

Fidelity European Pension Plan (‘FEPP’)

Sustainable Finance Investment Disclosures under EU Regulations 2019/2088 & Commission Delegated Regulation (EU) 2022/1288 (the ‘Regulations’)

Version 1.9

April 2023

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Introduction

The Fidelity European Pension Plan (“FEPP”) is a defined contribution pension arrangement established as an association d’épargne-pension (“ASSEP”) and is authorised and supervised by the Commission de Surveillance du Secteur Financier (“CSSF”) in accordance with applicable Luxembourg laws and regulations. It does not offer defined or guaranteed benefits or offer life assurance or disability insurance.

The ASSEP has a board of directors (the “Board”), who have ultimate responsibility for the investment of the ASSEP’s assets and aim to maintain the highest standards of governance. The Board formally delegates responsibility for investment decisions and the maintenance and upkeep of the investment policies to the ASSEP Investment Committee (the “Investment Committee”).

The Investment Committee has implemented policies to ensure that environmental, social and governance (ESG) factors are considered in the selection and monitoring of funds in the FEPP line-up. Details of these policies are set out later in this document.

Since Responsible Investing continues to evolve, the Investment Committee will continue to monitor the progress in this space and update their approach and policies as needed. Part of this monitoring process includes keeping existing disclosures current and publishing new disclosures when required.

FEPP invests in life funds through FIL Life Insurance (Ireland) Designated Activity Company (DAC) (“FIL Life Ireland”). The life funds invest in underlying funds managed by the FIL Limited group of companies (“FIL”) and/or third-party fund partners. Each life fund invests in one underlying fund only. It is important to note the life funds are not in scope of these regulations.

Sustainability Disclosures

The purpose of this document is to publish the FEPP’s investment disclosures relating to sustainability as required by the Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability related disclosures in the financial service sector and the Commission Delegated Regulation 2022/1288.

In accordance with the initial requirements, different timelines are stipulated for different elements of the Regulations. This document relates to all disclosures which were required to be in place by 10 March 2021 and some additional requirements expected to be in place by 1 January 2023, where applicable

FEPP level disclosures

The following section sets out key information in relation to the assessment of sustainability risks and the approach taken by FEPP through the selection of investments and the governance of the pension plan.

Sustainability Risk Policies

The process in place ensures that environmental, social and governance (ESG) factors are taken into account in the selection and monitoring of the underlying funds used to create the life funds accessible through the FEPP.

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Special consideration and preference in selecting the life funds will be given to asset managers of the underlying fund managers who have signed the United Nation's Principles for Responsible Investments (PRI) - a voluntary framework for incorporating ESG issues into investment decision-making and ownership practices. Life funds available through the FEPP will be selected from underlying funds managed by multiple asset managers, so this will apply to 3rd party fund managers as well as to Fidelity. Fidelity is already a signatory of the PRI.

Since Responsible Investing continues to evolve, the FEPP, through its Investment Committee will continue to monitor the progress in this space and update our approach and policies as needed.

Investment management is provided by Fund Managers. These managers may all have different policies in place in relation to the integration of sustainability risk. All are however regulated by competent authorities in Europe and are subject to the same or similar ESG disclosure regulations. Please refer to [Appendix 1](#) for more information on the policies of the Fund Managers on the integration of sustainability risks in their decision-making process.

Adverse sustainability impacts

The FEPP does not currently consider adverse impacts of investment decisions on sustainability factors as it is not a fund manager. The Board expects to maintain this approach in the medium term and at least until such time as underlying source information becomes more readily available and as responsible investing continues to evolve, the Board will continue to monitor the progress in this space and update their approach as needed

Notwithstanding this, a number of the underlying fund managers are considering adverse impact of investment decisions on sustainability factors. As part of the FEPP's endeavours to provide members with access to information, the FEPP reached out through FIL Life Ireland, to obtain information specifically required to be disclosed under the Regulation in relation to principal adverse impacts on sustainability factors and other sustainability regulatory requirements. The information received, relating to this element of the Regulations is set out under [Appendix 1](#).

As outlined later in this document twelve of the life funds available to participants in the FEPP are invested in underlying funds that promote environmental and social characteristics and six of the twelve life funds are included in the Lifecycle Strategy which is the FEPP's default option.

As outlined above under the heading of Sustainability Risk Policies, there are a number of guardrails in place which ensures ESG and related matters are at the core of the FEPP's decision making process when selecting funds to be available to participants in the FEPP. As part of the fund selection process, the FEPP endeavours to have a broad range of funds available to participants and going forward the criteria for fund selection will be extended to include if the funds we are considering promote ESG characteristics, have a sustainable investment as its objective, and whether the underlying Fund Manager considers adverse impacts of investment decisions on sustainability factors.

