



2024 Sustainable Investing Report

Fidelity Investments Canada





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Foreword

Dear valued client,

As we navigate rapidly changing markets, Fidelity Investments Canada remains committed to seeking to provide top-tier products, long-term performance and services for our two million Canadian retail and institutional clients.

As stewards of capital, we never take the trust of our clients for granted. This trust is why we prioritize transparency, and I am pleased to share our report that provides you with insights into our investing activities.

In the latest edition of Fidelity Investments Canada's Sustainable Investing Report, covering the 2024 calendar year, we highlight how the investment team in Canada is integrating sustainability into investment research and how this process is supporting our commitment to drive long-term investment value for our investors.

The report also aims to detail our approach to stewardship processes and activities, including proxy voting and engagement. We highlight how our constructive dialogue with companies on a range of matters helps our investment teams mitigate risk and uncover opportunities and contributes to stronger long-term returns for our clients.

As the world continues to evolve, we will continue to be on a journey to adopt best practices and improve our investment capabilities through expanding resources, with fundamental investment research in mind. We hope that the information in this report supports your due diligence into our efforts.

Thank you for taking the time to read this report and for your ongoing investment, trust and confidence.

Sincerely,

Andrew Marchese

*Chief Investment Officer and Portfolio Manager
Fidelity Investments Canada*



Overview

Fidelity Investments Canada ULC is a Canadian asset manager that has leveraged the asset management capabilities of the global Fidelity Investments organization to serve Canadian investors for over 35 years. By focusing on bringing the asset management capabilities Fidelity has to offer from around the world, we support our mission to build a better financial future for Canadian investors by staying ahead of change and helping them to achieve their financial goals faster.

Through a global network of investment professionals, we carefully research and analyze a broad mosaic of factors to identify investment opportunities and risks across geographies, investment styles and asset classes. Sustainability factors can be important parts of that mosaic. We believe it is essential to have a research process that identifies, evaluates and monitors material financial and environmental, social and governance (ESG) factors for companies under coverage. Doing so helps us identify return opportunities and risks, which in turn supports our objective of delivering long-term value creation for our investors.

As an active investment manager, we believe we play an important role in engaging with company management teams. Regular engagement helps inform our investment decisions. Through our engagement, we aim to understand a company's strategy and how it will influence long-term shareholder value. We use engagement not to set a company's strategy but to seek to ensure that management is addressing relevant risks and opportunities that may be critical to their ongoing operations. In this way, engagement discussions may also serve as a forum to encourage company management to improve procedures and policies.

This report has been provided by Fidelity Investments Canada ULC (Fidelity) and is for information purposes only. It comprises, among other things, examples of sustainable investing activities across Fidelity and FIL Limited (FIL) only, current as at the date of the report. The report refers to ESG considerations that Fidelity and FIL may take into account as part of their research process, and does not reflect the approach of any other Fidelity Investments company or subadvisors, such as Fidelity Management & Research Company LLC, Geode Capital Management LLC and State Street Global Advisors Ltd., to ESG research, stewardship and sustainable investing, either specifically or generally.

Sustainability at Fidelity Canada

At Fidelity Canada, we are known for taking a long-term view with our plans, and this is the same approach we are taking with our sustainability journey.

Our sustainability vision

Building on our company purpose of helping build better financial futures for investors, our sustainability vision is to contribute to a more sustainable future for our clients, employees and other stakeholders by being a trusted people-centred business that drives innovation.

Our sustainability strategy comprises three core pillars – improving financial well-being, enabling sustainable decisions and strengthening communities and our workplace – and is supported by our foundational pillar of operating as a business with integrity and accountability.

Here is an overview of what we’re aiming to achieve

Improving financial well-being	Enabling sustainable decisions	Strengthening communities and our workplace
Help our clients and wider communities achieve and protect their financial goals with innovative technology, education and product and service excellence.	Offer choice and a diverse range of products and solutions that seek to deliver strong returns and long-term value, and from an enterprise perspective, employ responsible procurement practices and seek to reduce operational greenhouse gas emissions.	Collaborate with employees to enhance local communities through charitable activities and cultivate a diverse, equitable and inclusive work environment that empowers individuals and makes Fidelity a great place to work.
Strategic focus areas: • Digital experience • Financial protection • Financial wellness	Strategic focus areas: • Environmental impact • Responsible supply chain • Stewardship and engagement • Sustainable products	Strategic focus areas: • Career vitality • Corporate giving and volunteering • Diversity, equity and inclusion • Employee wellness

Operating as a business with integrity and accountability

Leverage sound business ethics, operate with transparency, comply with laws and regulations, align with industry best practices and actively manage risk.

