

# **Fidelity UCITS ICAV**

## **Fidelity Sustainable Research Enhanced Japan Equity UCITS ETF**

**1 December 2022**

(A sub-fund of Fidelity UCITS ICAV, an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds with registered number C158668 authorised by the Central Bank of Ireland pursuant to the UCITS Regulations).

This supplement (the “Supplement”) forms part of the Prospectus dated 1 December 2022 (the “Prospectus”) in relation to Fidelity UCITS ICAV (the “Fund”) for the purposes of the UCITS Regulations. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the Fidelity Sustainable Research Enhanced Japan Equity UCITS ETF (the “Sub-Fund”) which is a separate sub-fund of the Fund, represented by the Fidelity Sustainable Research Enhanced Japan Equity UCITS ETF series of shares in the Fund (the “Shares”).

The Sub-Fund is an Actively Managed Sub-Fund and Shares in this Sub-Fund may be designated as ETF Shares or Non-ETF Shares.

Prospective investors should review this Supplement and the Prospectus carefully and in their entirety and consider the risk factors set out in the Prospectus and in this Supplement before investing in this Sub-Fund. If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant and/or financial adviser.

The Directors, as listed in the “*Management*” section of the Prospectus, accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Unless otherwise defined herein or unless the context otherwise requires, all defined terms used in this Supplement shall bear the same meaning as in the Prospectus.

## KEY INFORMATION

<b>Base Currency</b>	JPY
<b>Basis of Distribution</b>	Net Income
<b>Business Day</b>	Any London Banking Day and/or such other day or days as the Directors may determine and notify in advance to Shareholders.
<b>Dealing Day</b>	Each Business Day will be a Dealing Day, except that any day on which market(s) on which the investments in the portfolio of the Sub-Fund are traded is/are closed and, as a result of which 25% or more of the portfolio of the Sub-Fund may not be traded, shall not be a Dealing Day. However, the Sub-Fund will have at least one Dealing Day per fortnight. The Dealing Days for the Sub-Fund are contained in a dealing calendar which is updated monthly and available from the Administrator.
<b>Dealing Deadline</b>	4:00pm (Irish time) on the Business Day prior to the relevant Dealing Day.
<b>Investment Manager</b>	FIL Investments International
<b>Fees</b>	<p>The maximum TER for each Class is set forth in the table in the “<i>Classes</i>” section below.</p> <p>A subscription fee of up to 5% of the Net Asset Value of Shares being subscribed and / or a redemption fee of up to 3% of the Net Asset Value of the Shares being redeemed may be charged by the Manager.</p> <p>Further information in this respect is set out in the “<i>Fees and Expenses</i>” section of the Prospectus, and below.</p>
<b>Valuation</b>	The Net Asset Value per Share is calculated in accordance with the “Determination of Net Asset Value” section of the Prospectus, using the official closing price published by the relevant Recognised Market on each Valuation Day for assets quoted, listed or traded on or under the rules of such Recognised Market.
<b>Valuation Day</b>	Every Dealing Day and, in the event it is not a Dealing Day, any day with the exception of Saturdays, Sundays, New Year’s Day, Christmas Day and Good Friday and/or such other day or days as the Directors may determine and notify in advance to Shareholders.

<b>Valuation Point</b>	11pm (Irish time) on each Valuation Day.
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### Classes

Shares of the Sub-Fund may be divided into different Share Classes with different dividend policies and currency hedging exposures. They may therefore have different fees and expenses. The following Share Classes are available to launch at the discretion of the Manager.

