

October 2024

# Sustainability Update

Sustainability remains  
fundamental



**Fidelity**  
INTERNATIONAL



An aerial photograph of a river delta, likely the Amazon, showing a complex network of water channels and land. The image is overlaid with a dark teal semi-transparent rectangle on the left side, which contains white text. The right side of the image shows the natural colors of the water and land, with a lighter teal overlay at the top.

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# Contents

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|  |           |
|--|-----------|
| Overview: Sustainability remains fundamental | <b>04</b> |
| Sustainability highlights - 2023 to 2024     | <b>08</b> |
| Engagement in 2023 and 1H 2024               | <b>09</b> |
| Voting in 2023 and 1H 2024                   | <b>10</b> |
| Sustainable Investing update                 | <b>11</b> |
| Corporate Sustainability update              | <b>17</b> |

# Overview: Sustainability remains fundamental



Jenn-Hui Tan

Chief Sustainability Officer

Sustainable investing has faced tough headwinds in the past year. Heightened politicisation of the term “ESG”, high interest rates and normalisation after a period of post-pandemic exuberance have weighed on sentiment. Whether the concept of ESG survives in its current form remains to be seen. But the principles that lie behind it – like those of basic risk management – form the bedrock of long-term investing. In a world in which systemic risks like climate change are set to grow, we believe businesses that ignore their impacts will be caught out. At Fidelity International, therefore, we continue to evolve our sustainability approach to ensure we offer our clients a range of strategies to match their preferences, while seeking to manage risks across all portfolios and our own business operations. This report covers key updates for Fidelity in 2023/2024 and looks ahead to forthcoming changes.

## Climate risks mount

Record-breaking global temperatures pushed up climate costs in 2023. In the US alone, there were 28 climate-related events over US\$1bn, totalling at least \$92.2bn<sup>1</sup>. In its November 2023 update, the Network for Greening the Financial System warned of a more disorderly net zero pathway due to policy delays, still rising emissions and the energy security crisis triggered by the Russia-Ukraine war.

<sup>1</sup>Source: National Centers for Environmental Information (NCEI), 2023.

The less orderly the transition, the higher the likely impact on global GDP by 2050. Climate has been on the ballot at several elections in 2024, even as policies like the US Inflation Reduction Act and the EU Carbon Border Adjustment Mechanism have driven behavioural change.

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## Regulation gets real

Regulatory risks are increasing as new regimes enter their implementation phase. Rules for sustainable funds designed to mitigate greenwashing risks (e.g. the Financial Conduct Authority (FCA)'s UK Sustainability Disclosure Requirements and the European Securities and Markets Authority (ESMA) fund naming rules) are challenging the robustness of sustainable investing frameworks while simultaneously introducing “improver” categories for issuers in transition. Both sets of rules will have implications for the EU's Sustainable Finance Disclosure Regulation (SFDR), which is up for review in 2025.

On the corporate side, an accounting revolution is underway. The comprehensive European Sustainability Reporting Standards (ESRS) came into force in 2023, with large, listed EU companies the first cohort to report against the standards in 2025, alongside their financial reporting. Many non-EU countries have begun consulting on adoption of the International Sustainability Standards Board (ISSB) framework published in 2023. Having a single global standard is crucial for investors to compare risks and opportunities across sectors and geographies. Having several standards adds complexity and cost, and we are engaging with regulators on improving interoperability. Transition plans look set to become mandatory in several major markets, and harmonisation is needed here too. November's COP29<sup>3</sup> on climate in Azerbaijan is seeking international agreement on a global taxonomy of green activities.

## Clean tech investment on track for record 2024

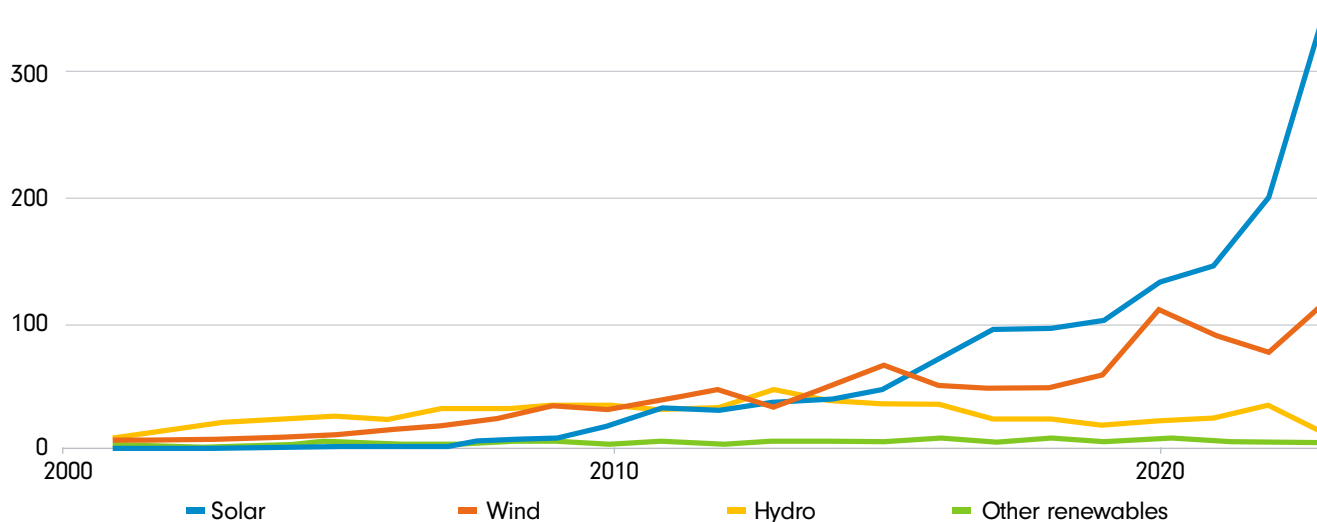
Perhaps partly due to a growing recognition of climate risks, clean technology investments have shown resilience, even as the broader sustainability market suffered. According to the International Energy Agency (IEA), clean tech funding is on track to reach a record \$2trn in 2024 (double the US\$1trn for fossil fuels)<sup>2</sup>, driven by national and corporate net zero targets and, increasingly, industrial policy. Some sectors are nearing "positive tipping points", e.g. over half of cars sold in Norway are electric vehicles (EVs) and renewables (led by a huge increase in solar installations) generated a record c.30% of global electricity in 2023. More investment is going into grids and storage to balance the renewables coming online.

