

An aerial photograph of a dense forest. A small, dark pond is visible on the left side. The trees in the center and right show vibrant autumn colors, including shades of orange, red, and yellow, contrasting with the surrounding dark green evergreen trees.

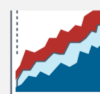
Leveraging ESG data and ratings in the investment process and product development

The sustainable investing opportunity

Investors' expectations and regulatory requirements are evolving rapidly and driving flows



Regulatory Landscape

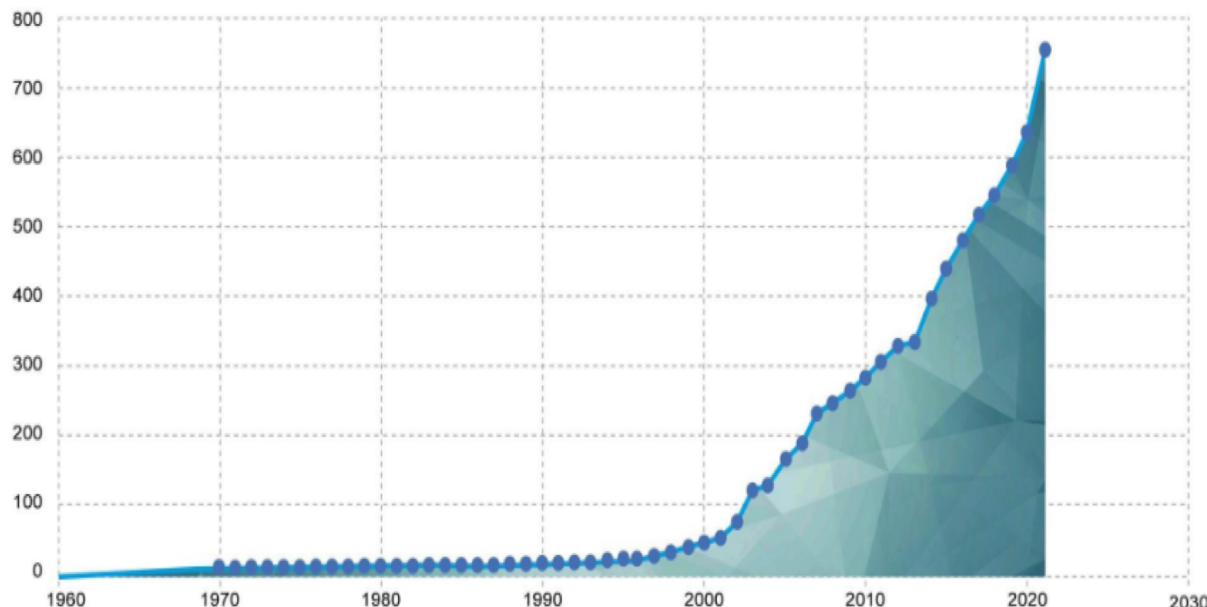


Client Expectations



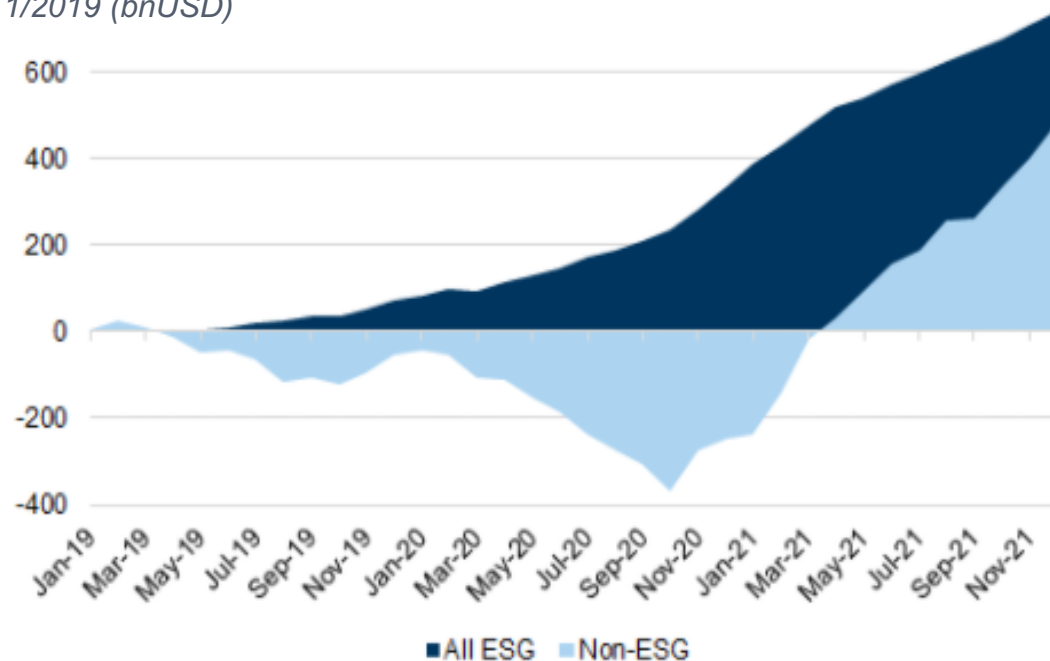
AUM Flows

Cumulative number of policy interventions



ESG fund flows accelerated in 2020 and remain strong in 2021

Cumulative monthly global flows for ESG and non-ESG equity funds since 1/2019 (bnUSD)



Source: Fidelity International, 2022. <https://www.unpri.org/policy/regulation-database>

