of our own operations is a key part of our sustainability strategy. We continue to improve the way we operate our business in order to meet our goals and targets, and to tackle climate change.

In 2021, we brought forward our ambition to achieve net zero carbon emissions across corporate operations by 2030, from 2040. We set the following climate-related targets:

- To achieve net zero emissions across Fidelity's own business operations by 2030 for Scope 1 and 2, and operational control Scope 3 categories. (See [metrics and targets](#) section for full list).

And by 2024, from a baseline of 2019, to achieve a:

- 25% reduction in carbon emissions (Scope 1 and 2, and operational control Scope 3 (market)).
- 25% reduction in energy consumption (Electricity + Gas).
- 50% reduction in air travel carbon emissions.

To date, we have focused our targets on areas over which we have operational control.

After focusing on reducing our operational emissions for the past five years, we recently examined other sources of emissions related to our business activities. These additional sources of Scope 3, known as 'Corporate Value Chain Emissions,' are now included in our reports. They consist of:

- Category 1: Purchased Goods & Services
- Category 2: Capital Goods
- Category 7: Commuting and Home-working

Although these emissions are significant, we currently have limited data and less control over how to reduce them. As a result, our strategy for managing and reducing these emissions is different from our approach to operational emissions. They are not included in our corporate targets or our goal to achieve net zero operational emissions by 2030.

Moving forward, we will use the data from our analysis to develop specific programs and commitments for these value chain emissions.

Professional Investors can find further information on our commitments, in our latest [Corporate Sustainability](#) update.

To achieve our long-term goal, we aim to eradicate emissions from our business operations through:

- **Measurement, verification and transparency:** To effectively manage our emissions, we need to have reliable data. Our GHG Inventory is managed in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and is independently verified on an annual basis by the British Standards Institute (BSI).
- **Energy efficiency:** Energy usage from our office is the largest contributor to our operational emissions. Whilst we have always considered energy efficiency as part of our office design and operation, we now have formalised location-specific action plans following decarbonisation audits at our key locations.
- **Air travel:** Is the second largest contributor to our operational emissions. Whilst the pandemic forced us to reduce our air travel sharply, we have seen some resumption of these activities as we have emerged from the pandemic. We continue to monitor air travel and have also introduced stricter policies, especially for internal meetings, to help manage emissions.
- **Renewable energy:** Renewable energy use is a key element of our strategy and in 2024 we were able to source over 98% of our electricity from renewable sources, up

from 3% in 2019. We continue to look at ways in which we can increase this, including onsite renewable energy generation at sites we own.

- **Carbon credits** for removal of carbon dioxide from the atmosphere: We realise that to achieve our long-term target (on a net basis) we will likely need to use carbon credits to offset our 'hard to abate' business operations emissions. For example, we are unable to fully eradicate business travel in the same way that airlines do not have technology to fly without emissions. To date, we have not used carbon credits. During 2024, we evaluated some options for using carbon offsets but not yet made any decisions in this regard.

Investments - Climate Risks and Opportunities

In this section, we provide a qualitative analysis of how climate-related risks and opportunities could impact the investments we manage for our clients. This high-level assessment identifies key sources of climate-related risks and opportunities for investments, as well as the policies and measures we have implemented to mitigate their effects.

Type of Climate Risk or Opportunity	Predominant time horizon/ risk or opportunity	Description of potential financial impacts	Actions to manage risk and take advantage of opportunities
Transition Risks and Opportunities	Medium- term risk and opportunity	<p>Regulatory, Policy and Legal.</p> <p>Transition risks caused by regulatory, policy and legal changes relating to climate change that impact the companies we invest in, such as affecting demand for their products, services and their revenues or costs.</p> <p>Potentially positively or negatively reduced revenues and increased costs.</p>	<p>Our ESG ratings integrate climate-related risks and opportunities into our research process.</p> <p>Our data and tools support the identification, assessment and analysis of portfolios and their monitoring.</p> <p>We have a number of thematic funds that aim to position clients for these opportunities.</p>
	Short to medium-term risk and opportunity	<p>Technology.</p> <p>Developments in technology can affect the cost and speed of deployment to transition to a lower carbon economy. This affects the competitive substitutes and positions of companies. For example renewable energy has become cheaper than fossil fuel- related power generation.</p> <p>Potentially positively or negatively affecting revenue and costs.</p>	<p>Our ESG ratings integrate climate-related risks and opportunities into our research process.</p> <p>We have a number of thematic funds that aim to position clients for these opportunities.</p>
	Medium-term risk	<p>Reputational - perception of not meeting our net zero climate commitments. Increased costs and reduced revenues.</p> <p>Failure to deliver on our external climate commitments could cause reputational impact with clients, or with our investee companies who look to us to set an example.</p> <p>Potential reduced revenues.</p>	<p>We monitor our progress towards meeting our net zero commitments.</p>
	Medium term opportunity	<p>Resource efficiency.</p> <p>For real estate investments, where we are in control of the building we have opportunities to increase resource efficiency by refurbishing the building and replacing fossil fuel sourcing with renewables. Tenants are searching for energy efficient buildings which cost less to run.</p> <p>Potential positively affecting revenues, and costs.</p>	<p>Our real estate investing team look at opportunities that support our longer term net zero commitment in Real Estate.</p>
	Short to medium-term risk and opportunity	<p>Stewardship and Engagement.</p> <p>Opportunity to influence companies and multi-asset external fund managers to better manage their climate-related risks.</p> <p>Potentially reduced risk of regulatory fines and costs in the future.</p>	<p>Stewardship activities in public markets and Multi-Asset.</p> <p>We have our Stewardship programme that focuses on larger emitters including thermal coal exposures.</p>

Type of Climate Risk or Opportunity	Predominant time horizon/ risk or opportunity	Description of potential financial impacts	Actions to manage risk and take advantage of opportunities
Acute and Chronic Physical Risks	Long-term	<p>Increased severity of weather patterns causing damage such as drought, flooding, cyclones etc.</p> <p>Longer-term changes affecting companies based, or operating, in areas at high risk of flooding, sea level rises, or melting of permafrost. These can be disruptive to production and cause damage.</p> <p>Potentially negatively affecting revenues or higher costs.³⁷</p>	<p>Our ESG ratings include climate-related risks and our data providers provide us with physical risk assessments for our investments that can aid our research process.</p> <p>In this report, we have introduced quantitative scenario modelling which includes a physical risk assessment indicator, and some fund-level reporting.</p>

Nature related dependencies, impacts, risks and opportunities

Issuers' relationship with nature is characterised by the provision of services (dependencies and reliance on environmental assets), and the impacts to nature and natural capital. Our thinking is an approach based upon scientific research in the relationship between ecosystem services dependencies, impacts on nature³⁸ which we practically apply to economic sectors in which we invest in.

We view nature through the dual lens of impacts and dependencies, which translate into risks and opportunities. Impacts and dependencies on nature are a function of economic activity and where that activity is taking place. While they can be within business operations (such as a forest company relying on their forest for logging), they can also be in the supply chain (the provision of water in a manufacturing plant) or the resilience of the area to flooding (flood protection by afforestation upstream).

Limitations of our approach

The integration of nature-related factors in the making of investment decisions is currently at a different stage of development and understanding compared to the integration of climate-related factors in the making of investment decisions. We currently lack location-specific overlays, and relevant issuer materiality information, to effectively assess materiality at the issuer level, and systematically across the investments we manage for our clients.

Key dependencies and impacts on biodiversity and ecosystem services from selected sectors

ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is an online database which provides a reference database for the dependencies and impacts on nature by sector.³⁹ In the following table, we have laid out some high-level summaries of the key sectors with high-levels of dependencies and impacts upon nature:

³⁷ The Swiss Re natural catastrophe insured losses report shows a long term trend of increased insured losses in constant 202 prices from 1992-2022 [Swiss re Nat Cat report](#)

³⁸ We leverage the TNFD and Encore.

³⁹ One can find out more about ENCORE [here](#).

Sector	Key potential operational dependencies and impacts on biodiversity and ecosystem services	
Agricultural Products	Dependency	Very high dependencies across ecosystem services including soil quality regulation, pollination, water supply and purification, genetic material (to enable breeding of crops), global & local climate regulation and others
	Impact	Very high impacts on ecosystem services via emissions of nutrient soil and water pollutants, generation and release of solid waste, area of land use, volume of water use and introduction of invasive species
Chemicals	Dependency	High dependency on water flow regulation in certain chemical manufacturing processes.
	Impact	Very high impact on ecosystem services through toxic soil emissions and water pollutants. And for fertilisers companies, impact drivers include the emission of nutrient pollutants to water and soil.
Forest Products	Dependency	Very high dependency on ecosystem services such as rainfall regulation, water purification, soil quality, global & local climate regulation and others.
	Impact	Very high impact on ecosystem services through land use and including emissions of non-GHG air pollutants from the use of heavy machinery.
Metals & Mining	Dependency	Various sub-industries have very high dependencies including water purification where water is required in production processes and the regulation of rainfall patterns to mitigate flood risk.
	Impact	Very high impact on biodiversity through impacts including the emission of toxic soil, water pollutants and non-GHG air pollutants. Significant pressures also include freshwater use such as the use of dams, and the generation & release of solid waste.
Oil & Gas	Dependency	Exploration and production has high dependency on ecosystem services such as flood control and global climate regulation.
	Impact	Very high impacts on ecosystem services including freshwater and seabed use, emissions of toxic soil, water pollutants and non-GHG air pollutants and disturbances from the noise pollution e.g. drilling and hydraulic fracturing.
Renewable Utilities	Dependency	Hydropower has very high dependency on soil and sediment retention, flood mitigation, water flow regulation and water supply ecosystem services. While wind and solar have very high dependency on global climate regulation services.
	Impact	While there are no very high impacts associated with renewable utilities, wind energy production does have high land use.

Source: ENCORE, Fidelity International

Investment strategy

Our fiduciary role is to safeguard and enhance the investments that we manage. In the context of climate change and nature, this means understanding the key risks and opportunities, as well as their potential impact on our clients' investments. It also means ensuring that issuers (of bonds, or equities, for example) integrate these material risks into their business strategy.

In terms of nature, this means:

- Understanding the impacts, dependencies, risks and opportunities related to our investments and how they affect our strategies.

- Learning about investing in nature-based solutions to help manage these impacts and dependencies.

Fidelity's [Sustainable Investing Principles](#), [Climate Investing Framework](#), [Nature Roadmap](#), and for professional investors our [Voting Principles and Guidelines](#) set out our approach to integrating climate-related risks and opportunities into the investments we make on behalf of our clients.

Getting to net zero requires collaboration, and the success of our climate plan is dependent on broader system level change. That means we need a broad range of stakeholders across the global economy to collaborate towards solutions if we are going to achieve net zero by 2050.

We have designed our nature strategy to complement our net zero ambitions, for example through our deforestation framework, acknowledging the role that protecting and restoring nature must play in achieving a 1.5°C aligned net zero future.

It is also important to acknowledge that nature-related risk analysis and our ability to 'value nature' is still in its early stages. While in some sectors, such as extractive industries, there is a plethora of existing data across many sectors, interactions with nature remain under appreciated. Even where data does exist, in many instances it is not publicly or consistently disclosed, hindering decision-useful analysis at the portfolio level.

Therefore, Fidelity has adopted a pragmatic approach to addressing nature-related risks and opportunities, aimed at delivering real-world change and achieving better outcomes for our investment strategies, in line with our purpose to work together to build better financial futures for our clients.

Our Three Climate and Nature Levers

We use three pillars, or 'levers', to integrate climate and nature-related risks and opportunities within our investments. We carefully apply the specifics of these three levers in a way that's relevant to each asset class, integrating this into investment team processes.

- 1. Integration:** Identifying and integrating material climate and nature risks and opportunities into our investment processes and our sustainable product offering.
- 2. Stewardship:** Engaging with our investees and our operational value chain, as well as those who make the policies and set the standards.
- 3. Solutions:** Enabling our clients to achieve their climate and nature goals by offering sustainable solutions and sustainability labelled products.

Our investments

The different types of asset classes in to which we invest are:

- **Public markets:** investments that are listed and traded on a public stock exchange. These can be equities (or shares in a company), or debt securities (such as a company or government bond).
- **Private markets:** investments that are bought and sold through a process of negotiation and contract between a private buyer and seller. Examples include real estate, property, private credit, and 'securitised lending' where debt is secured against an asset owned by the borrower.
- **Multi-asset:** an investment strategy that combines both public and private market investments. This approach may invest in stocks, bonds, real estate, credit and cash to offer a more diversified solution. It includes internally and externally managed funds, and while it has elements of both public and private markets, it's a unique category with specific differences.

Public markets represent the vast majority of our assets, and private markets represent a small portion of the investments we make on behalf of our clients.

An advantage of our approach is the integration of the levers into the investment teams responsible for investing. This can help ensure we carefully apply the specifics of the 'three levers' in a way that is relevant to the asset class. In the following sections we outline how we do this in each asset class.

Public markets

A public market investment is one that's traded publicly on exchanges or other marketplaces. All publicly traded companies have their shares listed on any of the stock exchanges that allow the trading of their shares to the public. Corporate and Sovereign debt can also be listed. This means that anyone can buy or sell the shares and bonds of these companies and countries.

1. Integration

We believe that considering and managing environmental and societal impact on a forward-looking basis, and seizing associated opportunities, can help support resilience and long-term value. We integrate sustainability factors from the start, i.e. during the research phase. We call this 'fundamental' bottom-up research. This can lead to more complete analysis and better-informed investment decisions.

We use analysis and investment tools to identify and integrate material climate and nature-related risks and opportunities into our investment processes, including for Fidelity's EU SFDR and UK SDR and ESG promoted (unlabelled) products⁴⁰.

These include:

Fidelity ESG Ratings: The ratings are created using data to support fundamental research. These assess how an issuer's performance relating to material sustainability issues, either supports, or is likely to impair, long-term value for shareholders.

Climate change, nature loss and associated impacts are considered under the environment pillar of our ESG Ratings. Indicators, such as water usage, GHG emissions are considered when deemed to be material.

To identify which topics are material for issuers, we have organisation materiality maps. These specify material sustainability issues at a granular level across over 100 sub-sectors.

Climate Ratings: These assess an issuer's operational and value chain alignment to the objectives of the Paris Agreement (to limit global average temperature rise this century to well below 2°C and to drive efforts to limit the temperature increase even further to 1.5°C above pre-industrial levels). Our Climate Ratings analyse an issuer's disclosure of carbon emissions targets it has set, and actions it has taken, together with its governance of climate-related risks and opportunities. For material sectors, additional criteria may be included to take into account

the unique requirements of certain 'hard-to-abate' sectors in relation to achieving net zero.

SDG (Sustainable Development Goals) Tool:

The tool provides an assessment of a company's positive contribution to environmental and social outcomes via its products and services (i.e. "what" it does). Climate and nature-related issues are explicitly captured in the SDG tool, through the assessment of the contribution from a company's products and services towards relevant SDGs, helping to identify companies addressing climate change (e.g. SDG 7 'Affordable and clean energy') and tackling drivers of nature loss such as land and sea use change (SDG 14 'Life below water' and SDG 15 'Life on land') and direct exploitation (SDG 12 'Responsible consumption and production').

Quarterly Sustainable Fund Reviews (QSR):

The QSR is a component of the Quarterly Fund Reviews (QFRs) which cover performance, risk, and liquidity topics. The QSR is a quantitative and qualitative exploration of a product's sustainability profile, and may include aspects such as ESG ratings, engagement activity, climate characteristics, impact indicators and other data points. Attendees may include representatives from the Sustainable Investing Team, the relevant asset class CIO, portfolio manager(s), and PCR (Portfolio Construction and Risk) professionals.⁴¹ The discussion is supported by a data pack which draws together various ESG data sources. The targeted scope of QSRs is actively managed products with a higher level of ESG integration, which may include certain EU SFDR Article 8 and Article 9 products, and UK SDR Labelled and ESG Promoted (un-labelled) products.

In a QSR, a fund's carbon footprint, Fidelity's climate rating profile, climate or nature PAI's, or holdings with severe climate and nature-related controversies, may be considered.

Assessing alignment of funds to Net Zero Approach

Under Fidelity's Net Zero approach, equity and corporate bond funds with sustainability

⁴⁰ ESG ratings, SDG tool and QSRs support our SFDR and SDR resourcing.

⁴¹ The Portfolio Construction and Risk team are first line risk professionals.

considerations are reviewed quarterly for net zero alignment.

We assess investee and/or fund-level alignment using various internal and external tools. We will report annually on the proportion of assets under management to which this approach applies.

The current scope is limited to portfolios managed by FIL. In addition, Fidelity also manages portfolios with net zero objectives where consistent with clients' investment goals. We review the scope of the application of our Net Zero Approach on an ongoing basis.

As at 30th September 2024, these strategies account for 33% of our FIL Managed AUM.⁴²

2. Stewardship

Engaging with issuers on financially material environmental, social and governance issues reflects our belief that active ownership can contribute to the long-term sustainability of an issuer and help generate positive investor returns.

We aim to constructively engage with entities that we invest in, or provide capital to, and with policy makers and standard setters.

Key climate-related areas of focus include:

- Minimum expectations: Fidelity's [Voting Principles and Guidelines](#) sets out our expectations for issuers regarding climate and biodiversity related risks. If issuers fail to meet these expectations, we may communicate our expectations to the issuer. We may also vote against the election of a director.
- Transition Engagement: Fidelity's [Climate Investing Framework](#) details the importance of engagement in achieving a transition towards a low-carbon economy.

Fidelity undertakes targeted engagements with companies on climate-related risks and opportunities:

- This includes an aim to identify and engage with companies within the top 70% of our financed emissions Scope 1 and 2 financed carbon emissions contributors - that is the companies that are the most significant contributors to our investment emissions - where we have identified risks that they may not be appropriately transitioning.
- In addition, we also aim to engage with issuers representing the top 25 contributors to our Scope 3 financed carbon emissions.
- We place a particular emphasis on engagement with issuers in the thermal coal value chain. These engagements form part of Fidelity's plan to phase-out investments in issuers exposed to thermal coal in OECD markets by 2030 and non-OECD markets by 2040, in line with the International Energy Agency's 'Net Zero by 2050' scenario.⁴³ Our transition engagements, recently enhanced thermal coal exclusions, and alignment of funds toward a net zero by 2050 pathway, are anticipated to achieve a gradual reduction in the aggregated holdings of issuers involved in thermal coal.
- Outside of 1:1 company engagements, we also occasionally participate in industry collaborative engagements with select high emitting issuers.
- We conduct time-bound engagement to achieve transition milestones under the Climate Rating framework, encouraging companies to have a credible transition plan in place.
- We also engage with companies on nature loss where we have identified this as a material issue. Fidelity's top-down thematic nature-stewardship strategy is structured around the direct drivers of nature-loss as identified by the Intergovernmental Science-Policy Platform on Biodiversity and

⁴² This AUM comprises of our ESG Tilt and ESG Target funds (numerator). 33% excludes Sub-advised mandates and Workplace from the denominator. This would represent 25% of FIL AUM when including sub-advised and Workplace assets.

⁴³ Segregated mandates follow this approach unless otherwise disclosed independently in relation to those specific mandates

Ecosystem Services (IPBES). Key themes include Deforestation, Water Risk and Collaborative Nature engagements.

3. Solutions

Fidelity aims to provide clients with a range of investment options that can help them match their climate goals. To do this, we might include (or exclude) issuers with certain characteristics.

Exclusions

Fidelity's product range includes funds and mandates with exclusions relating to carbon intensive activities such as thermal coal mining and power generation. Our product framework includes the following exclusion approaches:

- '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.

Certain products may also apply further exclusions beyond those described in this document.

Further information is available in the [Climate Investing Framework](#), the [Exclusion Framework](#) and to find specific exclusion criteria, refer to specific product information.

Carbon profile

Specific products within Fidelity's range have explicit climate targets. These may include alignment to the objectives of the Paris Agreement, or a target to achieve lower emissions than the fund's investment universe, or benchmark. During 2023, we launched systematic strategies aimed at replicating the characteristics of several Paris Aligned Benchmarks.

Thematic or Impact focus

We offer products that have an investment objective to invest in issuers that contribute to mitigating the impacts of climate change or to achieve a measurable impact on a climate-related metric(s). Within our range of sustainable thematic investment strategies, we offer a selection of capabilities that specifically target nature-related issues and solutions.

Integration in private markets

Private markets are investments that aren't traded on public exchanges. An example is providing a loan to a company instead of the company borrowing from a bank, or a fund investing into real estate, i.e. buildings.

For this Climate and Nature report, we will concentrate on Real Estate. Our approaches to other private assets are in the early stages of development.

Fidelity's AUM as of 31st December 2024 was US\$2.3bn for Real Estate.

Real Estate

Fidelity's approach to sustainable investing into direct Real Estate investments is outlined in our [Sustainable Investing Principles](#).

We're committed to decarbonisation across all Fidelity's Real Estate Funds. We aim to decarbonise our portfolio in two phases, as set out below, with our Climate Impact Funds following an accelerated pathway to net zero carbon.

