

## Sustainability related disclosures

*Capitalised terms used but not defined herein shall have the meanings set forth in the Fund's supplement.*

**Product name:** Fidelity Sustainable Water & Waste FAM Fund  
**Legal entity identifier:** 2549002N1GC1ZSIQ9R66

### Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul> <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 35% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul> <input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

#### A. Summary

The Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

The Fund promotes environmental and social characteristics by investing in securities of issuers with favourable ESG characteristics. Favourable ESG characteristics are determined by reference to ESG ratings. The Fund invests in companies involved in the production of water and the treatment, disposal, and recycling of waste.

The Fund partially intends to make sustainable investments.

No reference benchmark has been designated for the purpose of attaining the

environmental and social characteristics promoted.

The Fund will invest:

- (i) a minimum of 70% of its assets in issuers with favourable ESG characteristics.
- (ii) a minimum of 35% in sustainable investments of which a minimum of 0% have an environmental objective (which is aligned with the EU Taxonomy), a minimum of 15% have an environmental objective (which is not aligned with the EU Taxonomy) and a minimum of 0% have a social objective.

In respect of its direct investments, the Fund is subject to:

1. a firm-wide exclusions list, which includes cluster munitions and anti-personnel landmines, and
2. a principle-based screening policy which includes:
  - i. norms-based screening of issuers which the investment manager considers have failed to conduct their business in accordance with international norms, including as set out in the UNGC; and
  - ii. negative screening of certain sectors, issuers or practices based on specific ESG criteria where revenue thresholds may be applied.
3. Fineco Asset Management DAC Investment Exclusion Policy effective on 27 July 2022.

These exclusions and screens may be updated from time to time.

## **B. No sustainable Investment Objective**

The Fund promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

### **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The Fund determines a sustainable investment as follows:

- (a) issuers that undertake economic activities that contribute to one or more of the environmental objectives set out in the EU Taxonomy and qualify as environmentally sustainable in accordance with EU Taxonomy; or
  - (b) issuers whereby the majority of their business activities (more than 50% of revenue) contribute to environmental or social objectives aligned with one or more of the United Nations Sustainable Development Goals (“SDGs”); or
  - (c) issuers which have set a decarbonisation target consistent with a 1.5 degree warming scenario or lower (verified by the Science Based Target Initiative or a Fidelity Proprietary Climate Rating) which would be considered to contribute to environmental objectives;
- provided they do no significant harm, meet minimum safeguards and good governance criteria.

**How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Sustainable investments are screened for involvement in activities that cause significant harm and controversies, assessed through a check that the issuer meets minimum safeguards and standards that relate to principal adverse indicators (PAIs) as well as performance on PAI metrics. This includes:

Norms-based screens - the screening out of securities identified under Fidelity's existing norms-based screens;

Activity-based screens - the screening out of issuers based on their participation in activities with significant negative impacts on society or the environment, including issuers that are considered to have a 'Very Severe' controversy using controversy screens, covering 1) environmental issues, 2) human rights and communities, 3) labour rights and supply chain, 4) customers, 5) governance; and

PAI indicators: quantitative data (where available) on PAI indicators is used to evaluate whether an issuer is involved in activities that cause significant harm to any environmental or social objective.

**How does this financial product take into account principal adverse impacts on sustainability factors?**

For sustainable investments, as set out above, Fidelity undertakes a quantitative evaluation to identify issuers with challenging performance on PAI indicators. Issuers with a low score will be ineligible to be 'sustainable investments' unless Fidelity's fundamental research determines that the issuer is not breaching "do no significant harm" requirements, or is on the path to mitigate the adverse impacts through effective management or transition.

**Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

Norms-based screens are applied: Issuers identified as failing to behave in a way which meets their fundamental responsibilities in the areas of human rights, labour, environmental and anti-corruption as aligned with international norms including those set out by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, UN Global Compact (UNG), ILO Standards International Labour Organisation (ILO) Conventions, are not considered sustainable investments.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial

product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

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### **C. Environmental or social characteristics promoted by this financial product**

#### **What are the environmental or social characteristics promoted by this financial product?**

The Fund promotes environmental and social characteristics by investing in securities of issuers with favourable ESG characteristics. Favourable ESG characteristics are determined by reference to ESG ratings.