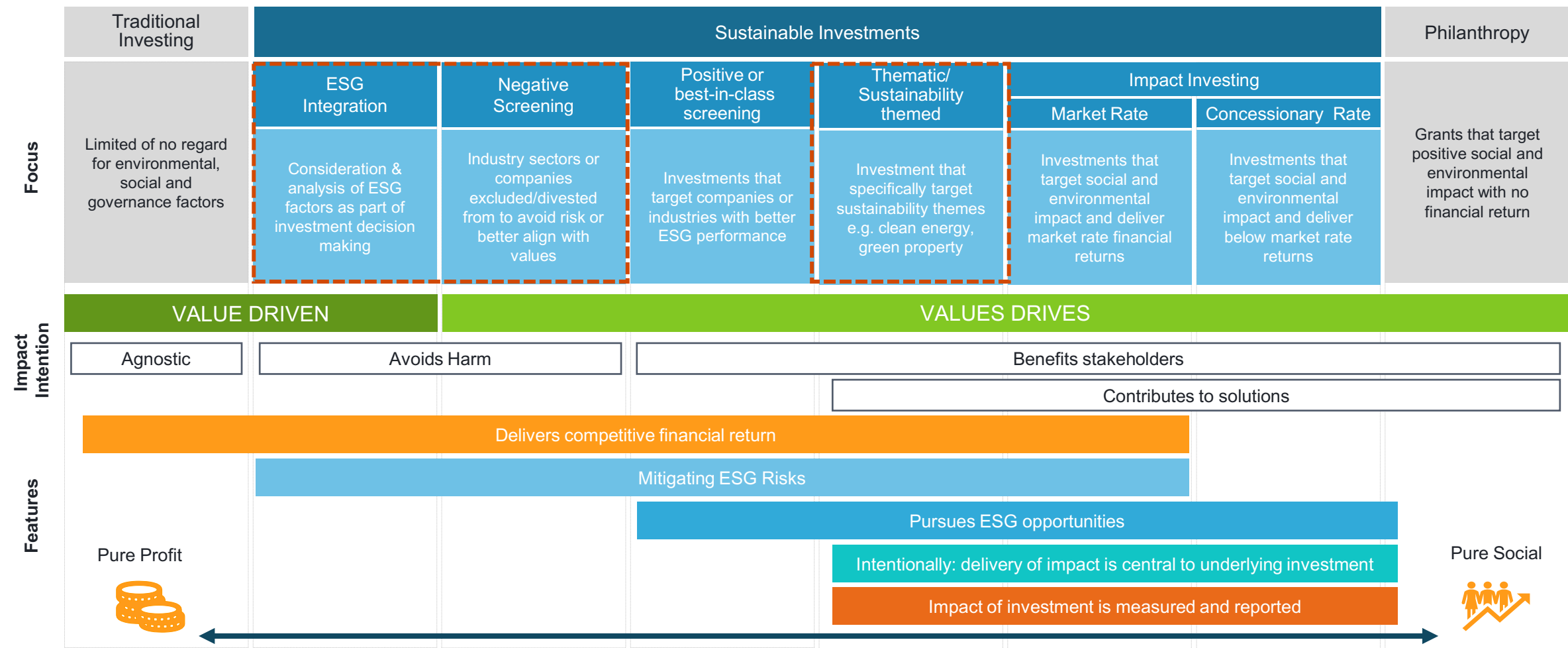


Sustainable investing:

Using a broad set of material factors to:

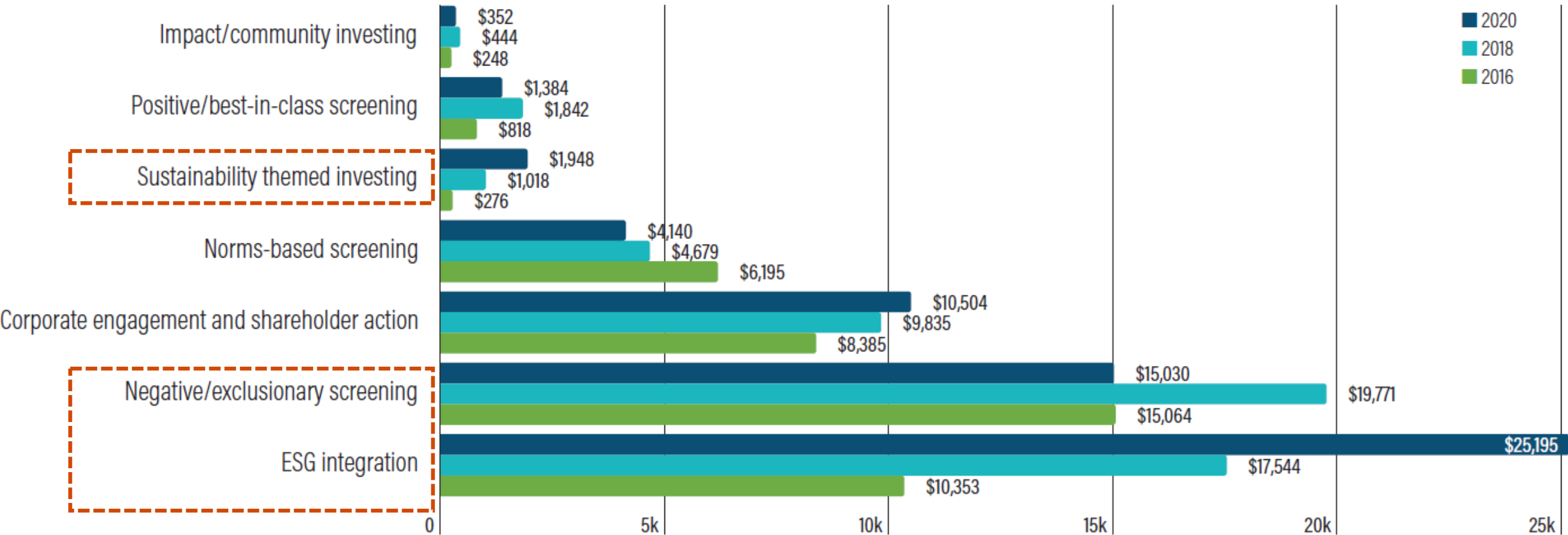
1. Gain **better insight** and achieve superior **risk adjusted returns**
2. Target specific **non-financial investment outcomes**

How do asset manager's invest sustainably?



