

October 2022

# Corporate Sustainability Update

2022



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# Introduction

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Head of Corporate Sustainability

This report provides an update on our previous [Corporate Sustainability Report](#). It assesses how we are progressing against our targets and the frameworks we have designed for achieving them. As a business we are committed to enhancing our own sustainability profile, and as an asset manager we recognise that our greatest potential impact lies in helping our investee companies to enhance theirs.

You can discover more about how we are investing in climate solutions and engaging with firms around the world on sustainability in our [Sustainable Investing Report for 2022](#). Below we set out what has been achieved at the corporate level to date and what more needs to be done.

## Leaning into sustainability

2022 has tested corporate sustainability at every turn - war, inflation, cost-of-living crisis, concerns over energy security and more have challenged the prioritisation of sustainability initiatives. We believe that in the face of these collective crises, the commitment to sustainability becomes even more important and the acceleration of plans to manage the climate crisis in particular takes on additional urgency. As a private company, Fidelity is in the privileged position of being able to take a long-term approach and lean into our sustainable ambition.

We continue to believe in the need to improve our sustainability profile to boost our business resilience and to adhere to the same standards that we expect of our investee companies. As such, we remain committed to raising our Environmental, Social, Governance (ESG) standards over the long term. In addition to our long-term net-zero

carbon targets (2030 for operations, 2035 for our Real Estate Portfolio, 2050 for our investment portfolios) we continue to focus on the short-term 2024 goals that we laid out in our [2021 Corporate Sustainability report](#).

Equally, we remain committed to being transparent about where we are on the road to achieving our goals, highlighting both successes and challenges. Below we provide an update on our progress since the release of our last report covering 2020. We will provide a full report in 2023 on this year's activity and lay out the next steps in our strategy.

## Focusing on practicalities

We know we can only reach our goals by taking positive, sustainable actions. This takes time and must be managed in a measured way. In 2020, we established a baseline of data and set out targets to ensure that we had a direction of travel. Targets

for 2024 were disclosed in our 2021 Corporate Sustainability Report (alongside longer-term ones) to accelerate accountability and help focus on making the swiftest progress in the areas most in need of improvement, including protecting the environment, strengthening our workplace, buying responsibility from our suppliers, and creating resilient communities.

In 2021 therefore, we focused on the practicalities of what would need to change to deliver on these 2024 goals. This included understanding what resources, infrastructure, and transformation the organisation might need. In Q3 2021, I had the privilege of taking on the role of Head of Corporate Sustainability to create this roadmap and support the realisation of our ambition. My initial activity has focused on goal setting, risk assessment and mitigation, disclosure capabilities, alignment to our corporate purpose<sup>1</sup> and, most importantly, accountability.

## From plans to action

In 2022, we began putting our plans into action to help us meet our 2024 goals and give us a better

understanding of our corporate sustainability footprint. We have assessed Fidelity against internal and external frameworks to understand where we can continue to improve.

First, we needed to build out the Corporate Sustainability team to support the firm's ambitions. Then we created a data infrastructure that enabled data to be sourced from around the world and establish a baseline against which we could track progress for both internal and external audiences. We also realigned the corporate sustainability strategy to our investment team's own materiality framework. This helps ensure that we prioritise those areas most material to financial services when it comes to making capital allocation decisions.

A successful business can only remain so if it is sustainable. Whilst external conditions and pressures have changed over the course of 2022, we remain steadfast in our commitments, believing that a positive sustainability pathway will result in positive outcomes for our company and for our stakeholders.

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<sup>1</sup>Fidelity International's purpose is working together to build better financial futures.



# Progress in 2021

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## 1. Organisational developments

Having responded to Covid-19 by changing the way we work and adapted to economies reopening in 2021, we continued to explore ways to bring employees together through new infrastructure and practices to drive progress.

### **Internal engagement and alignment**

Achieving our sustainability goals requires significant collaboration across the organisation. We rely on the expertise of teams as varied as Human Resources, Property Services, Procurement, Risk and Technology to help us create a more sustainable future and will continue to leverage these teams' expertise to share information, data and accountability to all employees. The Corporate Sustainability team has partnered closely with the Sustainable Investing team to ensure we are aligned across our sustainable activities, aspirations and understanding of risks.

