

LSFI Masterclass

The EU Sustainable Finance Regulatory Framework: Latest Updates, Interlinkages and Best Practices

Gaël Guibert
ESG Regulatory Compliance

September 25

About Fidelity International



- **Fidelity International “Fidelity”** is a **global asset manager**, providing investment products and services to individuals and institutions in Continental Europe, the UK, the Middle East and Asia Pacific.
- Established in 1969, **Fidelity** has over **10,000 staff in 28 jurisdictions** and **manages and administers** client assets of **US\$673bn*** as at 30 June 2025 & manages more than 700 equity, fixed income, property and asset allocation funds. The Sustainability team includes 35 resources, in addition to the ESG specialists included in other functions.
- The company has one of the largest global research capabilities with **over 540 investment professionals and research staff** around the world. Fidelity is an **independent** asset management company which is **privately owned**.
- As a sustainable corporate and investor, the company recognises the responsibility and the impact we have on shaping the future of our society and the environment and set ambitious sustainability targets. Building on our commitment as a founding signatory to the **Net Zero Asset Manager Initiative to reach net zero by 2050**, Fidelity has pledged to reduce CO2 emissions across its portfolio by 50% by 2030, from a 2020 baseline.
- The company set **Diversity and Inclusion** strategies to create a supportive workplace and strengthen inclusive culture.

Source: Fidelity International, 30 June 2025. Data is unaudited, asset figures are rounded to the nearest US\$ billion.

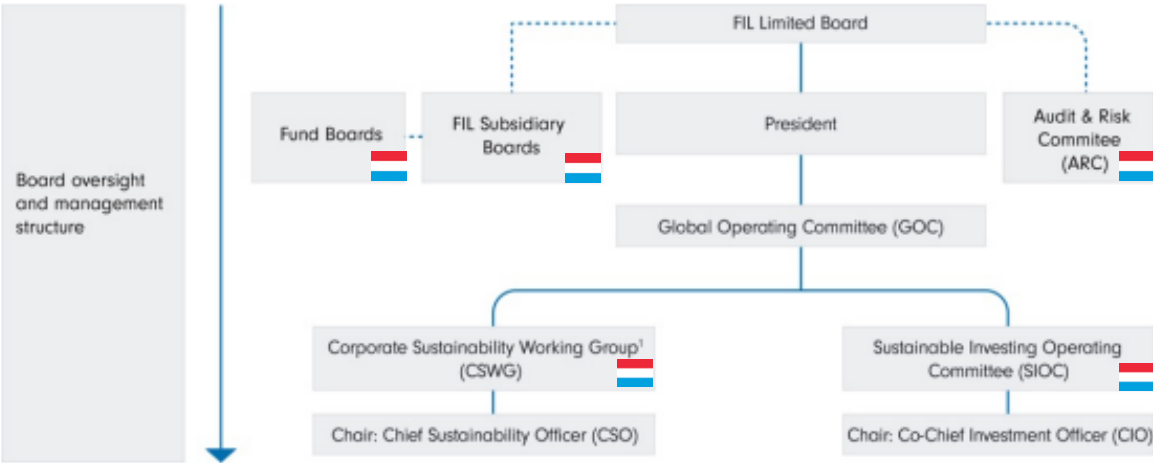
*Includes assets under management and assets under administration (excluding Fidelity Canada)

ESG Governance

An integrated approach

- Fidelity International is set up globally to develop Centers of Excellence, while ensuring local requirements are met.
- At Luxembourg level, a classic setup