Foundational focus areas:

- Governance
- Risk management
- Business ethics
- Enterprise resiliency

Corporate sustainability 2024 highlights



Improving financial well-being

Developed equitable lesson plans with Ontario educators on the ABCs of investing for high-school students.¹

Produced 799 webcasts curated for audiences including students, investors, financial advisors and institutional investors.

#1 Digital experience rating by Financial Advisors for the fifth year in a row.³



Enabling sustainable decisions

Carried out 265 engagements with 202 unique investee companies around the world on topics related to environment, social or governance topics.

Developed investment solutions to service the unique needs of Canadian institutional investors.

Onboarded EcoVadis, a sustainability ratings platform, to conduct individual performance assessments of our key suppliers.



Strengthening communities and our workplace

Collectively donated \$5.2 million to charities that work toward enhancing education, community support, arts and culture, the environment, health and services and social services.

Recognized as one of Canada's Top 100 Employers® for 2024 for the ninth year in a row.²

Recognized as one of the Best Workplaces™ for Inclusion on Great Place to Work's® 2024 list.⁴

Operating as a business with integrity and accountability

Continued to develop an ESG risk framework, to set out a series of guiding principles, methodologies and minimum requirements for managing ESG risks across Fidelity Canada's operations.

Established a critical vendor oversight resiliency program to provide an enhanced view of the risk related to the use of our most critical vendors.

For more information on Fidelity Canada's corporate sustainability practices, check out the 2024 Sustainability report.

¹ These plans are intentionally designed to incorporate accommodations and modifications that support diverse learning styles, aligning with the Ontario curriculum's Learning for All framework.

² For more information, please visit [Top Employer: Fidelity Canada](#).

³ In partnership with Environics Research, we conducted our 2024 Environics Advisor Digital Experience study. This study obtained the opinions from financial advisors on how they would rate their investment manufacturers' digital services. This is the ranking FIC received in the study for "overall digital services." This study surveyed 804 nationally representative advisors across Canada in May 2024.

⁴ For more information, please visit [Best Workplaces for Inclusion 2024 | Great Place To Work® Canada](#).

Sustainable investing at Fidelity

Fidelity's sustainable investing strategy

As an investment firm, our top priority is creating value for our clients. We are committed to taking sustainability into consideration in the way we approach investment research and strive to offer a variety of sustainable investment product solutions.

At Fidelity, our sustainable investing approach has five elements.

1. **ESG research.** Material ESG factors, which are those that have the potential to affect risk or return, serve as one of many research inputs in security valuation. Fidelity believes ESG factors are important inputs into the overall research process and can help identify companies that can drive long-term value creation for investors. Fidelity incorporates the use of ESG/sustainability ratings, both proprietary and third-party, to inform investment research. Companies are evaluated based on the ESG factors that we believe are relevant and are expected to have a material impact on their operations and business.



2. **Investment stewardship.** As one of Canada's largest asset managers, we are able, through engagement and proxy voting, to address ESG topics with companies. Engagement is part of our overall fundamental research process and is generally applied across issuers, and may include discussions of ESG and other factors where we believe they have a material impact on either investment risk or return potential. Proxy voting is carried out for all Fidelity Funds according to each subadvisor's proxy voting guidelines.^{5,6}
3. **Communication.** We strive to be transparent with investors regarding what they're invested in, articulating the attributes of our sustainable investment products so investors can develop a deeper understanding of our funds' ESG characteristics. We also seek to educate and inform our clients about ESG-related matters and our sustainable investing capabilities through thought leadership, webcasts, events and other means.
4. **Sustainable investment solutions.** Fidelity's mission is to build a better future for Canadian investors and help them stay ahead of their financial goals. We offer investors and institutions a range of investment strategies to help them reach their financial and life goals. For clients seeking to align their values with their investments, Fidelity offers a range of sustainable investment solutions. Fidelity can also develop customized solutions to serve the unique needs of Canadian institutional investors.
5. **Collaboration.** As a signatory to the United Nations-supported Principles for Responsible Investment, Fidelity has demonstrated a commitment to upholding and furthering the adoption and use of sustainable investment best practices. In addition, Fidelity is a member of the Responsible Investment Association. These collaborations keep us informed of relevant ESG-related industry developments and help us to assess our efforts in relation to industry standards.

⁵ ESG objective funds are funds whose investment objectives reference ESG factors.