Additionally, the firm is partnering closely with external peers, counterparties, vendors, and regulators to ensure we are on the right track. We continue to actively engage with regulators to improve disclosure standards and industry alignment as well as support transition pathways and carbon market developments that facilitate real world transition.

### **Risk assessment and understanding**

In 2021, we undertook an exercise to better understand the risks associated with corporate sustainability. We also looked at how to embed sustainability risk into our existing risk taxonomy and processes and how to use the output to support priority initiatives. We assessed ourselves against our own ESG framework developed by the Fidelity International investment team. We also used external frameworks and assessments to understand our progress versus our peers. The Corporate Sustainability team will continue to support the development and embedding of the risk framework, including its reporting and oversight, and drive programme initiatives to elevate employee engagement and impact.

To deliver on our ambitions, we must have the data to measure our progress and effectiveness of efforts. As such, we have put significant focus on procurement and centralisation of organisational sustainability data to aid transparency, disclosure, and accountability. We have implemented dashboards and other tools to help measure our progress and feed into our ISO 140001 environmental management system audit.

## 2. Progress versus 2024 Goals

### Our environmental goals for 2024









IMPROVING OUR ENVIRONMENT			
Standardisation   Carbon footprint reduction   Conservation			
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
ISO 14001 environmental management system certification	25% reduction in energy consumption	25% reduction in carbon emissions	25% waste reduction
<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
25% reduction in water consumption	80% increase in recycling rate	50% reduction in paper usage	50% reduction in air travel carbon emissions

### How did we track over 2021?

We made significant progress towards delivering our 2024 and 2030 environmental targets in 2021. Based on local environmental evaluations carried out over the period, we have established short and long-term plans which will be tracked by the Corporate Property Services Sustainability Delivery Group. We completed decarbonisation audits at seven of our largest office locations which allow us to identify the net-zero pathways at a location level, including low-cost quick payback options and long-term strategic opportunities.

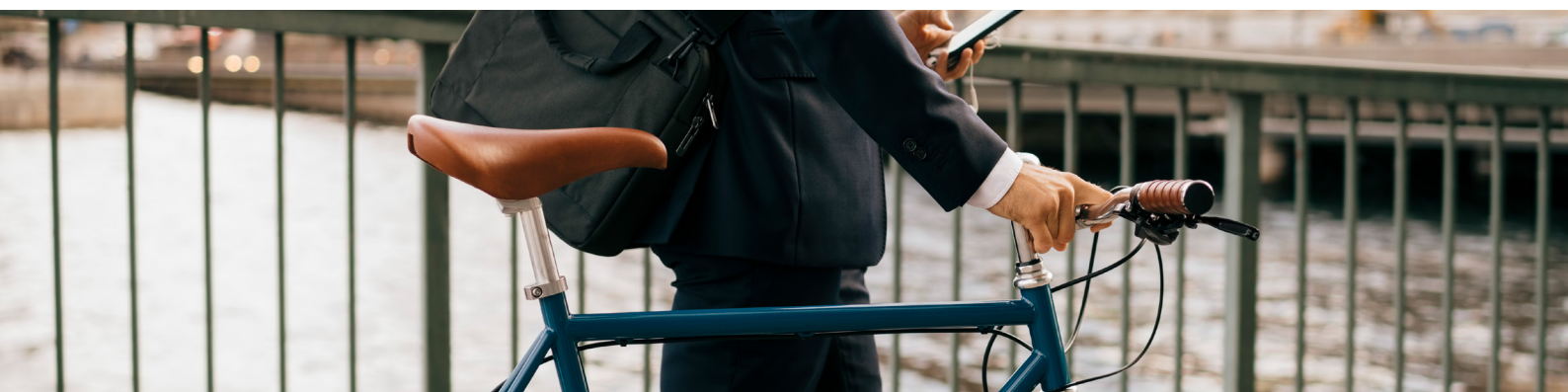
As air travel accounted for almost half of our measured operational emissions (prior to Covid-19), we have updated our travel policies and introduced

tools to help individuals manage emissions more effectively. We are pleased to report that 74% of the electricity consumed in our offices now comes from renewable sources, up from 3% in 2019. In 2022, we also continued to focus on reducing the energy consumption of our offices in Asia. To support progress on our environmental footprint, we have engaged employees through an environmental sustainability induction training programme which has seen a 98% completion rate across our global population. Whilst we are well ahead on many of our 2024 consumption targets, we are aware that some of the positive outcomes may be due to Covid-19 working conditions and thus continue to prioritise operational and behavioural improvements across all locations.