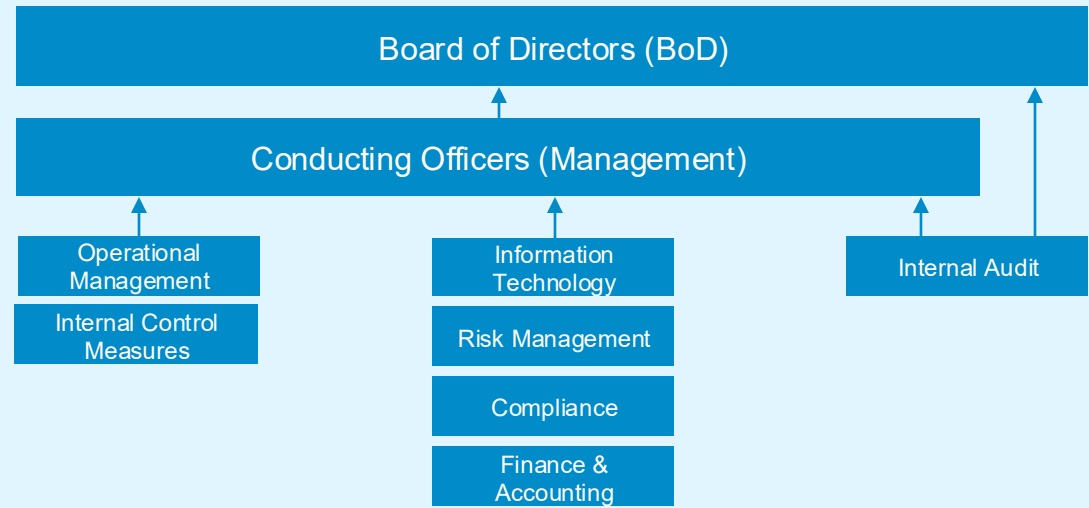
A High Level overview of Fidelity's Sustainability Governance



¹ During 2024, the Corporate Sustainability Working Group was created. Prior to this, responsibility was delegated to our CSO. The Co-CIO and CSO attend GOC meetings. Subsidiary Boards include UK Life.

 : Includes representation from Luxembourg

Luxembourg setup



- ✓ ESG Knowledge of Board members and conducting officers through training
- ✓ Regular updates, such as monthly ESG meeting agendas, updates on regulatory developments, investment frameworks, product changes, and reporting
- ✓ Supported by dedicated sustainability committees and existing groups

Corporate Sustainability Working Group (CSWG)

- ✓ Monthly, led by the Chief Sustainability Officer
- ✓ Advises the GOC on Fidelity's sustainability strategy
- ✓ Ensures compliance with disclosure rules and supporting consistent delivery across functions.
- ✓ Guides materiality assessments, sets targets, monitors performance, tracks regulations, and helps maintain the Group's corporate sustainability reputation

Sustainable Investing Operating Committee (SIOC)

- ✓ Monthly, led by the Chief Investment Officer with the Chief Sustainability Officer as Vice-Chair
- ✓ Oversees the Asset Manager's sustainable investing strategy.
- ✓ Sets policies, monitors ESG risks, manages client ownership rights, and reviews sustainable investing initiatives.
- ✓ Supported by various working groups.

Fidelity Sustainable Investing Framework (FSIF)

Three key components

Why was it required?

Launched in July 2024, the new framework is more flexible and scalable globally, and therefore more adaptable to local ESG regulations and client needs.

As investment managers, we have a **fiduciary duty** to prioritize our clients' interests. Our sustainable investing approach focuses on integration, stewardship, and solutions to meet clients' financial and non-financial goals while adhering to evolving sustainability regulations.

Integration

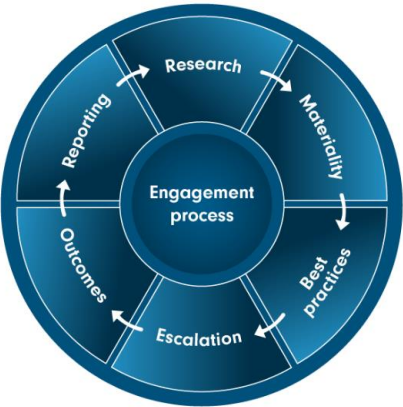
- ✓ At Fidelity, sustainability assessment is a **core part** of investing.
- ✓ Our approach uses **proprietary ratings and tools** like ESG Ratings, Climate Ratings, and the SDG Tool to evaluate contributions to UN SDGs and SFDR sustainable investments.
- ✓ We also conduct **quarterly reviews** to monitor product sustainability.