Source: <https://responsibleinvestment.org/>

There are c.US\$35 trillion of Sustainable Investments globally



Source: Global Sustainable Investment Alliance
Note: Data is shown in US\$ billions, assets can be double counted where multiple strategies are applied

ESG integration is typically focused on enhancing risk adjusted returns

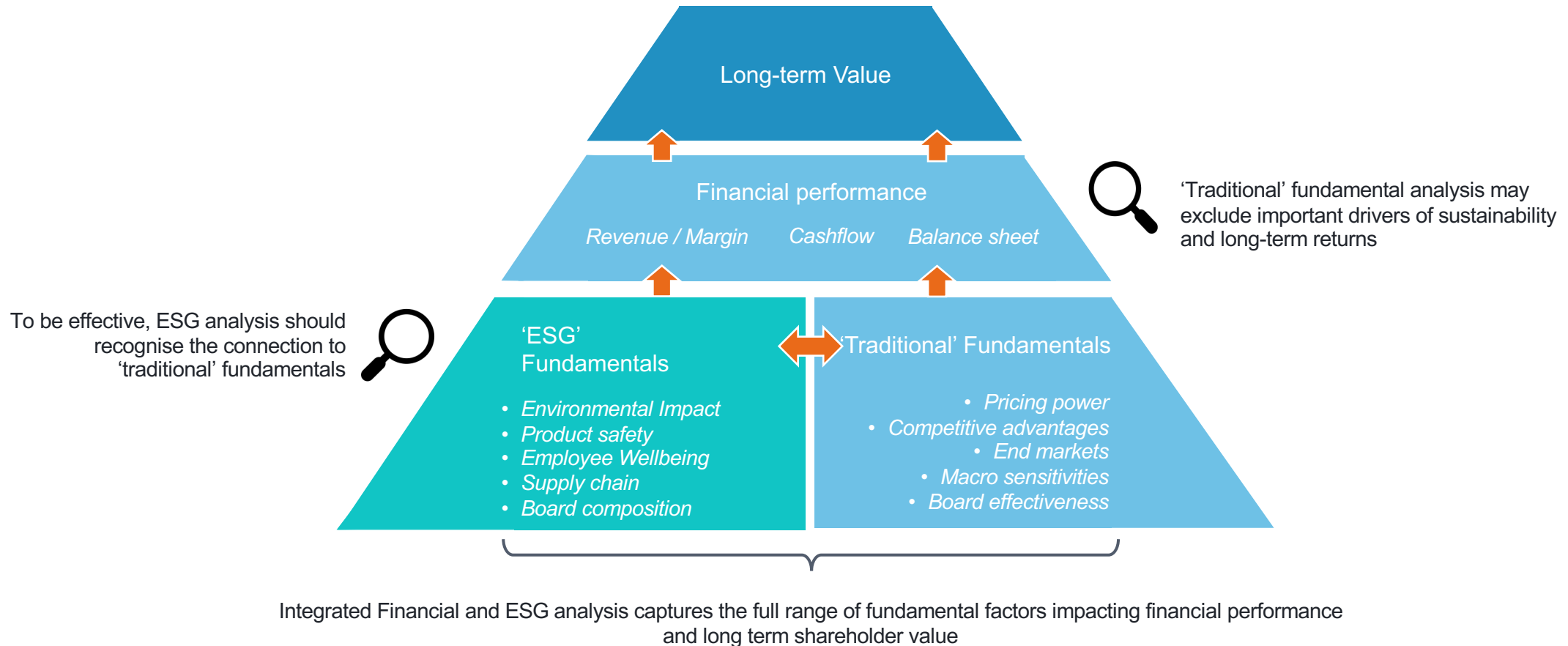
Fundamental integration of material ESG factors into an investment process



Source: Source: Fidelity International, 31 December 2020. For illustrative purposes only.

