

Product name: FCH Fidelity Europe Equity
(the “Financial Product”)

Legal entity identifier: 2138004XUSKY8J34NY86

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 include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective**: ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective**: ___%

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 30% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Financial Product 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 Financial Product partially intends to make Sustainable Investments.

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

Sustainability indicators

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

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

The Financial Product 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 Financial Product invested in securities of issuers with favourable ESG characteristic in accordance with the Sustainable Investing Framework of the investment manager of the Financial Product (the “Investment Manager”);
- ii) in respect of its direct investments in corporate issuers, the percentage of the Financial Product invested in securities of issuers with exposure to the Exclusions (defined below);
- iii) the percentage of the Financial Product invested in Sustainable Investments;
- iv) the percentage of the Financial Product invested in environmental investments and
- v) the percentage of 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 Financial Product determines a sustainable investment as an investment in securities 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 the Investment Manager’s 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 performance on PAI metrics.

This includes:

- *Norms-based screens* - the screening out of securities identified under the Investment Manager’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 entities 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, the Investment Manager 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 the Investment Managers 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, considerations of the principal adverse impacts on Sustainability factors of investment decisions (referred to as principal adverse impact) is incorporated a variety of tools, including:
 - (i) *Due Diligence* - analysis of whether principle adverse impacts are material and negative.
 - (ii) *ESG rating* - the Investment Manager's 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 Financial Product 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* - the Investment Manager's uses engagement as a tool to better understand principal adverse impacts on Sustainability factors and, in some circumstances, advocate for mitigating principal adverse impacts. The Investment Manager's 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* - the Investment Manager's voting policy includes explicit minimum standards for board gender diversity and engagement with climate change for corporate issuers. The Investment Manager's may also vote to enhance issuer performance on other indicators.

(vi) *Quarterly reviews* - monitoring of principal adverse impacts through the Financial Product's quarterly review process. The Investment Manager 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 Financial Product, PAI may not be considered.

Information on principal adverse impacts on Sustainability factors will be available in the annual report of the Financial Product.

No



What investment strategy does this financial product follow?

The Financial Product's investment objective is to outperform the benchmark through active management by selecting a portfolio of European securities.

The Investment Manager invests mainly in European equity and Equity-linked instruments without limitation as to market sectors and geographical distribution but also in terms of weighting of securities. The Investment Manager selects the companies that make up for the portfolio individually, from among the most promising opportunities that its financial analysts have identified within the investment universe of European equities.

The Financial Product's ESG rating will exceed the rating of the Investment Universe after the exclusion of 20% of the companies with the lowest MSCI ratings or, if MSCI ratings are not available, the Investment Manager's Sustainability Ratings.

The Financial Product invests over 90% of its net assets in securities which are subjected to an internal ESG analysis as described below.

The investment method consists entirely in using a "bottom-up" approach to select securities. This means that the portfolio's composition depends exclusively on the selection of its individual securities, which is independent of the issuer's size or economic sector. The Investment Manager may also take "top-down" considerations into account.

The analysts draw up lists of companies to be followed and issue internal ratings based on extra-financial ratings (ESG criteria) ranging from A to E (A being the best and E the worst).

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

- a firm-wide exclusions list, which includes cluster munitions and anti-personnel landmines; and
- 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, companies 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 (<https://fidelityinternational.com/sustainable-investing-framework/>).

The Investment Manager also has discretion to implement additional sustainable requirements and exclusions having regard to their applicable investment process from time to time.

The investment strategy

guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance

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



Asset allocation

describes the share of investments in specific assets.

- **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 Financial Product will follow the below investment strategy:

The Financial Product's ESG rating will exceed the rating of the Investment Universe after the exclusion of 20% of the companies with the lowest MSCI ratings or, if MSCI ratings are not available, the Investment Manager's Sustainability Ratings.