Stewardship

- ✓ Our stewardship ensures **responsible asset management** and supports our **fiduciary duty**.
- ✓ We focus on ESG issues through **corporate engagement**, addressing systemic risks, and influencing policy.
- ✓ Using ownership rights like **voting**, we aim to enhance returns and promote sustainable practices for long-term financial success.

Solutions

- ✓ Fidelity's Sustainable Investing Framework offers **clear principles to support a variety of sustainable investment products**.
- ✓ It helps ensure **consistency, compliance, and transparency** across asset classes.

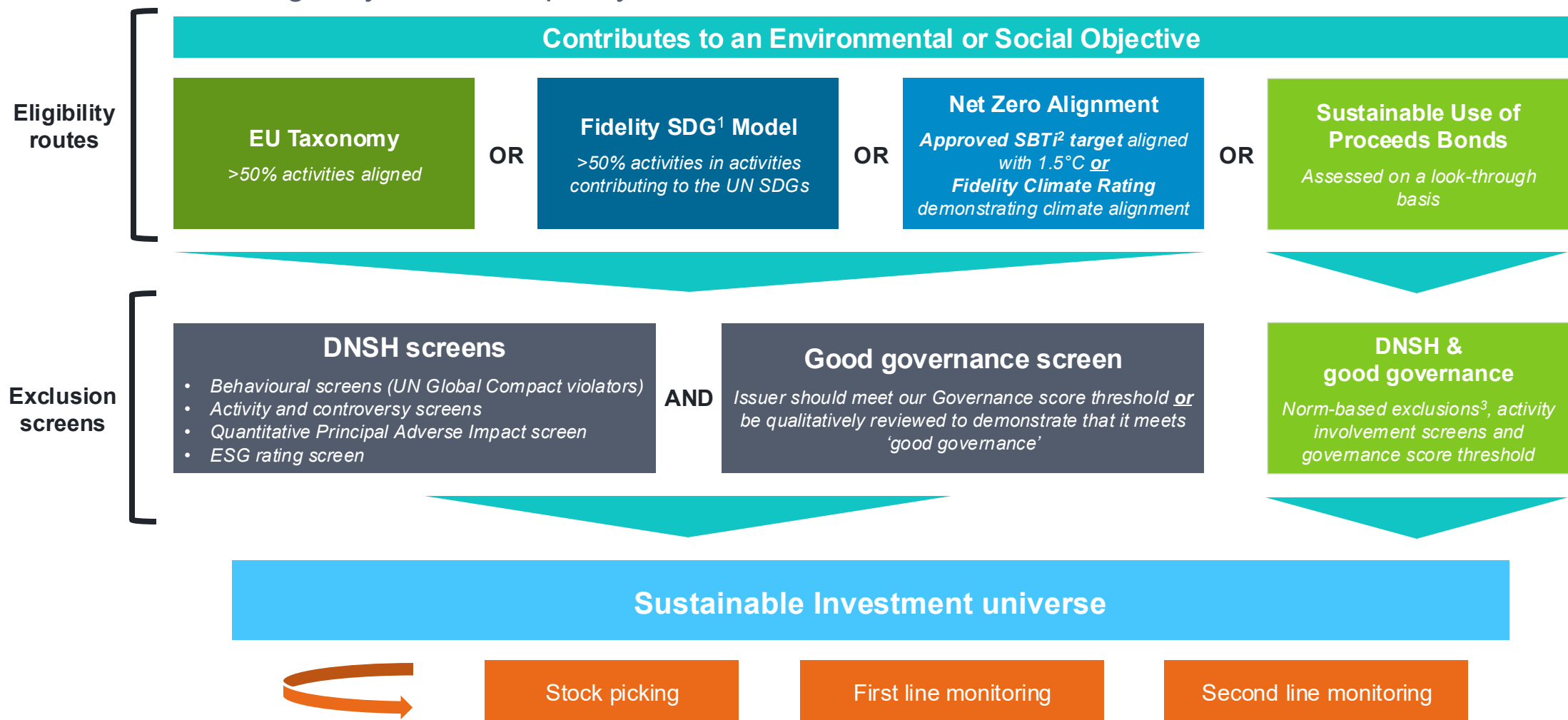


Product range