Class Name	Share Class Currency	Currency Hedged Share Class	ETF or Non-ETF Shares	Dividend Distribution Policy	Maximum TER %	Offer Period	Offer Price
Acc*	JPY	No	ETF Shares	Accumulating	0.30%	N/A	500 JPY
Inc	JPY	No	ETF Shares	Distributing	0.30%	1 July 2022 to 30 December 2022	500 JPY
EUR Hedged Acc	EUR	Yes, Portfolio Hedge	ETF Shares	Accumulating	0.35%	1 July 2022 to 30 December 2022	5 EUR
EUR Hedged Inc	EUR	Yes, Portfolio Hedge	ETF Shares	Distributing	0.35%	1 July 2022 to 30 December 2022	5 EUR
GBP Hedged Acc	GBP	Yes, Portfolio Hedge	ETF Shares	Accumulating	0.35%	1 July 2022 to 30 December 2022	5 GBP
GBP Hedged Inc	GBP	Yes, Portfolio Hedge	ETF Shares	Distributing	0.35%	1 July 2022 to 30 December 2022	5 GBP
CHF Hedged Acc	CHF	Yes, Portfolio Hedge	ETF Shares	Accumulating	0.35%	1 July 2022 to 30 December 2022	5 CHF
CHF Hedged Inc	CHF	Yes, Portfolio Hedge	ETF Shares	Distributing	0.35%	1 July 2022 to 30 December 2022	5 CHF

Unlisted P USD Acc	USD	No	Non-ETF Shares	Accumulating	0.30%	1 July 2022 to 30 December 2022	5 USD
Unlisted P USD Inc	USD	No	Non-ETF Shares	Distributing	0.30%	1 July 2022 to 30 December 2022	5 USD
Unlisted P EUR Acc	EUR	No	Non-ETF Shares	Accumulating	0.30%	1 July 2022 to 30 December 2022	5 EUR
Unlisted P EUR Inc	EUR	No	Non-ETF Shares	Distributing	0.30%	1 July 2022 to 30 December 2022	5 EUR
Unlisted P GBP Acc	GBP	No	Non-ETF Shares	Accumulating	0.30%	1 July 2022 to 30 December 2022	5 GBP
Unlisted P GBP Inc	GBP	No	Non-ETF Shares	Distributing	0.30%	1 July 2022 to 30 December 2022	5 GBP
Unlisted P CHF Acc	CHF	No	Non-ETF Shares	Accumulating	0.30%	1 July 2022 to 30 December 2022	5 CHF
Unlisted P CHF Inc	CHF	No	Non-ETF Shares	Distributing	0.30%	1 July 2022 to 30 December 2022	5 CHF
Unlisted P EUR Hedged	EUR	Yes, Portfolio	Non-ETF Shares	Accumulating	0.35%	1 July	5 EUR

Acc		Hedge				2022 to 30 December 2022	
Unlisted P EUR Hedged Inc	EUR	Yes, Portfolio Hedge	Non-ETF Shares	Distributing	0.35%	1 July 2022 to 30 December 2022	5 EUR
Unlisted P GBP Hedged Acc	GBP	Yes, Portfolio Hedge	Non-ETF Shares	Accumulating	0.35%	1 July 2022 to 30 December 2022	5 GBP
Unlisted P GBP Hedged Inc	GBP	Yes, Portfolio Hedge	Non-ETF Shares	Distributing	0.35%	1 July 2022 to 30 December 2022	5 GBP
Unlisted P CHF Hedged Acc	CHF	Yes, Portfolio Hedge	Non-ETF Shares	Accumulating	0.35%	1 July 2022 to 30 December 2022	5 CHF
Unlisted P CHF Hedged Inc	CHF	Yes, Portfolio Hedge	Non-ETF Shares	Distributing	0.35%	1 July 2022 to 30 December 2022	5 CHF

\*The initial offer period for this Share Class has closed and Shares in this Share Class will be issued at their Net Asset Value per Share on each Dealing Day.

## INVESTMENT OBJECTIVE AND POLICY

### Investment Objective

The Sub-Fund aims to achieve long-term capital growth from a portfolio primarily made up of equity securities of companies domiciled in Japan.

### Investment Policy

The Sub-Fund aims to achieve its investment objective by actively investing in a portfolio primarily made up of equity securities of companies domiciled, or exercising the predominant part of their economic activity, in Japan.