The Fund invests in companies involved in the production of water and the treatment, disposal, and recycling of waste. The Fund partially intends to make sustainable investments.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted.

### **D. The Investment Strategy**

#### **What investment strategy does this financial product follow and how is the strategy implemented in the investment process on a continuous basis?**

The Fund employs a primarily 'thematic' investment strategy to achieve its investment objectives, which includes investing in economic themes that are expected to contribute to a sustainable economy. In addition to theme selection, fundamental research is conducted on individual issuers. As part of the research process, environmental and social governance are considered. The factors considered relevant will vary between different issuers and industries and are integrated into investment decisions.

The Fund aims to achieve long-term capital growth from a portfolio primarily made up of securities issued by companies throughout the world and involved in the design, manufacture, or sale of products and services used for or in connection with water and waste management sectors.

The Fund invests in companies involved in the production of water and the treatment, disposal, and recycling of waste.

The water management sector includes but is not limited to, those companies involved in water production, water conditioning, de-salination, supply, bottling, transport and dispatching of water. The waste management sector includes but is not limited to, those companies involved in the collection, recovery and disposal of waste; including recycling, incineration, anaerobic digestion of food waste (biological processes) and landfilling of residual waste. The sector also includes those companies specialising in the treatment of

wastewater, sewage, solid, liquid and chemical waste and any consulting or engineering services in connection with these activities.

The Fund adopts a Sustainable Thematic strategy under which a minimum of 90% of the Fund's assets will be analysed as to whether they maintain favourable ESG characteristics and a minimum of 70% of the Fund's assets will be invested in securities with favourable ESG characteristics.

Favourable ESG characteristics are determined by reference to ESG ratings provided by external agencies and Fidelity ESG ratings.

Issuers that are not assessed as having favourable ESG characteristics for the purposes of the primary objective (minimum 70% of assets) are eligible for inclusion, with up to 30% of assets, provided they are able to demonstrate that they are on an improving trajectory with respect to their ESG characteristics. When selecting investments, the Fund's investment universe will be reduced by at least 20% due to the exclusion of issuers on the basis of their ESG characteristics.

In respect of its direct investments, the Fund is subject to:

- a) a firm-wide exclusions list, which includes cluster munitions and anti-personnel landmines, and
- b) a principle-based screening policy which includes:
  - i. norms-based screening of issuers which the investment manager considers have failed to conduct their business in accordance with international norms, including as set out in the UNGC; and
  - ii. negative screening of certain sectors, issuers or practices based on specific ESG criteria where revenue thresholds may be applied.
- c) Fineco Asset Management DAC Investment Exclusion Policy effective on 27 July 2022.

The above exclusions and screens (the "Exclusions") may be updated from time to time. Please refer to the website for further information Sustainable investing framework ([fidelityinternational.com](https://www.fidelityinternational.com)) and further details on the Exclusion Policy can be found on the Management Company's website at the following link [FAM - Sustainability | Fineco FAM - Fineco FAM \(finecoassetmanagement.com\)](#)

The investment manager also has discretion to implement enhanced, stricter sustainable requirements and exclusions from time to time.

**What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The Mandate will invest:

- (i) a minimum of 70% of its assets in issuers with favourable ESG characteristics,

(ii) a minimum of 35% in sustainable investments of which a minimum of 0% have an environmental objective (which is aligned with the EU Taxonomy), a minimum of 15% have an environmental objective (which is not aligned with the EU Taxonomy) and a minimum of 0% have a social objective.

A minimum of 90% of the Fund's assets will be analysed as to whether they maintain favourable ESG characteristics. When selecting investments, the Fund's investment universe will be reduced by at least 20% due to the exclusion of issuers on the basis of their ESG characteristics.