- ✓ **ESG Unconstrained:** Products that aim to generate financial returns and may, or may not, integrate ESG risks and opportunities into the investment process.
- ✓ **ESG Tilt:** Products that aim to generate financial returns and promote environmental and social characteristics through a tilt towards issuers with stronger ESG performance than the product's benchmark or investment universe.
- ✓ **ESG Target:** Products that aim to generate financial returns and have ESG or sustainability as a key investment focus or objective, such as investing in ESG leaders (issuers with higher ESG ratings), sustainable investments, a sustainable theme or meeting impact investing standards.

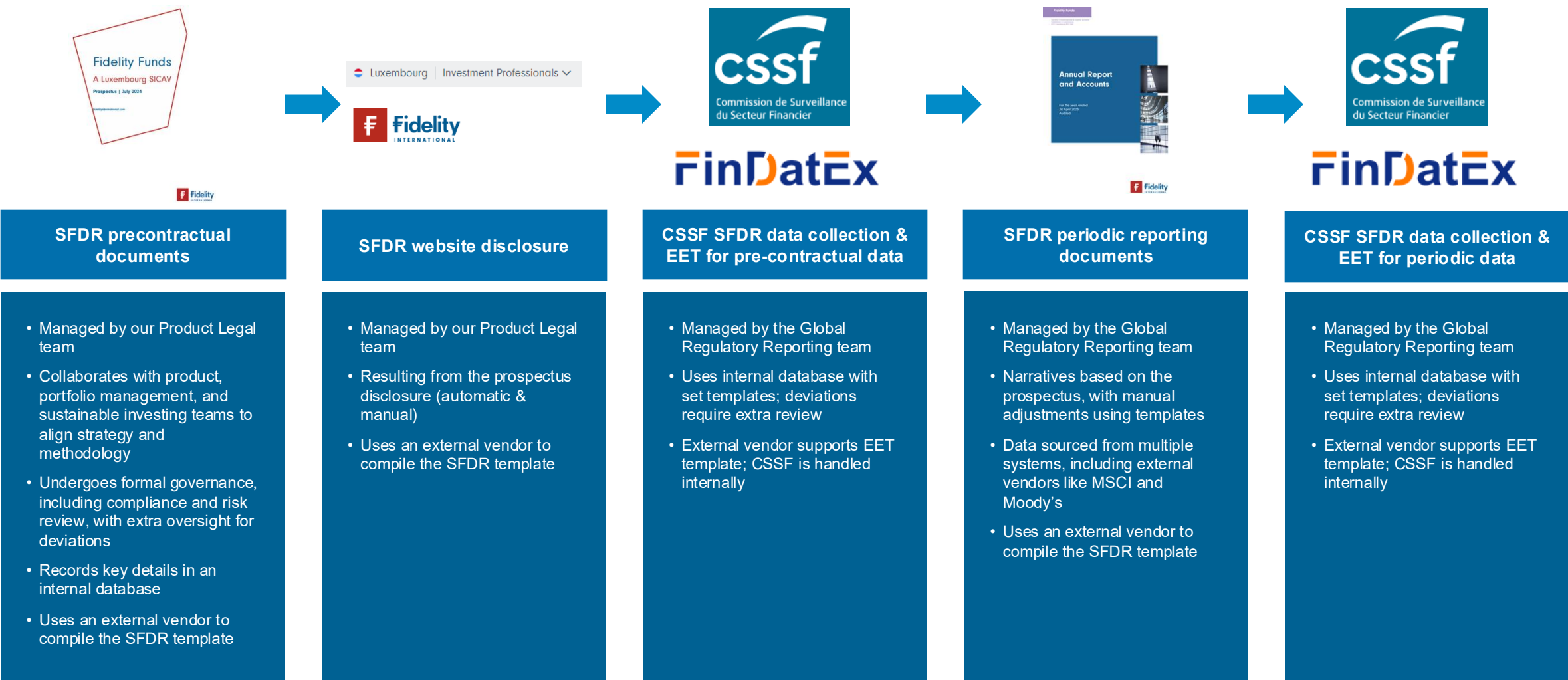
Fidelity's approach to defining Sustainable Investments