#### *Selection of Investments*

The Investment Manager will use a quantitative approach to deliver a portfolio of investments that are usually focused on the highest conviction stock recommendations identified by the Investment Manager's research analysts. The Sub-Fund is part of the Fidelity Sustainable Family and invests at least 70% of its assets in securities of issuers with favourable ESG characteristics, as described in the section of the Prospectus entitled "*Sustainable Investing and ESG Integration*" and in the Sustainability Annex. The Sub-Fund is subject to the disclosure requirements of article 8 of the SFDR (i.e. it promotes environmental and/or social characteristics).

The Sub-Fund will hold a portfolio of equity securities which is systematically selected and managed with the aim of outperforming the MSCI Japan (Net Total Return) Index (the "**Benchmark**") over the long-term, i.e. over a period of 5 years or more. The Benchmark is designed to measure the capital gains of the larger segments of the Japanese stock market and assumes that any cash distributions, such as dividends, are reinvested. As of July 2020, the Benchmark covered more than 300 constituents and approximately 85% of the free float-adjusted market capitalization in Japan. Due to the Sub-Fund's objectives, the Sub-Fund will likely bear a close resemblance to the Benchmark and the risk characteristics (e.g. level of volatility) of the Sub-Fund's portfolio will be broadly similar to that of the Benchmark but the Sub-Fund will be actively managed and will not attempt to replicate the Benchmark. Rather, the Investment Manager may overweight the securities which it considers have the highest potential to outperform the Benchmark and underweight or not invest at all in securities which the Investment Manager considers most overvalued. The Sub-Fund may also invest in securities which do not form part of the Benchmark.

The strategy aims to outperform the Benchmark by a target of 1% annualised gross returns over a period of 5 years or more. In seeking to identify under- and over-valued securities, the Sub-Fund will leverage on the expertise of the Investment Manager's fundamental research analysis from its proprietary fundamental research platform. This research platform engages broad bottom-up asset class coverage, involving issuer specific research and analysis alongside macroeconomic factors and forecasts and quantitative research. Securities are scored based on research analyst views depending on buy/sell recommendations and how recently the rating was issued. These scores are used to generate predicted return values for each security. The Sub-Fund's portfolio is then optimised to maximise predicted returns and therefore outperformance of the Benchmark. Such optimisation takes into account the size of stock weights, and sector of the Benchmark in order to deliver outperformance of the Benchmark. As a result of these constraints, the extent to which the Sub-Fund will deviate from the Benchmark, in relation to both composition and performance, is limited. While the Sub-Fund does not track the Benchmark, the Investment Manager does not anticipate the tracking error to exceed 2%. Please note that this indicative tracking error is not binding on the Sub-Fund and the Sub-Fund may deviate from this.

The Investment Manager also considers ESG characteristics when assessing investment risks and opportunities. In determining favourable ESG characteristics, the Investment Manager takes into account ESG ratings provided by Fidelity or external agencies. Through the investment management process, the Investment Manager aims to ensure that investee companies follow good governance

practices. The ESG assessment described above may not be determinative on investment decisions. The Investment Manager may determine that, although an issuer's securities do not meet the relevant criteria, the Sub-Fund may still purchase and retain such securities where it believes that this is in the best interests of the Sub-Fund on the basis of the other elements of the investment policy described above.

Details of the Sub-Fund's portfolio and the Net Asset Value per Share are available on the Website daily.

As of the date of this Supplement, the Benchmark administrator has been included on the ESMA register of administrators and benchmarks.

#### *Asset Classes*

The Sub-Fund will primarily invest in a diversified portfolio of equity securities of companies of any market capitalisation, sector or industry classification consistent with the investment selection process described above which are listed or traded on Recognised Markets, although the Sub-Fund may also invest in unlisted securities in accordance with the limits set out in the UCITS Regulations. Such equity securities include common stocks, depositary receipts (American Depositary Receipts, European Depositary Receipts or Global Depositary Receipts) and equity-related securities such as preferred stocks, real estate investment trusts (REITs), subscription rights, warrants, unlisted equity securities, initial public offerings (IPOs) and secondary offerings.