1. Phase One

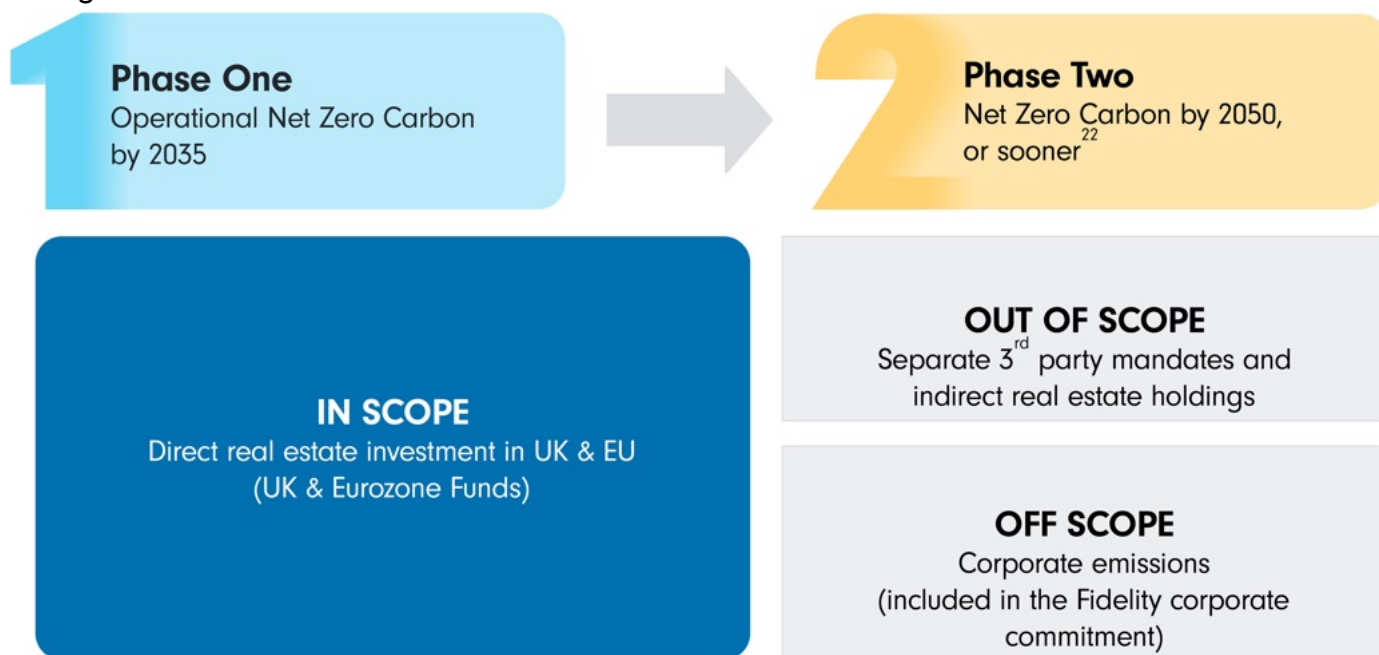
A commitment to be net zero carbon by 2035 for the operational emissions for our real estate investments (Scopes 1 & 2) where we, as the landlord, buy energy for the building.

Operational net zero is defined as the amount of carbon emissions associated with a building's operational energy on an annual basis. A net zero carbon building is highly energy efficient. It's powered from on-site and/or off-site renewable energy sources, with any remaining carbon balanced via a reputable carbon removal project.

2. Phase Two

A commitment to be net zero carbon by 2050, and to incorporate all emissions created through the use of our real estate assets. This

covers operational emissions by tenants, and emissions generated through travel by their staff. This will require greater partnership with occupiers of our property assets in the future.



Phase Two includes tenant purchased energy emissions, and landlord purchased goods and services.

1. Integration

Both investors and tenants make long-term commitments to real estate assets. As such, it is essential that we embed the management of climate-related risks and opportunities into our daily operations and throughout the entire property ownership lifecycle.

During acquisition, our due diligence process incorporates the use of industry-standard tools to identify and assess potential physical climate risks. We also engage experienced sustainability consultants to uncover both risks and opportunities to enhance asset performance in relation to climate resilience and sustainability.

To ensure ongoing oversight, we actively monitor climate-related physical risks across our portfolio using a leading ESG data platform. This data is reviewed annually, enabling us to detect emerging risks and adapt our risk management strategies accordingly—supporting the long-term resilience of our assets.

We leverage the Carbon Risk Real Estate Monitor (CRREM) tool to evaluate stranding

risk and identify pathways for improving our properties. In our view, retrofitting existing real estate assets can be an effective way to reduce the carbon emissions of our built environment and can reduce transition risk.

To measure our progress and benchmark performance, we participate in the Global Real Estate Sustainability Benchmark (GRESB). We submit management, performance, and development data for relevant real estate products each year. The results inform our sustainability strategy and help us target areas for continued improvement.

2. Stewardship

The role of stewardship can be more limited for Real Estate than investments in public markets. This is because we tend to have more operational control of Real Estate assets by owning the buildings.

In some cases, tenants or suppliers do have elements that they control, such as the purchase of energy. In these situations, we may choose to engage with them to help achieve our sustainability objectives.

As the asset owner, we can usually decide if and when we undertake asset enhancements (e.g. to improve energy efficiency), or improve disclosure of material climate-related information.

3. Solutions

Specific climate-related targets and investment objectives are integrated in certain funds. For example, during 2023, we launched a new Real Estate climate impact fund. This was our first Real Estate fund to disclose under EU SFDR Article 9. The Fund makes direct property investments and undertakes renovations aimed at supporting the mitigation of climate change and the transition to net zero carbon. As part of this we have developed a comprehensive climate impact framework which can also be applied to bespoke solutions for clients.

Multi-Asset and associated solutions

Fidelity's approach to Solutions and Multi-Asset is to create flexible strategies that invest in a range of asset classes – such as equities, debt bonds, real estate, credit and cash. Multi-Asset portfolios are generally more diversified. They aim to enable investors to meet a variety of goals, including growth, income, and consistent returns. The team integrates climate-related risks and objectives based on a client's preferences.

We use various tools to help identify and manage climate-related risks and opportunities as we build tailored client solutions. These include:

1. Integration

- ESG ratings
- Climate-related metrics such as carbon emissions
- Fidelity's Sustainable Development Goals alignment model - which measures the extent to which an issuer's activities are aligned with the objectives of the [United Nations Sustainable Development Goals](#) (SDGs).
- Climate-aware Capital Market Assumptions - these are used to integrate climate-

related considerations into the asset classes invested in.

- The team's own Multi-Asset Manager ratings for strategies, or funds. These manager research ratings are based on an evaluation of a manager's investment policy, and the extent of ESG research undertaken within the investment process. The ratings also use the quantitative ESG profile, the engagement record with corporates, and the broader contribution to a sustainable economy.

2. Stewardship

The team builds client portfolios by combining individual strategies to meet financial and non-financial objectives. This means that engagement typically occurs with the managers of investment strategies or funds, rather than with the management of companies.

Engagement to help us better understand a manager's approach to their consideration of climate-related risks and opportunities is a component of our manager ratings. It's also part of our ongoing due-diligence of external strategies.

We believe it's important to understand not only the outcomes of an investment process (for example, what the strategy has invested into), but also the quality and details of the manager's decision-making process. This means understanding how investments are considered for their strategy.

3. Solutions

The tools identified in the integration section above provide a range of options that can be used by the team to integrate climate-related risks and opportunities into a range of tailored solutions for clients.

These may include climate-focused funds investing in several strategies that meet a strict set of criteria. Examples include: a) companies with products or services that help mitigate climate change; or b) strategies with specific targets for carbon emission reduction.

Another example includes our systematic funds that aim to deliver financial returns whilst

generating measurable positive outcomes. This might be targeting a 50% reduction in portfolio carbon emissions by 2030 (from a 2020 baseline) and for the portfolio to be net zero carbon emissions by 2050.

Climate scenario analysis

Investments

Climate-related risks and opportunities can affect the value of the investments we make on behalf of clients.

In the [introduction](#), we set out the uncertainty of the future pathway towards a lower carbon, or a net zero economy. These pathways are called 'climate scenarios'.

In this section, we produce quantitative scenario analysis which is recommended by the TCFD Framework. Currently, we present this for public market investments (equity and corporate debt).

For the analysis shown below, we have used MSCI's aggregated Climate Value at Risk (CVAR).

This is an output produced by combining a number of complex models together into one, incorporating modeling of climate science, economies, technology and company assets and financials. These attempt to quantify the future climate impacts on the value of an investment as a result of climate change under a given climate scenario. The scenarios are introduced below.

Climate scenarios modelled

In this section, we explore three of the most commonly used scenarios. These are - a 'Hot House' or 'Current Policies' scenario, 'Orderly' and 'Disorderly' transitions to a +1.5°C of global warming by 2100. We use these warming scenarios as devised by a collection of central banks around the world the Network for Greening of the Financial System (NGFS)⁴⁴.

Disorderly transition

The response to achieve 1.5°C net zero is delayed until 2030. This is followed by a rapid

reduction in emissions which acts as a shock to the economy. Average temperatures are set to rise by 1.6°C to 1.8°C by 2100 and similar temperatures by 2050.

Orderly transition

Emissions start to reduce immediately to limit warming to 1.4°C - 1.6°C. It means the economy invests more in energy efficiency and low GHG technologies earlier and doesn't receive a 'shock' as it would during a disorderly transition. This is the most cost-efficient scenario as climate policies are introduced earlier. We have more time to make changes, more efficiently.

Current Policies

While many countries have started to introduce climate policies, they are not yet sufficient to achieve official commitments and targets. If no further measures are introduced, 3°C or more of warming could occur by 2100. This would likely result in deteriorating living conditions in many parts of the world and lead to some irreversible impacts like sea-level rise. Physical risks to the economy could result from disruption to ecosystems, health, infrastructure, and supply chains.

These scenarios are not intended to be forecasts for the future, rather to highlight the risks and opportunities that could arise as a result of different outcomes. In the model there are many assumptions made that are intended to drive these outcomes. However, in the real world these outcomes are driven by many inter-connected influences which are constantly moving - such as geopolitical, socioeconomic and climate-related factors.

The purpose of exploring scenario analysis is to begin exploring the resilience of the investments we make on behalf of clients to different trajectories and timings of transition. At present we are not using this in investment decision making. However, we do use a carbon budget scenario tool as described in the strategy section for our quarterly fund reviews.

⁴⁴ The Network for Greening of the Financial system was formed by a collection of central banks. They have set out a number of standard climate scenarios, where further detailed information can be found [here](#). [NGFS Climate Scenarios for central banks and supervisors - Phase IV | NGFS](#)

Modelling overview

MSCI CVAR is one of a few models commonly used by financial institutions. We have modelled the AUM to be consistent with that in the [Data and Metrics section](#) emissions data.

The model is built using a series of inputs which themselves are often also modelled individually elsewhere within MSCI. It uses MSCI emissions data (not from our carbon data provider, ISS).

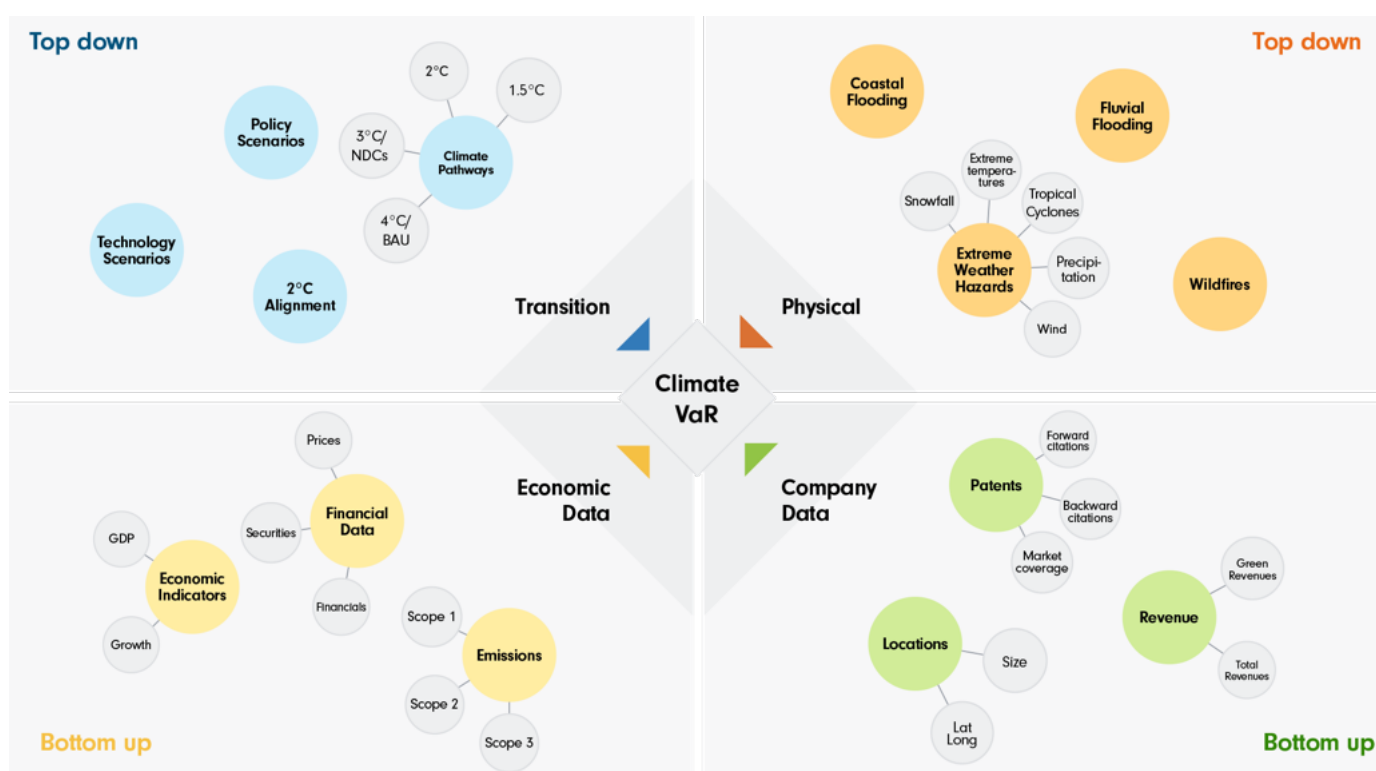
The data provided is from this model and represents an assessment of climate risk

exposure from the present to the end of the century, with values expressed in present terms as a proportion of current market value.

Note, the underlying models do not take into account investee responses to climate-specific actions.

The model incorporates inputs and assumptions across economic data, climate scenario models, physical locational data and associated risk modelling as well as issuer data⁴⁵:

A visual summary of the MSCI Climate Value at Risk approach



Source: MSCI, Fidelity International

Some limitations of modelling

- Models are not currently available for us to run in private markets or sovereign bonds.
- Models run over a long timeframe will tend to compound limitations of the model, as well as, future uncertainty.
- Corporate modelling at a 'bottom-up' level often relies upon estimates for Scope 3 emissions, or can omit modelling of transition risk for Scope 3 in all sectors.
- Scope 3 tends to represent the largest scope of emissions for a corporate (i.e. their entire value chain)⁴⁶. This model attempts to estimate and de-duplicate Scope 3 emissions, with a view to avoiding double counting the carbon pricing impacts through a company's supply chain.
- Equally, the model does not consider growth of revenue, or the emissions of a corporate, which may underestimate the risk in the future.. For corporates who have a track

⁴⁵ Litigation risk is not part of the model.

⁴⁶ [CDP \(2024\): CDP Technical Note: Relevance of Scope 3 Categories by Sector](#) Page 6 illustrates the materiality of scope 3 by sector.

record of reducing emissions, or who have set strong emissions reduction targets, the model may over-estimate risk in the future.

- Technological opportunity is modelled by linking identified 'green patents' of an issuer, valuing their market opportunity as represented by the cost of carbon pricing for another corporate. Market share is also assumed to be constant, which is not certain.
- Climate models aim to model the relationship between the surface of the earth and its atmosphere, which is a tremendously complex relationship, with the use of simplified 'rules of thumb'. These assume as inputs scale up (for example GHG atmospheric concentration), that the relationship, or 'rule of thumb' remains linear, or constant. There is significant academic research outlining how this is unlikely, and that climate 'tipping points' could occur.

The main findings of the model are that there is a trade-off between shorter-term transition risks and longer-term physical risk impacts of the transition to a lower carbon economy.

- For example, once a certain point is exceeded, such as the melting of the polar ice caps, warming could become non-linear or accelerate, in turn leading to sea level changes being highly uncertain or larger than predicted. If this were the case, the limitations of a linear modelling 'rule of thumb' could lead to under-estimation of the associated coastal flooding issues in the long term. As such, the model could also underestimate both the frequency and severity of the climate hazards and the impacts for this or other physical risks.

- The model representation, in financial terms, of risks around natural capital and land use change, tend not to work well due to the limitations of Scope 3 emissions, and the modelling of those supply chains in relation to natural capital and agricultural systems.
- We have conducted heat mapping in our Nature Roadmap, to explore these risks and help target our engagement activities.

Climate scenario modelling findings

Our modelled assets include corporate debt and equities totaling US\$418bn of assets under management (but does not include sovereign debt which is a small subset of these assets). This substantively aligns with the securities that we report our emissions on in the [Data and Metrics](#) section of this report.

The main findings of the model are that there is a trade-off between shorter-term transition risks and longer-term physical risk impacts of the transition to a lower carbon economy.

According to the model, the AUM is most exposed to a 1.5°C disorderly transition, with a 11.2% impact in present market value terms. This diminishes slightly to 10.0% in an orderly transition and 5.9% in a current policies scenario.

It should be noted that the modeling of physical risks, which are greatest in the Current Policies scenario may well be underestimated given the modelling limitations highlighted above. In November 2024, the NGFS significantly increased their estimates for physical risk damage in their scenarios⁴⁷. The estimated losses from chronic physical risk are now 2 to 4 times higher globally compared to the previous version of the NGFS scenarios. Currently the analysis we can do is based upon NGFS IV scenarios from 2022.

⁴⁷ [NGFS \(2024\): published and update to these long-term climate macro-financial scenarios for climate risks assessment](#), which we will look to use in future updates from MSCI.

Climate Value at Risk

Selected scenarios:

	1.5° NGFS Disorderly	1.5° NGFS Orderly	3° NGFS Current policies
	Portfolio	Portfolio	Portfolio
Policy Climate Var (Scope 1,2,3)	-11.30%	-9.40%	-2.00%
Technology Opportunities Climate VaR	+2.40%	+1.70%	+0.30%
Physical Climate VaR Aggressive	-2.30%	-2.30%	-4.20%
Aggregated Climate VaR	-11.20%	-10.00%	-5.90%
Using the REMIND climate model			

Physical Climate Value at Risk under the current policies scenario

Transition risks are overall greater than physical risks under a 1.5 degree scenario. This is due to the more stringent policy to support 1.5°C climate pathway. The modelling also demonstrates that 1.5°C policy scenarios increase transition risks, but would mitigate rising longer-term physical risks.

The opposite is also true, whereby in a current policies scenario, physical risks are greater than under both transition scenarios and there is no transition risk or technology opportunities. There is also a growing recognition and articles suggesting that climate scenarios could be under-estimating future physical risk. Equally, these risks may not be covered and become financial material.

In January 2025, Californian wildfires caused estimated insurance losses of in excess of US\$25-US\$40bn.⁴⁸ Note that AccuWeather an independent company estimated that the gross losses (insured and uninsured) were more than US\$250bn.⁴⁹

Evaluation of physical risk for our Offices

Overall, our business continuity practices and organizational flexibility place us in a strong

position to deal with physical climate risks from an operational perspective. In 2024, we carried out an analysis of key locations globally to determine the specific climate-related risks that could affect each location, such as flooding, hurricanes, wildfires, heatwaves, droughts, and sea-level rise under various climate scenario to help ensure that we have the correct mitigation measures in place to reduce impact either financially or to our operational processes. By taking a holistic approach, we are committed to understanding and mitigating the impact of climate change on our operations and contributing to a sustainable future.

Nature scenario analysis

Nature-based sectoral pathways are being developed, and the forecasting and modelling of potential scenarios associated with different severities of nature loss are evolving. We are anticipating further guidance for financial institutions and will monitor the availability of new tools.

⁴⁸ [Insurance journal \(2025\): Insurance Payouts at \\$4 Billion and Counting for LA Wildfires](#)

⁴⁹ [AccuWeather \(2025\): AccuWeather estimates more than \\$250 billion in damages and economic loss from LA wildfires](#)



Risk Management

As highlighted earlier in this report, Fidelity's business operations and the investments we make on behalf of our clients, are exposed to climate-and nature-related risks. This is a summary of our risk management approach⁵⁰. You can also find out more details in the [Strategy section](#) of this report.

Physical risks: The Intergovernmental Panel on Climate Change (IPCC) scenarios highlight that acute physical risks associated with the impacts of climate change will increase in frequency and severity. As biodiversity and natural capital are lost, risks can increase due to changes in biotic and abiotic conditions which support well functioning ecosystem services. They have the potential to impact Fidelity's operations including our supply chain, as well as the physical assets and supply chains of businesses we invest in on behalf of our clients.

Transition risks and opportunities: The actions taken to mitigate the impacts of climate change and nature loss such as policies, regulation, consumer responses and technological innovation could create transition risks, and opportunities for our business and our investments. Exposure to companies within high climate and/or nature impact sectors are at greater risk of becoming subject to new regulation and policy risk.

For example, they could influence revenue, costs, competitive advantage and asset prices. Our approach to identifying, assessing, mitigating and managing these risks, is set out below. The content is divided into three sections. First, we cover our global approach to ESG Risk Management, and this is followed by sections that cover our business operations, and the investments we manage on behalf of our clients.

Our approach to environmental and climate-related risk

Fidelity recognises that management of environmental, including climate and nature risks, are critical to business success and organisational resilience. Therefore, these risks and opportunities are incorporated into our strategic planning activities and risk management processes to manage them effectively.

TCFD considers financially material risks and opportunities, whilst the TNFD considers double materiality, including dependencies, impacts, risks and opportunities. During the year, we commenced work on a CSRD report which considers double materiality (including impacts to people and environment). As yet we do not fully align with TNFD disclosures due to this extra dimension of 'impact' materiality. The detailed alignment to TNFD is located in [Appendix 2](#).

⁵⁰ The TNFD framework is a Risk and Impact Management framework, here we report on a single materiality approach.

Risk management is defined globally by the Enterprise Risk Management (ERM) framework. The ERM framework supports the effective identification of risks (including ESG risks), potential events and trends which may significantly affect our ability to achieve our strategic goals or maintain our operations.

The ERM Policy sets out the guiding principles and global minimum control requirements for the management of risks across Fidelity. It defines the roles and responsibilities of key stakeholders and sets out escalation pathways.

The 'Three Lines of Defence'

Fidelity's risk management structure is based on the 'Three Lines of Defence' model. This ensures clear responsibilities for all risk management activities within the organisation.

	1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Functions	Business Management and Employees	Oversight and specialist functions such as Risk, Compliance and Legal	Internal Audit
Role	Responsible for day-to-day operations and owning all risks emerging from their respective business and/or processes and being accountable for managing, monitoring and mitigating these risks on an ongoing basis.	Design and set out control frameworks and associated requirements in policies and standards. Provide advice and perform independent oversight of performance and risk management.	Provides independent and objective assurance on the adequacy of the design and effectiveness of internal controls, the enterprise risk management framework and governance processes.

Fidelity has identified climate, and broader environmental risks (including nature risks), social and governance risks, and has incorporated these within its enterprise risk taxonomy. The enterprise risk taxonomy provides a consistent approach for the classification, identification and definition of risks, and covers all relevant risks to the organisation.