We defined four eligibility routes to qualify as sustainable investment



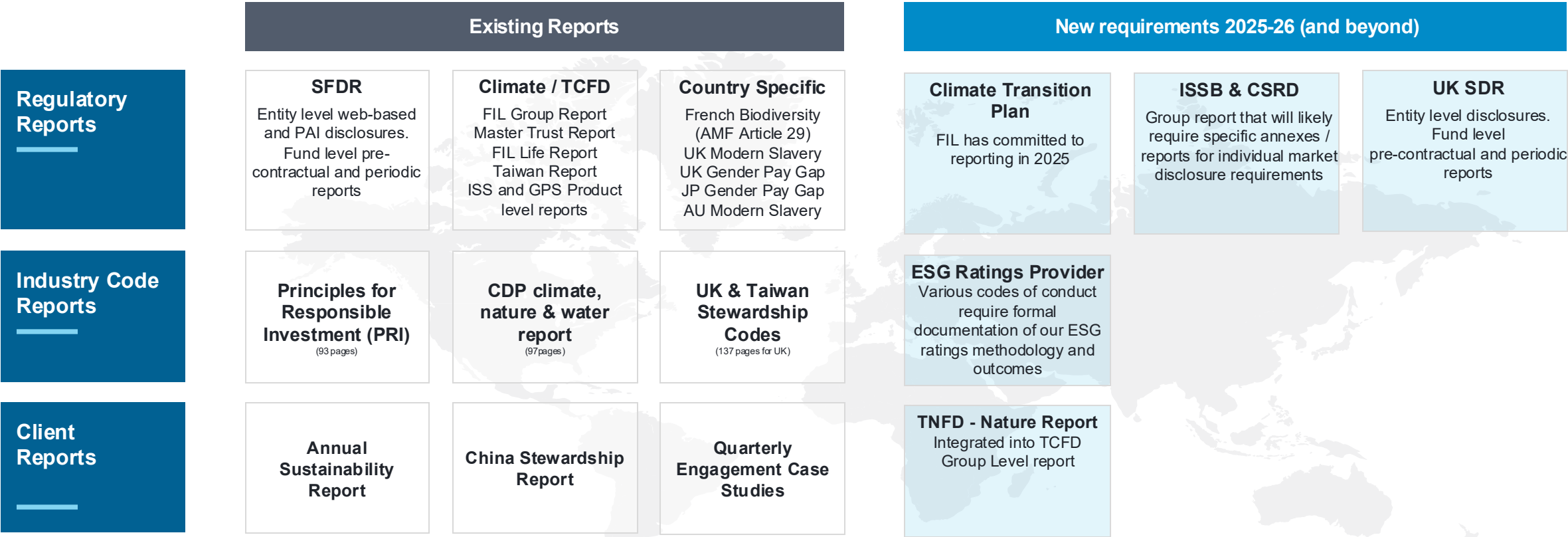
1. SDG: Sustainable Development Goals; 2. SBTi: Science Based Target Initiative. 3. Issuers which Fidelity assesses as failing to behave in a way which meets their fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption as aligned with international norms (e.g. UN Global Compact, OECD Guidelines for Multinational Enterprises).