In addition, the Fund will systematically apply the Exclusions to direct investments as described above.

In addition, the Fund will systematically apply the Exclusions as described above.

The Manager's exclusion list which is based on the Manager's exclusion policy and compiled by the Manager will apply. Exclusion categories considered in the exclusion policy are United Nations Global Compact Principles, Controversial Weapons, Tobacco, Climate Change and Forced Labour. See the Manager's website for more detail on the application of the exclusion policy.

**What is the policy to assess good governance practices of the investee companies?**

The governance practices of issuers are assessed using fundamental research, including Fidelity ESG ratings, data regarding controversies and UN Global Compact violations.

Key points that are analysed include track record of capital allocation, financial transparency, related party transactions, board independence and size, executive pay, auditors and internal oversight, minority shareholder rights, among other indicators.

**Is there a commitment to reduce by a minimum rate the scope of investments considered prior to the application of the strategy? (Including an indication of the rate)**

When selecting investments, the Fund's investment universe will be reduced by at least 20% due to the exclusion of issuers on the basis of their ESG characteristics.

**Does this financial product consider principal adverse impacts on sustainability factors?**

- Yes  
 No

Yes, Principal adverse impacts on sustainability factors are considered through and incorporated into investment decisions through a variety of tools, including:

- i. Due Diligence - analysis of whether principle adverse impacts are material and negative.
- ii. ESG rating - Fidelity references ESG ratings which incorporate material principal adverse impacts such as carbon emissions, employee safety and bribery and

corruption, water management. For sovereign issued securities, principal adverse impacts are considered through and incorporated into investment decisions using ratings which incorporate material principal adverse impacts such as carbon emissions, social violations and freedom of expression.

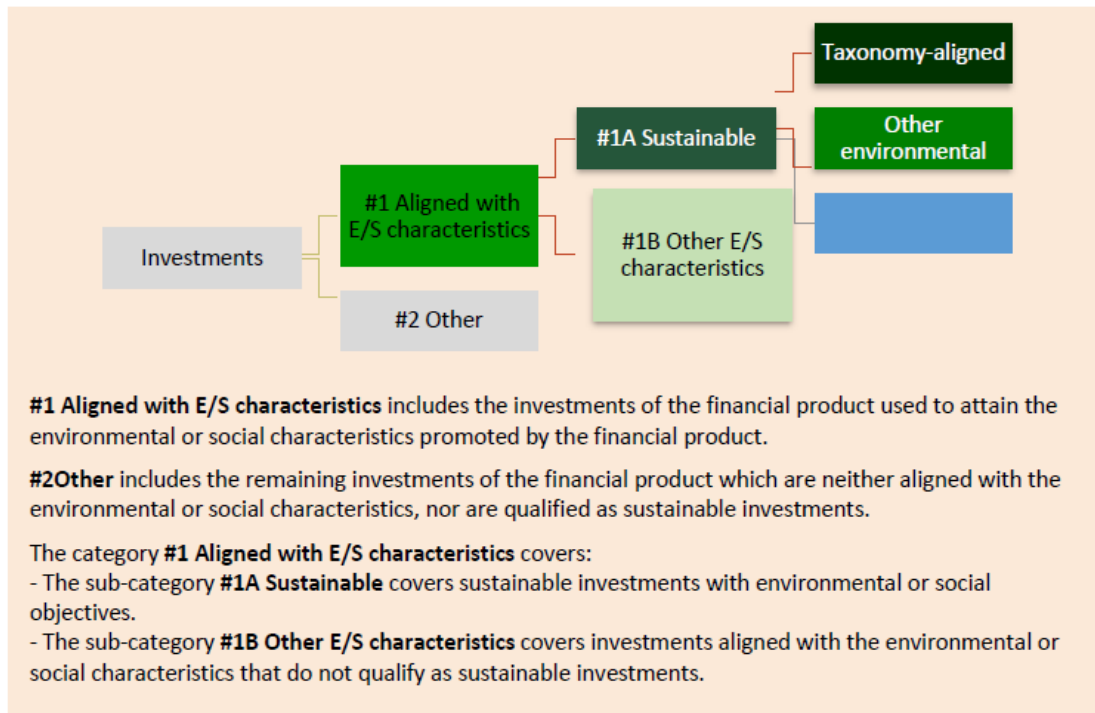
- iii. Exclusions - When investing directly in corporate issuers, the Fund applies the Exclusions to help mitigate PAI through excluding harmful sectors and prohibiting investment in issuers that breach international standards, such as the UNGC.
- iv. Engagement - Fidelity uses engagement as a tool to better understand principal adverse impacts on sustainability factors and, in some circumstances, advocate for enhancing principal adverse impacts and sustainability metrics. Fidelity participates in relevant individual and collaborative engagements that target a number of principal adverse impacts (i.e. Climate Action 100+, Investors Against Slavery and Trafficking APAC).
- v. Voting - Fidelity's voting policy includes explicit minimum standards for board gender diversity and engagement with climate change. Fidelity may also vote to enhance issuer performance on other indicators.
- vi. Quarterly reviews - monitoring of principal adverse impacts through the Fund's quarterly review process.