Environmental and climate risk is defined as 'an environmental or climate-related factor or condition that can cause harm to the organisation, or assets managed on behalf of clients'. This includes factors such as air pollution, nature-related risks such as biodiversity loss, or climate change (both physical and transitional).

Climate and nature risks are considered as part of the annual ESG risk assessment process. Using ESG-specific scenario-based assessments, we identify and assess ESG risks and opportunities to better understand how adverse ESG risks (including climate risks) could impact the organisation, and consider actions to further mitigate risks.

Business Operations

Managing our business operations

Managing environmental risk is an important consideration.

As outlined in the [Strategy section](#), Fidelity has implemented a Health, Safety, and Sustainability (HSS) management system which includes an annual assessment of environmental impacts at corporate level, including both climate and nature impacts. The system aims to control and manage all minor and significant environmental impacts associated with our business operations, whether they are positive or negative.

Establishing a Cross-Functional Team: To ensure comprehensive coverage and diverse perspectives, a cross-functional team has been established to conduct the Environmental Aspects and Impacts Analysis as part of the HSS Management System. This team includes representatives from various departments such as Corporate Services, Health, Safety and Sustainability, Engineering, etc.

Identifying Activities, Products and Services:

The first step in the analysis was to identify all the activities, products, and services of our organisation. This includes both primary activities directly related to our organisation's core operations and support activities that enable the primary activities to function effectively. For example, primary activities may include the operation of our offices, while support activities may include the operational activities of our supply chain.

Identifying Environmental Aspects: Once the activities, products and services are identified, the next step is to determine the environmental aspects associated with each of them.

Environmental aspects refer to elements of our activities which can interact with the environment. These aspects may include energy consumption, water usage, air emissions, releases to waterways, generation of waste, biodiversity and nature impacts and more.

Determining Environmental Impacts: After identifying the environmental risks with each day-to-day and ad hoc operational activity, we evaluate the potential environmental impacts. Environmental impacts are the changes to the environment, whether adverse or beneficial, resulting from our operational activities, products, or services. These impacts can vary in terms of magnitude, duration, spatial extent, and significance. Examples of environmental impacts include air pollution, water pollution, habitat destruction, resource depletion and climate change.

Assessing Significance: Once the environmental aspects and impacts are identified, the team assesses their materiality. This involves considering factors such as the magnitude of the impact, the likelihood of occurrence, the duration and frequency of the activity, regulatory requirements, stakeholder concerns and our overall environmental objectives and targets. Significance assessment helps prioritise environmental aspects for further attention and action.

Recording and Documenting Findings: It is crucial to document the findings of the Environmental Aspects and Impacts Analysis systematically. This documentation serves as

evidence of compliance with ISO 14001:2015⁵¹ requirements on environmental management systems and provides a basis for developing environmental objectives, targets and management programs. The findings are recorded in a format that is accessible, understandable, and readily available to relevant stakeholders within the organisation.

Implementing Controls and Measures: Based on the materiality assessment, we develop and implement measures to manage and mitigate any significant environmental aspects and impacts identified during the analysis. This may involve implementing operational controls, adopting best practices, investing in pollution prevention technologies, providing employee training, establishing emergency response procedures, and seeking opportunities for continuous improvement.

For example, our exposure to physical risks and business disruption is mitigated through our disaster recovery plan and our ESG commitments are required to be monitored on a regular basis with progress reported at least annually to the Board.

Residual risks are subject to a risk acceptance process and considered as part of our risk appetite assessment that aims to evaluate aggregated risk exposure.

We also integrate environmental factors in our supply chain and procurement process, as outlined in the strategy section above.

Monitoring and Measurement: The organisation establishes monitoring and measurement procedures to track the effectiveness of its controls and measures in managing environmental aspects and impacts. This may include regular inspections and environmental performance indicators. Monitoring and measurement data are analysed to identify trends, evaluate compliance with objectives and targets and identify areas for improvement.

Review and Continual Improvement: Finally, we periodically review the Environmental Aspects and Impacts Analysis as part of our management review process. This review ensures that the analysis remains relevant and

⁵¹ [ISO 14001:2015 standard on environmental management systems](#)

effective in identifying and managing environmental risks and opportunities.

Any necessary updates or revisions are made based on changes in operations, regulations, stakeholder expectations and other factors. Continual improvement is central to the ISO 14001:2015 approach, ensuring that our organisation systematically enhances its environmental performance over time.

By following these steps, we are able to conduct a thorough Environmental Aspects and Impacts Analysis in accordance with ISO 14001:2015 requirements, leading to improved environmental performance, regulatory compliance and stakeholder satisfaction.

Investments

Managing risk in investments

Identifying, assessing and managing material climate and nature-related risks

In the Strategy section of this report, we show how climate and nature-related risks are identified, assessed and managed in our investment process. We use three broad areas - Integration, Stewardship and Solutions - and a combination of fundamental analysis and investment tools.

This is supported by regulatory 'horizon scanning', designed to identify and respond to evolving climate-related regulations. A formal governance framework (detailed in the Governance section) aims to provide oversight of fund and broader climate-related risks.

We identify, assess and manage climate and nature-related risks and opportunities in the following five ways as detailed in our [Strategy section](#):

- We use analysis and investment tools to identify and integrate material climate and nature risks and opportunities into our investment processes.
- Proprietary ESG ratings assess performance on material sustainability issues.

- Climate ratings assess an issuer's progress towards aligning with the Paris Agreement.
- The SDG tool provides an assessment of a issuer's positive contribution to environmental and social outcomes via its products and services (i.e. "what" it does).
- We discuss climate and nature-related risks and opportunities related to the investment process at our QSRs.

In **Strategy**, we outlined the QSR process. These are forums where we review and discuss sustainability-related opportunities and risks related to the investment process and portfolio holdings. They include climate and nature-related information at both fund and issuer level. This data aims to help to identify areas where transition and nature risk are higher, and engagement could help.

For private assets and illiquid funds (ones that can't quickly be sold for cash, such as property), the oversight of ESG and climate risks has been tailored for the different data sets available. For example, for real estate funds, these risks are considered using metrics related to physical risk factors, energy efficiency measures, and industry certification results (EPC, BREEAM, etc.).

Using the Lines of Defence for investment risk

Climate and nature-related risks are considered by both the first and second Lines of Defence. Under the first Line of Defence - where risk 'owners' identify, manage, monitor and mitigate risks that come from their business or processes - considerations may include:

1. A review of material climate and nature data in our ESG Ratings, climate scenario percentage deviation from budget analysis, or carbon emissions by portfolio managers.
2. Discussion in our QSRs of a fund's carbon footprint and climate rating profile, performance on climate and nature-related Principle Adverse Indicators (PAIs)⁵², or holdings with severe climate and nature related controversies. Attendees may include

⁵² A Principal Adverse Impact ("PAI") is any impact of investment decisions or advice that results in a negative effect on sustainability factors, and are required for EU SFDR regulation.

representatives from the Sustainable Investing Team, the relevant asset class CIO, portfolio manager(s), and PCR (Portfolio Construction and Risk)⁵³ professionals

3. Engagement with issuers to better understand their exposure to climate and nature-related risks and to encourage disclosure and adoption of an appropriate strategic response.

Oversight of ESG related investment risks including climate and nature-related risks, is performed by the Investment Risk team (independent, second Line of Defence). The oversight activities are supported by dedicated reports and key risk indicator dashboards containing selected metrics for individual constituent components for environment (including climate and nature), social and governance factors. Metrics are regularly assessed against set thresholds which are tailored to different fund types. Results and exceptions are shared with members of senior management and when required further escalations are performed as part of regular escalation channels. ESG-related investment risk related issues are covered in Investment Risk Committee meetings.

In addition to this second line reporting, we have also created a Sustainable Investing Management Information dashboard that aims to provide senior management and board members with a quarterly update on our performance and progress towards achieving our sustainable investing ambition and associated risks. Included in this dashboard is a summary of voting, issuer engagements, internal sustainability training, sustainable fund highlights and AUM, client activities and highlights, ESG risk events, performance against external commitments (including climate-related metrics) and overall assets invested in certain high risk climate sectors.

Our approach to influencing and engagements

We believe that we can contribute to mitigating investment risks through our thematic engagements with corporates and policy advocacy. To achieve this, we identify key systemic themes where we see opportunities to contribute to mitigation of risk from issues such as, climate change, nature loss, social disparities and to ensuring strong and effective governance.

We seek to influence **System-wide** active engagement in development of market standards, regulatory consultations, and industry groups. Examples include:

- Chairing the Engagement and Policy working group for the Asia Investor Group on Climate Change (AIGCC)

We are also signatories to:

- The Global Standards on Responsible Climate Lobbying,
- The Financial Sector Statement on Biodiversity for COP15,
- Member of the Finance for Biodiversity Policy Advocacy working group,

We have also engaged on:

- Collective engagements with various governments on National Biodiversity Strategy and Action Plans in the lead up to COP16,
- Engagement with the International Sustainability Standards Board on nature disclosures
- Engagement on adapting the CSRD regulations (2024/25)
- **Industry, sector and/or portfolio engagement:** on nature and climate mitigation, adaptation and solutions across sectors, particularly high emitting/impact sectors, undertaken individually and collectively.
- **At the firm level:** driven by tools such as the SDG tool, ESG or Climate Ratings tools.

⁵³ PCR is first line of defence. The targeted scope of QSRs is actively managed products with a higher level of ESG integration, which may include certain EU SFDR Article 8 and Article 9 products, and UK SDR Labelled and ESG Promoted (un-labelled) products.

In 2024, we engaged on governmental policy that supports our net zero and deforestation commitments. Our thematic engagements across equity and fixed income focussed on top contributors to our financed emissions, thermal coal, deforestation and water risk. Further information for professional investors is available in our [UK Stewardship report](#).

Exclusions

Whilst we believe that constructive dialogue is the best approach, we will consider excluding companies from our investment universe based on specific ESG or climate related criteria. We adopt a principles-based approach to ESG matters. As part of this, we place companies we regard as unsuitable investments on an "exclusion list".

Within our sustainable investing framework, certain funds are subject to additional behavioural and fundamental exclusions, such as limitations on the exposure to thermal coal.

Process to identify and assess Nature-related Dependencies, Impacts, Risks and Opportunities

In 2023, we launched our blueprint Nature Roadmap for identifying and managing potential risk and opportunities. Our approach is to 'heat map' our clients investments to potential exposures using available tools and datasets. We use this to help to identify issuers to engage with on nature, to learn more and help mitigate these risks.

Pressures and dependency assessment methodology

The Exploring Natural Capital Opportunities, Risks and Exposure tool (ENCORE) tool was leveraged to help us better understand our potential exposure to biodiversity pressures and dependencies. ENCORE draws on existing academic literature to determine the relationship between ecosystem services, dependencies, pressures on nature and economic sectors.⁵⁴

Dependencies on ecosystem services

ENCORE assesses the ecosystem's potential contribution to the functioning of an economic activity⁵⁵. Two qualitative aspects are considered to determine a materiality ranking:

1. How significant is the loss of functionality in the economic activity if the ecosystem service is disrupted?
2. What is the financial cost to the economic activity of adapting to the disruption of the ecosystem service?

Each activity is then rated either as Very High (VH), High (H), Medium (M), Low (L), Very Low (VL), or Not Applicable (N/A).

Pressures on nature

Similarly, ENCORE assesses each economic activity to determine its relative pressure on the different drivers of biodiversity loss, and ranks them for materiality. The following qualitative aspects were considered in the ENCORE methodology:

1. What is the annual financial output generated by the economic activity?
2. What is the typical magnitude of the pressure exerted by the economic activity in a year?

A review of the ENCORE analysis can be found in the [Nature-related metrics section](#).

Acknowledging the interconnections between pressures and dependencies, water has been identified as a material issue. Our portfolios are significantly exposed to sub-industries that exert pressure on emissions of toxic and nutrient soil and water pollutants, and sub-industries that are highly dependent on fresh water. This has led to water being highlighted as an engagement theme.

In 2024, ENCORE published an update to the knowledge base. There were a number of significant updates which affect the comparability of results in our Nature roadmap published in September 2023. For more information about our methodology, the

⁵⁴ The ENCORE knowledge base underpins the ENCORE tool. Fidelity is a user of the tool, and does not create its source information.

⁵⁵ Using the [ISIC classification system](#).

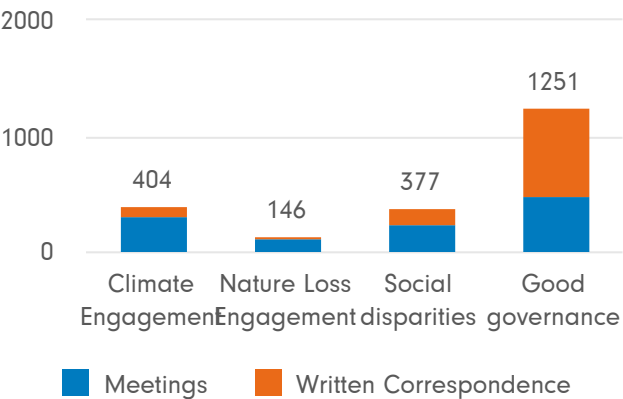
changes and our republished 2023 analysis, see [Appendix 4](#).

Engagements in 2024

Fidelity conducted 1488 ESG engagement activities with 1109 companies during 2024. Professional investors can find further information [here](#).

We track and report our ESG engagement activities across four broad systemic themes: climate, nature loss, social disparities and good governance. For our in person or remote meetings, 48% discussed climate and 20% discussed nature loss. For all engagement interactions, including written communication, 84% covered good governance, 25% social disparities, 27% climate and 10% nature loss.⁵⁶

Engagement on Systemic themes

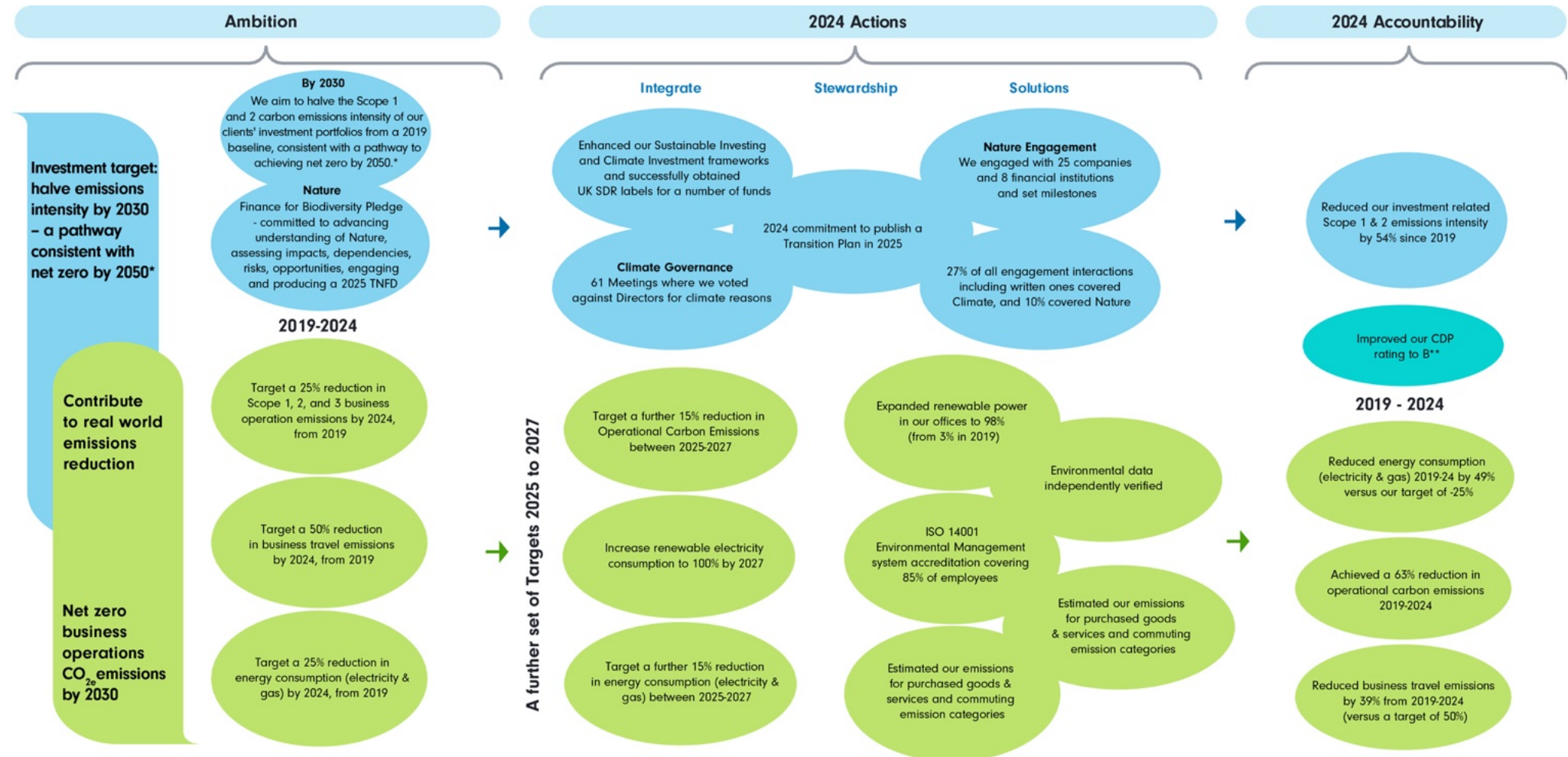


In 2024, we voted against directors at 61 meetings as a result of concerns regarding progress on climate-related engagements. We have been working on a new tool that is intended to help us track and report on the progress of engagements by the Sustainability Team. In the future, we will look pragmatically at how we can use this tool to enhance our reporting on engagements.

⁵⁶ Source: Fidelity International, 2024. For the time period 1st January-31st December 2024,

Metrics And Targets

Our Climate and Nature Strategy - update



For further information see the [Metrics section](#). We will publish further details in our upcoming Transition plan.

** The CDP rating covers both operations and investments. *** Market-based emissions, [Business Operations Scope 3](#)

Our Metrics

We use a number of metrics to track the progress of our climate strategy. These help inform our approach to manage the climate-related risks of our business operations and the investments we make for our clients.

- In the Introduction, we set out our [climate and nature targets](#). We also covered what greenhouse gases are, what Scope 1, 2, and 3 emissions are, and what the GHG protocol is.
- In the Strategy section, we explain our strategy for our business operations, and our [climate and nature investing 'levers'](#), and how they apply to asset classes in our investment process.
- In the [Risk Management section](#), we describe our Enterprise Risk Management, the 'three lines of defence', and how we manage risks across our business operations and investments. A key part of this is engaging with companies about material risks and emissions in the investments we make on behalf of our customers. We engage with those high-emitting companies to set climate targets and improve transition plans to align with a low-carbon future and reduce these [climate-related risks](#).

Business operations

The following table outlines the data in and out of scope of the data tables for our business operations, which follow in this section.

In scope	Out of scope
<p>The scope includes the business operations of Fidelity.</p> <p>Climate:</p> <p>The following business operational emissions are included in our 2030 operational net zero target:</p> <p>Scope 1 and 2</p> <p>Scope 3 We focus on material categories for our business operations (and which we have operational control such as categories 5 and 6). We have prioritised the following to report on:</p> <ul style="list-style-type: none"> ▪ Category 1: Purchased goods and services ▪ Category 2: Capital goods ▪ Category 7: Employee commuting, i.e. commuting between work destinations, from home to work destination and vice versa <p>Whilst we are reporting on these, note that Categories 1, 2 and 7 are not included in our operational targets and 2030 net zero goals which we set in 2019.</p> <p>Nature:</p> <p>Between 2019 and 2024 Fidelity set and achieved targets for the reduction resource use intensity covering Water consumption, waste and recycling.⁵⁷</p>	<p>Our international joint venture Fidelity Canada, and companies outside of Fidelity International such as FMR, and Geode.</p> <p>Climate:</p> <p>Scope 3 categories 3-4 & 8-14 have been determined not to be applicable or material to our business operations. Further information on these categories can be found in our introduction to this report here.</p> <p>Category 15 are our financed carbon emissions. These relate to the emissions where we make investments on behalf of our clients. These are reported in the Investments section metrics below.</p> <p>Nature:</p> <p>Supplemental guidance for TNFD for asset managers recommends prioritisation of the investment value chain, which has been our main focus to date.</p> <p>The Indirect upstream and downstream value chains are out of scope, such as purchased goods and services</p>

TCFD considers financially material risks and opportunities, whilst the TNFD considers double materiality, including dependencies, impacts, risks and opportunities. During the year, we commenced work on a CSRD report which considers double materiality (including impacts to people and environment). As yet we do not fully align with TNFD disclosures due to this extra dimension of 'impact' materiality. The detailed alignment to [TNFD is located in Appendix 2](#).

⁵⁷ Under Purchased goods and Services, water is considered as 'operational control' and withing our 2019 baseline for targets.

Emissions - calculation methodology⁵⁸

Our emissions have been calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard (2015 revised edition). Both location-based and market-based emissions have been calculated using emission factors from the Department of Business, Energy & Industrial Strategy (Greenhouse gas reporting: conversion factors for 2020, 2021, and 2022 respectively for location-based) and supplier- specific fuel mixes for market-based.

Reported emissions align with the calendar year (January– December). GHG inventory boundaries are defined using an operational control approach and cover emissions that we have operational control over, aligned to GHG Protocol for establishing inventory boundaries.

- Reported Scope 1 emissions are those generated from gas and fuel used in buildings, emissions from fuels used in company owned vehicles used for business travel and fugitive emissions (i.e. leaks) from the use of air conditioning and chiller/refrigerant plant.
- Reported Scope 2 emissions are generated from the use of electricity and are calculated using both location and market-based methodologies in this report.
- Corporate Operational Scope 3 emissions associated with business travel including air travel, employees who use their personal cars for business use (grey fleet), train, rail, tube, taxi, car rental, buses, coaches, and ferry. Other operational categories include waste generated at our offices, water and paper used within our offices.