<sup>2</sup>Source: Morningstar, 2024.

<sup>3</sup>COP29 is the 29th Conference of the Parties to the UN Framework Convention on Climate Change.

### Chart 1: 75% more solar was installed in 2023 than 2022

Global annual capacity additions, GW

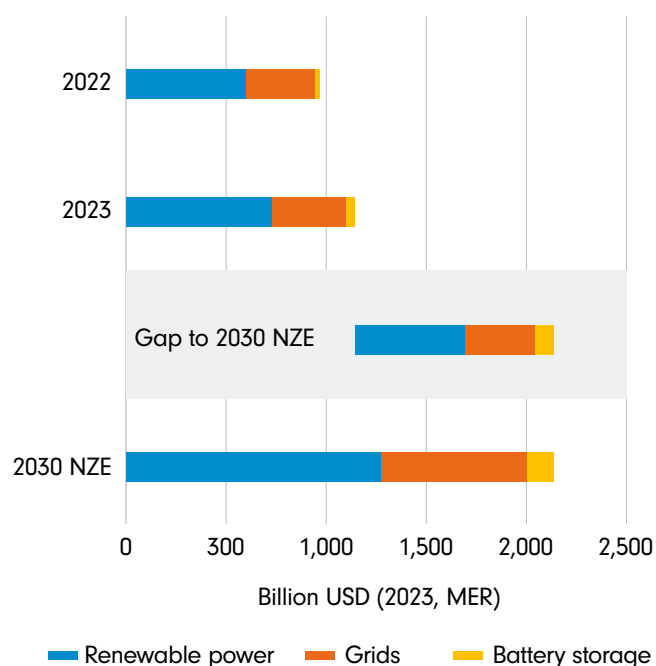


Source: Ember calculations based on IRENA renewable capacity statistics, Fidelity International, 2024.

Despite this momentum, the 200+ countries that pledged to triple renewables and double energy efficiency at COP28 in 2023 (and must raise their emissions reduction targets in 2025) could struggle to meet the IEA's 2030 investment thresholds without a step change in policy and financing. This is especially true in emerging markets (excluding China) which receive just 15% of global clean energy investment today.<sup>4</sup>

## Chart 2: Clean energy investment needed by 2030

Investments in renewables, grids and battery storage in the Net Zero Emissions by 2050 Scenario, historical versus 2030



Source: IEA, World Energy Investment 2024 Overview.

## Progress requires engagement and policy support

Engagements with high emitting companies in recent years have led to better disclosure and,

in some cases, transition plans. But they have also highlighted the limits of corporate action without greater policy intervention. Corporate engagement remains core to our stewardship approach, and we have improved the way we track milestones and monitor outcomes, but system-level approaches have a role to play in creating a favourable policy environment for hard-to-abate sectors to transition to net zero without going out of business.

Companies are increasingly aware of supply chain exposures to climate and nature risks, e.g. new EU deforestation rules and water scarcity. Our Nature Roadmap sets out how we plan to continue to engage effectively with firms on their ecosystem impacts and dependencies (see [page 15](#)). Fidelity is an early adopter of the Taskforce on Nature-Related Financial Disclosures (TNFD) and is engaging with the most material sectors and countries through initiatives such as Finance for Biodiversity and exploring innovative measurement tools such as bioacoustics.

COP16<sup>5</sup> on biodiversity in October 2024 presents an opportunity for governments to provide policy clarity to companies on how to manage their impacts and dependencies on nature, ahead of an Amazon-focused COP30 on climate implications of nature loss in Brazil next year.

## Evolving our sustainability approach

To ensure our sustainable platform continues to meet our clients' needs and anticipates regulatory trends, we have launched a revised Sustainable Investing Framework for our products with three distinct categories: ESG Unconstrained,

<sup>4</sup>Source: [IEA Investment - Topics - IEA](#)

<sup>5</sup>COP16 is the 16th Conference of the Parties to the Convention on Biological Diversity.



ESG Tilt and ESG Target (see [page 12](#)). We have further enhanced our thematic and ETF ranges, with the latter continuing to take a bigger share of sustainable inflows despite the weaker backdrop for sustainable funds.

We have integrated the Sustainable Investing and Corporate Sustainability functions into a combined team reporting to me as Chief Sustainability Officer to help us meet emerging regulatory obligations and share information more effectively. Fidelity is preparing to report on ESRS in 2026 and gearing up for future ISSB reporting in other jurisdictions. Clients and other stakeholders will have access to these reports, removing the need for a separate annual sustainability publication.

## Where we go from here

The four systemic themes we have identified - climate change, nature loss, social disparities,