Integration of Sustainability Risks and Impact on Returns

The FEPP offers access to a wide range of life funds suitable for the retirement needs of its members. In doing so it seeks to offer different types of life funds both passive and active providing exposure to different markets and risk profiles including ESG. ESG risks are integrated into the underlying fund managers' investments election processes to different degrees; most consider sustainability risks in

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their investment processes for all investment decision making. Some offer funds with specific ESG characteristics or investment objectives. For example, FEPP offers a selection of life funds that invest in underlying funds which specifically promote environmental and/or social characteristics. Details of these funds are set out below.

Under Plan Documents on the FEPP portal you can find an additional document which provides an assessment of the likely impacts of sustainability risks on returns.

Fund level disclosures

As well as information relating to FEPP's approach to integrating sustainability risks in its policies, governance, and investment selection process overall, the Regulations set out the requirement to provide more detailed information in relation to certain types of investment products.

Whilst the life funds offered through the FEPP are not in scope of the regulation, in order to assist members to select life funds which are invested in underlying funds with ESG characteristics or objectives we have included in [Appendix 2](#) a list of the underlying funds which have concluded that they promote environmental and social characteristics. Please note that this list is subject to change in the future.

Please refer to [Appendix 2 and 2a](#) to understand which of the underlying funds are subject to Article 8 and 9 under Regulation (EU) 2019/2088. In simple terms, funds fall under three broad categories: funds with specific sustainable investment objectives (Article 9), funds promoting sustainable characteristics (Article 8) and other funds where sustainability risk may or may not be relevant.

In relation to the underlying funds identified as promoting sustainable characteristics (Article 8), the "do not harm" principle applies only to the underlying funds that take in to account the EU criteria for environmentally sustainable economic activities.

Similarly, for the underlying funds which do not promote sustainable characteristics or have sustainable investment objectives, those underlying funds do not take in to account the EU criteria for environmentally sustainable economic activities.

FEPP Remuneration policy

The FEPP Board has reviewed the FEPP Remuneration Policy in relation to the integration of sustainability risks and considers the policy consistent with the integration of such risks. The related section of the Remuneration Policy is included in [Appendix 3](#).

Review of disclosures

The Investment Committee on behalf of the FEPP Board is responsible for ensuring the information provided to members is accurate, current and in line with all legislative and regulatory requirements. In this regard the Investment Committee will be responsible for keeping the information in this disclosure document up to date. As part of its overall oversight responsibilities a review will be

conducted on a regular basis, and any amendments will be published on the website, in this document, with a clear explanation of the amendment.

Appendix 1 - - Underlying Fund Managers Prospectus

We have included here a link to the prospectus of each underlying fund manager. By following this link, you will find information on the following:

1. The Fund Manager's statements on due diligence policies where they consider principal adverse impacts of investment decisions on sustainability factors.
2. The Fund Manager's Policies relating to the integration of sustainability risks in their decision-making process.
3. The manner in which disclosures are integrated into investment decisions by the Fund Manager

Blackrock

The relevant information can be accessed here in the [fund prospectus](#)

Fidelity International

The relevant information can be accessed here in the [fund prospectus](#)

PIMCO

The relevant information can be accessed here in the [fund prospectus](#)

T Rowe Price

The relevant information can be accessed here in the [fund prospectus](#)

The full list of life funds available in the FEPP can be accessed within the [FEPP portal](#), and the prospectuses provided by the links above are for all funds under the respective fund managers, not just the ones available on the FEPP portal.

If the links do not work automatically, please copy and paste the link directly into the browser.

Appendix 2 - Life funds, available through the FEPP, that are invested in underlying funds which promote environmental and social characteristics

The FEPP offers access to a wide range of life funds. These life funds are not financial products subject to the Regulations but the underlying UCITS funds in which they invest are capable of promoting environmental and social characteristics if they meet certain criteria under the Regulations.

Below is a list of the life funds available through the FEPP that invest in underlying funds which promote environmental and social characteristics. For ease of understanding we have inserted the name of the relevant life fund that invests in the underlying funds

UNDERLYING FUND MANAGER	Life Fund name	UNDERLYING FUND NAME
Fidelity	Fidelity Emerging Market Debt Life Fund	FF - Emerging Market Debt Fund
	Fidelity Emerging Markets Equity Life Fund	FF - Emerging Markets Fund
	Fidelity Euro Bond Life Fund	FF - Euro Bond Fund
	Fidelity European Growth Life Fund	FF - European Growth Fund
	Fidelity European High Yield Bond Life Fund	FF - European High Yield Fund
	Fidelity European Multi Asset Income Life Fund	FF - European Multi Asset Income Fund
	Fidelity Global Corporate Bond Life Fund	FF - Global Corporate Bond Fund
	Fidelity Sustainable Asia Equity Life Fund	FF - Sustainable Asia Equity Fund
	Fidelity Euro Cash Life Fund	FF - Euro Cash Fund
	Fidelity Sustainable Europe Equity Life Fund	FF - Sustainable Europe Equity Fund
	Fidelity T. Rowe Price US Blue Chip Equity Life Fund	FF- T. Rowe Price US Blue Chip Equity Fund
	Fidelity World Life Fund	FF - World Fund

The full list of funds available in the FEPP can be accessed within the [FEPP portal](#).