GHG Emissions Methodology

Emission Scope	Emission source	Starting Unit	Final Unit	Method
Scope 1	Company Car	Miles	tCO _{2e}	(Miles * % Diesel Estimation)*kgCO _{2e} Emission Factor)/1000)+(Miles * % Petrol Estimation) *kgCO _{2e} Emission Factor)/1000 = tCO _{2e}
	Natural Gas	kWh		(kWh*kgCO _{2e} Emission Factor)/1000 = tCO _{2e}
	Diesel	Ltr		(Ltr*kgCO _{2e} Emission Factor)/1000 = tCO _{2e}
	Gas oil	Ltr		(Ltr*kgCO _{2e} Emission Factor)/1000 = tCO _{2e}
	Refrigerants	kg		(kg*kgCO _{2e} Emission Factor)/1000 = tCO _{2e}
Scope 2	Electricity	kWh	tCO _{2e}	(kWh*kg CO _{2e} Emission Factor)/1000 = tCO _{2e}
	District Heating	kWh		(kWh*kgCO _{2e} Emission Factor)/1000 = tCO _{2e}
	District Cooling	kWh		(kWh*kgCO _{2e} Emission Factor)/1000 = tCO _{2e}
Scope 3 - Category 1 (sub-set)	Paper Consumption	kg	tCO _{2e}	(kg*kgCO _{2e} Emission Factor)/1000 = tCO _{2e}
	Water	m ³		M ³ *kg CO Emission Factor/1000 = tCO _{2e}
Scope 3 - Category 5	Waste	ton	tCO _{2e}	(ton*kgCO _{2e} Emission Factor)/1000 = tCO _{2e}
Scope 3 - Category 6	Air Travel	miles	tCO _{2e}	(miles*kgCO _{2e} DEFRA without radiative force Emission Factor)/1000=tCO _{2e}
	Train/Rail/ Tube	GBP £		(GBP*kg Emission Factor)/1000 = tCO _{2e}
	Personal Car	Miles		(Miles * % Diesel Estimation)*kgCO _{2e} Emission Factor)/1000)+(Miles * % Petrol Estimation) *kgCO _{2e} Emission Factor)/1000 = tCO _{2e}
	Taxi	USD \$		(USD*kg Emission Factor)/1000 = tCO _{2e}
	Car Rental	USD \$		(USD*kg Emission Factor)/1000 = tCO _{2e}
	Buses/ Coaches/ Ferries	USD \$		(USD*kg Emission Factor)/1000 = tCO _{2e}

⁵⁸ Carbon footprinting often relies upon models which estimate emissions using a third-party approach. When using models, the estimation can be subject to revision and differences to actual emissions.

GHG Inventory Summary - Operational Emissions

In the following tables our targets are outlined in columns 2019 (baseline) and 2024 (target year):

Source of emissions (tCO ₂ e)		2019	2020	2021	2022	2023	2024	2024 vs 2023	2024 vs 2019 Baseline
Scope 1	Natural Gas	1,260	1,459	1,270	915	853	779	-9%	-38%
	Liquid Fuels	23	22	10	21	24	29	19%	26%
	Refrigerants	21	95	95	197	1	12	1735%	-44%
	Company Car & Fuel Card	121	23	21	35	30	23	-23%	-81%
Scope 2	Electricity Location	12,052	8,482	6,817	7,167	5,980	5,762.2	-4%	-52%
	Electricity Market	14,245	4,970	2,677	993	570	125.4	-78%	-99%
	District Cooling**	1.1	0.7	0.7	0.4	0.1	—	-100%	-100%
	District Heating**	144	141	174	73	158	151.8	-4%	5%
Scope 3	Category 1: Purchased Goods and Services - Water	22	58	4	7	9	6.3	-27%	-72%
	Category 1: Purchased Goods and Services - Paper Use	55	27	18	16	17	25.7	54%	-53%
	Category 5: Waste Generated in Operations Waste	116	154	191	69	134	196.2	46%	69%
	Category 6: Business Travel Air Travel	10,862	2,229	506	4,085	6,589	6,620.0	—	-39%
	Category 6: Business Travel Rail Travel*	—	—	—	138	312	855.0	174%	
	Category 6: Business Travel Taxi*	—	—	—	169	406	1,028.0	153%	
	Category 6: Business Travel Car Rental*	—	—	—	8	47	86.0	83%	
	Category 6: Business Travel Bus/Coach/Ferry*	—	—	—	7	10	4.7	-52%	
	Category 6: Business Travel Public Transport*	—	—	—	—	10	—	-100%	
	Category 6: Business Travel Grey Fleet	440	94	59	158	74	81.2	9%	-82%
Total (Location)		25,118	12,736	9,074	13,066	14,654	15,660	7%	-38%
Total (Market)		27,310	9,223	4,935	6,892	9,244	10,023	8%	-63%

*Note that these tables now include spend-based business travel from rail, coach/bus/ferry, taxi, and car rental. This was not included in the 2022 report meaning slight adjustments to 2022 figures. **Note: Historically District Cooling and Heating were previously categorized as Scope 1 this has been rectified and recategorized to Scope 2.

Corporate Value Chain Emissions

Following on from our initial focus on those operational emissions that we can directly control, we carried out a screening exercise to identify other Scope 3 emission categories that form part of our corporate operational emissions that we define as 'Corporate Value Chain Emissions', which we now include in our reporting, but not our targets. These include the following Scope 3 emission categories:

- Category 1 - Purchased Goods & Services
- Category 2 - Capital Goods
- Category 7 - Commuting and Home-working.

GHG Emissions Methodology

Emission Scope	Emission source	Starting Unit	Final Unit	Method
Scope 3	Category 1 & 2: Purchase goods & services and capital goods	\$ Dollars	tCO2e	$(\text{GBP} \times \text{kg Emission Factor}) / 1000 = \text{tCO2e}$
	Category 7: Commuting emissions	Miles		$(\text{Miles} \times \text{kg Emission Factor} - \text{per transport mode}) / 1000 = \text{tCO2e}$
	Category 7: Homeworking emissions	Working Hours		$(\text{Hours} \times \text{kg Emission Factor}) / 1000 = \text{tCO2e}$

GHG Inventory Summary - Corporate Value Chain Emissions

Source of emissions (tCO2e)		2024
Scope 3	Category 1 & 2: Purchase goods & services and capital goods	26,936
	Category 7: Commuting emissions	5,391
	Category 7: Homeworking emissions	2,954

Whilst these are material in magnitude due to data and influence limitations, the approach to managing and reducing these emissions categories differs to our operational emissions and are therefore are not included in our corporate targets and operational net zero commitment for 2030. Now that we have carried out the initial analysis of these emission categories, we will utilise this data to develop our programmes and commitments associated with these emissions categories.

By reporting on operational and corporate value chain emissions categories (alongside out financed emissions (Scope 3 category 15)) we feel we present a full and transparent picture of our overall emissions. Note other Scope 3 categories (categories 3,4 8-14) have been determined not to be applicable or material to Fidelity.

Verification statement: (Business Operations data)

The quantification and reporting of the environmental data 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:

(a) verification of environmental data (GHG data as per the scope outlined in the above tables) in line with the guidance set out in ISO14016:2020, 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.

A Review of 2019-2024 Targets

In 2021, we established several corporate sustainability targets aimed at supporting our long-term 2030 operational goal, and enhancing our environmental performance. These included a 25% reduction in operational emissions, supported by a 25% reduction in energy consumption, and a 50% reduction in air travel-related carbon emissions based on a 2019 baseline. We are pleased to report that we exceeded our expectations, achieving an overall operational emissions reduction of 63%, far surpassing the 25% reduction target we initially set. Although we did not meet the 50% reduction target for air travel, we still managed to achieve a 39% reduction, contributing significantly to our overall CO_{2e} reduction target.

Target progress

Progress against 2024 targets	2019	2020	2021	2022	2023	2024	2024 vs 2019 Baseline	2024 vs 2023
25% reduction in energy consumption (MWh Electricity + Gas)	36,653	29,682	22,123	22,214	19,219	18,572	-49%	-3%
25% reduction in operational carbon emissions (tCO _{2e})	27,310	9,223	4,935	6,892	9,244	10,023	-63%	8%
50% reduction in air travel carbon emissions (tCO _{2e})	10,862	2,229	506	4,085	6,590	6,620	-39%	+0.5%

(Note operational carbon is market based). 2020/21 saw Covid-related impacts.

In 2024, our operational carbon emissions increased by 8% year-on-year due to an increase in air travel following the Covid restrictions, however we did achieve our 2024 operational carbon emissions goal with an overall reduction of 63% from the 2019 baseline. Over the past 5 years we have implemented a number of programs and initiatives to help achieve this goal including:

- Achieved 98% renewable energy consumption via on-site generation, renewable energy contracts, up from 3% in 2019.
- Reduced operational carbon emissions by 63% against the 2019 baseline.
- A 39% reduction in air travel compared to 2019 baseline year, managed through the travel approval process for internal travel.
- Successful roll out of our Environmental Management Systems achieving certifications in October 2024 covering 85% of employees.
- Completed our external verification of our GHG Inventory to a limited level of assurance with BSI.
- Implement various environmental initiatives across our locations to support our environmental goals including:
 - Energy audits to help identify energy efficiency opportunities, including LED lighting, improved temperature setting & controls and day-light harvesting.
 - Implementation of on-site renewable generation in our Bermuda and Surrey, UK offices

- Waste initiatives to reduce the amount of waste we produce by removing use of disposable cups in our offices
- Adopted a dynamic working approach and 'hot desking', allowing us to optimise our office footprint to reduce energy use.

Next Steps

Following our successful emissions reduction over the past years, it's important that we continue to progress towards our operational Net Zero 2030 goal. With this in mind, we have set 2025-2027 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 (ISO 14001 certified). 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, which include purchased goods and services, capital goods, and employee commuting/home working.

Investments

In the Introduction, we outline our [climate targets](#). In the Strategy section we cover the [levers we use and actions we are taking](#) including Quarterly Sustainable Fund reviews. In the Risk Management section, we cover how we look to manage climate risk with our [Enterprise Risk Management system](#), and by stewardship and engagement with companies on our minimum climate expectations. In particular, this is by engaging with high-emitting companies to set climate targets and improve transition plans to align with a low-carbon future, as well as through exclusions for our sustainable fund range.

Progress on reporting further metrics

Last year, we have made progress on reporting new emissions relating to our sovereign debt holdings, and a wider set of indicators that help us track our progress.

Our climate metrics now represent a combination of backward-looking and forward-looking indicators. This helps us balance between accountability for progress towards our targets, and indicators that help assess on a forward-looking basis if we are tracking in

the right direction. When more companies have good emissions disclosure, and climate targets aligned with the low-carbon economy, we would hope to see this follow through in future years with falling emissions.

In some cases, our engagements may have contributed to this, but it is hard to attribute whether our actions drove the change, or not.

We do not control the companies we invest in, but we have varying degrees of influence. The pragmatic approach we choose is founded in our [Sustainable Investing Principles](#), which states 'it is our fiduciary duty to use stewardship to influence corporate behaviours for better long-term investment outcomes'.

Data Providers

We regularly conduct reviews of ESG data sources to ensure continued suitability, and assess the attainment of sustainability objectives for our EU SFDR, UK SDR and ESG promoted (unlabelled) products. In addition, we continuously review third-party data providers' capabilities. Where there are data gaps we aim to introduce additional proprietary tools to help bridge these, and provide alternative insights into a company's performance on sustainability issues.

Third-party data providers are subject to vendor selection criteria. Each service provider is considered carefully before the decision is taken to onboard them. When selecting and onboarding any new provider, we conduct an evaluation of its capabilities, resourcing, costs and controls. An ongoing assessment of the quality of externally provided ESG data, is conducted using statistics, aiming to check data points for completeness and accuracy.

Where we consider that the data from investee companies, or third-party ESG data providers, may be outdated or inaccurate, we may work with the data provider to improve the data accuracy.

Comparison of Asset Manager and Asset Owner Investment emissions

Our main data provider for this report is Institutional Shareholder Services (ISS) which is a mainstream data provider for financial services.

Fidelity’s Climate Data

This section outlines the 'in scope' data, its limitations, our calculation methodology and the metrics we track.

In scope data summary

The following table outlines what is in and out of scope for the data tables on our investments that follow in this section.

In scope	Out of scope
<p>This document applies to all in-scope assets, except the ones highlighted as out of scope.</p> <p>Public market securities including sub-delegated assets to other asset managers outside of our group such as Fidelity Management and Research, Fidelity Canada, and Geode and others.</p>	<p>The following data limitations mean that the following will not have data available:</p> <ul style="list-style-type: none"> ▪ Cash or cash hedging of a portfolio. ▪ Investments, including derivative instruments other than Contracts for Difference (CFDs), used to gain a short exposure to an investee company. ▪ Investments in securities which may create exposure to multiple underlying issuers such as collective investment schemes or index positions (relevant for Multi-Asset products). ▪ Exchange Traded Product (ETP) vehicles that provide exposure to Bitcoin and crypto-currency. ▪ Private asset investments emissions including their intermediate vehicle including private credit, direct lending and real estate. ▪ Due to regulatory reasons holdings data is not available for FIL Fund Management China

The UK Life ‘Asset Owner’ report uses a different data provider. so the Asset Owner is able to calculate emissions for an extensive number of externally managed funds.

However, the calculations will not be directly comparable. The main cause is where companies do not report GHG emissions. Each provider has its own and unique approach to estimating these. So, when comparing climate product reports, each provider will calculate differing carbon measures for the same portfolio, or subsidiary.

In this report, we rely on external providers for data used in calculations, and we cannot guarantee the accuracy of their underlying data. This section has not been assured externally.

General Data Limitations:

A key challenge we face is data availability. We report on public market investments across equities, corporate, and sovereign debt holdings. Not all companies report a complete carbon emissions data set, with larger gaps seen for Scope 3 emissions, and across private assets.

Globally, new regulations and standards like the European Corporate Sustainability Reporting Directive (CSRD), the International Sustainability Standards Board (ISSB) standards, and US Securities and Exchange Commission (SEC) legislation, will enhance emissions disclosure. These improvements will hopefully improve the coverage and quality of our emissions data in the coming years.

Given gaps in reported data, carbon emissions used in this report include estimates from our data providers. Different data providers use different models and methodologies to estimate emissions, which can introduce the potential for model and estimation error, and timing differences, into carbon emissions data used in this report for investments held. We have also sought to improve calculation of our data through time, evolving our processes which can in certain cases effect the comparability of numbers. We provide explanatory wording where this is the case.

The availability of accurate and reliable, or even estimated data, across all investments is sometimes assumed as a given. In many cases it is not, and requires time, effort and persuasion, through engagement to deliver in the future.

Calculation and methodology update

The metrics in this section are calculated according the GHG protocol.

For 2024 we implemented a new calculation process which means:

- Numbers reported below for the period 2019-23 were calculated using a historic process, and we seek to explain where they are not directly comparable (detailed in the following points).

- From 2024 we have aligned with the Partnership for Carbon Accounting Financials (PCAF) standard. The face value of debt replaces the approach of prior years (2019-23) which used market value for corporate debt.
- From 2024 we have made efforts to improve how data is mapped across the corporate hierarchy of the positions that we own. While this has improved the quality of the data, it has resulted in a small drop in data coverage.
- From 2024 we have expanded the coverage of third-party funds used by our multi-asset team with the use of 'look-through' holdings data. With better coverage of these emissions, this contributed to the increasing emissions in 2024.

Cash holdings

There is no methodological change from the prior year's approach regarding cash holdings. Our data model will not map cash holdings to emissions data. For this reason there is a potential margin of error (an understatement) attributable to the cash, or cash hedging, position of a given portfolio.

Derivatives

Mapping emissions to derivative instruments such as contracts for difference ("CFDs"), futures, swaps, options, or others, can create issues in identifying the underlying subsidiary to which emissions belong. This year we mapped emissions for derivatives where the underlying instrument represents a single issuer using the delta adjusted exposure. Derivatives that have exposure to an underlying basket of securities, or index, have been excluded.

We also 'net' securities at the issuer level with a floor of zero when aggregating values at a firm level. This methodology aligns with SFDR guidance and reflects a conservative way of demonstrating the positive impact that holding a position in an issuer has, while limiting the impact of potentially shorting positions to

reduce their negative impact. FX Forwards and swap instruments have also been excluded from our calculations due to the long portion of their values skewing total portfolio values under this netting logic.

Fidelity's systems. Fidelity has quality checks and review systems in place to manage the risk associated with our data aggregation processes, aiming to minimise any potential gaps.

Carbon metrics for public market investments

Metric Methodology ⁵⁹

Metric		
Total Carbon Emission The GHG emissions of a portfolio.	Methodology/ formula	$MtCO_{2e} = \sum_n \left(\frac{\text{Investment value } i}{EV_i} \times GHG \text{ Emissions of Corporate } i (tCO_{2e}) \right)_{60}$
	Usage	Calculates the absolute GHG emissions financed by a portfolio using a proportional approach. This metric is related to our climate transition risk in our debt and equity holdings.
	Limitations	Cannot be easily compared or benchmarked against due to the link to the size of the portfolio. Scope 3 has lower data quality driven by the need to estimate, and when holding many companies across sectors, there will be double counting across supply chains as outlined by the GHG protocol.

Metric Methodology		
Carbon Footprint Measures a portfolio's emissions intensity divided by the value of the portfolio.	Methodology/ formula	$tCO_{2e}/\$m \text{ invested} = \frac{\sum_n \left(\frac{\text{Investment value } i}{EV_i} \times GHG \text{ Emissions of Corporate } i (tCO_{2e}) \right)}{\text{Sum of Portfolio Value } \$m}$
	Usage	Enables the comparison of portfolios of differing sizes irrespective of assets under management (AUM). We use this to track our climate target for investments.
	Limitations	Sensitive to rising or falling portfolio values.
Weighted Average Carbon Intensity (WACI) Measures the exposure to carbon-intensive companies.	Methodology/ formula	$tCO_{2e} \text{ per } \$m \text{ of revenue} = \sum_n \left(\frac{\text{Corporate's GHG emissions}(tCO_{2e})}{\text{Sales } i \$} \times \frac{\text{Investment Value } i}{\text{Portfolio Value}} \right)$
	Usage	Useful to compare portfolios.
	Limitations	Limited to publicly listed equities and corporate debt.

⁵⁹ Aligned to PCAF

⁶⁰ 'Investment value' in this table includes face value of corporate debt (previously market value for years 2019-23).

Metric Methodology		
Sovereign Carbon Emission Sovereign emissions divided by the Purchasing Power Parity-adjusted Gross Domestic Product.	Methodology/ formula	$\text{MtCO}_{2e} = \sum_n^i \frac{\text{Outstanding loan } x \text{ Country emissions (tCO}_2\text{e)} i}{\text{PPP Adjusted Gross Domestic Product } i}$
	Usage	Calculates the absolute GHG emissions financed by a portfolio using a proportional approach.
	Limitations	Sovereign portfolios invest in the debt of countries, and so have large absolute emissions and cannot be compared easily with equity or corporate debt. Purchasing Power Parity adjusted for GDP is not a perfect proxy for 'fair share' normalising for the size of a country's economy. The value will increase as the size of the portfolio increases.
Portfolio Alignment/ Climate Targets Proportion of an investment portfolio that is invested in companies with climate targets.	Methodology/ formula	External data provider which leverages data provided by the Science Based Targets Initiative and it's assessments.
	Usage	<p>Useful as an indicator to track alignment over time for a portfolio using a forward- looking indicator of underlying companies setting climate targets.</p> <p>Portfolios with a higher share of assets in entities with science-based targets which are committed to reducing future emissions (assuming companies deliver on their plans).</p>
	Limitations	Climate targets can vary in scope and alignment to Paris goals, and can be challenging to independently evaluate.
Implied Temperature Score It is a forward-looking indicator of alignment to a future global warming temperature (in °C).	Methodology/ formula	External data provider which leverages the climate scenarios of the IEA (International Energy Agency) - the Sustainable Development scenarios (SDS).
	Usage	<p>The Implied Temperature Score metric provides an indication of how companies and investment portfolios align to global climate targets.</p> <p>This can be viewed as another indicator of transition risk when viewed over periods of time.</p>
	Limitations	The model should be used cautiously given the challenges of data quality and target setting quality, and complex modelling involved.

Metrics Notes:

Investment value represents the market value of equities, derivatives (see above) and the face value of debt from 2024.⁶¹

EVIC = Enterprise Value including cash⁶² (see the [glossary](#) for an explanation of Enterprise Value).

For 2024, the Investment value amount represents:

- For a listed equity, the market value of the equity holding
- For a loan or debt instrument, the face value of outstanding debt.

The investment value for years prior to 2024 used market value of debt.

'Total Carbon Emissions'

These cover the 'fair share' of company emissions aligned to the percentage ownership of the company's Enterprise Value, including cash that we finance. These are more commonly known as 'financed carbon emissions'. These are disclosed by Scope 1 and 2, and Scope 3 separately, due to the lower data quality inherent in the latter from a greater proportion of emissions being estimated rather than reported by companies.

Financed Carbon Emissions Intensity: 'Carbon Footprint'

For corporates, the Scope 1 and 2 Financed Carbon Emissions of each portfolio holding are divided by the total portfolio investment value, i.e. the sum of the value of every instrument, whether it has an attributable emissions value, or not. Where the portfolio has a low percentage coverage ratio of emissions, the denominator can have the effect of lowering the portfolio's carbon footprint. As the amount of coverage increases, it can act as a drag to future reported carbon performance as more emissions are included for the first time (possibly offsetting any reductions achieved by existing carbon reduction measures of companies within the portfolio).

Scope 3 emissions, in our experience, rely heavily on estimation models which historically under-estimated emissions. As more companies have reported over time, the scope 3 financed emissions have trended upwards. As global reporting regulations evolve, we would expect this to help improve quality of Scope 3 data and our reporting. However for our report we have not restated historical numbers.

Weighted Average Carbon Intensity (WACI)

For corporates, this metric weights Scope 1 and 2 carbon emissions intensity per million US dollars of issuer revenues by percentage of overall portfolio value, rather than the fair share emissions of an issuer. It can only be used with corporate debt and equity issuers and enables easy comparison between portfolios.

'Sovereign Emissions'

Sovereign 'Financed Emissions' are Scope 1 production emissions related to our fair share of sovereign, or country, GDP. 'Sovereign Carbon Emissions Footprint' is calculated as the sum of Scope 1 Sovereign Financed Emissions of each holding divided by overall portfolio value. They are disclosed separately as they are not comparable with corporate emissions. We have elected to focus on disclosure of Scope 1 production emissions for sovereigns which includes emissions from sources within the country territory.

