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Fidelity World Equity Income Fund

Website Disclosure

1. NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The sub-fund plans to allocate:

i. a minimum of 75% 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 5% have a social 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 (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.

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.

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.

2. THE ENVIRONMENTAL AND / OR SOCIAL CHARACTERISTICS PROMOTED BY THE FUND

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.

3. INVESTMENT STRATEGY

Investment strategy

The Sub-Fund primarily invests in equity securities and exchange-traded derivatives providing an indirect exposure to the same in compliance with sections 3.4 and 3.7 of the general part of the Prospectus.

A minimum of 90% of segregated Sub-Fund's net assets will be analysed as to whether they maintain ESG characteristics and a minimum of 75% of the Sub-Fund's net assets will be invested in securities deemed to maintain sustainable characteristics (as further described hereafter). The average ESG rating of the segregated Sub-Fund will exceed the average ESG rating of the Sub-Fund's investment universe after the exclusion of 20% of the assets with the lowest ESG ratings. 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 addition, the sub-fund will systematically apply a firm-wide exclusion list along with the exclusion policy of UniCredit.

The exclusion policy applied by UniCredit excludes the following sectors:

1. Companies that are involved in severe violations of the UN Global Compact
2. Companies manufacturing, maintaining, or trading controversial and/or morally unacceptable weapons, as identified through the international obligations, treaties and legislations.
3. Companies involved in thermal coal production and/or production of energy from thermal coal which derive from these businesses more than 10% of their consolidated revenues. It's also requested a mandatory phase out by 2028.
4. Companies involved in controversial fuel production and companies that extract hydrocarbons with controversial techniques or in areas with high environmental impact.
5. Companies involved in the tobacco production which derive from these businesses more than 5% of their consolidated revenues.
6. Companies involved in the nuclear energy production which derive from these businesses more than 15% of their consolidated revenues.
7. Companies involved in the weapons production which derive from these businesses more than 10% of their consolidated revenues.
8. Companies involved in the gambling business which derive from these businesses more than 15% of their consolidated revenues.
9. Companies involved in the adult entertainment business which derive from these businesses more than 15% of their consolidated revenues.

Additionally, the investment manager may exclude issuers having exposure, or ties, to:

- controversial weapons (biological, chemical, incendiary weapons, depleted uranium, non-detectable fragment, blinding lasers, cluster munitions, landmines and nuclear weapons);
- production of conventional weapons (a weapon of warfare which is not nuclear, chemical or biological in nature);
- production of semi-automatic firearms intended for sale to civilians or sale of semi-automatic firearms to civilians;
- tobacco production, retailing, distribution and licensing; or
- thermal coal extraction and power generation provided that such will be permitted issuers where the revenue share from renewable energy activities exceeds the revenue share from thermal coal activities or where the issuer has made an effective commitment to a Paris Agreement aligned objective based on approved Science Based Targets or alignment with a Transition Pathway Initiative scenario or a reasonably equivalent public commitment.

Good governance

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.

4. PROPORTION OF INVESTMENTS

The Sub-Fund will invest:

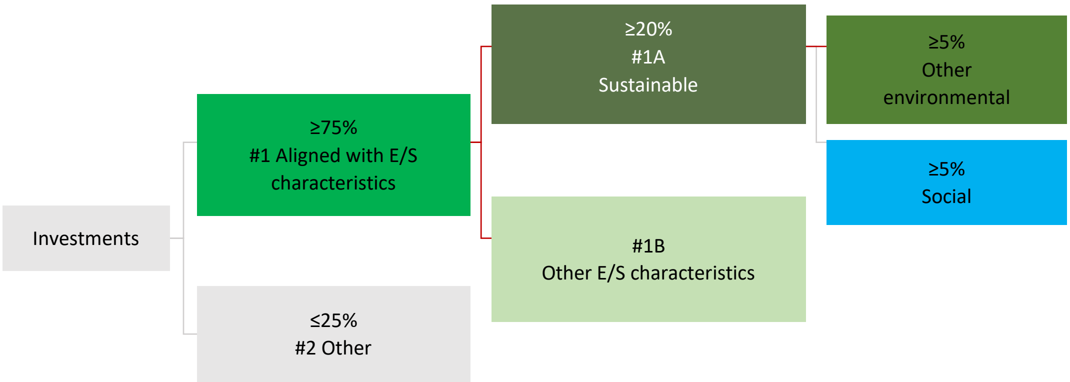
i. a minimum of 75% of its assets in issuers with favourable ESG characteristics,
ii. a minimum of 20% in sustainable investments of which a minimum of 0% have an environmental objective (which is aligned with the EU Taxonomy), a minimum of 5% have an environmental objective (which is not aligned with the EU Taxonomy) and a minimum of 5% have a social objective.

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.

The majority of investments are aimed at gaining direct exposures to investee companies.

The Sub-Fund may invest up to 10% of its net assets in UCITS and UCIs eligible under article 41(1)e) of the 2010 Law.

Furthermore, the fund may gain indirect exposure to investee companies due to the use derivatives.



5. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

Monitoring relevant matters of companies invested by the sub-fund is deemed essential. Portfolio managers may consider research notes, including Fidelity's proprietary sustainability ratings, when making an investment decision. Individual portfolios are subject to an in-depth quarterly review with senior management, in which every aspect of the fund in question is examined, including risk profile, volatility, performance and fund positioning as well as the individual investments of the fund. Fidelity include ESG scoring data, both from third parties and our proprietary ratings, and carbon data as part of the portfolio manager's quarterly reviews, as standard measurements of the ESG quality of our funds.