Environment <sup>2</sup>	2019	2020	2021	Target 2024 (with 2019 baseline)	Progress
<b>Energy consumption by type</b>					
Energy consumption (tCO <sub>2</sub> e)	15,505	6,428	3,947	25% reduction	
Energy consumption (kWh)	36,653,349	29,681,840	22,122,980	25% reduction	
<b>Carbon emissions by scope</b>					
Carbon emissions - Scope 1 (tCO <sub>2</sub> e) <sup>3</sup>	1,570	1,739	1,480	N/A	
Carbon emissions - Scope 2 (tCO <sub>2</sub> e)	14,245	4,969	2,677	N/A	
Carbon emissions - Scope 3 (tCO <sub>2</sub> e) <sup>4</sup>	11,496	2,514	777	N/A	
<b>Total carbon emissions - Electricity market (tCO<sub>2</sub>e - Scopes 1, 2 and 3)</b>	<b>27,310</b>	<b>9,223</b>	<b>4,935</b>	<b>25% reduction</b>	
Carbon emissions per employee (tCO <sub>2</sub> e per employee)	3.21	1.04	0.53	N/A	
Carbon emissions per annual revenue (tCO <sub>2</sub> e per US\$ million in revenues)	7.92	2.49	1.34	N/A	
Carbon Emissions - Air Travel (tCO <sub>2</sub> e)	10,862	2,229	506	50% reduction	
<b>Waste management / recycling</b>					
Waste recycled (percentage of total waste) <sup>5</sup>	45%	42%	27%	80% waste recycled	
Waste production (tonnes)	998	500	543	25% reduction	
<b>Use of natural resources</b>					
Paper usage (tonnes)	64	31	19	50% reduction	
Water usage (cubic metres)	64,890	32,432	26,588	25% reduction	
Percentage of electricity from renewable energy supply (either on-site or purchased)	3%	64%	74%	N/A	

Progress legend:  Red  Amber  Green

Note: The Red, Amber, Green rating is given based on the progress made in 2021 towards achieving our targets in 2024.



<sup>2</sup> Due to improvements in our data collection and verification process please note there may be some difference in data previously reported in the 2021 CS report. The quantification and reporting of the environmental data have been independently verified by BSI Assurance UK Ltd to a limited level of assurance. The verification activity has been carried out in accordance with ISO 14016:2020.

BSI Assurance UK Ltd is independent to and has no financial interest in FIL. This verification Opinion has been prepared for FIL only for the purposes of verifying its environmental data described in the scope above. It was not prepared for any other purpose. In making this Statement, BSI Assurance UK Ltd has assumed that all information provided to it by FIL is true, accurate and complete. BSI Assurance UK Ltd accepts no liability to any third party who places reliance on this Opinion Statement

<sup>3</sup> Scope 1 data covers natural gas, liquid fuels, district cooling, district heating, refrigerants, business travel with company cars..

<sup>4</sup> Scope 3 data covers waste, water, paper use, air travel and grey fleet (personal car used for business).

<sup>5</sup> With the significant reduction in paper use, we see less waste eligible for recycling. We continue to focus on effective recycling efforts as well as overall reduction in waste production.