Example of SFDR disclosure



Reporting requirements incoming for FIL and investees

Significant upcoming reporting in addition to existing deliverables, designed to integrate with financial reports



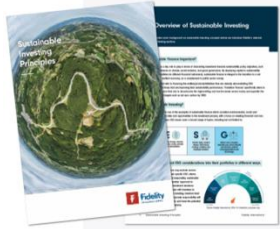
As ESG reporting requirements continue to proliferate globally, our organisation faces **increasing challenges in meeting diverse regulatory expectations.**

However, this evolving landscape also presents **valuable opportunities to enhance and reconsider our communication methods surrounding sustainability.**

Source: Fidelity International, August 2025

Communication

Interlinked documentation



Sustainable Investing Principles

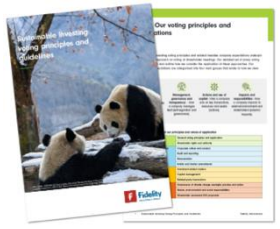
This document sets out the guiding principles and minimum requirements for Fidelity's sustainable investing activities across asset classes and geographies.

This is complemented by a supplementary FSIF information document, as well as information regarding the legacy framework.



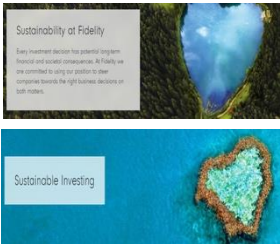
Exclusion Framework

Our Exclusion Framework forms part of our Sustainable Investment Principles and defines the main requirements for an effective exclusion framework applicable throughout the organisation.



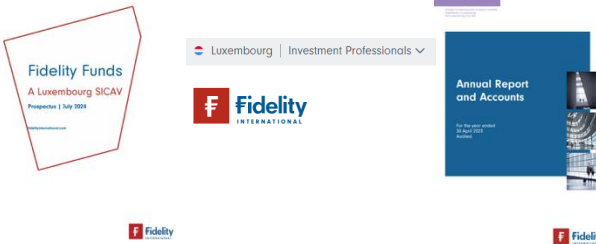
Voting Principles & Guidelines

This document sets out how we exercise ownership rights through voting to improve sustainable business behaviour and client returns.



Marketing Materials

Different types of marketing content, including websites, documents, and advertisements.



The Climate and Nature report will be our basis to scale a global report aligned with ISSB and CSRD, as well as for CSDDD (even if not in scope of CSDDD).



SFDR entity disclosure

These documents set out:

- sustainability risks (SFDR Art. 3),
- principal adverse impact (SFDR Art. 4), and
- remuneration policies (SFDR Art. 5).

SFDR product disclosure

These documents set out our:

- pre-contractual disclosure (SFDR Art. 6-9),
- website disclosure (SFDR Art. 10), and
- periodic reporting disclosure (SFDR Art. 11).