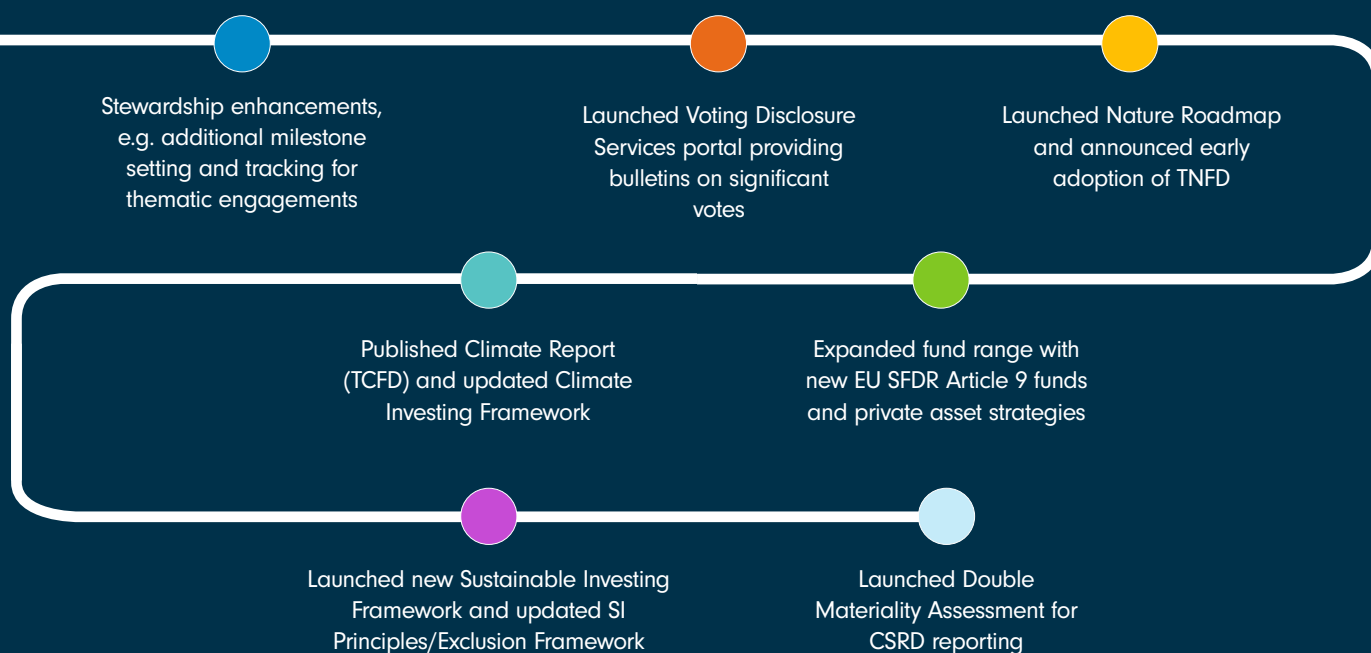
and good governance - continue to impact companies to different degrees, presenting material challenges to business models on multiple timeframes.

Our job as investors is to select securities on our clients' behalf that offer the greatest potential risk-adjusted returns. That requires our analysts to be as well-informed about companies as possible and our fund managers to be positioned correctly for risks that are likely to have an outsized impact when the market prices them.

Sustainability considerations therefore have a critical role to play in protecting client portfolios and understanding which companies are most likely to benefit in an increasingly complex and volatile world.



# Sustainability highlights - 2023 to 2024



## Sustainable investing

- **11 SI-related** awards globally in 2023 (+4 in H1-24) including **Asian Private Banker awards - House of the Year - ESG** in 2023 and 2024 and **The Asset - ESG Asset Management Company of the Year** in 2023 and 2024
- **Morningstar ESG Commitment Level** rated upgraded from 'Basic' to 'Advanced'
- **PRI 2023** - rated 3-5 stars across categories / above median across all categories
- Named a responsible leader by **Responsible Investment Association Australasia (RIAA)** for the third year running
- China Stewardship Report recognised by **Lujiazui Financial Centre Asset Management awards** for thought leadership



## Corporate sustainability

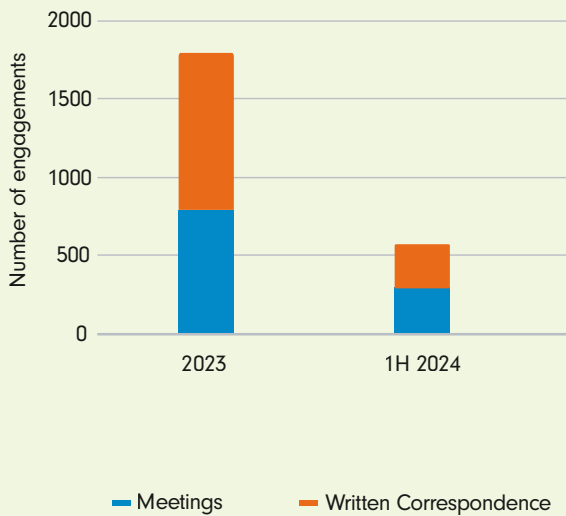
- **Glassdoor's Best Places to Work UK list**, ranking 37 out of 50 (2024)
- Employer of the Year (Large Company) at the **Financial Times Adviser Diversity in Finance Awards** (2024)
- **The Times Top 50 Employers** for Gender Equality
- **Financial Times Adviser award** for Championing Social Mobility
- **Global Stonewall Workplace Equality Index Gold Standard** and **Social Mobility Foundation Top 75 employer**
- **LGBT Great Inclusion Index Benchmarking Tool** (iiBT), Gold Standard.
- **EcoVadis Sustainability Rating** - Bronze Medal (2024)
- 'Best diversity/corporate culture initiative' category for the **ESG Clarity Awards**
- **MSDUK Emerging Corporate Supplier Diversity Programme of the Year Award** (2024)
- **CDP - B rating** (2024)

Source: Fidelity International, 2024.