## Our strengthening our workplace goals for 2024






STRENGTHENING OUR WORKPLACE						
Diversity   Equity   Inclusion						
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>			
45% of board members to be women	35% of global senior management roles held by women	45% of global workforce to be women	Annual reduction in UK median gender pay gap			
<b>5</b>	<b>6</b>		<b>7</b>			
Gather ethnicity data for at least 70% of global workforce and set new diversity goals	ISO 45001 health and safety management system certification		Evolve dynamic working programme to improve work-life balance			



### How did we track over 2021?

Despite the challenges that Covid-19 posed in 2021, our aspiration remains to be a truly flexible employer and to support our employees' management of their time and commitments both inside and outside of work. In 2021, we implemented our dynamic working framework with all employees given a flexibility category. Over 90% were categorised as "hybrid", allowing them to choose the working pattern between home and office that most suited them. We also introduced Family Care Leave which entitles each employee access to five extra paid days of leave per calendar year to look after family members in need of care, whether it is planned or unforeseen.

We also remain committed to driving a diverse and inclusive workplace. To do this we must assess our recruitment processes, ensure we have appropriate ways to support all employees in their career journey at Fidelity and we must collect data to understand our progress. To advance this ambition, in 2021, we launched several programmes across all aspects of diversity and inclusion (D&I) focusing on networking, career development support and mentoring. We launched a strategy to attract more diverse candidates and make our recruitment more inclusive. Through various awareness campaigns, we encouraged our employees to participate in our ethnicity survey to help us improve our workforce diversity data. Our ambition is to launch targeted initiatives and set new goals once we reach 70% of data coverage, a level at which we believe the data quality to be sufficient.

Workplace	2019	2020	2021	Target 2024 (with 2019 baseline)	Progress
<b>Learning &amp; Development</b>					
Total spend on employee training (US\$)	5,575,222	4,728,853	12,464,230	N/A	
Training spend per employee (US\$)	656.37	533.55	1,251	N/A	
<b>Diversity &amp; Inclusion</b>					
Board gender diversity, Fidelity International Ltd. Board <sup>6</sup>	44% Female	44% Female	40% Female	45% Female	
Leadership gender diversity, directors and above <sup>7</sup>	30% Female	32% Female	32% Female	35% Female	
Workforce gender diversity	42% Female	43% Female	44% Female	45% Female	
Workforce ethnicity data gathering <sup>8</sup>	60%	63%	58%	70%	
<b>Equity</b>					
UK - Mean gender pay gap <sup>9</sup>	22.8%	18.3%	18.5%	N/A	
UK - Median gender pay gap	25.2%	23.1%	21.6%	Annual reduction	

Progress legend:  Red  Amber  Green

The Red, Amber, Green rating is given based on the progress made in 2021 towards achieving our targets in 2024.



<sup>6</sup>Decline is due to the change in one board member, we remain committed to and confident that our programmes to support more diversity in our Boards will be effective.

<sup>7</sup>We remain committed to increasing gender diversity at senior levels in our organisations. The success of the programmes mentioned should contribute to long term increases in the representation of women at senior levels.

<sup>8</sup>The percentage of employees having provided their ethnicity data has decreased from 2020 to 2021 as our workforce grew significantly over that year. We are still confident that we will meet our target in 2024.

<sup>9</sup>Despite an improvement in reducing the median hourly pay gap, we saw a marginal increase to our mean gender pay gap which is more influenced by individual outliers. The underlying reason we have a gap is that more men work in investment and senior leadership roles where compensation packages tend to be higher.