How ESG integration can add to long term value creation

Analysis of material ESG issues can support fundamental analysis

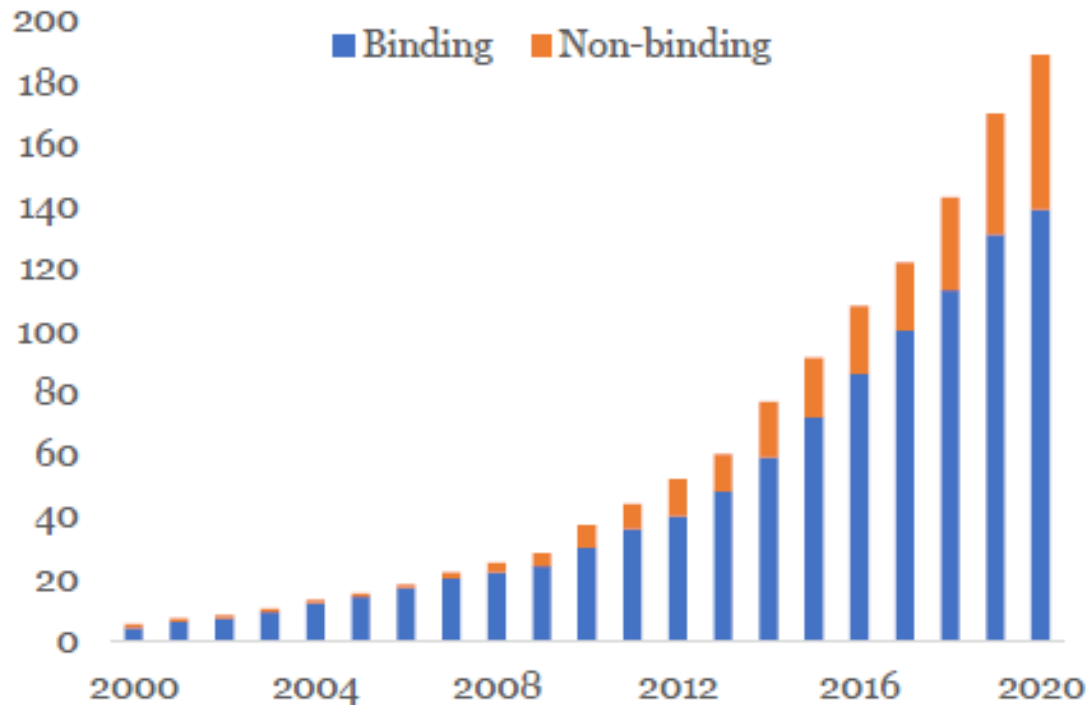


Source: Fidelity International, October 2021

Data challenges and 'Mount ESG'