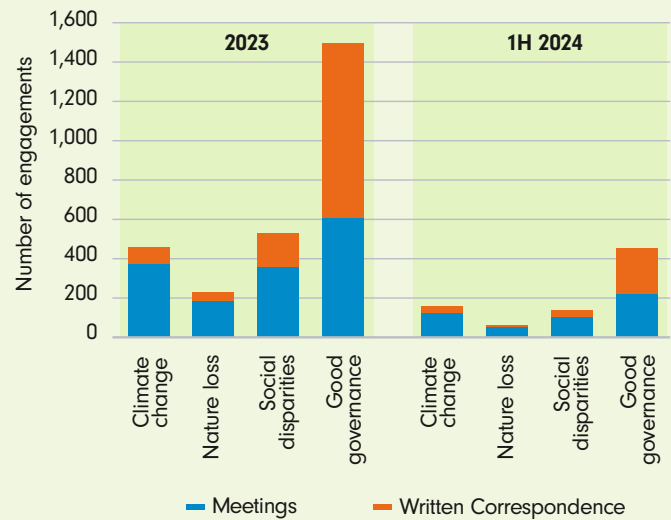


# Engagement in 2023 and 1H 2024

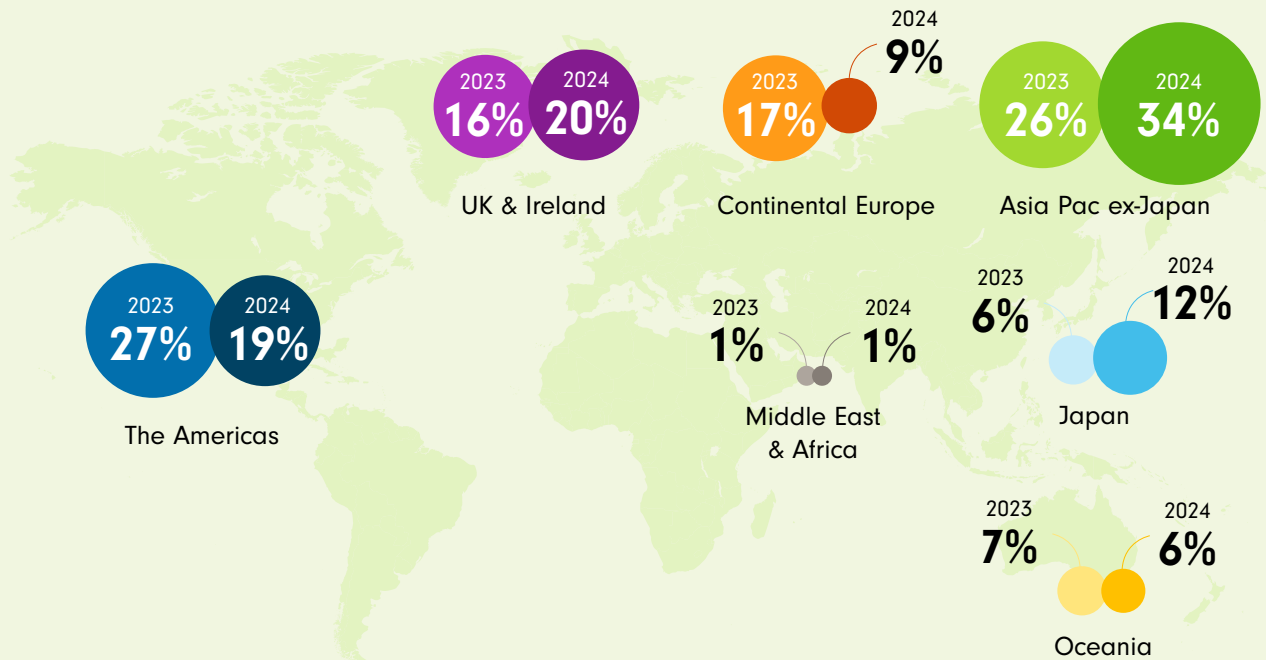
## Engagements by type



## Engagements by systemic theme



## Engagements by region

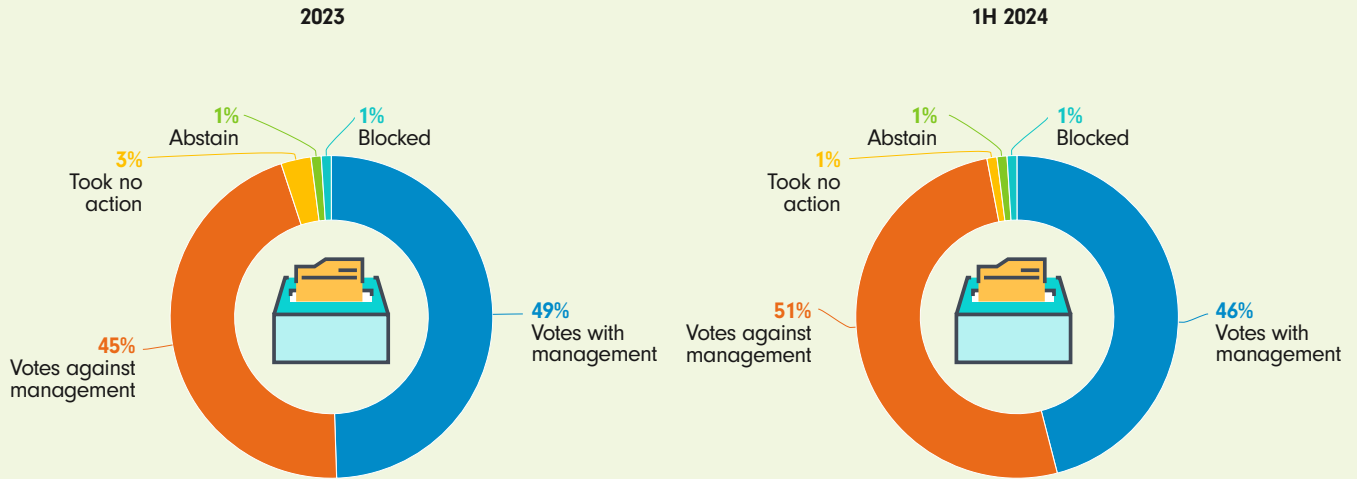


Note: Engagement data for 2023 is for calendar year; data for 2024 is six months to end June 2024. Engagement figures may be subject to revision given ongoing quality assurance processes and delayed logging of engagements.

Source: Fidelity International, 2024.