The Currency Hedged Share Classes will implement currency hedging in accordance with the "*Currency Hedging at Share Class Level*" section of the Prospectus.

The Sub-Fund may for efficient portfolio management purposes only, and in accordance with the conditions and limits imposed by the Central Bank, use forward foreign exchange contracts (including non-deliverable forwards), equity index futures and currency futures. Forwards and futures and their use for this purpose are described under "*Use of Financial Derivative Instruments*" in the "*Investment Objectives and Policies*" section of the Prospectus. Accordingly, while the Sub-Fund may be leveraged as a result of its use of FDIs, the primary purpose of the use of FDIs is to reduce risk and it is expected that such leverage, calculated using the using the commitment approach, will not exceed 100% of the Sub-Fund's Net Asset Value.

The Sub-Fund may enter into securities lending transactions as described in the "*Investment Restrictions*" section below and subject to the "*Securities Lending*" sub-section of the section of the Prospectus entitled "*Investment Objectives and Policies*" and to the conditions and limits set out in the Central Bank UCITS Regulations.

The Sub-Fund may also invest in other regulated, open-ended collective investment schemes as described under "*General Investment Techniques*" in the "*Investment Objectives and Policies*" where the objectives of such funds are consistent with the objective of the Sub-Fund.

The Sub-Fund may also, on an ancillary basis for cash management purposes, invest in money market instruments including bank deposits, fixed or floating rate instruments (including commercial paper), floating or variable rate notes, bankers acceptances, certificates of deposit, debentures and short-dated government or corporate bonds, cash and cash equivalents (including treasury bills) that are rated as investment grade or below or are unrated, subject to the limits and restrictions of the UCITS Regulations.

With the exception of permitted investments in the unlisted investments and over-the-counter FDIs, the Sub-Fund's investments will be listed or traded on Recognised Markets.



## Investment Restrictions

The following investment restrictions will apply, in addition to those set out in the Prospectus:

- The Sub-Fund's investments in other collective investment schemes will be limited to 10% of Net Asset Value.
- The Sub-Fund's exposure to securities lending transactions is as set out below (as a percentage of Net Asset Value):

	Expected	Maximum
Securities Lending	15%	30%

### *Minimum Investment in Equity Participations according to the German Investment Tax Act*

The Sub-Fund qualifies for “equity fund” status according to section 2 sub-section 6 of the version of the German Investment Tax Act, effective from 1 January 2018 (“**GITA 2018**”), because, according to its investment policy laid down above, more than 50% of its assets is invested in “equity participations” (as defined in section 2 sub-section 8 of GITA 2018) on an ongoing basis.

The Fund will monitor the scope of “equity participations” held in the portfolio of the Sub-Fund on an ongoing basis. Changes in the composition of the portfolio, to the extent they trigger a breach (other than a short-term passive breach) of the above-stated German minimum ratio, will be considered accordingly and will trigger such disclosure and notification consequences as are required by German law.

## INVESTMENT RISKS

Investment in the Sub-Fund carries with it a degree of risk including the risks described in the “*Risk Information*” section of the Prospectus and, in particular, the “*Sustainable Investing Risk*” risk disclosure. These risks are not intended to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before purchasing Shares.

The Sub-Fund is not expected to have an above average risk profile or high volatility as a result of its use of FDIs. For information in relation to risks associated with the use of financial derivative instruments, please refer to “*Derivatives Risk*” in the “*Risk Information*” section of the Prospectus.

## INVESTOR PROFILE

Typical investors in the Sub-Fund are expected to be retail and institutional investors who want to take a long or short-term exposure to the Japanese equity market and are prepared to accept the risks associated with an investment of this type, including the volatility of such market.