Appendix 2a- Further information relating to the underlying funds that are promoting environmental or social characteristics

Certain life funds offered through the FEPP are invested in underlying funds which promote environmental or social characteristics under Article 8 of the Regulation (EU) 2019/2088. Currently 12 of the life funds, 11 of which are invested in underlying funds managed by Fidelity International and 1 with T Rowe Price fall within this category. Two of the Fidelity International funds have particularly enhanced sustainable characteristics and fall within the Fidelity International Sustainable Family Range. Details of these funds and the others are set out below.

T. Rowe Price

The T. Rowe Price US Blue Chip Equity Fund has been classified as promoting environmental and social characteristics. Further information on this fund can be obtained in the [fund prospectus](#).

Fidelity International Sustainable Family Range

The **Fidelity Sustainable Asia Equity Life Fund - EUR**, and the **Fidelity Sustainable Europe Equity Life Fund - EUR** are part of the Fidelity Sustainable Family, a dedicated fund range exhibiting enhanced sustainable characteristics. This is noted in the investment objective of the relevant funds. All the funds in the Fidelity Sustainable Family comply with the Fidelity Sustainable Family Framework, as detailed below. Fund specific additional requirements and exclusions will also be set out in the relevant investment objective, where applicable. The Investment Manager for funds in the Fidelity Sustainable Family also has discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time. Please refer to [here](#) for further disclosures relating to the **Fidelity Sustainable Asia Equity Life Fund - EUR**, and the **Fidelity Sustainable Europe Equity Life Fund - EUR**.

Fidelity Sustainable Family Framework

- A minimum of 70% of a fund's net assets are invested in securities deemed to maintain sustainable characteristics.
 - Sustainable characteristics are defined by reference to a combination of different measurements such as ESG ratings provided by external agencies or Fidelity Sustainability Ratings. Further details on the methodology applied are set out in the relevant prospectus [here](#) and may be updated from time to time.
 - A maximum of 30% of a fund's net assets are allowed in issuers that are not deemed to maintain sustainable characteristics in accordance with the criteria above, but which demonstrate improving sustainable indicators. Improving sustainable indicators are issuers classified as such through the trajectory outlook of Fidelity Sustainability Ratings or issuers which in the view of the Investment Manager demonstrate the potential for improvement through the implementation and execution of a formal engagement plan. The criteria used to determine this reference rating may change over time and will be updated accordingly.
- Funds adhere to an enhanced principle-based exclusion policy incorporating both norms-based screening and negative screening of certain sectors, companies or practices based on specific ESG criteria to be determined by the Investment Manager from time to time.

- The norms-based screening includes issuers which the Investment Manager considers have failed to conduct their business in accordance with accepted international norms, including as set out in the United Nations Global Compact.
- The negative screening includes issuers which have exposure, or ties, to:
 - controversial weapons (biological, chemical, incendiary weapons, depleted uranium, non-detectable fragment, blinding lasers, cluster munitions, landmines, and nuclear weapons)
 - production of conventional weapons (a weapon of warfare which is not nuclear, chemical or biological in nature)
 - production of semi-automatic firearms intended for sale to civilians or sale of semi-automatic firearms to civilians
 - tobacco production, retailing, distribution, and licensing; or
 - thermal coal extraction and power generation provided that such will be permitted issuers where the revenue share from renewable energy activities exceeds the revenue share from thermal coal activities or where the issuer has made an effective commitment to a Paris Agreement aligned objective based on approved science-based targets or alignment with a transition pathway Initiative scenario or a reasonably equivalent public commitment.

The Investment Manager may apply revenue thresholds for more refined screens.

- Through the investment management process, the Investment Manager aims to ensure that investee companies follow good governance practices.

The Fidelity Sustainable Family range offers two investment categories: 'Sustainable Focused' and 'Sustainable Thematic'. Typically, the Sustainable Focused funds will actively seek to select companies that are higher sustainability performers relative to peers with reference to MSCI ESG Ratings and Fidelity Sustainability Ratings, while the Sustainable Thematic funds will invest across sectors relating to a common theme with a long-term investment horizon by aiming to address sustainability challenges. For the avoidance of doubt, they will both meet the minimum standards set out above. The Fidelity Sustainable Asia Equity Life Fund - EUR and the Fidelity Sustainable Europe Equity Life Fund - EUR are both in *the Sustainable Focused category*.