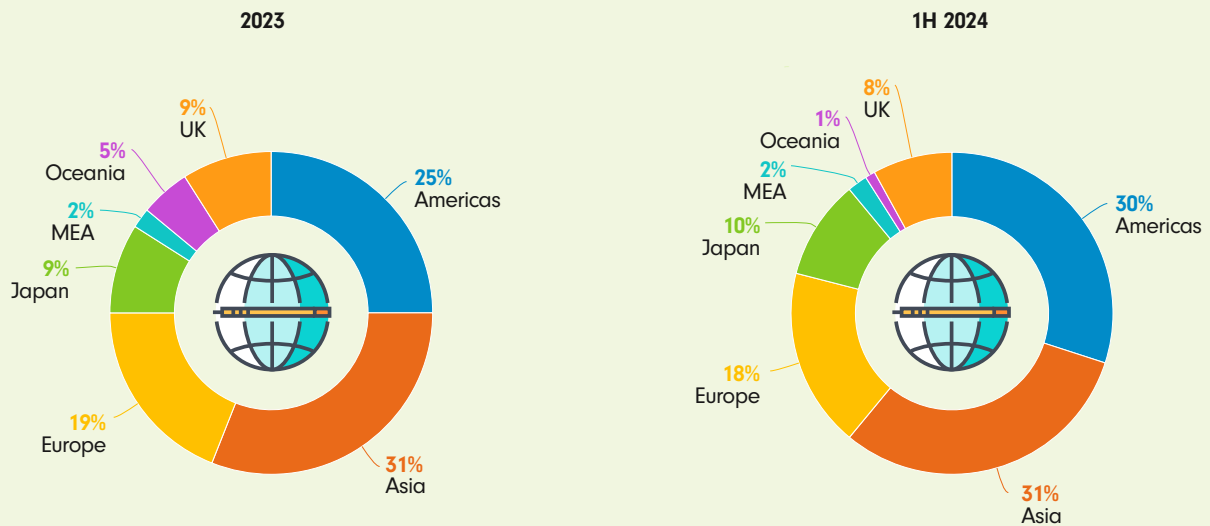
# Voting in 2023 and 1H 2024

## Summary of votes cast (meeting level)



Total number of votes cast is 3753 for 2023 and 2701 for 1H 2024.

## Meetings voted at by region



Source: Fidelity International, 2024.

Note: Voting data for 2023 is for calendar year; data for 2024 is six months to end June 2024.



# Sustainable Investing update

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In response to new regulation and evolving client needs, we have updated our sustainable investing approach. The aim is to offer different levels of ESG integration to meet varying client preferences, make more effective use of our tools (e.g. Fidelity ESG Ratings, Climate Rating and SDG Tool) and enhance our stewardship capabilities through closer monitoring and reporting of engagement efforts.

## Fidelity’s Sustainable Investing Framework

The Fidelity Sustainable Investing Framework (FSIF), launched in July 2024, is designed to set

minimum standards across all asset classes, with optional modules to support specific client and/or regulatory requirements. It has three product categories: ESG Unconstrained, ESG Tilt and ESG Target. Descriptions of the categories explain how they apply in practice and align to the EU’s SFDR and the UK SDR.

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

### Updated framework has three categories

| FSIF category     | FSIF category description  | Alignment to SFDR   | Alignment to UK SDR*  |
|-------------------|--|---|---|
| ESG Unconstrained | This category includes products that aim to generate financial returns and may, or may not, integrate ESG risks and opportunities into the investment process. Products in this category adopt Fidelity’s ESG Unconstrained approach to exclusions.  | Article 6 - Products that may integrate sustainability risks into investment decisions.   | <b>Products with no ESG terms in the name</b><br><br>Sustainability characteristics are not material to the product and the product does not use ESG terms in its name.                 |
| ESG Tilt          | This category includes products that aim to generate financial returns and promote environmental and social characteristics through a tilt towards issuers with stronger ESG performance than the product’s benchmark or investment universe. Products in this category adopt the ESG Unconstrained exclusions and further exclusions apply such as tobacco production, thermal coal mining, thermal coal power generation, norms-based exclusions, and certain sovereign issuer exclusions. | Article 8 - Products promoting, among other characteristics, environmental and/or social characteristics and (as applicable) investments which follow good governance practices.  | <b>Products with ESG terms in the name</b><br><br>Sustainability characteristics are material to the product and ESG terms (other than ‘sustainable’ or ‘impact’) are used in its name. |
| ESG Target        | This category includes products that aim to generate financial returns and have ESG or sustainability as a key investment focus or objective, such as investing in ESG leaders (issuers with higher ESG ratings), sustainable investments, a sustainable theme or meeting impact investing standards. Products in this category adopt the ESG Tilt exclusions and further exclusions apply.  | ESG leaders: Article 8<br>Sustainable Thematic: <ul style="list-style-type: none"><li>Article 8</li><li>Article 9 or 9(3) - Products with a sustainable investment objective (or including a carbon reduction objective). Investments need to contribute to an environmental or social objective, do no significant harm to any of those objectives and (as applicable) follow good governance practices.</li></ul> Impact: Article 9 | <b>SDR labelled products</b><br><br>Products with a sustainability objective. Investments must be made in accordance with a robust evidence-based standard of sustainability.           |

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

## Sustainable Investing Principles

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

### Key updates include:

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

## Climate Investing Framework

We also recently updated our Climate Investing Framework. Fidelity first published a Climate Investing Policy in 2021 setting out our net zero ambitions, including targets for our own operations and for our investment portfolios, and how we planned to engage with companies to support their transition. As regulatory and sector-related conditions have evolved, we have sought to provide greater transparency on our approach to managing climate risks to our investment portfolios and how we intend to reach our targets through a range of tools, including our thematic engagements, our thermal coal phase-out plan, product-specific exclusions, and our Climate Rating.

In 2025, we aim to publish a Climate Transition Plan report consistent with the Transition Plan Taskforce's framework.<sup>6</sup> This is part of our preparation for meeting our corporate sustainability obligations in the EU under the Corporate Sustainability Reporting Directive where we report against the ESRS, and likely in other jurisdictions where the Task Force for Climate-related Financial Disclosures (TCFD), and increasingly the ISSB standard, applies.