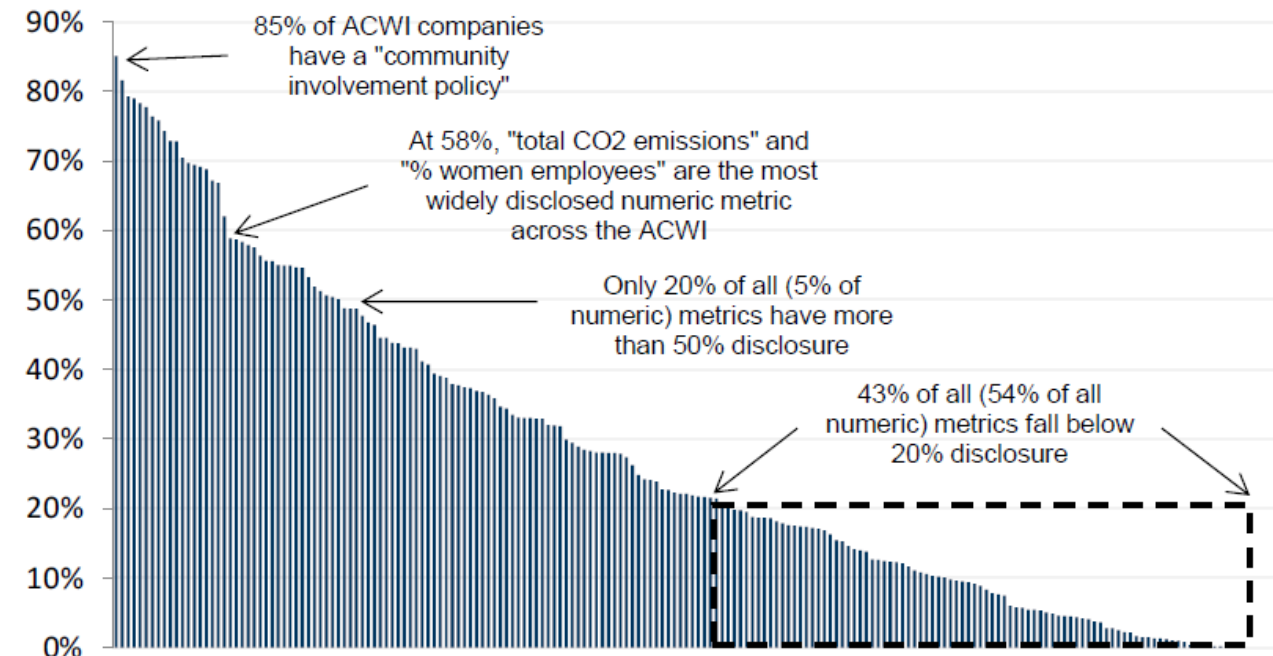
ESG data has moved from niche to mainstream and is now widely available

ESG Disclosure measures – by compliance structure



Source: Institute of International Finance, Building a Global ESG Disclosure Framework: a Path Forward, June 2020

Disclosure rates for 186 available E&S metrics, MSCI ACWI



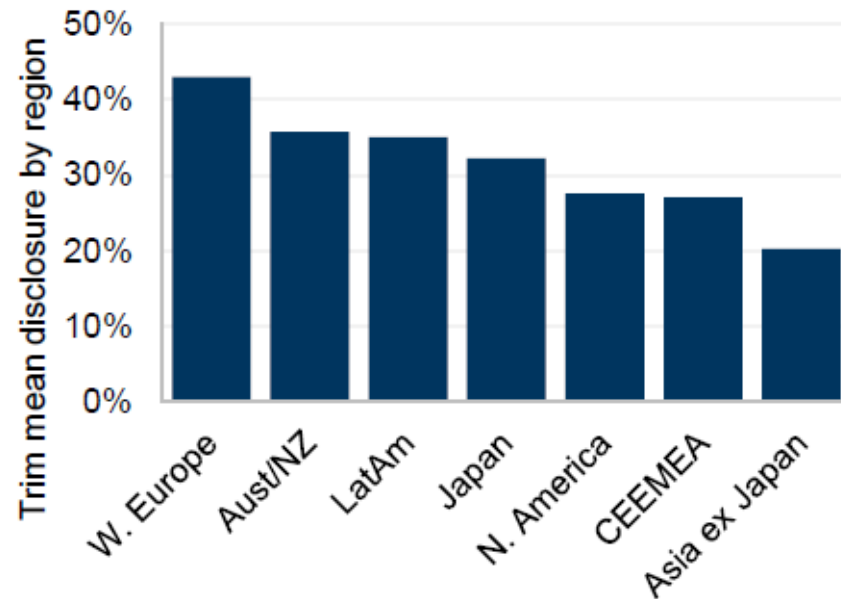
Source: Refinitiv, Goldman Sachs Global Investment Research