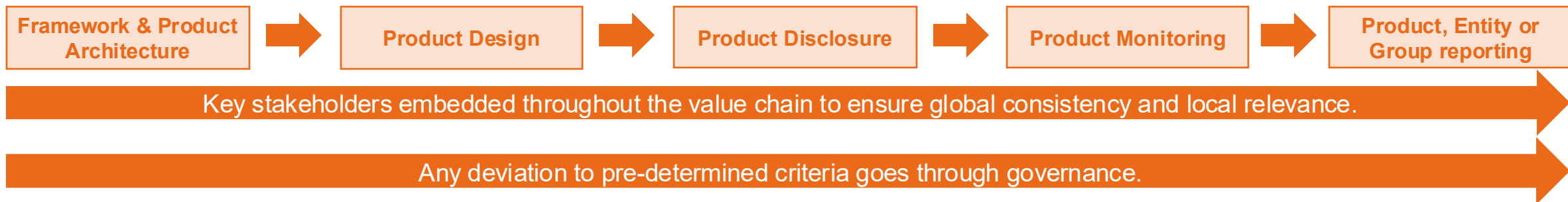
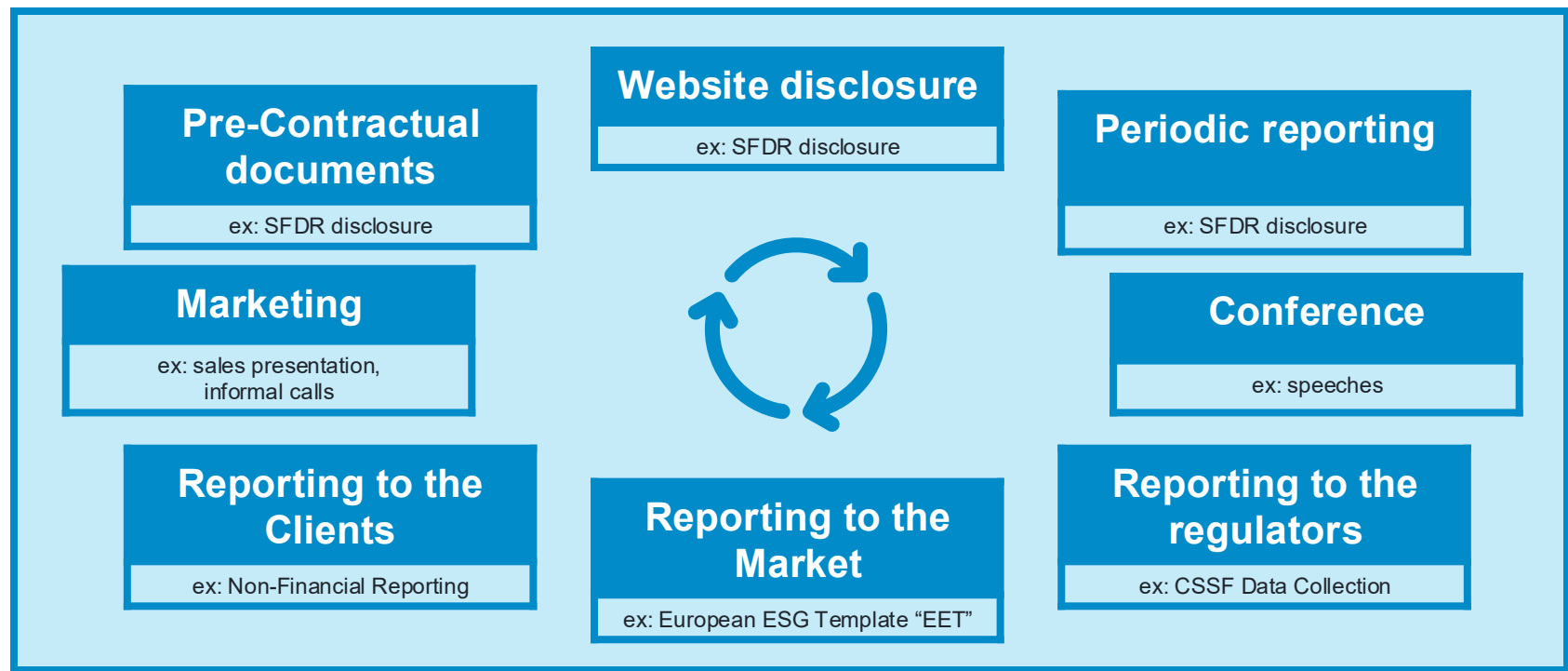
Climate and Nature report

Outlining how we incorporate, manage, and measure climate and nature-related risks and opportunities for our business operations and investments, the report is consistent with the recommendations of the TCFD. It fulfils our commitment to reporting as an early adopter of the TNFD.

UK Stewardship Code

Outlining how we apply sound stewardship principles.

Coordinated operations to prevent greenwashing



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