## INVESTMENT MANAGER

The Manager has appointed FIL Investments International to act as Investment Manager of the Sub-Fund. The Investment Manager is incorporated in the United Kingdom, with its registered office at Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP, United Kingdom, and FIL Limited is its ultimate parent company. The Investment Manager is authorised and regulated in the United Kingdom by the Financial Conduct Authority. The Investment Manager acts as investment manager or investment adviser to a range of collective investment schemes.

The Investment Management Agreement provides that the appointment of the Investment Manager will continue in force unless and until terminated by either party providing six months' prior written notice. The Investment Management Agreement may also be terminated forthwith without prior notice in certain circumstances, such as upon the insolvency of either party (or upon the happening of a like event) or upon an unremedied breach within 30 days of receipt of notice. The Manager may also terminate the appointment of the Investment Manager with immediate effect in certain circumstances, including where to do so is in the best interests of the Sub-Fund. The Investment Management Agreement contains provisions regarding the Investment Manager's legal responsibilities. The Investment Manager is not liable for losses, liabilities, damages or expenses caused to the Sub-Fund unless resulting from its negligence, wilful default, bad faith or fraud.

The Investment Manager has the discretion to delegate all the powers, duties and discretions exercisable in respect of its obligations under the Investment Management Agreement as the Investment Manager and any delegate may from time to time agree. Any such appointment will be in accordance with the requirements of the Central Bank.

## **PRIMARY MARKET – SUBSCRIPTIONS AND REDEMPTIONS**

Shares in unlaunched Classes will be available during the Initial Offer Period (or such earlier or later date as the Directors may determine) at the fixed price detailed in the table in the "Classes" section above.

Shares in a given Share Class, following the closure of the Initial Offer Period of that Share Class, may be subscribed for and redeemed on each Dealing Day by making an application before the Dealing Deadline. Such Shares will be issued or redeemed at the Net Asset Value per Share plus an amount in respect of Duties and Charges and/or a subscription/redemption fee, where applicable.

Subscription and redemption orders in respect of the ETF Shares in the Sub-Fund will be processed in accordance with the "*Purchase and Sale Information – ETF Shares*" section of the Prospectus. Subscription and redemption orders in respect of the Non-ETF Shares in the Sub-Fund will be processed in accordance with the "*Purchase and Sale Information – Non-ETF Shares*" section of the Prospectus.

## **SECONDARY MARKET – SUBSCRIPTIONS AND REDEMPTIONS**

Investors may buy and sell ETF Shares in the Sub-Fund on a Secondary Market in accordance with the "*Purchase and Sale Information – Procedures for Dealing on the Secondary Market*" section of the Prospectus.

## **CONVERSIONS**

Notwithstanding the terms of the Prospectus, Shareholders are not entitled to convert their Shares in the Sub-Fund into Shares in another sub-fund of the Fund or to convert their ETF Shares in the Sub-Fund into Non-ETF Shares in the Sub-Fund or vice versa. Shareholders are permitted to convert their ETF Shares in one Share Class of the Sub-Fund to ETF Shares of another Share Class of the Sub-Fund.

## **DIVIDEND DISTRIBUTIONS**

In respect of Distributing Classes, and subject to Net Income being available for distribution, it is the current intention of the Directors, subject to any de minimis threshold, to declare dividends out of Net Income attributable to each of the Distributing Classes. Under normal circumstances, the Directors intend that dividends shall be declared on a semi-annual basis in or around May and November of each year and paid on the last Thursday of that relevant month, or any such other Business Day that

the Directors deem appropriate. However, Shareholders should note that the Directors may, in their discretion, decide not to make such payment in respect of a Distributing Class.

## **LISTING**

Application has been made for the ETF Shares to be admitted to the Official List and to trading on the regulated market of Euronext Dublin and to be admitted to trading on each of the Listing Stock Exchanges. The ETF Shares are expected to be admitted to listing on Euronext Dublin on or about the closure of the Initial Offer Period for the relevant Share Class.