Other Fidelity International funds promoting environmental or social characteristics

A further 9 of the life funds are invested in underlying funds offered by Fidelity International which promote environmental or social characteristics:

1. Fidelity Emerging Markets Equity Life Fund - EUR
2. Fidelity Euro Bond Life Fund - EUR
3. Fidelity European Growth Life Fund - EUR
4. Fidelity European High Yield Bond Life Fund - EUR
5. Fidelity Global Corporate Bond Life Fund - EUR Hedged
6. Fidelity World Life Fund - EUR

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7. Fidelity Emerging Market Debt Life Fund - EUR Hedged
8. Fidelity European Multi Asset Income Life Fund - EUR
9. Fidelity Euro Cash Life Fund - EUR

The underlying funds fall within the Fidelity sustainable investing framework. In these cases, the Investment Manager considers a wide range of environmental and social characteristics on an ongoing basis for each fund, as set out below or in each relevant fund's investment objective, but the Investment Manager has the discretion to implement enhanced, stricter sustainable characteristics and exclusions from time to time.

- A minimum of 50% of a fund's net assets are invested in securities deemed to maintain sustainable characteristics
 - Sustainable characteristics are defined by reference to a combination of different measurements such as ESG ratings provided by external agencies or Fidelity Sustainability Ratings. Further details on the methodology applied are set out at [\[link\]](#) and may be updated from time to time.
- The norms-based screening includes issuers which the Investment Manager considers have failed to conduct their business in accordance with accepted international norms, including as set out in the United Nations Global Compact.
- All funds managed by the Investment Manager are subject to a firm-wide exclusions list, which includes, but is not limited to, cluster munitions and anti-personnel landmines.
- Through the investment management process, the Investment Manager aims to ensure that investee companies follow good governance practices.

Please refer [here](#) for further information relating to the above funds.

Appendix 3 - Remuneration Policy

In this Appendix we have included an extract from the Remuneration policy of the FEPP which highlights how the policy is consistent with the integration of sustainability risks.

4. ESG and related Considerations

Environmental, Social and Governance (ESG) refers to the three central factors in measuring the sustainability and societal impact of an investment, company, or business. The European Insurance and Occupational Pensions Authority EIOPA expects** IORPs to integrate sustainability risks into relevant policies in a transparent manner, specifically including remuneration policies and this requirement is supplemented by the EU regulations on sustainability-related disclosures in EU 2019/2088.

FEPP is a pension scheme that holds a universe of unit linked investments linked to regulated mutual funds which are themselves regulated by EU financial regulators and are therefore subject to the same Remuneration Policy requirements of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).

FEPP's remuneration philosophy is consistent with this requirement to consider sustainability risks and to adopt responsible investing practices which reflect FEPP's risk model and are designed to integrate long term sustainability in the investment process. This philosophy in turn is designed to support the long-term interests of FEPP's sponsoring employers, scheme members and beneficiaries, and to deliver value to FEPP's customers over the long term. This means that the FEPP compensation approach:

- Is underpinned by guiding principles that are overseen and supervised by a FIL Group level Remuneration Committee
- Promotes effective risk management
- Considers sustainability risks including (amongst other things) compliance with applicable policies, fund governance requirements and procedures, including our disclosures in relation to sustainability risks; and
- Considers both its members, beneficiaries, and sponsoring employers.

Fidelity and FEPP's Board support diverse board membership structures in terms of range of different social and ethnic backgrounds and of different genders, sexual orientation, religious beliefs, political beliefs etc.

The organisation works proactively to build an inclusive and diverse workplace. This includes taking strides towards addressing gender pay gap levels and building a culturally and racially diverse workforce - thereby creating a culture of inclusivity and equality.

The organisation supports the protection of human rights, globally. In Fidelity and FEPP's own supply chain, and in relation to companies and funds invested in, good behaviours and practices are encouraged relating to health and safety, freely chosen employment, avoidance of child labour, and non-excessive working hours. Wages and benefits must be timely and fair. All employees must be paid a fair wage aligned with prevailing industry conditions and local minimum rates.

Fidelity's Investment Managers have developed an approach to sustainable investing which is built on three related elements: integrated ESG analysis, engagement, and collaboration. For Investment Managers and Research teams, ESG is at the centre of the investment process. When reward outcomes are considered, a holistic and balanced view is taken on the investment process followed and regarding long term investment performance delivered for our clients, to ensure individual rewards are structured appropriately.

*****EIOPA: Opinion on the use of governance and risk assessment documents in supervision of IORPS and EIOPA: Opinion on the supervision of the management of environmental, social and governance risks faced by IORPs***

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CWIE0136/012023