The specific PAI indicators that are taken into consideration are subject to data availability and may evolve with improving data quality and availability. In certain circumstances, such as indirect investments made by the Fund, PAI may not be considered.

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## **E. Proportion of Investments**

**What is the planned asset allocation for this financial product?**



The Fund aims to invest:

(i) A minimum of 70% of its assets in securities of issuers with favourable ESG characteristics,

(ii) A minimum of 35% in sustainable investments (#1A sustainable)\* of which a minimum of 0% have an environmental objective (which is aligned with the EU Taxonomy), a minimum of 15% have an environmental objective (which is not aligned with the EU Taxonomy) and a minimum of 0% have a social objective.

(#1B Other E/S characteristics) Includes securities of issuers with favourable ESG characteristics but are not sustainable investments.

*\*Fidelity determines the minimum overall percentage of sustainable investments on the basis of including issuers, as described above, whereby more than 50% of revenue contributes to a sustainable investment objective.*

### **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Where the security underlying a derivative has favourable ESG characteristics in accordance with Fidelity's Sustainable Investing Framework, the derivative may be included in determining the proportion of the Fund dedicated to promotion of environmental or social characteristics.

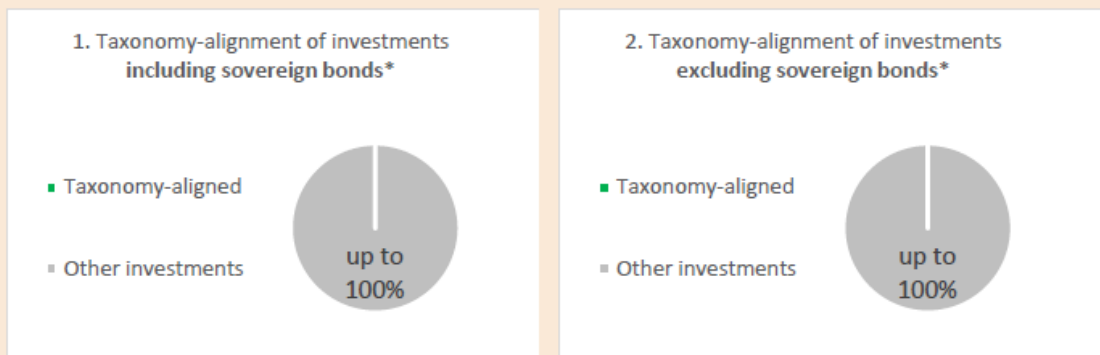
**What is the minimum share of investments with an environmental objective aligned with the EU Taxonomy? (including what methodology is used for the calculation of the**



alignment with the EU Taxonomy and why; and what the minimum share of transitional and enabling activities)

Not applicable.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Fund invests a minimum of 15% in sustainable investments with an environmental objective that is not aligned with the EU Taxonomy.