Furthermore, the Management Company monitors the handling of sustainability risks and adherence to the defined asset proportions. Among the different risks deriving from ESG matters the risks for a company which arise climate change poses a significant risk to the long-term financial sustainability of a company. Therefore, a better understanding of the potential impacts of sustainability risks is in the best interest of the investors.

An ex-post screen of the asset allocation is as well conducted by the depositary as one of its responsibilities.

6. METHODOLOGIES

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;

From an environmental perspective, the Investment Manager considers many factors, including an issuer's approach and policies to address climate change and biodiversity loss, its approach to energy efficiency and managing waste and pollution. When considering an issuer's societal responsibility, the Investment Manager looks to understand its diversity policies, its approach to human rights and supply chain management as well as its approach to health and safety and employee welfare. The Investment Manager also analyses the way an issuer manages data privacy and cyber security, both within the technology sector and more broadly across other industries. This ESG analysis leverages Fidelity's extensive research capabilities and ongoing engagement with issuers, supported by the expertise of the Sustainable Investing team, to provide a forward looking evaluation of an issuer's performance and trajectory on sustainability issues.

The sub-fund is required to have a minimum of 75% of its net assets in issuers (across both corporate and sovereign holdings) that maintain good 'sustainable characteristics', which are defined as:

1. Assets with a MSCI ESG rating of AAA→BBB for developed market securities;
2. Assets with a MSCI ESG rating of AAA→BB for non-developed market securities; and
3. In the absence of a MSCI ESG rating, the Fidelity Sustainability Rating is used. The Fidelity Sustainability rating assesses assets having a rating of A→C as having good sustainability characteristics.

7. DATA SOURCES AND PROCESSING

Data sources

The data is obtained from a combination of internal and external sources - such as MSCI for ESG ratings, Institutional Shareholder Services (ISS) ESG for carbon and climate data and UN Global Compact violators, Moody's and FactSet for EU taxonomy data, alongside many others. A proportion of the data is also internally sourced, including the Fidelity Sustainability Rating, which complements the third-party sourced ESG ratings and controversy data for the exclusions and qualitative assessment.

Measures taken to ensure data quality

Controversies involving environmental and social characteristics are regularly monitored.

Processing

The Investment Manager's ESG research process draws on a combination of quantitative and qualitative inputs. Having identified a set of material indicators for each subsector, the Investment Manager sources data inputs that support a rigorous assessment of an issuer's performance on that indicator. The process draws on

- > 60 environmental datapoints (such as GHG emissions, water intensity, hazardous waste)
- > 30 social datapoints (such as employee turnover, % female workforce, number of workplace injuries)
- > 40 governance datapoints (such as CEO/Employee pay ratio, % board independence, % females on board, etc)

These data inputs are overlaid with a qualitative, forward-looking assessment from the analyst, which leverages the corporate access and due diligence processes that form the foundation of Fidelity's bottom-up investment research process. The output is an ESG rating and assessment for each issuer. This creates a valuable source of information for the portfolio management team to draw on when making investment decisions, and a structured and robust way of signalling ESG risks and opportunities within the portfolio and investment universe.

Proportion of data that are estimated

Without mandatory ESG reporting at company level, estimations are a core component of data providers' methodology.

8. LIMITATIONS TO METHODOLOGIES AND DATA

There is a lack of standardised taxonomy of ESG evaluation methodology, as there are not yet commonly agreed principles and metrics for assessing the sustainable characteristics of investments. In evaluating a security based on sustainable characteristics, the Investment Manager is dependent upon information and data sources provided by internal research teams and complemented by external ESG rating providers, which may be incomplete, inaccurate or unavailable. Nevertheless, companies are regularly monitored and assessed.

Additionally, the Management Company cooperates with a partner to assesses external data sources to calculate the overall sustainability (risk) exposure of a fund portfolio based on the defined sustainability factors. The results of the assessment are compiled and constantly monitored by the internal Risk Management function against the limits set in the (sub-) fund risk profile.

9. DUE DILIGENCE

Fidelity International considers principal adverse impacts on sustainability factors are those impacts of our investment decisions that result in material negative impacts on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters such as environment degradation, poor labour practice, and unethical corporate behaviour for example bribery and corruption ("principal adverse impacts"). Analysis of whether these impacts are material and negative is undertaken by our investment team using the due diligence processes described the Fidelity Sustainable Investing Policy. In accordance with the Investment Manager's Sustainable Investment Policy which covers the consideration of principal adverse impacts, the Investment Manager's investment team may take into account the size, nature and scale of our investment and the type of financial product the Investment Manager is investing in when considering whether an investment decision has a principal adverse impact on sustainability factors.

For more information, please refer to the section 'Information about Fidelity International's Principal Adverse Impacts Policy' in our Sustainable Finance Disclosure Regulation (SFDR) document available at https://www.fidelity.lu/static/luxembourg/media/pdf/downloadmaterial/SFDR-Web-Disclosures-Luxembourg-Professional-ENGLISH.pdf

10. ENGAGEMENT POLICIES

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).

11. DESIGNATED REFERENCE BENCHMARK

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.