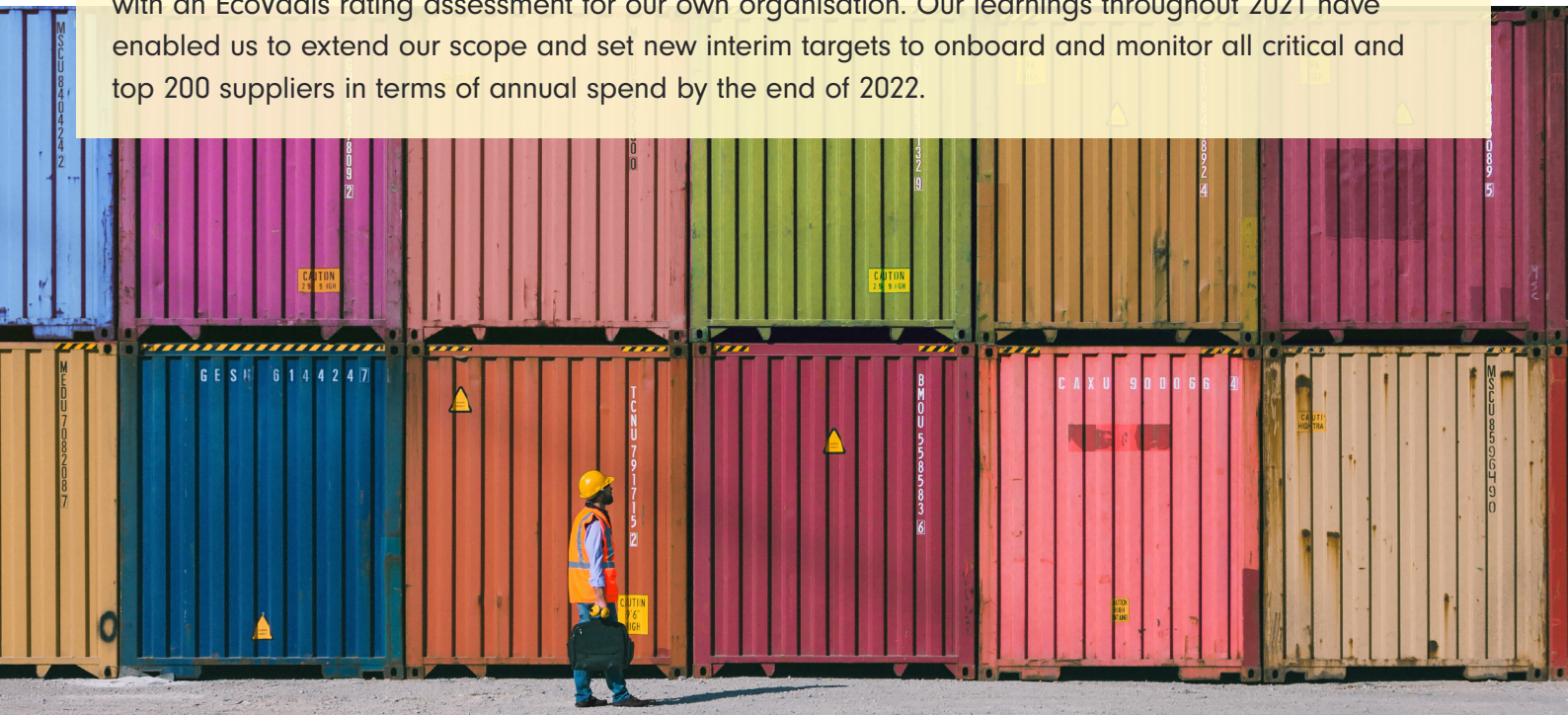




## Our buying responsibly goals for 2024

BUYING RESPONSIBLY FROM OUR SUPPLIERS		
ESG monitoring   Supplier diversity   Responsibility to suppliers		
<b>1</b>	<b>2</b>	<b>3</b>
Modernise and optimise the way we purchase	ESG monitoring for 90% of our high-risk suppliers and 80% of our annual spending	95% of suppliers with unsatisfactory scores put on improvement plans
<b>4</b>	<b>5</b>	<b>6</b>
95% of tenders include at least one diverse supplier	1,000 diverse suppliers engaged in "How to do business with us"	Embed sustainability in procurement processes and tracking mechanisms

## How did we track over 2021?

We are confident that we can achieve our 2024 targets due to the foundational work that we carried out in 2021. This work included streamlining our supplier onboarding and management processes, including faster payments. We also created our Supplier Information Centre for all suppliers to understand our processes - this has paved the way for attracting and retaining diverse and small business suppliers. We extended our diverse supplier network to support future engagement and growth. We also partnered with EcoVadis, the sustainability rating agency for suppliers, and began to onboard our most critical suppliers. We started that process by holding ourselves to account with an EcoVadis rating assessment for our own organisation. Our learnings throughout 2021 have enabled us to extend our scope and set new interim targets to onboard and monitor all critical and top 200 suppliers in terms of annual spend by the end of 2022.