'Portfolio alignment' or 'climate targets'

This is an external assessment approach from our data provider ISS. It measures the percentage of a portfolio that has climate targets, and is an indicator of company intention to reduce emissions in the future. It is a forward-looking indicator of portfolio alignment in the transition to net zero.

A company's reduction targets are classified along the categories of "No Target", "Non-Ambitious Target", "Ambitious Target", "Committed SBT", "Approved SBT", (where SBT means Science Based Targets).

⁶¹ We have aligned to PCAF.

⁶² Enterprise Value is the sum of market value of equity, plus debt, preferred equity and unfunded pension liabilities, minus the value of associate companies and cash/cash equivalents. Enterprise Value Including Cash (EVIC) is Enterprise Value, but including cash.

Target data is collected directly from the SBTi for the categories of "Committed SBT" and "Approved SBT".

Targets for corporates outside the Science Based Targets Initiative (SBTi) list of companies are reviewed and rated by ISS. These are divided into the two categories "Ambitious" or "Non-Ambitious" targets.

Some examples considered in the assessment of the reduction target category:

1. Inclusion of Scope 3 emissions in the reduction target for highly relevant sectors.
2. Timeframe of the target, either very long, or very short, is considered less ambitious.
3. Lacking historical progress, or continuous failure to reach climate targets.
4. Intensity targets in comparison to industry benchmarks.

'Implied Temperature Score'

For this, we rely upon our data provider ISS. It is a forward- looking indicator of alignment to a future global warming temperature (in °C).

Whilst the score is intuitive to use, it should be used cautiously. Modelling for the types of complexity involved to produce a score, requires a lot of assumptions and these can heavily influence the result. Also, a single metric cannot fully explain the dynamics of an issuer, or portfolio contribution to the global temperature increase.

Issuer level temperature score is determined by the alignment examining the projected future emissions of a company, based on a six-year historical trend and combined with any emission reduction target setting.

Their model examines an issuer's, or portfolio's, emissions over/undershoot of the IEA's SDS scenario in the year 2050. Each company/ issuer (invested into by the portfolio) is assessed for its potential emissions versus a

budget allocated under the IEA's Sustainable Development Scenario. The score includes the relationship between the emissions budget for the issuer against the fair share of budget under the IEA's SDS.

A portfolio's Implied Temperature Rise measures, in aggregate, a fund's temperature alignment (in °C) to keeping the world's temperature rise to 2°C by 2100.

Coverage:

We do not have reported or estimated emissions for all corporates. This metric represents the percentage of assets we have data for.

Investment climate metrics

These metrics are a combination of numbers run in 2022-2023 within our Climate Engine, and those using our new process for 2024. These metrics are for public market investments. At this time, we cannot report on private market investments, and we have not restated 2019-23 numbers. Our climate metrics are not independently assured.

Scope of coverage has increased since 2019 and now includes single derivative exposure, and newly obtained emissions for third-party funds (part of Multi-Asset).

The quality of our fixed income data for calendar 2024 has improved. We have made efforts to improve how data is mapped across the corporate hierarchy of the positions that we own. While this has improved the quality of the data, it has resulted in a small drop in coverage (%) of corporate debt from 80.5% to 75.6%.

Investment 'Financed Carbon Emissions'⁶³

	2019	2023	2024	2023 - 2024	2019 - 2024
Assets Under Management US\$m	288,067	390,300	417,526	7.0%	44.9%
Corporates					
Financed Emissions (Scope 1 & 2) mn t CO2e	27.0	17.6	19.7	12.2%	-27.0%
Financed Emissions (Scope 3) mn t CO2e	Not Available	167.7	172.0	2.6%	Not Available
Carbon Footprint (Scope 1 & 2) mn t CO2e /US\$ mn invested*	102.3	45.0	47.2	4.9%	-53.8%
WACI (Scope 1 & 2) t CO2e /US\$ mn revenues	192.5	97.9	87.2	-10.9%	-54.7%
Highlighted green cells relate to progress against our climate target to halve our carbon footprint by 2030.					
Investments in corporates as a % of total Assets Under Management	Not Available	92.1%	90.4%		
Data coverage of investments in corporates	91.0%	91.9%	93.6%		
Sovereigns					
Financed Emissions (Scope 1) mn t CO2e	Not Available	5.3	7.5	43.0%	
Carbon Footprint (Scope 1) mn t CO2e / US\$ mn invested	Not Available	13.5	18.0	33.7%	
Investments in sovereign issuers as a % of total Assets Under Management	Not Available	5.6%	7.7%		
Data coverage of investments in sovereign issuers	Not Available	100.0%	99.9%		
Other Exposure					
Investments in other instruments as a % of total Assets Under Management	Not Available	2.3%	1.9%		
Data coverage of investments in other instruments ⁶⁴	Not Available	0.0%	0.0%		

*Note our climate target includes corporate debt and equity holdings.

⁶³ Note that Scope 3 emissions are subject to a high degree of caution as they rely heavily upon estimation models with issues of variability year-on-year and lower levels of data quality.

⁶⁴ 'Other' represents either cash, or funds, we were not able to look through as a percentage of the 'Other' within total assets.

Composition of AUM invested in corporate equities or fixed income

		2022	2023	2024	YOY %
Equities					
Financed Emissions (Scope 1 & 2)	mn t CO _{2e}	12.6	12.7	12.3	-2.7%
Financed Emissions (Scope 3)	mn t CO _{2e}	102.6	139.5	131.8	-5.5%
Carbon Footprint (Scope 1 & 2)	mn t CO _{2e} /US\$ mn invested	35.1	32.5	29.6	-9.0%
WACI (Scope 1 & 2)	mn t CO _{2e} /US\$ mn revenues	88.0	73.0	66.6	-8.8%
Equity investments as a % of total investments in corporates		70.0%	72.5%	70.6%	
Data coverage of equity investments		97.0%	96.3%	98.6%	
Corporate Debt					
Financed Emissions (Scope 1 & 2)	mn t CO _{2e}	5.4	4.9	7.4	+50.7%
Financed Emissions (Scope 3)	mn t CO _{2e}	23.4	28.2	40.2	+42.8%
Carbon Footprint (Scope 1 & 2)	mn t CO _{2e} /US\$ mn invested	15.1	12.5	17.7	+40.9%
WACI (Scope 1 & 2)	mn t CO _{2e} /US\$ mn revenues	35.7	24.9	20.6	-17.1%
Fixed Income investments as a % of total investments in corporates		20.0%	18.4%	19.8%	
Data coverage of Fixed Income investments		82.0%	80.5%	75.6%	

Note: The denominator for Financed Emissions and WACI represents the total for all investments in corporates.

2024 vs. 2023

Equity financed Scope 1 and 2 carbon emissions fell by 2.7%, and Scope 3 emissions by 5.5% versus the prior year. The 2024 Equity carbon footprint also fell by 9.0% and Weighted Average Carbon Intensity (WACI) fell by 8.8%.

Improved quality of Corporate hierarchy coverage and mapping under our new process⁶⁵, as well as the use of face value, were the main drivers of a significant increase in our Corporate debt financed emissions. Corporate fixed income Scope 1 and 2 carbon emissions rose by +51%, and Scope 3 emissions increased by +43% in 2024, compared to the prior year. Whilst the carbon footprint for corporate debt rose by +41%.

The increase in Corporate Debt emissions (driven by the new data calculation process), has had a disproportionate effect in driving a +12.2% year over year in our total Scope 1 and 2 emissions given that Corporate debt

represents only 20% of the total holdings. of year-over-year.

Assets Under Management modelled were 7.0% higher 2024 vs. 2023, and 45% higher than 2019. The total corporate holdings carbon footprint increased by 4.9% year-over-year, whilst falling 54% since 2019.

Medium Term Trends

Despite increasing scope and calculations capability, and process changes adjusting our emissions upwards, there is a longer-term trend of falling emissions.

Investments - A review of progress towards targets

In 2020, we set the following emissions target:

- We aim to halve the Scope 1 and 2 carbon emissions intensity of our clients' investment portfolios by 2030 from a 2019 baseline, consistent with a pathway to achieving net

⁶⁵ Mapping of ESG characteristics to corporate values improved in 2024.

zero by 2050. We will publish further details in our upcoming transition plan.⁶⁶

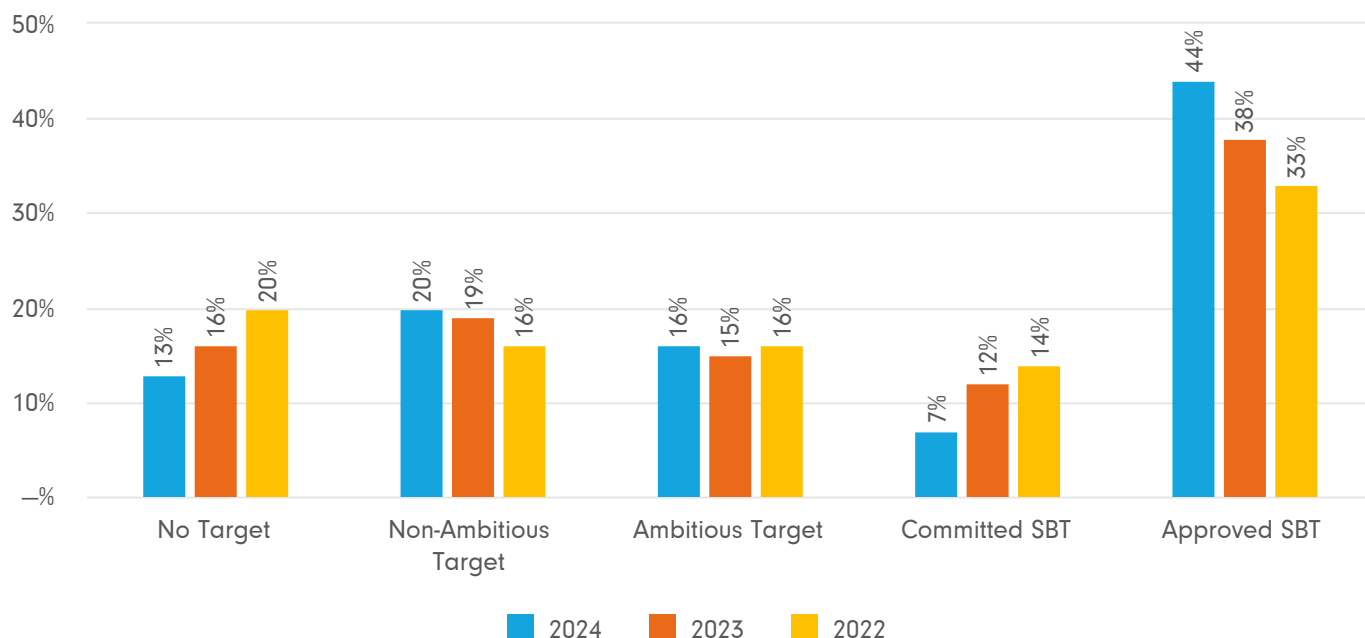
- Progress: We have reduced our Scope 1 and 2 carbon footprint for our corporate holdings by 54% since 2019. We're on track to reach our target of halving intensity by 2030.

Other forward-looking indicators:

- The Implied Temperature Rise (ITR) is 2.7°C for Equities and for corporate debt is 2.7°C.
- For equity and corporate debt holdings, the breakdown of companies that have climate targets is:

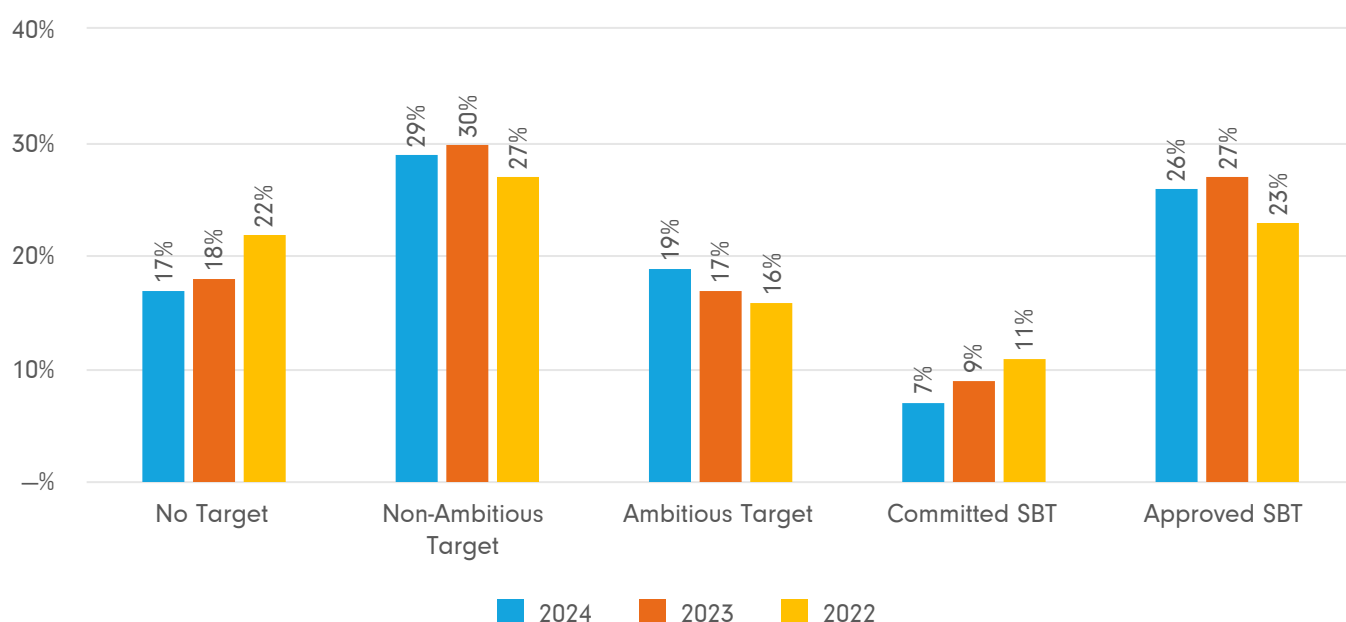
Breakdown of invested company climate targets

Equities



Source: ISS, Fidelity International, as of 31st December 2023. Where SBT means Science Based Targets.

Corporate debt



⁶⁶ Our target for investment related emissions was initiated in 2020 and covers our financed carbon emissions intensity ('carbon footprint') of our equity and corporate bond holdings. These holdings represent 90% of US\$417bn as reported in our Data and Metrics table at 31/12/24. The ambition represents what was possible at the time of making the commitments, such as data limitations for the availability of sovereign debt, private assets, and the quality of Scope 3 emissions data for investments.

Equities

In 2024, the percentage of the companies we invested in that have, or are committed to, science-based targets improved from 50% to 51% of the portfolio, whilst those with no, or limited, targets fell from 35% to 33%.

Corporate debt

In 2024, the percentage of companies we invested in that have, or are committed to, science-based targets declined from 36% to 33% of the portfolio, whilst those with no, or limited, targets fell from 48% to 46%.

Across equities there was an uptick in the number of issuers either committed to, or who have approved science-based targets (SBTs) year-over-year. However, these metrics fell for corporate debt

Nature-related Metrics:

In the [Introduction to Nature](#) section, we described the drivers of nature loss and the categories of impact, and dependencies on natural capital and ecosystems.

In the strategy section, we laid out nature-related approach and our three climate and nature levers.

In the Risk section, we laid out our process for identifying nature related impacts and dependencies, and the role the ENCORE data feeds into our nature-related engagements.

ENCORE Nature-related Analysis

In 2024, ENCORE published an update to their knowledge base. There were a number of significant updates which affect the comparability of results in our Nature Roadmap published in September 2023. For more information about our methodology, the changes and our republished 2023 analysis, see [Appendix 4](#).

Limitations of our ENCORE analysis -

Our approach has some limitations:

1. Considers only direct pressures, not indirect pressures, across supply chains. This is important for sectors like consumer staples and financial services. Future updates are planned.
2. Some sub-industries, like Timber REITs and Computer Storage, are excluded, affecting 1.02% of Fidelity's AUM.

3. Mapping sub-industries to economic activities may not suit specific issuers. Detailed analysis is limited by data and capacity constraints.
4. Not issuer or location-specific; requires location-specific information to understand actual pressures and dependencies.
5. Only considers current technology; not a forward-looking assessment.⁶⁷

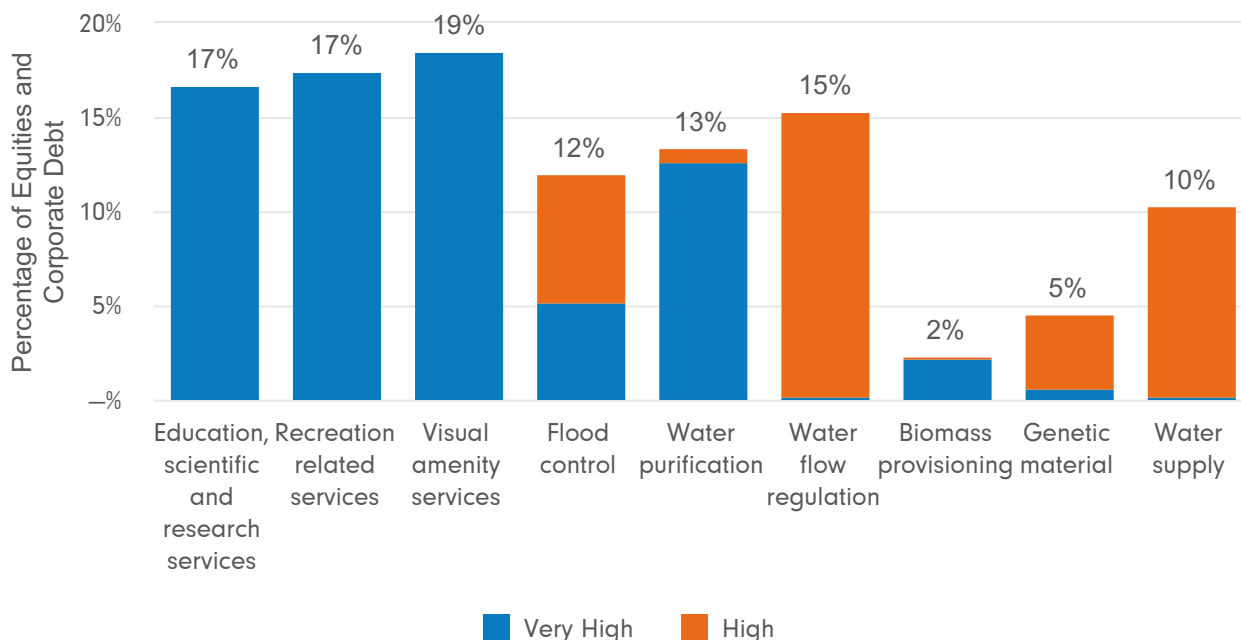
Fidelity's nature assessment:

We heat-mapped our corporate debt and equity investments to the database to better understand our exposure to potential nature-related dependencies, and pressures over the short, medium, and long term.

⁶⁷ Further details on the limitations of the ENCORE tool can be found on the ENCORE [website](#).

Some of the key insights we gained were:

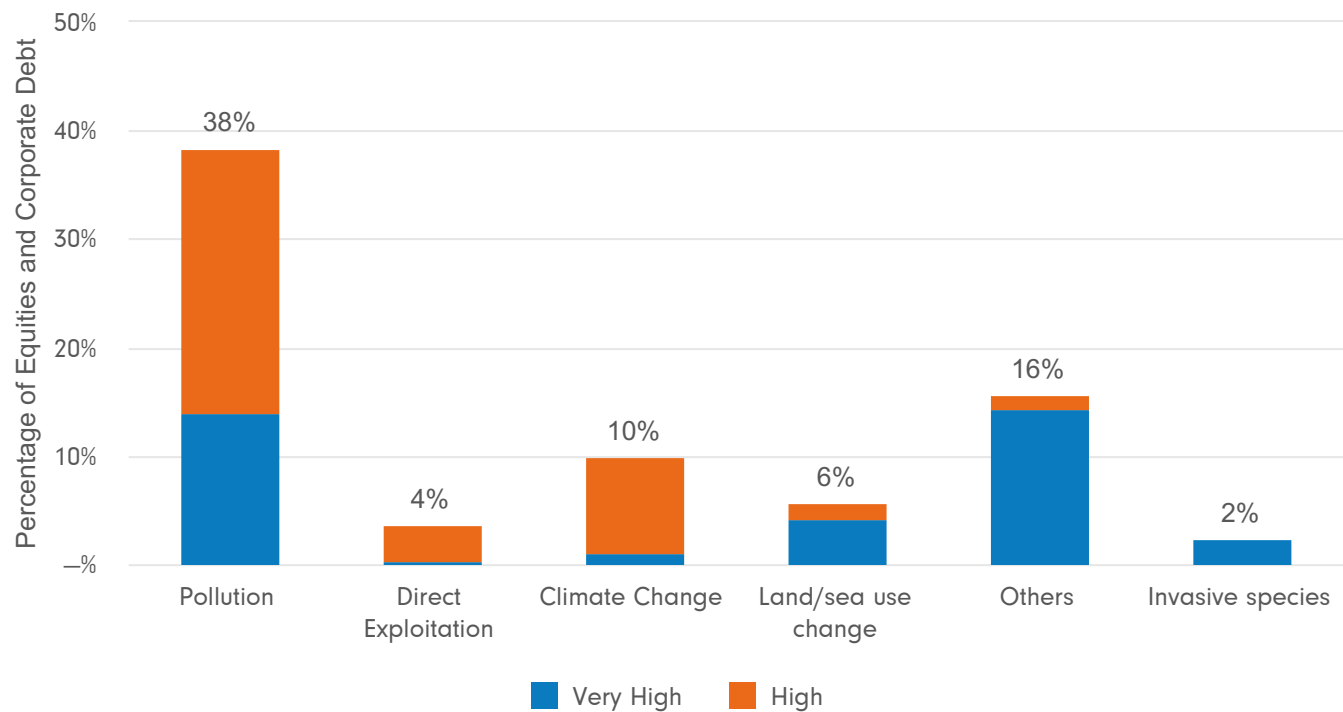
2024 Exposure to sub-industries that materially depend on ecosystem services



- Around 38% of our investments are in sub-industries with a very high, or a high, potential dependency on at least one ecosystem service.
- Agricultural products, forest products, oil and gas drilling, hotels, resorts, cruise lines, environmental and facilities services have material dependencies⁶⁸ across most ecosystem services.
- Visual amenity services has the most material dependency, closely followed by recreation related services, education, scientific and research services and water flow regulation.
- Isolating our analysis to ENCORE's provisioning and regulating ecosystem services, the exercise highlighted water flow regulation as the most material dependency, followed by water purification, flood control, water supply and genetic material.
- Re-running Fidelity's 2023 analysis ([here](#)) using this new approach, we observe a comparable 6% increase year-over-year, in sub-industries with very high, or high, potential dependency on at least one ecosystem service.
- There was consistency of the sub-industries highlighted as having material dependencies across the most ecosystem services. The update has resulted in a changed makeup of the ecosystem services that our investments depend upon.