- (i) the Financial Product's extra-financial rating will be higher than the investment universe rating after eliminating 20% of the companies with the lowest ratings by MSCI or, when MSCI ratings are not available, by the Investment Manager's sustainability ratings. The Financial Product invests more than 90% of its net assets in securities subject to internal extra-financial analysis.
- (ii) a minimum of 30% in Sustainable Investments of which a minimum of 0% have an environmental objective (which is aligned with the EU Taxonomy), a minimum of 10% have an environmental objective (which is not aligned with the EU Taxonomy) and a minimum of 10% have a social objective. In addition, the Financial Product will systematically apply the Exclusions 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?**

Not applicable.

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

The governance practices of issuers are assessed using fundamental research, including as part of the ESG ratings provided by external agencies or the Investment Manager ESG ratings.

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. For sovereign issuers, factors such as corruption and freedom of expression are included.

What is the asset allocation planned for this financial product?

The allocation hereafter represents the minimum percentages for each category.

(#1 - aligned with E/S characteristics) – The Financial Product will invest:

- (i) a minimum of 50% of the Financial Product's assets will be invested in securities with favorable ESG characteristics;
- (ii) a minimum of 30% 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 10% have an environmental objective (which is not aligned with the EU Taxonomy) and a minimum of 10% have a social objective. In addition, the Financial Product will systematically apply the Exclusions as described above.

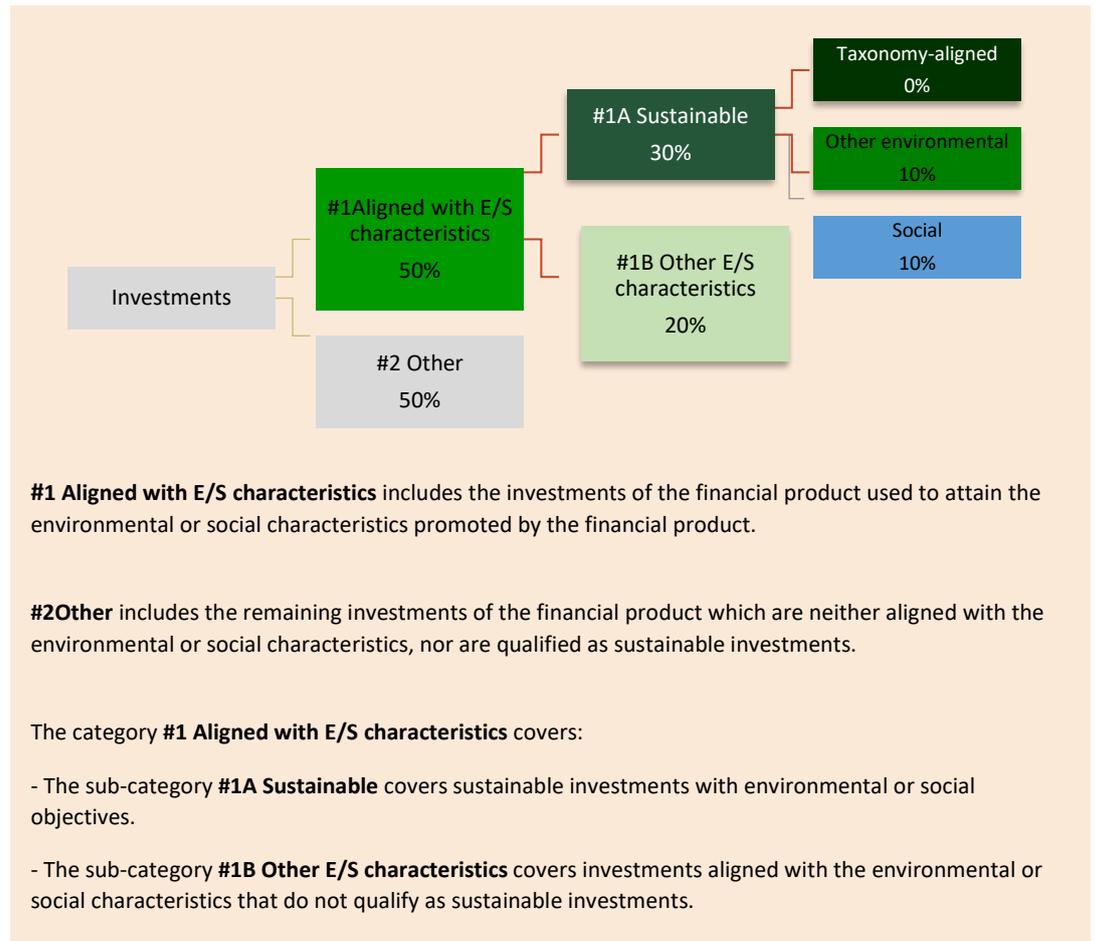
(#1B Other E/S characteristics) Includes securities of issuers which are deemed to maintain favourable ESG characteristics but are not Sustainable Investments.