Supply Chain <sup>10</sup>	2019	2020	2021	Target 2024 (with 2019 baseline)	Progress
Supplier Diversity					
Number of certified diverse suppliers	Not assessed	Not assessed	10	100	
Monitoring of ESG Factors in Supply Chain					
Percentage of material and top 200 spend suppliers onboarded on EcoVadis Platform.	0%	0%	3%	90% of our critical suppliers and 80% of our annual spending	

Progress legend:  Red  Amber  Green

The Red, Amber, Green rating is given based on the progress made in 2021 towards achieving our targets in 2024.



<sup>10</sup>Despite the amber rating of the progress, we are confident that the process established in 2021 will enable us to meet our 2024 target.

## Our communities' goals for 2024

CREATING RESILIENT COMMUNITIES		
Financial support   Volunteering   Payroll giving   Fundraising		
1	2	3
20%+ participation rate in workplace giving	Year on year increase in employee use of volunteering hours	200+ charities supported

### How did we track over 2021?

In 2021, many communities continued to suffer from the economic and social fallout from the pandemic. To offer support, we continued to partner with hundreds of frontline charities, volunteered thousands of hours and collectively donated more than \$1.5m, with a focus on driving impact for those most affected.




Whilst we struggled to increase volunteering engagement during the period, we came to recognise that building truly sustainable futures is about creating capacity and long-lasting value that will serve our communities for generations to come. To support this aspiration, in 2022, we are working on several new initiatives and technology solutions that will better enable our employees to participate in workplace giving and become those agents of change to create a more inclusive and equitable society.

Over the course of 2021, our CSR teams looked for ways to support our local communities and say thank you for the incredible work of people on the frontline and in charitable organisations. The

Fidelity CSR committee in Taiwan, for example, delivered 200 meals to frontline health care workers at Taipei Medical University Hospital and Taipei City Ren Ai Hospital. The Asian CSR teams also put on regional virtual competitions to raise money for local causes when we were not able to come together.

We also ran an Earth Day campaign in 2021 that persuaded over 2,000 employees to pledge to make changes in their daily lives to live more sustainably. In exchange we planted 20,000 trees in projects spread across India, Australia, and Brazil to help restore degraded areas, conserve water and capture carbon.

In September of 2021, our incoming graduates, apprentices, and industrial placements took on the monumental task of achieving an entire year's worth of volunteering (365 days) in the final four months of the year. Although the challenge was increased due to country-wide lockdowns, employees came together in teams and as individuals to complete 128 days of volunteering collectively that supported 12 charities across India, France, Singapore, Ireland, and the UK.

Community - Societal engagement	2019	2020	2021	Target 2024 (with 2019 baseline)	Progress
<b>Corporate Citizenship - Philanthropy - Contributions by type</b>					
Total raised by Fidelity employees for charity, not-for-profit organisations (US\$)	214,000	85,000	172,322	N/A	
Total donated to charity, not-for-profit organisations by Fidelity International (US\$)	700,000	1,100,000	1,583,463	N/A	
Donations to Fidelity UK and international Foundations by Fidelity International (US\$)	18,600,000	15,700,000	18,000,000	N/A	
<b>Corporate Citizenship - Participation</b>					
Number of different charity/not-for-profit organisations supported through Corporate Citizenship Programmes	127	48	171	200+ charities supported	
Staff participation in workplace giving programme (percentage of total employees) <sup>11</sup>	10%	5%	5%	20%+ participation rate	
Number of employee volunteering hours <sup>12</sup>	4,248	1,600	2,336	Year on year increase	

Progress legend:  Red  Amber  Green

The Red, Amber, Green rating is given based on the progress made in 2021 towards achieving our targets in 2024.



Fidelity International volunteers plant a chestnut tree in the North of Luxembourg - one of five hundred trees planted that day with the help of Fondation Hëllef fir d'Natur

<sup>11</sup>We are disappointed with this result and are exploring opportunities through the use of technology and engagement to support an increase in employee uptake of workplace giving opportunities, including increasing employee access to opportunities across jurisdictions.

<sup>12</sup>Covid-19 lockdowns and health concerns were contributors to a reduction in employee appetite and organisation offered volunteering opportunities. In 2022, we started to build the foundations for a technology solution that will allow all employees simple access to volunteering opportunities and campaigns within their jurisdiction.

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