⁶⁸Material dependency: an economic activity ranked as either 'Very High' or 'High' dependency on one or more ecosystem service.

2024 Exposure to sub-industries that exert material pressure on nature



Source: IPBES, Fidelity International, 2024.

- Approximately 41% of our investments are in sub-industries that exert a very high, or a high, pressure on at least one driver of nature loss. Pollution is identified as the most significant driver, followed by climate change, land/sea use change, direct exploitation, invasive species, and others.
- The sub-industries with significant impacts include agricultural products, steel, coal and consumable fuels and diversified metals and mining.
- Due to updates in ENCORE's knowledge base, we cannot provide a comprehensive year-over-year comparison for our 2024 holdings.
- However, re-running our 2023 holdings against the updated base shows a 1% decrease in investments in high-pressure

sub-industries (from 42% in 2023 to 41% in 2024). The most material drivers remain consistent, with Pollution being the most significant, followed by Others, Climate Change, Land/Sea Use Change, Direct Exploitation, and Invasive Species.

Acknowledging the interconnections between pressures and dependencies, water has been identified as a material issue. Our portfolios are significantly exposed to sub-industries that exert pressure on emissions of toxic and nutrient soil and water pollutants, and sub-industries that are highly dependent on fresh water. This has led to water being highlighted as an engagement theme.

Further information on 2023 can be found in [Appendix 4](#).

A review of progress towards our nature-related commitments

As a Finance for Biodiversity pledge signatory and foundation member, we have committed to protecting and restoring nature through our financing activities and investments, by addressing the five core elements of the pledge:

1. Collaboration and knowledge sharing
2. Engaging with companies
3. Assessing impact
4. Setting targets

5. Publicly reporting on these activities by 2025

At COP26 in 2021, we signed the Financial Sector Commitment Letter on Eliminating Commodity-Driven Deforestation, re-named Finance Sector Deforestation Action (FSDA).⁶⁹ The commitment emphasises the role of active ownership and ongoing stewardship and the importance of collaboration with wider stakeholders to meet these goals. Our Nature Roadmap lays out our engagement-led approach to fulfilling this commitment. We set out our expectations of exposed investees, and our escalation approach where these are not achieved. This is consistent with our [Voting Principles and Guidelines](#).

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.

Over the past year, we have progressed in the following ways towards our commitments:

1. **Nature stewardship:** We launched our water risk thematic engagement and continued our engagements on deforestation and nature collaborations. Further information on the progress of these engagements is in our UK Stewardship Code submission. We also began to apply our minimum deforestation-related expectations for high-risk companies.
2. **Deforestation thematic engagement:** In 2024, we engaged with 25 companies and 8 financial institutions within our deforestation thematic engagement. We have identified around 3 to 5 milestones per issuer, and recorded mid-teens milestones achieved by companies so far. Half of the milestones achieved by issuers related to improved disclosure, such as issuers sharing percentage of certified volumes and initiating a CDP (Carbon

Disclosure Project) Forests disclosure. The other half related to improved practice or policies, such as issuers adopting a time-bound deforestation-free commitment. Despite some progress, few companies can claim deforestation-free direct operations and supply chains. In 2024, CDP reported that only 64 companies reported that at least one commodity supply chain was 100% deforestation or conversion-free⁷⁰.

3. **Setting targets:** After releasing our Nature Roadmap in 2023, we aimed to adopt TNFD recommendations early in 2024. We believe in the ongoing role of stewardship in our commitments. 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.
4. **Public Reporting:** As an early adopter, we have started our TNFD reporting with this report, and our nature engagements in our Stewardship report.

Remuneration

While there is no common approach across asset classes and teams, ESG is integrated into our in-depth company and industry analysis. It forms a material part of our investment process.

- Investment professionals are remunerated based in part on investment performance. We also consider the extent to which client objectives are met.⁷¹
- Investment analysts receive compensation based on the quality of their recommendations and research notes. These include an assessment of ESG factors.
- A portfolio manager's remuneration will be linked to ESG considerations if their

⁶⁹ [DFF commitment letter](#)

⁷⁰ CDP Global Forests Report 2024

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portfolios have particular ESG restrictions, or requirements.

- The Sustainable Investing Team are incentivised based on the company's development in ESG, and the team's success in implementing the firm's ESG policies.
- Relevant employees in charge of sustainability initiatives across our business operations are compensated in the overall year-end appraisal. This is based on project ESG outcomes and our corporate-wide environmental goal and metrics.

You can find out more in the [Fidelity Remuneration Policy](#).



Appendix 1: Regulatory Reporting Summary - Subsidiary Level Reporting

Global TCFD regulatory scope

In this section, we summarise the TCFD reporting regulations by country which apply to FIL.

There is no regulatory requirement to report under TNFD and we have chosen to report as an Early Adopter .

- The below local TCFD regulatory requirements are factored into the FIL Group Climate report.
- Taiwan (Code of Practice for Risk Management of Securities Investment Trust Enterprises incl. Climate Risk) - A local report has been published to ensure compliance with local regulatory obligations. Here is the link for our [Taiwan Climate Report](#).
- Hong Kong (SFC – Circular on Management and Disclosure of climate-related risks) – requirements captured within this Climate Report.
- Singapore (Monetary Authority of Singapore 2020/12 - Guidelines on Environmental Risk Management) – requirements captured within this Climate Report.
- UK regulatory disclosures are covered collectively on the next page - [here](#).

Review and scoping exercise to determine 'group' definition

To agree the in-scope entities which define the FIL 'group' (for the context of this report), we completed an assessment of all legal entities, across the complete hierarchy feeding into FIL

to categorise all entities into one of the three categories below :

1. Corporate Assets - legal entities associated with our corporate real estate and employees. Captured within our business operations data.
2. Client Investments - legal entities with asset management responsibilities as defined by discretionary investment management authority. Captured within our investments data.
3. Other - legal entities which fall outside the above two categories, due to immateriality or no availability of data, and out of scope of this report.

Whilst the assessment process remains in its infancy, we appreciate that our Group definition will be of key importance as we expand our sustainability reporting capabilities, and as we work to deliver against future regulations.

UK legal subsidiary disclosures

Fidelity confirms that it has made climate-related financial disclosures for the year ended 31 December 2024 that it believes are consistent with TCFD Recommendations and Recommended Disclosures (and as required by the UK Financial Conduct Authority (FCA) ESG sourcebook, including SDR Entity reporting). In the table below, we detail the UK subsidiaries of FIL that are required to produce a Climate (TCFD), and an SDR Entity, report.

Entity	In / Out of Scope	Rationale
FIL Limited	Consolidation of reporting approach at group-level (not required to produce Climate reporting according to regulations).	Consolidated reporting at the group level entity. Representative of the 'group' report, on which the UK and other regulated subsidiaries can rely upon under the UK and other global rules.
FIL Investments International (FIL)	In scope	(1) FIL is conducting 'TCFD in-scope business', i.e. 'portfolio management' and; (2) has AuM above the threshold/exemption level (£5bn) for requiring reporting.
FIL Investment Services (UK) Limited (FISL)	In scope	(1) FISL is conducting 'TCFD and SDR in-scope business', i.e. a UK UCITS and AIF Management Company, and; (2) has AuM above the threshold/exemption level of £5bn for TCFD and SDR, requiring reporting.
FIL Pensions Management (FPM)	In scope	(1) FPM is conducting 'TCFD in-scope business', i.e. 'portfolio management', and; (2) has AuM above the threshold/exemption level (£5bn) for requiring reporting.
FIL Investment Advisors (UK) Limited (FIA UK)	In scope	(1) FIA UK is conducting 'TCFD in-scope business', i.e. 'portfolio management' and; (2) has AuM above the threshold/exemption level (£5bn) for requiring reporting.
FIL Investment Management Limited (FIML)	In scope	Not FCA regulated, but reporting is required by the 'Mandatory Climate-related financial disclosures' as per the UK Department for Business, Energy and Industrial Strategy regulation.

These reports are on the following pages of this section.

FIL Investments International (FII)

Introduction

This Climate report for FIL Investments International (FII) (a subsidiary of FIL) aligns with the UK regulatory requirements and with Fidelity's overarching approach as documented in the FIL Limited (The Group, or Fidelity) Climate and Nature report, also referred to as the main report. FII is the Fidelity company that provides portfolio management services to other FIL Group companies and to global institutional investors. This report should be read in conjunction with the main report ([please see here](#)). FII 'Product' reporting is available to eligible institutional clients on an on-demand basis. If required, please get in touch with your usual Fidelity contact. FII's approach to climate matters aligns to the Fidelity Group approach, except for any material deviations which are presented below.

Alignment of FII to the Group approach

The Board of FII relies on the governance, i.e. the Group structures and committees (described in greater detail here) to set the strategy and the agenda to manage and oversee climate related risks and opportunities. FII may appoint Group sub-advisors to manage, in whole or in part, selected client mandates, and these sub-advisors adopt the Group approach as described within the main report ([please see here](#)). FII therefore aligns to the broader Group in terms of climate matters. However, in certain cases, as described below, FII appoints non-associated companies as sub-advisors for certain client mandates, and therefore the management of climate matters will deviate from the Group approach.

Material deviations from the Group approach

Fidelity Institutional Asset Management

FII has appointed Fidelity Institutional Asset Management LLC (FIAM), a non-associated company, as the sub-advisor for certain mandates (further details are available to applicable clients requesting an on-demand report). None of the mandates sub-advised to FIAM are considered ESG focused.

The following is based upon the information provided by FIAM:

Governance	Partially aligned - please see material deviations below.
Strategy	Partially aligned - please see material deviations below.
Risk Management	Partially aligned - please see detail below.
Metrics & Targets	Partially aligned - please see material deviations below.

FIAM's Governance

FIAM's senior management oversees its sustainable investing portfolios and related research and investment processes and provides periodic updates to the fund boards.

FIAM's Strategy

FIAM's portfolio management teams are supported by research to assist in the assessment of investment-related risks and opportunities. This research includes coverage of sustainable investment factors, including climate-related factors, determined to be material to the long-term value of securities and may inform the portfolio management team's investment analysis. Additionally, through its stewardship efforts, FIAM works with portfolio companies to promote long-term value creation for shareholders.

FIAM's Risk Management

FIAM's research on sustainable investment risks, including climate-related risks, is based on an assessment of financial materiality. Such research enables the portfolio management team to assess and prioritise the most relevant risks to an issuer in a given industry or sector and to manage portfolio exposure to sustainable investment risks.

Metrics and Targets

Assets Under Management (AUM) and calculated emissions for mandates sub-advised to FIAM have been included within the main report. These are within the reporting for investment related emissions (Scope 3, category 15).

Compliance statement

I can confirm that the disclosures in this report and as relied upon, the main report, comply with the requirements set out in the UK FCA ESG sourcebook chapter 2.



Niamh Brodie-Machura, Co-CIO, Equities

FIL Investment Services (UK) Limited (FISL)

Introduction

This Climate report for FIL Investment Services (UK) Limited (FISL) (a subsidiary of FIL) aligns with the UK regulatory requirements (for both TCFD and SDR entity reporting) and with Fidelity's overarching approach as documented in the FIL Limited (The Group, or Fidelity) Climate and Nature report, also referred to as the main report. FISL is the Fidelity company responsible for the management of Fidelity's range of UK funds and acts as the Investment Manager of investment companies. This report should be read in conjunction with the main report ([please see here](#)) and the available [product reporting](#) (which captures information for individual funds and investment companies). FISL's approach to climate matters aligns to the Fidelity Group approach, except for any material deviations which are presented below.

Alignment of FISL to the Group approach

The Board of FISL relies on the governance, i.e. the Group structures and committees (described in greater detail here) to set the strategy and the agenda to manage and oversee climate related risks and opportunities. FISL appoints Group sub-advisors to manage selected funds, and these sub-advisors also adopt the Group approach as described within the main report ([please see here](#)). FISL therefore aligns to the broader Group in terms of climate matters. However, in certain cases, as described below, FISL has appointed non-associated companies as sub-advisors to certain funds, and therefore the management of climate matters will deviate from the Group approach.

Material deviations from the Group approach

Fidelity Institutional Asset Management (FIAM)

FISL has appointed Fidelity Institutional Asset Management LLC (FIAM), a non-associated company, as the sub-advisor for certain funds (these are clearly labelled within the relevant TCFD product reports). None of the funds sub-advised to FIAM are considered ESG focused.

The following is based upon the information provided by FIAM:

Governance	Partially aligned - please see material deviations below.
Strategy	Partially aligned - please see material deviations below.
Risk Management	Partially aligned - please see detail below.
Metrics & Targets	Partially aligned - please see material deviations below.

FIAM's Governance

FIAM's senior management oversees its sustainable investing portfolios and related research and investment processes and provides periodic updates to the fund boards.

FIAM's Strategy

FIAM's portfolio management teams are supported by research to assist in the assessment of investment-related risks and opportunities. This research includes coverage of sustainable investment factors, including climate-related factors, determined to be material to the long-term value of securities and may inform the portfolio management team's investment analysis. Additionally, through its stewardship efforts, FIAM works with portfolio companies to promote long-term value creation for shareholders.

FIAM's Risk Management

FIAM's research on sustainable investment risks, including climate-related risks, is based on an assessment of financial materiality. Such research enables the portfolio management team to assess

and prioritise the most relevant risks to an issuer in a given industry or sector and to manage portfolio exposure to sustainable investment risks.

Metrics and Targets

Assets Under Management (AUM) and calculated emissions for mandates sub-advised to FIAM have been included within the main report. These are within the reporting for investment related emissions (Scope 3, category 15).

Geode Capital Management LLC

FISL has appointed Geode Capital Management LLC (Geode), a non-associated company, as the sub-advisor for certain funds (these are clearly labelled within the relevant TCFD product reports). This means that where Geode manages the assets held by a fund, there are deviations from the Group approach.

The following is based upon the information provided by Geode:

Governance	Partially aligned - please see material deviations below.
Strategy	Partially aligned - please see material deviations below.
Risk Management	Unaligned - please see material deviations below.
Metrics & Targets	Unaligned - please see material deviations below.

Geode's Governance and Strategy

Geode is primarily a sub-advisor for passive equity mandates that track an index. Due to the passive nature of Geode's business, it approaches ESG (including climate) through stewardship and engagement activities carried out by its dedicated stewardship team. Geode investment decisions do not exclude or include securities based on its views of ESG factors. However, ESG factors have been taken into account by index providers in index construction in connection with passive ESG mandates managed by Geode that are benchmarked to ESG indices.

Geode has an ESG Committee that oversees its ESG policy and initiatives. The committee meets quarterly and holds ad-hoc meetings (as needed) to provide oversight and review the following:

- High profile/complex ESG proxy votes
- Geode's ESG-related documents
- Geode's stewardship metrics

FISL remains responsible for the overall governance arrangements for the sub-advised funds. Additionally, Geode will undertake governance related to its responsibilities.

Geode's Risk Management

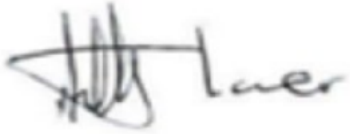
Where Geode acts as sub-advisor for certain funds, these are passively managed and therefore do not take investment decisions based on ESG risks and opportunities (including climate). FISL remains responsible for the overall risk management for the sub-advised funds. Additionally, Geode will undertake risk management related to its responsibilities.

Geode's Metrics and Targets

Geode does not report ESG related metrics nor does it set ESG targets. The products managed by FISL are captured in the aggregate numbers reported earlier in this document (the main report) and include products sub-advised to Geode.

Compliance statement

I can confirm that the disclosures in this report and as relied upon, the main report, comply with the requirements set out in the UK FCA ESG sourcebook chapter 2 and 5 covering TCFD and SDR Entity reporting.

A handwritten signature in dark ink, appearing to read 'Tony Lanser'. The signature is stylized with a large, looped initial 'T' and a cursive 'L'.

Tony Lanser, Head of Asset Management Delivery

FIL Pensions Management (FPM)

Introduction

This Climate entity report for FIL Pensions Management (FPM) aligns with the UK regulatory requirements and with Fidelity's overarching approach as documented in the FIL Limited (The Group, or Fidelity) Climate and Nature report, also referred to as the main report. FPM is the Fidelity company that provides portfolio management services to predominantly UK-based institutional investors. This report should be read in conjunction with the main report ([please see here](#)). FPM 'Product' reporting is available to eligible institutional clients on an on-demand basis. If required, please get in touch with your usual Fidelity contact. FPM's approach to climate matters aligns to the Fidelity Group approach, except for any material deviations which are presented below.

Alignment of FPM to the Group approach

The Board of FPM relies on the governance, i.e. the Group structures and committees (described in greater detail here) to set the strategy and the agenda to manage and oversee climate-related risks and opportunities. FPM appoints Group sub-advisors to manage selected client mandates, and these sub-advisors adopt the Group approach as described within the main report ([please see here](#)). FPM therefore aligns to the broader Group in terms of climate matters. However, in certain cases, as described below, FPM makes available the services of and appoints non-associated companies as sub-advisors for certain client mandates, and therefore the management of climate matters will deviate from the Group approach.

Material deviations from the Group approach

Fidelity Institutional Asset Management

FPM has appointed Fidelity Institutional Asset Management LLC (FIAM), a non-associated company, as the sub-advisor for certain funds (these are clearly labelled within the relevant Climate product reports). None of the funds sub-advised to FIAM are considered ESG focused. It is to be noted that FIAM delegates some investment management activities to Fidelity Management and Research (FMR).

The following is based upon the information provided by FIAM:

Governance	Partially aligned - please see material deviations below.
Strategy	Partially aligned - please see material deviations below.
Risk Management	Partially aligned - please see detail below.
Metrics & Targets	Partially aligned - please see material deviations below.

FIAM's Governance

FIAM's senior management oversees its sustainable investing portfolios and related research and investment processes and provides periodic updates to the fund boards.

FIAM's Strategy

FIAM's portfolio management teams are supported by research to assist in the assessment of investment-related risks and opportunities. This research includes coverage of sustainable investment factors, including climate-related factors, determined to be material to the long-term value of securities and may inform the portfolio management team's investment analysis. Additionally, through its stewardship efforts, FIAM works with portfolio companies to promote long-term value creation for shareholders.

FIAM's Risk Management

FIAM's research on sustainable investment risks, including climate-related risks, is based on an assessment of financial materiality. Such research enables the portfolio management team to assess

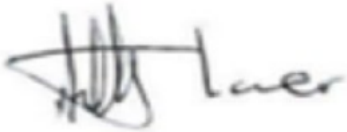
and prioritise the most relevant risks to an issuer in a given industry or sector and to manage portfolio exposure to sustainable investment risks.

Metrics and Targets

Assets Under Management (AUM) and calculated emissions for mandates sub-advised to FIAM have been included within the main report. These are within the reporting for investment related emissions (scope 3, category 15).

Compliance statement

I can confirm that the disclosures in this report and as relied upon, the main report, comply with the requirements set out in the FCA ESG sourcebook chapter 2.

A handwritten signature in dark ink, appearing to read 'Tony Lanser', is positioned above the printed name.

Tony Lanser, Head of Asset Management Delivery

FIL Investment Advisors (UK) Limited (FIA UK)

Introduction

This Climate entity report for FIL Investment Advisors (UK) Limited (FIA UK) aligns with the UK regulatory requirements and with Fidelity's overarching approach as documented in the FIL Limited (The Group, or Fidelity) Climate and Nature report, also referred to as the main report. FIA UK is the Fidelity company that provides portfolio management services to certain institutional investors where clients are of United States origin. This report should be read in conjunction with the main report ([please see here](#)). FIA UK 'Product' reporting is available to eligible institutional clients on an on-demand basis. If required, please get in touch with your usual Fidelity contact. FIA UK's approach to climate matters aligns to the Fidelity Group approach.

Alignment of FIA UK to the Group approach

The Board of FIA UK relies on the governance, i.e. the Group structures and committees (described in greater detail [here](#)) to set the strategy and the agenda to manage and oversee climate related risks and opportunities. FIA UK therefore aligns to the broader Group in terms of climate matters. FIA UK does not appoint delegates outside of the Group and therefore there are no material deviations to the Group approach to climate matters.

Material deviations from the Group approach

N/A

Compliance statement

I can confirm that the disclosures in this report and as relied upon, the main report, comply with the requirements set out in the UK FCA ESG sourcebook chapter 2.