**What is the minimum share of socially sustainable investments?**

The Fund invests a minimum of 0% in sustainable investments with a social objective.

**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining investments of the Fund will be invested in assets aligned with the financial objective of the Fund, cash and cash equivalents for liquidity purposes and derivatives which may be used for investment and efficient portfolio management.

As a minimum environmental and social safeguard, the Fund will adhere to the Exclusions.

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## **F. Monitoring of environmental or social characteristics**

**What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by this financial product?**

The Fund uses the following sustainability indicators in order to measure the attainment of the environmental or social characteristics that it promotes:

- i) the percentage of the Fund invested in securities of issuers with favourable ESG characteristics in accordance with Fidelity's Sustainable Investing Framework;
- ii) the percentage of the Fund invested in securities of issuers with exposure to the Exclusions (as defined below);
- iii) the percentage of the Fund invested in sustainable investments; and
- iv) the percentage of the Fund invested in sustainable investments with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy; and
- v) the percentage of the Fund invested in sustainable investments with an environmental objective in economic activities (that do not qualify as environmentally sustainable under the EU Taxonomy)

**How are the environmental or social characteristics and the sustainability indicators monitored throughout the lifecycle of the financial product and the related internal/external control mechanism?**

Both Fidelity's investment directors and the portfolio compliance team monitor attainment of the environmental or social characteristics promoted throughout the Fund's lifecycle on a daily basis, using Fidelity's internal compliance monitoring system.

The sustainability indicators are monitored by Fidelity's sustainable investing team on a quarterly basis.

The Fund's periodic disclosures report on the extent to which the Fund has attained the environmental or social characteristics promoted and the sustainability indicators during the period.

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**G. Methodologies**

**What is the methodology to measure the attainment of the environmental or social characteristics promoted by the financial product using the sustainability indicators?**

The attainment of sustainability indicators is measured by Fidelity's sustainable investing team on a quarterly basis, using data obtained from daily monitoring of the environmental or social characteristics promoted by the Fund.

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**H. Data Sourcing and processing**

**What are the data sources used to attain each of the environmental or social characteristics including the measures taken to ensure data quality, how data is processed and the proportion of data that is estimated?**

Data Sources

Data is obtained from a combination of internal and external sources.

External sources include:

MSCI and Factset that provide data on principal adverse impacts, controversy data and ESG ratings data;

Institutional Shareholder Services (ISS) that provide carbon data, climate data and data on UN Global Compact violators;

Moody's that provide EU Taxonomy data.

Internal sources include Fidelity Sustainability Ratings, which complement the third-party sourced ESG ratings and controversy data for exclusions and qualitative assessments.

Measures taken to ensure data quality

When a data provider is initially onboarded by Fidelity, an assessment of data quality and an evaluation of data samples is made.

Fidelity assesses the quality of MSCI ESG ratings data on an ongoing daily basis, using broad statistics to check data points for accuracy and completeness.

Fidelity also performs certain manual checks from time to time on externally sourced data.

How data is processed

Data is processed in accordance with applicable local laws on processing of data and in accordance with Fidelity's policies on data processing.

Proportion of data that is estimated

Fidelity does not generally estimate data, although may do so in certain circumstances. External data providers may estimate data.

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**I. Limitations to methodologies and data**

**What are the limitations to the methodologies and data sources? (Including how such limitations do not affect the attainment of the environmental or social characteristics and the actions taken to address such limitations)**

Limitations in data availability or methodological challenges may constrain Fidelity's ability to generate insights into an individual issuer's contribution towards a sustainability objective. The data used is in part provided by external data providers, which may apply different models and may contain inaccurate or incomplete data. In case of insufficient data, these data providers may rely on estimates and approximations using internal methodologies that may be subjective. These methodologies may also vary for each data provider. As the Fund relies in part on this data when making investment decisions, it might have a negative impact on the performance of the Fund. However, these challenges may be

mitigated by issuer engagement and Fidelity do not expect these constraints to have a material impact on the Fund's ability to achieve the environmental or social characteristics.