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

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

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:**  
Fidelity UCITS ICAV - Fidelity Sustainable Research Enhanced Japan Equity UCITS ETF

**Legal entity identifier:**  
2549006YGN8TU1T8M925

**Environmental and/or social characteristics**

**Does this financial product have a sustainable investment objective?**

<p><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b></p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective: ____%</b></p> <p style="margin-left: 40px;"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy         </p> <p><input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective: ____%</b></p>	<p><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b></p> <p><input checked="" type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments</p> <p style="margin-left: 40px;"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input checked="" type="checkbox"/> with a social objective         </p> <p><input type="checkbox"/> It promotes E/S characteristics, <b>but will not make any sustainable investments</b></p>
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**What environmental and/or social characteristics are promoted by this financial product?**

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The Sub-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. ESG ratings consider environmental characteristics including carbon intensity, carbon emissions, energy efficiency, water and waste management and biodiversity, as well as social characteristics including product safety, supply chain, health and safety and human rights.

The Sub-Fund partially intends to make sustainable investments.

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

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

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

***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 Sub-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 impacts (PAIs) as well as for performance on PAI metrics. This includes:

Norms-based screens - the screening out of securities identified under Fidelity's norms based screens (as set out below);

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.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

For sustainable investments, as set out above, Fidelity undertakes a quantitative evaluation that identifies entities 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.

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

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 (UNGC), 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.



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

☒ Yes

☐ No

Consideration of the principal adverse impacts on sustainability factors of investment decisions (referred to as principal adverse impacts) is incorporated through a variety of tools, including:

(i) *Due Diligence* - analysis of whether impacts on sustainability factors are material and negative.

(ii) *ESG rating* - Fidelity references ESG ratings which incorporate 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.

(iii) *Exclusions* - When investing directly in corporate issuers, the Sub-Fund applies the Exclusions (as defined below) to help mitigate the principal adverse impacts 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 and, in some circumstances, advocate for mitigating the principal adverse impacts. 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 for corporate issuers. Fidelity may also vote to help mitigate

principal adverse impacts.

(vi) *Quarterly reviews* - monitoring of principal adverse impacts through the Sub-Fund's quarterly review process.

Fidelity takes into account specific indicators for each sustainability factor when considering whether investments have a principal adverse impact. These indicators are subject to data availability and may evolve with improving data quality and availability. In certain circumstances, such as indirect investments made by the Sub-Fund, principal adverse impacts may not be considered.

Information on principal adverse impacts will be available in the annual report of the Sub-Fund.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investments objectives and risk tolerance.

The Sub-Fund is part of the Fidelity Sustainable Family of Funds and adopts a Sustainable Focused strategy under which a minimum of 70% of the Sub-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.

Within this investment universe, the Investment Manager selects stocks through rigorous bottom-up financial analysis and valuation to select stocks with strong investment return potential.

In respect of its direct investments, the Sub-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.

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).

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 Sub-Fund will invest:

- (i) a minimum of 70% of its assets in issuers with favourable ESG characteristics,
- (ii) a minimum of 20% in sustainable investments of which a minimum of 0% have an environmental objective (which is aligned with the EU Taxonomy), a minimum of 5% have an environmental objective (which is not aligned with the EU Taxonomy) and a minimum of 10% have a social objective.

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

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

This question is not applicable.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

## 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.



Asset allocation describes the share of investments in specific assets.