Niamh Brodie-Machura, Co-CIO, Equities

Entity Sustainability Disclosure Requirements (SDR)

This section maps SDR entity level reporting requirements under the FCA ESG Sourcebook, chapter 5 to locations contained in this report

Sustainability Disclosure Requirement Entity Report	Content of a sustainability entity report	Location / or comments
ESG 5.6.1 R	<p>In addition to the requirements at ESG 5.4.5R, a manager must, in relation to the overall assets it manages within its sustainability in-scope business:</p> <ol style="list-style-type: none"> Set out the following information relating to: <ol style="list-style-type: none"> the manager's approach to governance, with respect to managing sustainability risks and opportunities; the actual and potential impacts of any material sustainability-related risks and opportunities on the manager's businesses, strategy and financial planning; how the manager identifies, assesses and manages sustainability-related risks; and the metrics and targets used by the manager to assess and manage relevant material sustainability-related risks; Explain, either in its sustainability entity report or in a cross-referenced public product-level sustainability report, where its approach to a particular investment strategy, asset class or product is materially different to its overall entity-level approach to governance, strategy, risk management or targets and metrics; and Where relevant, briefly explain in its sustainability entity report how the manager's strategy has influenced the decision-making and process by which it delegates functions, selects delegates, and relies on services, strategies or products offered or employed by third parties, including delegates. 	<ol style="list-style-type: none"> Governance of sustainability risks and opportunities <ul style="list-style-type: none"> Sustainability risks and opportunities on strategy and planning Identification, assessment and management of sustainability risks Metrics, targets used to manage sustainability risks Explain differences to entity approach Explain how this has influenced delegation, services or offerings by third parties (inc delegates)
5.6.4 (R)	<p>Where a manager uses either a sustainability label or one or more of the terms in ESG 4.3.2R(2) in accordance with ESG 4.3.2R(1) in relation to a sustainability product, it must, to the extent relevant to the particular product, include the following information in a clear and accessible way in a sustainability entity report:</p> <ol style="list-style-type: none"> A description of the resources, governance and organisational arrangements the manager has in place, commensurate with the achievement of the product's sustainability objective and/or the manager's investment policy and strategy for the product; and A description of the processes in place to ensure that there is a high standard of diligence in the selection of any data or other information used (including when third-party ESG data or ratings providers are used) to inform investment decisions for the sustainability product. 	<p> Governance Role of Senior Management Sustainable Investing Resources (1) Resourcing (2) Tools and Processes Resourcing (3) QSRs </p> <p>Due diligence on data</p>

Approach to relevant sustainability-related disclosures contained in other reports at an entity-level

ESG 5.6.5 R		<ol style="list-style-type: none"> 1. If a manager is a member of a group, it may rely on disclosures consistent with those of the group or a member of its group when producing its sustainability entity report, but only to the extent that those group disclosures are relevant to the manager and cover the assets the manager manages as part of its sustainability in-scope business. 2. If a manager relies on such group disclosures, it must ensure that its sustainability entity report: <ul style="list-style-type: none"> (a) includes cross-references, including hyperlinks, to any disclosures contained within the group or group member's report that relate to assets managed by the manager in relation to its sustainability in-scope business on which the manager is relying to meet its disclosure obligations under this section; and (b) sets out the rationale for relying on the disclosure made by its group or a member of its group and why the disclosure is relevant to the assets managed by the manager in relation to its sustainability in-scope business. 	Please see here.
ESG 5.6.6 R		A manager must also ensure that any material deviations between its approach to governance, strategy, risk management or targets and metrics disclosed under ESG 5.6.1R(1) and the disclosures contained within the group report are clearly explained, either in its sustainability entity report or in the report made by its group or a member of its group.	Please see here.
ESG 5.6.7 R		<ol style="list-style-type: none"> 1. If a manager or a member of its group produces a document, other than its annual financial report, which includes disclosures relating to sustainability characteristics, the manager may cross-refer to these disclosures in its sustainability entity report where this information is relevant to clients or a person who is an investor in an unauthorised UK AIF managed by a full-scope UK AIFM or a small authorised UK AIFM, including hyperlinks to where the relevant disclosures are available. 2. Where a manager cross-refers to disclosures made by a member of its group in accordance with ESG 5.6.7R(1), it must explain in its sustainability entity report the rationale for relying on the disclosures in the supplementary document and how such disclosures are relevant to the clients or a person who is an investor in an unauthorised AIF which is a UK AIF managed by a full-scope UK AIFM or a small authorised UK AIFM of the manager's sustainability in-scope business. 	Please see here.
Compliance statement			
ESG 5.6.8 R		ESG 2.2.7R applies in relation to the preparation of a compliance statement for the purposes of a sustainability entity report as if the reference to a manager's TCFD entity report has been substituted by the reference to a manager's sustainability entity report.	Compliance statement includes TCFD and SDR Entity reporting.

Appendix 2: TCFD, TNFD alignment

Detailed TCFD, TNFD Summary

The following table cross-references the TCFD, TNFD guidance to the relevant parts of this report:

Pillar	TCFD Disclosure Questions (Climate Focus)	TNFD Disclosure Questions (Nature Focus)	Sector-Specific Guidance for Asset Managers & Financial Institutions
Governance	<p>Aligned: How does the Board oversee climate risks and opportunities?</p> <p>Aligned: What is management's role in assessing and managing climate risks?</p>	<p>How does the Board oversee nature-related dependencies, impacts risks, and opportunities?</p> <p>Partially aligned - page 29 (Considers Financial materiality)</p> <p>Describe management's role in assessing and managing nature-related dependencies, impacts, risks, and opportunities.</p> <p>Partially aligned - page 30 (Consider Financial materiality)</p>	<p>TNFD: Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.</p> <p>Investments Partially aligned - Management oversees Nature stewardship thematic engagement, Engagement policy and voting principles and guidelines. Our nature-related investor expectations can include human rights related considerations.</p> <p>Not aligned - We do not have a Human rights policy.</p>

Strategy	<p>Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.</p> <p>Business Operations</p> <p>Investments</p> <p>Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.</p> <p>Investments</p> <p>Business Operations - partially aligned - (Fidelity is a privately owned business so does not report financial planning information).</p> <p>How resilient is the strategy under different climate scenarios (e.g., 2°C or lower)?</p> <p>Scenario analysis</p>	<p>What nature-related dependencies, impacts, risks and opportunities in the organization's direct operations and supply chain, and business model?</p> <p>Not expected to directly or materially affect our Business operations or supply chain.</p> <p>How does nature-related dependencies, impacts, risks and opportunities affect the organisation's business model, value chain, strategy, and financial planning, as well as any transition plans or analysis in place</p> <p>Investments -partially aligned (Fidelity is a privately owned business so does not report financial planning information).</p> <p>Business Operations- Partially aligned. We have reduced our impacts and dependencies historically through reducing water usage, waste. We have appointed an ecologist for our Kingswood site in Surrey.</p> <p>How resilient is the strategy under different scenarios?</p> <p>Not feasible - Dependent on the release of nature scenarios from Science, IBPES and third party providers.</p> <p>Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.</p> <p>Investments/Business Operations - Not aligned.</p>	<p>TCFD and TNFD: Explain how climate- and nature-related risks are factored into investment decisions, and products.</p> <p>Investments</p> <p>Investments</p> <p>TCFD: Describe how portfolios might be affected by the transition to a net zero economy.</p> <p>Scenario analysis</p> <p>TNFD: Explain how how nature-related dependencies, impacts, risks, and opportunities are factored into product development and investment or ownership strategy</p> <p>Investments</p> <p>Investments: Partially aligned</p> <p>Fidelity ESG ratings incorporate Nature related assessments (double materiality).</p> <p>Dependencies and Impacts are mapped using the Encore tool and methodology. We use these in our Stewardship nature-related engagement approach. A key limitation of our approach is the on the availability of location specificity and its associated materiality at an issuer level.</p> <p>Financial institutions should disclose the locations in their direct operations that meet the criteria for priority locations in the TNFD Recommendations.</p> <p>Business Operations</p>
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<p>Risk & Impact Management</p>	<p>What processes does the organization use to identify, assess, and monitor climate-related risks and opportunities?</p> <p>Fidelity</p> <p>Business Operations</p> <p>Investments</p> <p>Describe the organisation's processes for managing climate-related risks.</p> <p>Fidelity</p> <p>Business Operations</p> <p>Investments</p>	<p>Describe the organisation's processes for identifying, assessing, and prioritising nature-related dependencies, impacts, risks, and opportunities in its direct operations.</p> <p>Business Operations –Whilst we have set targets reducing our dependency and impacts (Water, waste and natural resources), we do not expect Nature to directly or materially impact our business operations.</p> <p>Describe the organisation's processes for identifying, assessing, and prioritising nature-related dependencies, impacts, risks, and opportunities in its upstream and downstream value chain(s).</p> <p>Public Investments - partially aligned</p> <p>Not aligned - private markets.</p> <p>Describe the organisation's processes for monitoring nature-related dependencies, impacts, risks, and opportunities.</p> <p>Investments- Encore Mapping and Nature -related Stewardship/Engagements</p> <p>Describe how processes for identifying, assessing, prioritising, and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.</p> <p>Investments- Aligned</p>	<p>TCFD:</p> <p>Asset managers should also describe how they identify and assess material climate-related risks for each product or investment strategy. This might include a description of the resources and tools used in the process.</p> <p>Investments- aligned</p> <p>Asset managers should describe how they manage material climate-related risks for each product or investment strategy.</p> <p>Investments - aligned see above</p> <p>Describe engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks to improve data availability and asset managers' ability to assess these risks.</p> <p>Investments - aligned see above and Investments.</p> <p>TNFD:</p> <p>For a financial institution, the primary focus should be on downstream value chains, which are effectively the financial institutions' financial, investment, and insurance portfolios.</p> <p>Aligned - our approach is focussed on Investments</p> <p>Describe, how risk functions (in the case of all institutions) and investment teams monitor nature-related dependencies, impacts, risks, and opportunities in its direct operations and financial portfolios.</p> <p>Business Operations - not aligned</p> <p>See here: Investments - and here: Investments - partially aligned</p> <p>Describe the integration of nature related risk considerations into credit risk, market risk, operational risk, underwriting risk, and investment risk.</p> <p>Investments - partially aligned. We engage with priority issuers identified using nature-related datasets including ENCORE heat mapping.</p>
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Metrics & Targets	<p>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>Business Operations- aligned</p> <p>Investments - aligned</p> <p>Disclose Scope 1, 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.</p> <p>Business Operations - aligned</p> <p>Investments - aligned</p> <p>Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</p> <p>Business Operations - aligned</p> <p>Investments - aligned</p>	<p>Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.</p> <p>Investments - We track this with our 3 Climate and Nature Levers, and our Engagements.</p> <p>Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.</p> <p>Investments - aligned</p> <p>Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks, and opportunities and its performance against these.</p> <p>Investments- aligned</p>	<p>TCFD: Asset managers should describe metrics used to assess climate-related risks and opportunities in products or investment strategy, and how these metrics have changed over time.</p> <p>Investments - aligned</p> <p>TCFD: Asset managers should disclose GHG emissions for their assets under management and the WACI, and other climate metrics they believe are useful for decision-making. These should be calculated under PACF or a comparable methodology.</p> <p>Investments - aligned</p> <p>TNFD: Recommends that financial institutions disclose all core global dependency and impact disclosure metrics, listed in Annex 1 of the TNFD Recommendations, for each material dependency and impact in the financial institution's direct operations described in Strategy A, if any.</p> <p>Investments - partially aligned. We are dependent upon companies to begin disclosing metrics first under TNFD.</p> <p>Recommends that financial institutions disclose a metric that represents the exposure to a defined set of sectors considered to have material nature-related dependencies and impacts.- aligned (Encore methodology), Not aligned on location specific disclosure.</p> <p>The description of the metrics' scopes and the methodologies applied should include whether these are identified and categorised based on regulatory or voluntary taxonomies, market based standards, or internal definitions.- partially aligned</p> <p>The underlying assumptions and methodologies behind any estimates should be clearly stated and based on the best available information about the locations and activities of companies. Such disclosures are expected to be at an aggregate level and not at the level of individual portfolio holdings. - aligned</p>
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Climate and Nature Initiatives:

Name	Type of Initiative	First Joined/ engaged
Asia Investor Group on Climate Change (AIGCC)	Industry Association	2020
Asia Securities Industry and Financial Markets Association (ASIFMA)	Industry Association	2015
CDP (formerly Carbon Disclosure Project)	Membership -	2019
Climate Bonds Initiative (CBI)	Membership -	2019
EUROSIF	Industry Association	2017
European Public Real Estate Association (EPRA)- SFDR working group	Industry Association	2023
Farm Animal Investment Risk and Return (FAIRR)	Membership -	2020
Finance for Biodiversity	Signatory	2021
Glasgow Financial Alliance for Net Zero (GFANZ)	Membership -	2021
Global Standard on Responsible Corporate Climate Lobbying	Membership -	2022
Hong Kong Green Finance Association (HKGFA)	Industry Association	2020
Hong Kong Principles of Responsible Ownership (Stewardship code)	Signatory	2017
Green Finance Industry Taskforce Singapore	Membership -	2020
Institutional Investors Group on Climate Change (IIGCC)	Industry Association	2020
IFRS Sustainability Alliance (formerly known as SASB Alliance)	Standard Setter	2020
Investor Group on Climate Change (IGCC)	Membership -	2021
Japanese Stewardship Code	Signatory	2014
UK Stewardship Code (FRC - Financial Reporting Council)	Standard Setter	2010
Taiwan Stock Exchange's Stewardship Principles for Institutional Investors	Signatory	2016
Net Zero Asset Managers Initiative (NZAM)- currently suspended	Suspended	2020
One Planet Asset Manager initiative (OPAM) [One Planet Sovereign Wealth Fund (OPSWF)]	Membership -	2021
Partnership for Carbon Accounting Financials (PCAF)	Standard Setter	2022
Point Zero Carbon Programme	Membership -	2022
Powering Past Coal Alliance	Membership -	2021
Principles for Responsible Investment (PRI)	Signatory	2012
UK Sustainable Investment and Finance Association (UKSIF)	Industry Association	2010
Taskforce on Nature-related Financial Disclosures (TNFD)	Standard Setter	2021
Transition Pathway Initiative (TPI)	Standard Setter	2021
Finance Sector Deforestation Action (FSDA)	Signatory	2021
World Benchmarking Alliance	Standard Setter	2020

Appendix 3: Global Policies

Global Sustainability Related Policies

Name	Description	Use cases
Health, Safety and Sustainability Policy	Sets out Fidelity's commitment to health, safety and sustainability within the company and is supported by the Health, Safety and Sustainability Management System. Includes commitments to develop carbon, natural resources and waste data systems to effectively monitor and analyse performance.	This is an important foundation of our ambition to set the right course so that we can reduce the impact on the environment and also evidence it to our investee companies. This covers our operational targets including emissions, water, waste and recycling.
Global Procurement Policy	Sets out Fidelity's commitment to protect the environment and expectations for suppliers to share its commitment by responding to challenges posed by climate change and action to protect the environment.	Suppliers should develop, implement and maintain environmentally responsible business practices. Including expectations in line with the Group's Supplier Code of Conduct.
Supplier Code of Conduct	Sets out Fidelity's expectations of suppliers regarding business conduct, environmental management, labour, diversity and human rights and supply chain management. We require our suppliers to acknowledge adherence to our Supplier Code of Conduct or evidence that their own codes are materially compatible in all key areas. See here for more detail.	Our benchmarking of our suppliers through Ecovadis is about expanding our visibility of our supply chain, and providing an ESG assessment for us to identify laggards and engage with them to improve.
Enterprise Risk Management Policy	Sets out Fidelity's Risk Management policy including the guiding principle and global minimum control requirements for the management of Operational, Strategic, Investment, Financial and ESG risk-types; defines roles and responsibilities of key stakeholders in the ERM Framework; and governance and escalation pathways.	<p>Fidelity's approach to sustainability and ESG risk management is to consistently embed and enhance ESG expectations and ambitions into FIL's strategic planning activities along with associated risk management processes.</p> <p>This enables embedding ESG and climate risks within risk management processes including identification and assessment, management and monitoring of ESG related risks for the organisation.</p>

Sustainable Investing Principles	<p>The Sustainable Investing Principles document (SI Principles) aims to set out the guiding principles and minimum requirements for sustainable investing activities across Fidelity SI Principles.</p> <p>Further information on our exclusion policies can be found in our SI Principles document.</p>	<p>At Fidelity International, we are committed to continue meeting and exceeding our clients' growing expectations for sustainable investing. The Sustainable Investing Principles document (SI Principles) aims to set out the guiding principles and minimum requirements for sustainable investing activities across Fidelity.</p> <p>The SI Principles document starts with 'An Overview of Sustainable Investing' for all investors. Building on this background, we set out Fidelity's Sustainable Investing Beliefs, integration tools, ratings and processes, stewardship activities, investment solutions, as well as a summary of relevant sustainability regulations..</p>
Climate Investing Framework	<p>The Climate Investing Framework sets out Fidelity's approach to climate change including initial climate targets across investments and business operations. Our Climate Investing Framework can be found here.</p>	<p>Outlines the Asset Manager's Climate plan for integration of climate assessments into analysis and portfolios using the climate rating, and transition engagement of our highest emitters beginning with thermal coal production.</p>
Engagement Policy	<p>Sets out how we undertake stewardship and shareholder engagement across our listed equity and fixed income holdings. Professional investors can find out further information here.⁷²</p>	<p>This engagement policy sets out how Fidelity International undertakes stewardship and shareholder engagement across our listed equity and fixed income holdings. This policy has been written in accordance with the requirements of Directive (EU) 2017/828 and its implementing measures (hereafter the "Shareholder Rights Directive").</p>
Investment Risk Management Policy	<p>Sets out Fidelity's approach to identifying, assessing and overseeing investment risks, including climate risk, which may result in material adverse impact on the value of a fund.</p>	<p>Embedding climate risks within the investment risk management framework and ensuring they are measured, managed and mitigated in the same way as the other types of risks such as market, liquidity and counterparty risks, enables FIL to have a clearer view and understanding of the climate factors that might have a negative impact on its investment decisions. The overall impact is that FIL is in a better position to understand these risks and the financial impact they have.</p>
Sustainable Investing Voting Principles and Guidelines	<p>Sets out how we vote equity securities in our managed funds.</p> <p>Professional investors can find out more here: Voting Principles and Guidelines.</p>	<p>We believe that exercising our ownership rights by voting at company meetings is a fundamental responsibility of shareholders. Engaging and voting on financially material environmental, social and governance (ESG) issues reflect our belief that active ownership can contribute to the long-term sustainability of a company and positive investor returns.</p>

⁷² Our approach to engagement in other non-listed asset classes is set out in other policies, including our Real Estate Sustainability Policy.

Data Sources

We rely on the following data vendors to provide:

- ISS for reported and estimated emissions for public equities, corporate debt and sovereigns, Weighted Average Carbon Intensity (WACI), climate targets of companies and Implied Temperature.
- MSCI for Climate Value at Risk.
- ENCORE for Nature dependencies and impacts.
- MSCI for the Nature Principle Adverse Indicator data point under SFDR.



Appendix 4: ENCORE Nature Methodology and 2023 Analysis

ENCORE methodology

During the period 2018-2023, ENCORE materiality ratings were based on qualitative assessment only. These have now been updated and, where available, now draw on quantitative environmental data. This means each materiality rating is formed using quantitative and/or qualitative indicators.

In 2024, ENCORE published an update to the knowledge base. There were seven key changes:

- Increased granularity for economic sectors.
- A refined and expanded list of ecosystem services⁷³.
- Updated information on impacts and dependencies based on the most updated scientific research.
- The inclusion of quantitative data to enable comparability of materiality ratings across sectors.
- Increased clarity around impact pathways.
- Increased information on ecosystems.
- The inclusion of downstream and upstream value chain links.

The most significant change was the replacement of GICS industry classification with the UN's International Standard Industrial Classification for All Economic Activities (ISIC). The number of changes mean that it is not possible to directly compare dependency analyses between our published 2023 Nature Roadmap and the update we provide here for 2024. For this reason, we have included a year-

over-year comparison using ENCORE's updated knowledge base.

However, the increased number of economic activities under the new industry classification provides additional granularity on potential dependencies and pressures.

Methodology for applying the ENCORE tool⁷⁴

The ENCORE dataset connects sub-industries to various economic activities, evaluating each activity to determine its potential materiality across key drivers of nature loss and dependencies on ecosystem services. For each sub-industry, we aggregate the materiality mapping of pressures and dependencies across relevant production processes to derive a single impact assessment per impact and dependency.

For sub-industries linked to multiple economic activities, we employ a conservative methodology, selecting the highest potential pressure across all activities per driver. For example, this approach is depicted in the table on the next page for the Agricultural Products sub-industry, which is mapped to 9 ISIC groups.

Similarly, we use the same approach to determine the relative potential dependency on each ecosystem service at the sub-industry level.

⁷³ The analysis now uses SEEA-EA Level 1 definitions of ecosystem services in line with the TNFD recommendations rather than CICES

⁷⁴ We have applied the ENCORE tool to our **to corporate debt and equity investments**

Illustrative example of a sub-industry linked to multiple production processes

Whilst the ENCORE tool uses ISIC, we have mapped to the Global Industry Classification Standard (GICS) to analyse our portfolios. We focussed in on sub-industries ranked as either Very High, or High, pressure, and for dependency across one or more pressures or ecosystem services, to identify potentially material impact and dependency exposures.

GICS Sub-Industry Name	ISIC Group	Disturbances (e.g. noise, light)	Area of freshwater use	Emissions of GHG	Area of seabed use	Emissions of non-GHG air pollutants	Other biotic resource extraction (e.g. fish, timber)	Other abiotic resource extraction	Emissions of toxic soil and water pollutants	Emissions of nutrient soil and water pollutants	Generation and release of solid waste	Area of land use	Volume of water use	Introduction of invasive species
Agricultural Products	Animal production	M	H	H	N/A	H	ND	N/A	H	H	VH	VH	H	H
Agricultural Products	Aquaculture	M	H	M	H	N/A	VH	N/A	H	H	H	M	M	H
Agricultural Products	Fishing	H	H	M	H	M	H	N/A	M	ND	H	N/A	M	M
Agricultural Products	Gathering of non-wood forest products	VL	N/A	N/A	N/A	N/A	VH	N/A	N/A	ND	H	N/A	M	VL
Agricultural Products	Growing of perennial crops	M	H	M	N/A	M	ND	N/A	H	H	H	H	H	H
Agricultural Products	Manufacture of prepared animal feeds	M	N/A	L	N/A	L	N/A	N/A	M	M	M	L	M	ND
Agricultural Products	Mixed farming	M	M	H	N/A	H	ND	N/A	H	VH	H	H	H	M
Agricultural Products	Plant propagation	M	H	M	N/A	M	ND	N/A	H	H	H	H	VH	H
Agricultural Products	Support activities to agriculture and post-harvest crop activities	M	N/A	H	N/A	H	ND	N/A	M	VH	H	H	VH	M

To assess potential pressures across the portfolio, we mapped the 13 pressure drivers identified by the ENCORE tool to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) drivers of biodiversity loss as below. Light green = very low, green = low, light orange = medium, orange = high, dark orange = very high, ND = no data and N/A = not applicable.