In addition, Fidelity continue to seek alternative data providers and aim to introduce additional proprietary tools to help bridge data gaps and to provide alternative insight into an issuers performance on sustainability issues and will continue to evolve Fidelity's ESG ratings to reflect evolving best practice.

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## **J. Due Diligence**

### **What is the due diligence carried out on the underlying assets and what are the internal and external controls in place?**

Due diligence on underlying assets is carried out by reference to:

(i) ESG ratings which incorporate analysis of the environmental and social characteristics of an issuer and consideration of material principal adverse impacts such as carbon emissions, employee safety and bribery and corruption, water management and, for sovereign issued securities, ratings used incorporate consideration of material principal adverse impacts such as carbon emissions, social violations and freedom of expression. Fidelity ESG ratings for each issuer are reviewed on an annual basis.

(ii) Engagement - Fidelity uses engagement as a tool to better understand issuers and, in some circumstances, advocate for change. Fidelity participates in relevant individual and collaborative engagements that target a number of principal adverse impacts (i.e. Climate Action 100+, Investors Against Slavery and Trafficking APAC).

The Sustainable Investing frameworks and activities are overseen by the Fidelity Sustainable Investing Operating Committee (the 'SIOC'). The SIOC is responsible for setting the policies and objectives of Fidelity as they relate to sustainable investing and oversee the implementation and delivery of these policies and objectives. This committee is comprised of Fidelity senior executives from across Fidelity's business units, including the Global Head of Stewardship and Sustainable Investing. In addition, the SIOC is responsible for the conduct, oversight and execution of Fidelity's ownership rights in investee issuers, including engagement and proxy voting activities.

The Fidelity Sustainable Investing frameworks and Fidelity ESG Ratings have been reviewed and validated by Fidelity internal risk and internal audit teams.

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## **K. Engagement Policies**

### **Is engagement part of the environmental or social investment strategy?**

Yes

**If so, what are the engagement policies? (Including any management procedures applicable to sustainability-related controversies in investee companies)**

Engagement and voting form part of the Fund's consideration of principal adverse impacts on sustainability factors. Engagement is part of the Fund's investment strategy and is used to determine eligibility of issuers that don't have favourable ESG characteristics but demonstrate that they are on an improving trajectory with respect to their ESG characteristics.

The Investment Manager's Sustainable Investing Principles and Voting Policy sets out how it may integrate shareholder engagement in investment strategies. Engagements can be undertaken to gain a deeper understanding of an issuer's sustainability and impact on environmental and social factors to better inform investment decisions and to use influence to improve the sustainability practices of issuers.

The Investment Manager seeks to maintain an ongoing dialogue with management of issuers. Formal meetings are typically held with most issuers at least twice a year. In addition to these regular dialogues, there are a variety of other opportunities for ESG-focussed engagements including those in response to a controversy or adverse event, or if flagged for engagement during the Fidelity Sustainability Rating assessment process, a thematic engagement on a particular sustainable investing issue, in response to an issuer's request for engagement on a specific governance or corporate event, or through involvement with a third-party engagement forum. Once the Investment Manager has identified an engagement opportunity, a constructive dialogue starts with issuers to explain the Investment Manager's beliefs and expectations, and to encourage shifts in long term behaviour.

The Investment Manager documents engagements with issuers in a centralised application platform, which is available to the entire investment team. Engagements can have various timeframes depending on the materiality and urgency of the topic in discussion. A lack of impact of the engagement can lead to a worsened Fidelity Sustainability Rating or lead to considerations around voting and divestment.

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**L. Reference Benchmark**

**Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?**

Yes

No

**How is that index designated as a reference benchmark aligned with the environmental or social characteristics promoted by the financial product? (including the input data, the**

**methodologies used to select those data, the rebalancing methodologies and how the index is calculated)**

An index has not been designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

**How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

This question is not applicable.

**How does the designated index differ from a relevant broad market index?**

This question is not applicable.

**Where can the methodology used for the calculation of the designated index be found?**

This question is not applicable.