The Investment Manager 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.

The remaining investments of the Financial Product (#2 Other) will be invested in assets aligned with the financial objective of the Financial Product, cash and cash equivalent for liquidity purpose, companies which are not yet covered by ESG rating and derivatives which may be used efficient portfolio management. As a minimum environmental and social safeguard for this assets the Financial Product will adhere to the Exclusions.

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.



● **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 the Investment Manager's Sustainable Investing Framework the derivative may be included in the proportion of the Financial Product dedicated to the promotion of environmental or social characteristics.



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

The minimum percentage of investment aligned to the EU Taxonomy to which the Financial Product is committed is 0%.

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

The taxonomy alignment of the underlying investments of the Financial Product is measured by turnover.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy¹?**

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective. The full criteria for fossil gas and nuclear energy economic activities that comply

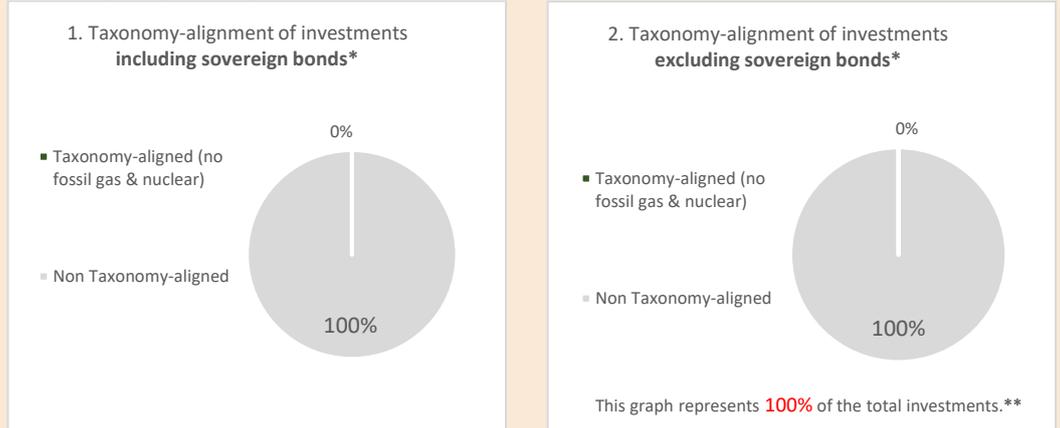
Yes: In fossil gas In nuclear energy No

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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.

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.
 ** This percentage is purely indicative and may vary

● **What is the minimum share of investments in transitional and enabling activities?**

The Financial Product 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 Financial Product invests a minimum of 10% 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 Financial Product'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 finalized and the availability of reliable data increases over time.

with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



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



What is the minimum share of socially sustainable investments?

The Financial Product 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 Financial Product will be invested in assets aligned with the financial objective of the Financial Product, cash and cash equivalent for liquidity purpose, companies which are not yet covered by ESG rating and derivatives which may be used efficient portfolio management.

As a minimum environmental and social safeguard, the Financial Product 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.

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

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***
Not applicable.
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***
Not applicable.
- ***How does the designated index differ from a relevant broad market index?***
Not applicable.
- ***Where can the methodology used for the calculation of the designated index be found?***
Not applicable.



Where can I find more product specific information online?

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

<https://www.amundi.lu/amundi-funds>