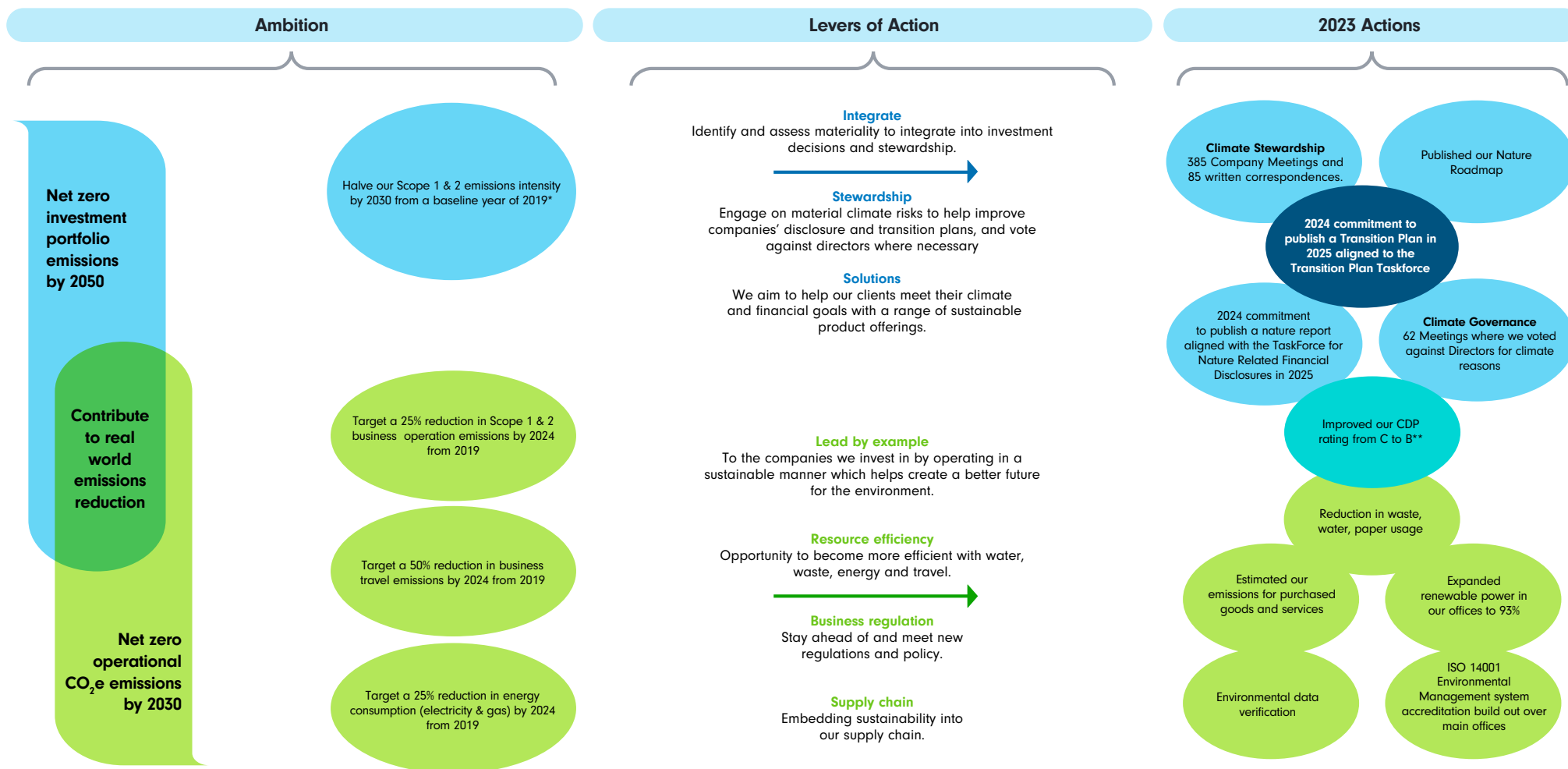
Here is Fidelity's strategy for a lower carbon economy from our latest Climate Report, which maps to the TCFD framework.

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<sup>6</sup>Source: [Transition Plan Taskforce](#)

# Our Strategy for a Lower Carbon Economy

Parallel paths to net zero emissions



\*Our target for-investment related emissions was initiated in 2020 and covers Scope 1 & 2 financed carbon emissions intensity of our equity and corporate bond holdings (Carbon Footprint), and net zero on these holdings by 2050. These holdings represent 92% of US\$390bn as at 31/12/23. 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.

\*\*The CDP rating covers both operations and investments.



## Stewardship update

Fidelity has again been recognised in 2024 as a signatory to the UK Stewardship Code. The Code sets out how a firm aims to fulfil its stewardship responsibilities, through engaging with companies on a range of sustainability issues and carrying out its voting in line with stated policies.

Our code for submission 2023 demonstrates a range of engagement types across asset classes, both on an individual and collective basis. It also describes ways in which we have selected companies for thematic engagements under our four systemic themes: climate change, nature loss, social disparities, and strong governance. These include engagements focused on thermal coal - the phaseout of unabated coal-fired power remains crucial to cutting global emissions - and increasingly a focus on those sectors with the highest impacts and dependencies on nature.

You will also find examples of collaborative engagements on these themes and instances of escalation where engagements have not led to the

desired outcomes despite our best efforts. Going forward, we welcome measures by the Financial Reporting Council to better focus these reports on the value-add activity undertaken by asset managers on behalf of clients and make them more digestible, while maintaining high standards. Stewardship reporting is likely to feature as part of corporate sustainability and transition plan reporting in the future.

## Nature Roadmap

In line with our systemic theme of nature loss, in November 2023, we published our Nature Roadmap, to create a more rounded approach to nature-related investing that addresses a broader range of risks and opportunities, facilitates responsible capital allocation, and aims to deliver client solutions. The roadmap aims to promote robust governance of nature-related issues and highlights our engagement-led approach to identifying and mitigating the direct drivers of nature loss.

## 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.



**Land and sea  
use change**



**Direct  
exploitation**



**Pollution**



**Invasive  
species**



**Climate  
change**



To address the potential impacts of these drivers, we have integrated nature into our proprietary ESG tools, including our ESG ratings and Sustainable Development Goals (SDG) tool, where material to specific sectors, as well as leveraging external tools and data. We have also integrated nature as a priority into our stewardship and voting activities, engaging with the most exposed sectors first and with initiatives that seek to set disclosure standards such as the TNFD and support companies in their management of related risks, including regulatory risks from new rules such as the EU's Deforestation Regulation that must be adhered to from December 2025.