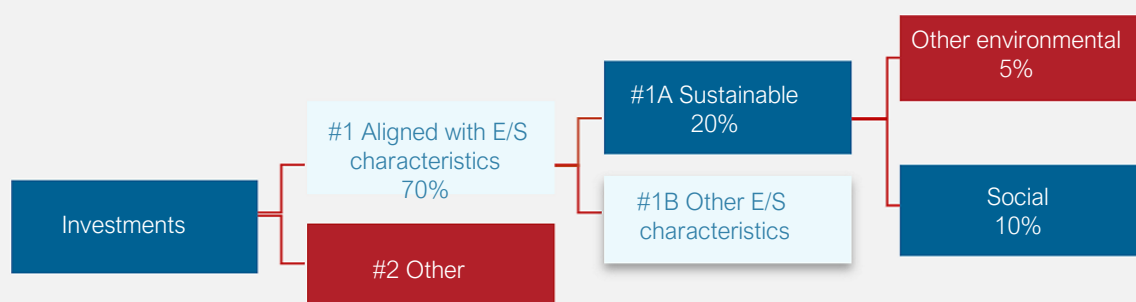
## What is the asset allocation planned for this financial product?

(#1 Aligned with E/S characteristics) The Sub-Fund will invest:

1. a minimum of 70% of its assets in securities of issuers with favourable ESG characteristics;
2. a minimum of 20% 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 5% have an environmental objective (which is not aligned with the EU Taxonomy) and a minimum of 10% 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.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

## 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 Sub-Fund dedicated to promotion of environmental or social characteristics.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective **that do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



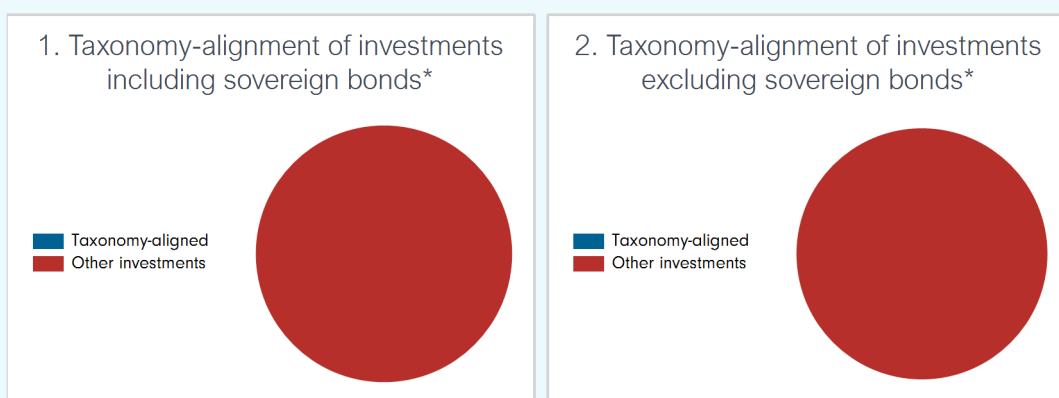
## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund invests a minimum of 0% in sustainable investments with an environmental objective aligned with the EU Taxonomy.

The compliance of the investments of the Sub-Fund with the EU Taxonomy will not be subject to an assurance by auditors or a review by third parties.

The EU Taxonomy alignment of the underlying investments of the Sub-Fund is measured by turnover.

*The two graphs below show in dark blue 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 investments in transitional and enabling activities?

The Sub-Fund invests a minimum of 0% in transitional activities and a minimum of 0% in enabling activities.



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

The Sub-Fund invests a minimum of 5% in sustainable investments with an environmental objective that is not aligned with the EU Taxonomy.

Investments could be aligned with the EU Taxonomy but the Investment Manager is not currently in a position to specify the exact proportion of the Sub-Fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.



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

The Sub-Fund invests a minimum of 10% 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 Sub-Fund will be invested in assets aligned with the financial objective of the Sub-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 Sub-Fund will adhere to the Exclusions.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

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 is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

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.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



**Where can I find more product specific information online?**

More product-specific information can be found on the website:

[https://www.fidelity.lu/funds/factsheet/IE00BNGFMX61/tab-disclosure#SFDR-disclosure.](https://www.fidelity.lu/funds/factsheet/IE00BNGFMX61/tab-disclosure#SFDR-disclosure)

Further information on the methodologies set out herein is available on the website: [Sustainable investing framework \(fidelityinternational.com\)](https://www.fidelityinternational.com).