Mapping ENCORE pressures to the IPBES drivers of nature loss (2024)

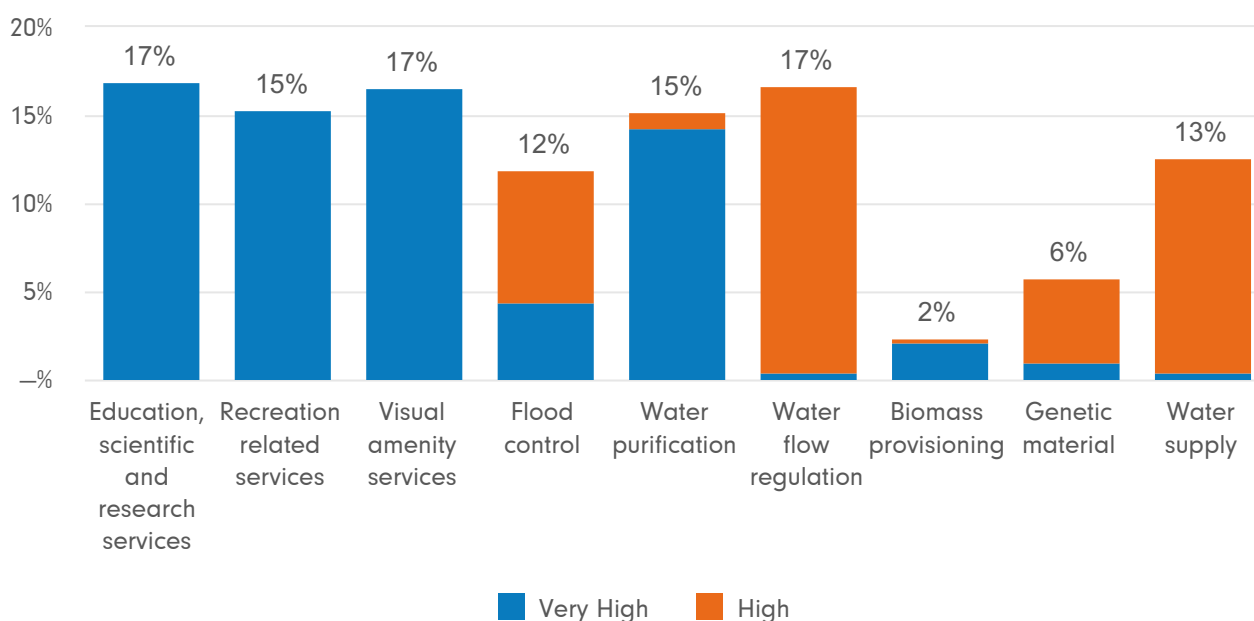
IPBES Drivers	Land/sea use change	Terrestrial ecosystem use
		Marine ecosystem use
		Fresh water ecosystem use
	Direct exploitation	Water use
		Other resources use
	Climate change	GHG emissions
	Pollution	Water pollutants
		Solid waste
		Non-GHG air pollutants
	Others	Disturbances

Whilst the ENCORE tool uses ISIC, we have mapped to the Global Industry Classification Standard (GICS) to analyse our portfolios. We focussed in on sub-industries ranked as either Very High, or High, pressure, and for dependency across one or more pressures or ecosystem services to identify potentially material impact and dependency exposures.

Nature Analysis 2023

The following is a restatement of the ENCORE analysis for Investment exposure as of 31/12/23.

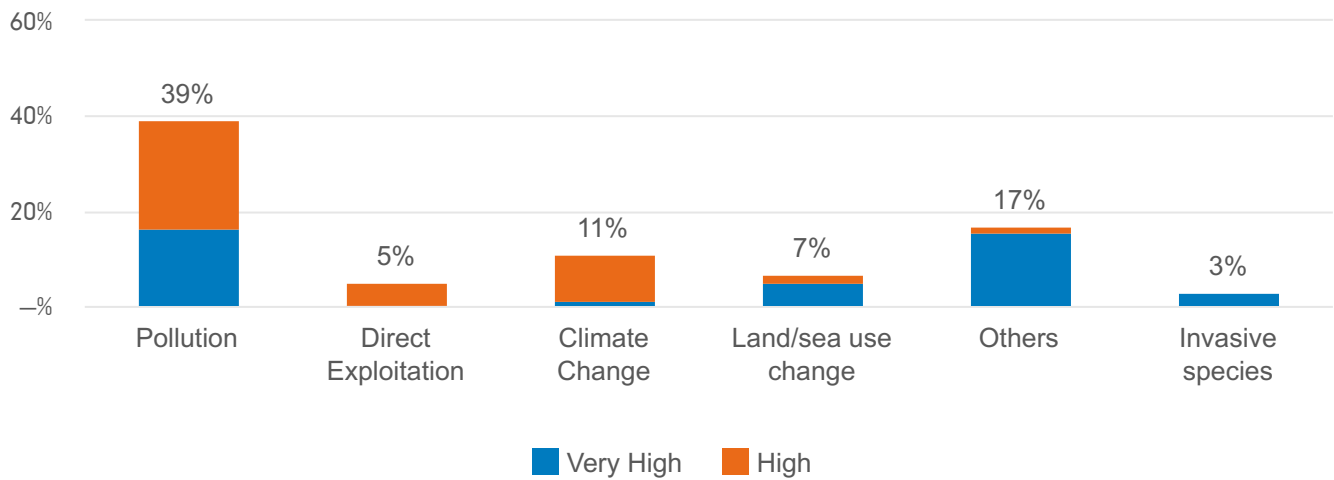
Fidelity's 2023 exposure to sub-industries that materially depend on ecosystem services



2023 Analysis key takeaways

- Around 32% of our investments were invested in sub-industries that have very high, or high, potential dependency on at least one ecosystem service.
- The sub-industries that were highlighted as having material dependencies across the most ecosystem services were agricultural products, forest products, oil and gas drilling, hotels, resorts, and cruise lines, and environmental and facilities services.
- The exercise highlighted Education, Scientific and Research as the most material dependency, closely followed by Water Flow Regulation, Visual Amenity Services, and Recreation Related Services.
- Isolating our analysis to ENCORE's provisioning and regulating ecosystem services, the exercise highlighted water flow regulation as the most material dependency, followed by water purification, flood control, water supply, and genetic material.

Fidelity's 2023 exposure to sub-industries that exert material pressure on nature



The key takeaways are:

- Around 42% of our investments were invested in sub-industries that exert very high, or high, pressure on at least one of the drivers of nature loss. Pollution was highlighted as the most material driver, followed by Others, Climate Change, Land/Sea Use Change, Direct Exploitation, and Invasive Species.
- The sub-industries with material impacts across pressure drivers were agricultural products, coal and consumable fuels, diversified metals and mining and steel.
- We observed a 1% decrease year-over-year in the percentage of our investments invested in sub-industries that exert very high, or high, pressure on at least one of the drivers of nature loss. Specifically, in 2023, around 42% of our clients' investments were in sub-industries that exert very high, or high, pressure on at least one of the drivers. Consistent with our 2024 findings, Pollution was highlighted as the most material driver, followed by Others, Climate Change, Land/Sea Use Change, Direct Exploitation, and Invasive Species. Further, we observe no year-over-year change in the most significant sub-industries with material impacts across pressure drivers.



Glossary

Active ownership - A form of stewardship whereby shareholder power is used to influence corporate behaviour through direct corporate engagement, filing or co-filing shareholder proposals, and proxy voting. This is typically guided by comprehensive guidelines.

Biodiversity: Biodiversity is the balance and variety of life on earth. It refers to the living component of natural capital, which more broadly encompasses the world's stock of natural resources, including geology (rocks and minerals), soil, air and water.

Business operations - Key Business operations that support the FIL Limited group. Business operations typically comprise office-based activities, including; business travel, working with clients and attending off-site meetings.

Carbon emissions - The total measurement of an individual's or entity's greenhouse gas emissions, converted into a single CO₂e equivalent number.

Carbon footprint - A measure of the total amount of greenhouse gasses – primarily carbon dioxide – released into the atmosphere as a result of the activities of an individual, company or other entity.

Carbon intensity - The volume of carbon emissions per million US dollars of revenue (carbon efficiency of a portfolio), expressed in tonnes CO₂e / US\$M revenue.

Carbon pricing – The cost applied to carbon pollution in order to encourage polluters to lower the amount of greenhouse gases they emit into the atmosphere. This cost may be levied in the form of a carbon tax or through

the requirement to purchase a permit through the 'cap-and trade' system..

Category 15 emissions - GHG emissions category which includes scope 3 emissions associated with the reporting company's investments (not already included in scope 1 or scope 2). This category is applicable to investors and companies that provide financial services.

CIO - Chief Investment Officer

Climate Change - A term commonly used to describe significant changes in the measures of climate, such as temperature, rainfall, or wind, that last for an extended period of time.

Climate risks - Risks linked to climate change that have the potential to affect individuals, companies, industries and wider economies. As well as physical risks, these include potential regulatory action, litigation and competitive and reputational risks that can be associated with climate change.

Climate scenarios - Plausible climate futures, taking into account increasing atmospheric concentrations of greenhouse gases.

Climate targets - A measurable long term commitment for climate policy with the aim of limiting climate change.

CO₂e - Carbon dioxide or equivalent. Greenhouse gas emissions don't just come from carbon dioxide. They can also come from methane, nitrous oxide, ozone or water vapour. Carbon dioxide equivalent – all gases, not just CO₂e that cause global warming. CO₂e is the most common greenhouse gas, but GHG emissions can also come from methane, nitrous oxide, ozone and water vapour.

Corporate Sustainability Due Diligence

Directive (CSDDD): The European Commission's legislative framework, requiring companies to conduct due diligence on their own operations and supply chains to demonstrate the actions that they are taking to protect the environment and human rights, including the development and implementation of 'prevention action plans'.

Corporate Sustainability Reporting Directive

(CSRD): The EU's sustainability reporting standard requiring companies to report on how sustainability issues, such as climate change, impact their business and how their operations in turn affect people and the planet.

Corporate value chain emissions: We deem some of our corporate emissions as within our operational control such as scope 1 and 2, and some scope 3. This is to say we have more control or influence and so we have set detailed targets for these in 2019. However there are others where we do not have the same control over, and we refer to these as Corporate value chain emissions.

Climate Transition Plan - A plan which sets out how an organisation will aim to transition its business to the low carbon economy, aiming to align its operations, assets, portfolio, and business model to meet Net Zero.

CVAR - Climate Value at risk. This is an output produced by combining a number of complex models together into one, incorporating modelling of climate science, economies, technology and company financials. These attempt to quantify the future climate impacts on the value of an investment as a result of climate change under a given climate scenario.

Decarbonisation - The removal or reduction of carbon dioxide output into the atmosphere.

Ecosystem: A dynamic complex of plant, animal, and microorganism communities and the non-living environment, interacting as a functional unit.⁷⁵

Ecosystem services: The contributions of ecosystems to the benefits that are used in

economic and other human activity.⁷⁶ For example, the provision of fresh water, the recreational and tourism opportunities of a forest or coral reef, the mitigation of flood, and the pollination of crops.

ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) is a free online tool that helps organisations start to understand their potential dependencies and impacts on nature. ENCORE sets out how the economy – sectors, subsectors, and production processes – depends and impacts on nature. Financial institutions can use data from ENCORE to identify nature-related risks they are exposed to through their lending, underwriting, and investment in high-risk industries and sub-industries.

Electricity Location-Based Methodology - Electricity consumed by the company and the carbon intensity of the local electricity grid.

Electricity Market-Based Methodology - Electricity consumed by company and the carbon intensity specific to the supplier (incorporating the renewable electricity they have purchased).

Engagement - The active ongoing process of constructive dialogue with an issuer during which changes may be sought in relation to that issuer. This can involve frequent and lengthy dialogue with representatives of the company.

Enterprise Value - Includes market value of equity, plus debt, preferred equity and unfunded pension liabilities, minus the value of associate companies and cash. Enterprise Value Including Cash (EVIC) is Enterprise Value but including cash.

Environmental factors - The environmental issues considered by responsible investors when analysing investments. Examples include climate change, resource depletion, waste, pollution and deforestation.

Environmental, Social and Governance (ESG) - ESG is used as shorthand for a range of factors considered by companies, investors, public sector and other organisations in a wide range of decision-making processes and

⁷⁵ Diaz, S et al (2015) The IPBES Conceptual Framework - connecting nature and people

⁷⁶ United Nations et al. (2021) [System of Environmental-Economic Accounting - Ecosystem Accounting \(white cover version\)](#) | [System of Environmental Economic Accounting](#)

situations including, but not limited to, strategy, purpose financing, issuer reporting and supply chain management. By way of illustration, environmental factors include climate change, resource depletion, waste, pollution and deforestation. Social factors include human rights, modern slavery, child labour, working conditions and employee relations. Corporate governance factors include bribery and corruption, executive pay, board diversity and structure, political lobbying/donations and tax strategy.

Exclusions - Exclusions prohibit certain investments from a firm, fund or portfolio. They may be applied on a variety of issues, including to align with client expectations, and at different levels (sector; business activity, products or revenue stream; company; jurisdictions/countries).

Fiduciary - A person or organisation which acts on behalf of others and is legally bound to act in their best interests.

FIL Limited - A privately-owned company incorporated under the laws of Bermuda.

FIL Limited Group - The subsidiaries of FIL Limited.

Financed Emissions - Greenhouse gas emissions that occur as a result of financing, including lending and investment activity. These activities fall within Scope 3, category 15 of the GHG protocol.

Funds - A pool of money from a group of investors in order to buy securities. This includes publicly available funds and segregated mandates for specific clients.

GDP - Gross Domestic Product.

GHG - Greenhouse Gases are gases that contribute to global warming. They get their name because they trap heat and energy from the sun, just like a glass greenhouse.

GHG Inventory Boundaries - Identifies the gases, emissions sources, geographic area and time span. It is designed to provide an entity with comprehensive understanding of where emissions are coming from as well as an indication of where it can take action, or influence change.

GHG Protocol Corporate Accounting and Reporting Standard - Standard which provides requirements and guidance for companies and other organizations preparing a GHG emissions inventory.

Investee company - Any company or other entity in which a member of the group has made an investment and which forms part of the investment portfolio of the group.

Investments - An asset or item acquired with the goal of generating income or appreciation.

IPCC - Intergovernmental Panel on Climate Change. This is the United Nations body for assessing the science related to climate change.

ISO 14001 - ISO 14001:2015 specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. ISO 14001 is maintained by the International Organization for Standardization (ISO).

Implied Temperature Rise (ITR) - An intuitive, forward-looking metric, expressed in °C (degrees Celsius), designed to show the temperature alignment of companies, portfolios and funds with global temperature goals. Investors can use ITR to set decarbonization targets and support engagement on climate risk.

Kunming Montreal Global Biodiversity Framework: The [framework](#) sets out an ambitious pathway to reach the global vision of a world living in harmony with nature by 2050. Among the Framework's key elements are 4 goals for 2050 and 23 targets for 2030.

Just Transition - A process of transition from a high-carbon to a low carbon economy using a set of principles, processes and practices designed to ensure that no people, workers, places, sectors, countries or regions are left behind in that transition.

Natural capital: The stock of renewable and non-renewable natural resources (e.g., plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people.⁷⁷

⁷⁷ Natural Capital Coalition. 2016. "Natural Capital Protocol"

Nature: The natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment.⁷⁸

Nature-based solutions: Actions to protect, sustainably manage, and restore natural and modified ecosystems in ways that address societal challenges effectively and adaptively, to provide both human well-being and biodiversity benefits.⁷⁹

Network for Greening of the Financial System (NGFS) - A group of Central Banks and Supervisors willing, on a voluntary basis, to share best practices and contribute to the development of environment and climate risk management in the financial sector and to mobilise mainstream finance to support the transition toward a sustainable economy.

Net zero - Achieving an overall balance between emissions (greenhouse gases) produced and those taken out of the atmosphere.

Net zero commitment - Organisations that have pledged to reduce the sum of their greenhouse gas emissions to 'net zero'.

The Net Zero Asset Managers Initiative (NZAMi) - An international group of asset managers established to support the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. The initiative has been suspended pending a review of the organisation's priorities.

Net zero - Achieving an overall balance between emissions (greenhouse gases) produced and those taken out of the atmosphere.

Net zero commitment - Organisations that have pledged to reduce the sum of their greenhouse gas emissions to 'net zero'.

Real Estate Investment - The practice of purchasing property as an investment, in order to generate income.

Remind - A global multi-regional model incorporating the economy, the climate system

and a detailed representation of the energy sector. It has been developed by the Potsdam Institute for Climate Impact research.

Renewable energy - Energy from a source that is not depleted, such as solar, wind and wave power.

Responsible investing - Commonly used to describe a range of ESG investing strategies, such as ethical, exclusionary, impact, socially-responsible investing and ESG integration.

Risk Tolerance - The level of risk an entity is willing to assume in order to achieve a potential desired result.

Science Based Targets Network (SBTN): Building on the momentum of the Science Based Targets initiative, the SBTN provides guidance and tools to set science-based targets for the whole Earth system: air, water, land, biodiversity, and ocean.

Scope 1, 2 & 3 Emissions - Greenhouse gas emissions are categorised into three groups or 'Scopes'. Scope 1 covers direct emissions e.g. use of natural gas, company car vehicle emissions. Scope 2 covers indirect emissions from the generation of purchased electricity, steam and heating. Scope 3 includes indirect emissions within a company's value chain sometimes referred to as upstream and downstream emissions, of which there are 15 categories. Examples include business travel (cat. 6) and Investments (cat.15).

Sustainability Disclosure Requirements (SDR) - A UK regulation which aims to build on global best practice and leading standards, SDR is a framework to facilitate and streamline the flow of robust, decision useful information between corporates, consumers and investors and capital markets. It covers a package of measures to help consumers navigate the market for sustainable investment products. It also requires certain asset managers to produce SDR product and entity reports.⁸⁰

Sustainable Finance Disclosure Regulation (SFDR) - An EU regulation introduced to improve transparency in the market for sustainable investment products, to prevent

⁷⁸ Díaz, S et al (2015) The IPBES Conceptual Framework – connecting nature and people

⁷⁹ IUCN, 2016, IUCN Global Standard for Nature-based Solutions

⁸⁰ <https://www.fca.org.uk/publications/policy-statements/ps23-16-sustainability-disclosure-requirements-investment-labels>

greenwashing and to increase transparency around sustainability claims made by financial market participants.

Sustainable Investment: An investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

Stewardship - A broad term which refers to the use of influence by an active institutional investor seeking to maximise and preserve value including, but not limited to, overall long-term value for the benefit and in the best interests of clients and beneficiaries.

Taskforce on Climate-Related Financial Disclosures (TCFD) - Created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders. Increasing the amount of reliable information on financial institutions' exposure to climate-related risks and opportunities will strengthen the stability of the financial system, contribute to greater understanding of climate risks and facilitate financing the transition to a more stable and sustainable economy.

Taskforce on Nature-related Financial Disclosures (TNFD): A risk, opportunity, dependency and impact disclosure framework for organisations to report and act on evolving nature-related risks.

mtCO₂e - Million tonnes of carbon dioxide equivalent. Every gas (not just carbon dioxide) that causes global warming is measured in metric tonnes.

Thematic Engagement - Engagements intended to accelerate progress on priority ESG issues affecting multiple companies in which we have current or potential investment interests. Each theme is underpinned by specific objectives and milestones that are tracked over time.

Transition Plan Taskforce - A taskforce working to establish best practice for firm-level transition plans and develop guidance and a

set of templates setting out both generic and sector-specific disclosures and metrics.

United Nations (UN) - A diplomatic and political international organization whose stated purposes are to maintain international peace and security, develop friendly relations among nations, achieve international cooperation, and serve as a centre for harmonizing the actions of nations.

Voting principles - Exercising voting rights is a fundamental responsibility for shareholders and a key tool to support improved returns, sustainable business behaviours and to build better financial futures. Our aim is to encourage positive change at our investee companies through engagement and voting.



Cautionary statement

This report, and its information, should be treated with special caution, as it requires a significant amount of data, methodologies, assumptions, judgements and estimations to be made at a given point in time.

Our understanding of nature, climate change effects, data, metrics and methodologies and its impact continue to evolve. Indeed, there are no clear market standards and these standards, as well as regulations, are evolving. This may lead to large scale revisions of reported data, targets and make them incomparable to previous reports on a like-for-like basis.

Judgements are made on, but not limited to, finance carbon emissions, business operations emissions, heat mapping exercises for nature impacts and dependencies, and scenario analysis. Our statements on materiality rely upon a greater number of assumptions and estimates than those in financial reporting. This applies to both climate and nature, though it is especially true for nature. The quality of data relied upon to produce climate and nature-related information is not of comparable quality to that of financial reporting, and we may make judgements to remove certain issuers with sub-quality data from our calculations following quality checks. For nature we lack locational and ecosystem related data, as well as the specificity of this information to form a materiality judgement. Where a judgement has been exercised, the estimates, or assumptions, used may subsequently turn out to be incorrect. The longer time horizon of certain information

make the assessment of materiality inherently uncertain.

A significant amount of forward-looking statements are included in this report, such as, but not limited to:

- the government policies being implemented in a timely manner in accordance with climate and or nature treaties, for example the Paris Agreement;
- climate change, nature and a transition to a low-carbon and nature resilient economy (including the risk that the Group may not achieve its targets);
- issuers in which we invest into on behalf of our clients may also not achieve their climate targets, or set targets relating to climate and/or nature
- the climate scenario analysis and its underling model being used;
- the current development of nature related scenarios and our ability to implement these in the future
- the environmental, social, geopolitical and economic risks;
- the Group's commitment to continue to deliver good customer outcomes;
- the Group's ability with government and other stakeholders to manage and mitigate the risks, opportunities, dependencies and impacts of nature loss, and climate change effectively; and
- the Group's climate transition plan, and nature roadmap.

Such forward-looking statements and other financial and/or statistical data involve risk and uncertainty, because they relate to future events and circumstances that are beyond the Group's control. Therefore, they should not be regarded as complete and comprehensive.

In order to produce this report, we relied upon external [data providers](#), their climate, nature and financial related sources, methodologies, and modelling (specifically including scenario modelling, the ENCORE dataset, and nature related PAIs). Each of these are subject to ongoing modifications beyond our control. These models can be highly sensitive to and affected by the assumptions and a wide range of factors including process followed and the quality of the data being used. As such, these will affect the accuracy and may heavily influence the outputs.

As the worldwide understanding of climate and nature effects, data, metrics and methodologies and its risk and opportunities, dependencies and impacts continues to evolve, the Group's materiality assessment and climate transition plan will continue to evolve, as does the ability to analyse and report information on climate and nature. As a result, we expect that certain climate disclosures made in this report are likely to be amended, updated, recalculated, or restated in the future.

Given the limitations mentioned above, the outcomes may be materially different to our forward-looking statements and targets.

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