Deforestation contributes to climate change and plays a critical role in biodiversity protection with about 80% of the world's terrestrial animals and plants. The interconnectivity between these components underpins livelihoods and economies in many countries around the world. To support our commitment to mitigate deforestation-related risks in our portfolios, from 2024, we have begun to vote against certain high-risk companies that do not meet our minimum expectations of deforestation-related practices and disclosure standards.





# Corporate Sustainability update

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In 2021, we set a number of corporate sustainability targets to further embed sustainability across our business operations.

Below we report on the progress made against our targets in 2023 and 1H 2024 in line with plans outlined in Fidelity's CSR report.

Work is underway to set our strategy and ambitions beyond 2024 and to define new sets of measurements and targets which will hold our business to account.

We are currently undertaking a Double Materiality Assessment aiming to identify our business’s biggest Impacts, Risks and Opportunities in relation to the environment and internal and external stakeholders and preparing us for upcoming reporting requirements under CSRD.

### Improving our environment

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

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

### Strengthening our workplace

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

| Diversity   Equity   Inclusion  |   |   |  |
|---|---|---|--|
| 1   | 2   | 3   | 4  |
| 45% of board members to be women                                      | 35% of global senior management roles to be held by women   | 45% of global workforce to be women                           | Annual reduction in UK median gender pay gap |
| 5   | 6   | 7   |  |
| Gather ethnicity data of global workforce and set new diversity goals | ISO 45001 health and safety management system certification | Evolve dynamic working programme to improve work life balance |  |

### Buying responsibly from our suppliers

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

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

### Creating resilient communities

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

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









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

## Improving our Environment

We are on track to reduce our overall operational carbon emissions to net zero in 2030 and are working on expanding our programs to capture other material scopes of emissions such as supply chain and commuter emissions.

Further information on Fidelity's operations environmental management initiatives and activities can be found in our climate report Fidelity Climate Report.

### Progress against environmental targets

| Target  | 2019<br>(baseline) | 2020   | 2021   | 2022   | 2023   | 2023 vs<br>baseline | 1H 2024* vs<br>baseline  |
|---|--------------------|--------|--------|--------|--------|---------------------|--|
| 25% absolute reduction in electricity and gas (MWh).                              | 36,653             | 29,682 | 22,123 | 22,214 | 19,219 | - 48%               |  - 51%      |
| 25% absolute reduction in carbon emissions (tCO2e).**                             | 27,310             | 9,223  | 4,935  | 6,892  | 9,244  | - 66%               |  - 70%      |
| 25% reduction of waste production (tonnes).                                       | 998                | 500    | 543    | 733    | 474 t  | - 52%               |  - 56%      |
| 80% of our waste recycled.  | 45%                | 42%    | 27%    | 46%    | 46%    | 46%                 |  66%***     |
| 25% reduction of water consumption (cubic meters).                                | 64,890             | 32,432 | 26,588 | 47,535 | 48,543 | - 25%               |  - 45%     |
| 50% reduction in office paper usage (tonnes).                                     | 64                 | 31     | 19     | 26     | 23     | - 64%               |  - 64%    |
| 50% reduction in air travel carbon emissions (tCO2e).                             | 10,862             | 2,229  | 506    | 4,085  | 6,589  | - 39%               |  - 49%    |
| 90% of employees covered ISO 14001 environmental management system certification. | 0                  | 0      | 0      | 9.5%   | 14%    | 14%                 |  >90%**** |

Note: The Red, Amber, Green rating is given based on the likelihood of achieving our targets by end 2024. Where stated, the % reduction is against the 2019 baseline number except for the recycled waste and ISO 14001 certification targets.

\* Estimated annualised 2024 performance against goals based on H1/24 data.

\*\* Uses market based emissions approach.

\*\*\* We continue to focus on effective recycling efforts but acknowledge that achievement of our target by EOY 2024 is at risk.

\*\*\*\* External audits of additional office locations have taken place in 2024 resulting in the targeted coverage. Receipt of official ISO certificates is however still pending at publication of this report.

The quantification and reporting of the environmental and workplace data on page 19 and 20 have been independently verified by BSI Assurance UK Ltd to a limited level of assurance. (With the exception of indicative H1/24 data and gender pay gap data). The verification activity has been carried out in accordance with ISO 14016:2020. BSI Assurance UK Ltd is independent of and has no financial interest in the Group. This verification Opinion has been prepared for the Group only for the purposes of verifying its environmental and workplace data described. 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 the Group is true, accurate and complete. BSI Assurance UK Ltd accepts no liability to any third-party who places reliance on this Opinion Statement.

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## Strengthening our Workplace

We have already met or are on track to meet the targets we have set ourselves for end 2024 aiming to strengthening our workforce. Looking ahead we have launched a new Diversity, Equity and Inclusion (DEI) Strategy, which sets out our ambitions and how we will achieve them over the next three years. To support the strategy, we refreshed our DEI operating model to strengthen leadership accountability for progress and clarify the roles that everyone at Fidelity plays in shaping an inclusive culture.






### 2023 - 1H 2024 Highlights

- We expanded workforce diversity data collection to include caring responsibilities and social mobility, in addition to ethnicity, disability and LGBT+ information, so we can better understand our workforce diversity and measure progress on our action plans.
- Reconstituted the D&I Leadership Council as the Diversity, Equity and Inclusion Committee,

a global committee with responsibility for key strategic and operational decisions, reporting to the Global Operating Committee and the Remuneration Committee of the FIL Ltd Board.

- Introduced new communities focused on Neurodiversity and Working Families, to provide peer support to colleagues and strengthen our inclusive culture. These join Fidelity's existing family of DEI Networks, focusing on cultural diversity, enabled working (disability and wellbeing), gender balance, LGBT+ and social mobility.
- Became signatory to Global Business Collaboration Leadership Pledge for better workplace mental health: advocating for and accelerating positive change for mental health in the workplace.
- Maintained our commitment to DEI and representation of workforce diversity, in the context of a global headcount reduction programme.
- Introduced new support for financial wellbeing.