More data doesn't always mean more insight

Many ESG data points disclosed are not 'decision useful' for stakeholders

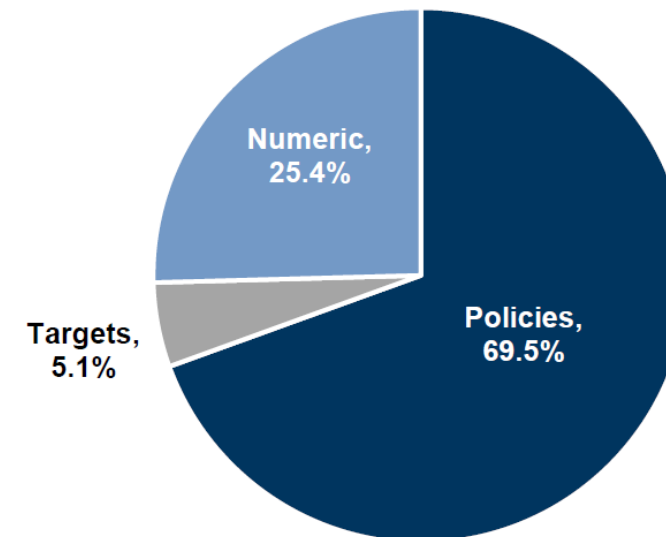
Company disclosure of ESG metrics by region

Based on unfiltered (not screened for materiality) data available for every E&S metric from Refinitiv



Source: Refinitiv, Goldman Sachs Global Investment Research

Numeric metrics & targets are typically more insightful than policies, but are less frequently disclosed



Source: Refinitiv, Goldman Sachs Global Investment Research

Disclaimer

This information must not be reproduced or circulated without prior permission.

Fidelity only offers information on products and services and does not provide investment advice based on individual circumstances, other than when specifically stipulated by an appropriately authorised firm, in a formal communication with the client.

Fidelity International refers to the group of companies which form the global investment management organisation that provides information on products and services in designated jurisdictions outside of North America. This communication is not directed at, and must not be acted upon by persons inside the United States and is otherwise only directed at persons residing in jurisdictions where the relevant funds are authorised for distribution or where no such authorisation is required.

Unless otherwise stated all products and services are provided by Fidelity International, and all views expressed are those of Fidelity International. Fidelity, Fidelity International, the Fidelity International logo and F symbol are registered trademarks of FIL Limited.

Research professionals include both analysts and associates. FIL Limited and FMR LLC are separate companies with some shareholders in common.

The Key Investor Information Document (KIID) is available in English and can be obtained from our website at www.fidelityinternational.com. The Prospectus may also be obtained from Fidelity. Fidelity Funds “FF” is an open-ended investment company (UCITS) established in Luxembourg with different classes of shares. Third party trademark, copyright and other intellectual property rights are and remain the property of their respective owners. Certain Information ©2021 MSCI ESG Research LLC. Reproduced by permission; no further distribution. Although Fidelity International’s information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the “ESG Parties”), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from FIL Investment Services GmbH, Postfach 200237, 60606 Frankfurt/Main or www.fidelity.de. Any performance disclosure is not compliant with German regulations regarding retail clients and must therefore not be handed out to these. For German Institutional clients issued by FIL (Luxembourg) S.A., 2a, rue Albert Borschette BP 2174 L-1021 Luxembourg.

Germany:

Any performance disclosure is not compliant with German regulations regarding retail clients and must therefore not be handed out to these.

Investments should be made on the basis of the current prospectus/Key Investor Information Document (KIID), which is available along with the current annual and semi-annual reports free of charge from FIL Investment Services GmbH, Postfach 200237, 60606 Frankfurt/Main or www.fidelity.de.

For German Wholesale clients issued by FIL Investments Services GmbH, Kastanienhöhe 1, 61476 Kronberg im Taunus. For German Institutional clients issued by FIL (Luxembourg) S.A., 2a, rue Albert Borschette BP 2174 L-1021 Luxembourg. For German Pension clients issued by FIL Finance Services GmbH, Kastanienhöhe 1, 61476 Kronberg im Taunus.

SK2021011