## Progress against workplace targets

| Target  | 2019  | 2020  | 2021  | 2022  | 2023  | 1H 2024*   |
|---|-------|-------|-------|-------|-------|--|
| 45% of FIL board members to be women.   | 44%   | 44%   | 40%   | 44%   | 50%   |  56%    |
| 35% of global senior management roles held by women.                                    | 30%   | 32%   | 32%   | 33%   | 35%   |  35%    |
| 45% of global workforce to be women.  | 42%   | 43%   | 44%   | 45%   | 45%   |  46%    |
| Annual reduction in UK median gender pay gap.   | 25.2% | 23.1% | 21.6% | 19.8% | 19.1% | Data not yet available   |
| Gather ethnicity data for at least 70% of global workforce and set new diversity goals. | 60%   | 63%   | 58%   | 63%   | 71%   |  73%    |
| 90% of employees covered ISO 45001 health and safety management system certification.   | -     | -     | 0%    | 9.5%  | 14%   |  >90%** |

Note: The Red, Amber, Green rating is given based on the likelihood of achieving our targets by end 2024.

\* Indicative data, not yet validated externally.

\*\*External audits of additional office locations have taken place in 2024 resulting in the targeted coverage. Receipt of official ISO certificates is however still pending at publication of this report.



## Buying responsibly from our Supply Chain

Aiming to further embed sustainability into our procurement practices and in line with our goals, we continued to focus on strengthening our supplier ESG monitoring as well as our Supplier Diversity programme.

### 2023 - 1H 2024 Highlights

#### Supply Chain ESG Monitoring

- We renewed our partnership with EcoVadis to assess the ESG risks and impacts within our supply chain by monitoring and assessing the management by our suppliers of their ESG risks and impacts.
- We continue to encourage our suppliers to be assessed and from 2023 to 2024 we onboarded (and/or received scorecards from) around 300 of our top suppliers to EcoVadis. We are now confident that we have visibility of ESG management of more than 70% of our spend.
- We began to incorporate monitoring and performance management of ESG in our quarterly reviews with suppliers and have rolled out training to Supplier Relationship Managers to enable them to use the EcoVadis platform to agree and set corrective action plans for suppliers to improve their ESG management.
- The average score of suppliers in our supply chain was 59/100 - which is a 'Bronze' medal level score.




## Supplier Diversity Programme

We are aware that our supplier diversity targets<sup>8</sup> are challenging but we remain committed to steady improvement on the path:

- We promote our Supplier Diversity programme through our Supplier Information Centre and maintain ongoing communication with diverse-owned businesses via advocacy groups, social media, and partnerships with other corporations. We've also enhanced our supplier onboarding system, allowing all new suppliers to input responses directly to supplier diversity questions.
- We are now working directly with 13 certified diverse-owned suppliers (including social enterprises), with a further 24 diverse-owned suppliers identified, pending certification, and other new suppliers under consideration for onboarding.
- We are collaborating with our strategic suppliers to establish a robust Tier 2<sup>7</sup> pathway for diverse-owned businesses. Building and leveraging relationships with our larger suppliers to develop their own supplier diversity programmes is crucial to ensuring that financial resources reach underrepresented communities through the supply chain. As part of that effort, we introduced social enterprises (working to support refugees in finding employment) into our wider supply chain.

<sup>7</sup>Suppliers to companies are divided into tiers. Tier 1 suppliers supply directly to companies who contract with them. Tier 2, 3 etc. supply to the tier above them in the chain.  
<sup>8</sup>A diverse supplier is a business that is at least 51% owned, managed and controlled by one or more individuals belonging to an underrepresented group, such as women, ethnic minorities, veterans, disabled persons or LGBT+.

## Progress against supply chain targets

| Target  | 2019         | 2020         | 2021 | 2022 | 2023 | 1H 2024   |
|---|--------------|--------------|------|------|------|---|
| 100 certified diverse suppliers*  | Not assessed | Not assessed | 10   | 12   | 19   |  13  |
| ESG monitoring for 90% of our critical suppliers (onboarded on Ecovadis platform)           | -            | -            | 3%   | 38%  | 52%  |  64% |
| ESG monitoring for 80% of our annual spending on suppliers (onboarded on Ecovadis platform) | -            | -            | -    | 42%  | 64%  |  74% |

Note: The Red, Amber, Green rating is given based on the likelihood of achieving our targets by end 2024.

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

## Creating resilient communities




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

### 2023 - 1H 2024 Highlights

- To support delivery against our goals we onboarded in 2023 a social impact platform, enabling new avenues for engagement with employees and launched Fidelity Cares, our new Corporate Social Responsibility (CSR) programme. The aims are to increase overall participation in volunteering, expedite employee donations to charitable causes, help employees raise money for their favourite causes, apply for company matching, give through payroll and take part in environmental and other sustainability-led initiatives.
- This resulted in increased staff participation rate in Workplace Giving programmes to 21% in 2023 (from 11% in 2022) and a massive increase in the number of hours our staff has volunteered over the year (more than 13,000h from 6000h in 2022).

- Local CSR committees have partnered with and are supporting more than 400 charities and non-profit organisations in their local communities.
- We promoted virtual volunteering on *Fidelity Cares* through global campaigns and cooperation with partner charities.
- The Sustainability Ambassadors impact project "Skilled-based Volunteering" resulted in an increased offer of skilled volunteering opportunities on the *Fidelity Cares* platform.

## Progress community targets

| Target   | 2019  | 2020  | 2021  | 2022  | 2023   | 1H 2024*   |
|--|-------|-------|-------|-------|--------|--|
| Year on year increase in employee use of volunteering hours. | 4,248 | 1,600 | 2,336 | 6,312 | 13,699 |  5435 |
| 200+ charities supported.                                    | 127   | 48    | 171   | 205   | 414    |  283  |
| 20%+ participation rate in Workplace Giving                  | 10%   | 5%    | 5%    | 11%   | 21%    |  13%  |

Note: The Red, Amber, Green rating is given based on the likelihood of achieving our targets by end 2024.

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