⁶ https://www.osc.ca/sites/default/files/2024-03/20240307_81-334_sn-related-investment-fund-disclosure.pdf

⁶ https://www.fidelity.ca/content/dam/fidelity/en/documents/proxy/proxy_voting_guidelines_fil.pdf



Collaborative initiatives



Responsible Investment Association

The Responsible Investment Association (RIA) aims to promote responsible investment (RI) in Canada. To achieve its mission, the RIA organizes conferences and develops training courses and content for advisors to help improve their RI knowledge. Fidelity has been an associate member since 2019.



Principles for Responsible Investment

The PRI is an international network of investor signatories and the world's leading proponent of responsible investment. As part of being a signatory, there is a commitment to six principles centering around incorporating ESG into the investment process, business policies and practices, as well as a focus on disclosure and transparency. Fidelity has been a signatory since 2020.⁷

⁷ Fidelity Investments Canada ULC ("Fidelity") became a UNPRI signatory on December 16, 2020, while Fidelity (Canada) Asset Management ULC ("FCAM") (a former stand-alone investment manager that amalgamated with Fidelity at the beginning of 2021) became a UNPRI signatory on September 23, 2019.

Integrating ESG into Fidelity's investment research process

Stewardship

Fidelity principally pursues active investment styles informed by rigorous bottom-up fundamental research. Our objective, first and foremost, is to deliver long-term investment performance to our clients. Accordingly, seeking a thorough understanding of the companies in which we invest, including their environmental, social and governance characteristics, is paramount to our success.

Fidelity believes that high standards of corporate responsibility make good business sense. The investment research process undertaken by our analysts and portfolio managers takes ESG factors into account when we believe these have a material impact on either investment risk or return potential. Fidelity believes ESG factors are important inputs into the overall research process and can help identify companies that can drive long-term value creation for investors.

For Fidelity Funds that have an ESG-focused investment objective, please refer to the investment objectives and investment strategies in the applicable ESG-focused fund's prospectus, which articulates the ESG parameters used. For non-ESG Fidelity Funds,⁸ in relation to the Fund's investment objectives, investment strategies and investable universe, the applicable Fidelity adviser/sub-adviser and portfolio manager(s) have full discretion in determining if material ESG factors are relevant to a company's evaluation and to what extent. In cases where a non-ESG Fidelity Fund uses one or more ESG strategies (e.g., best-in-class, ESG integration, negative screening, etc.), either as part of its principal investment strategy or investment selection process, we describe the ESG strategy used in the applicable prospectus of that fund.

Investment research process

For our active investment strategies, Fidelity's investment analysts are the primary point of contact between Fidelity and the companies in which we invest, and they undertake extensive quantitative and qualitative analysis of potential investments.

Meetings are supplemented by site visits and ad hoc calls, when necessary. Research sources may include customers, suppliers, competitors, external industry experts, sell-side research analysts and other shareholders, contacted both directly and through intermediary networks. ESG factors serve as one of many research inputs in security valuation and can be important considerations in the overall research process. Fidelity incorporates the use of proprietary and third-party ESG/sustainability ratings to inform investment research. Fidelity's proprietary ESG/sustainability ratings are driven by fundamental inputs that are determined by research professionals across the organization. Multiple data sources are leveraged, including public disclosures and company management engagements. Third-party data, such as MSCI ESG research data, is also used to supplement our own fundamental research. Companies are evaluated based on the ESG factors that we believe are relevant and material to their operations and business over the long term. The proprietary ratings serve as our forward-looking assessment of how a company is incorporating ESG considerations into its business model.

The monitoring of ESG risks, factors and opportunities is undertaken as part of the fundamental research process, which includes updating our assessment of material financial and ESG factors for the companies we cover on a regular basis.

⁸ Non-ESG funds are funds that do not consider ESG factors in their investment process.
https://www.osc.ca/sites/default/files/2024-03/20240307_81-334_sn-related-investment-fund-disclosure.pdf

ESG integration

ESG analysis is primarily carried out at the investment analyst level within our investment teams. Our portfolio managers may also be active in analyzing the potential effects of material ESG factors.

For our active investment strategies, our investment approach involves bottom-up research. As well as studying financial conditions and results, our portfolio managers and analysts carry out additional qualitative analysis of potential investments. They examine the business, customers and suppliers to develop a multi-faceted view of every company in which we invest.

Examples of ESG factors that our investment teams may consider as part of their fundamental research process include:

- corporate governance (e.g., board structure, executive remuneration)
- shareholder rights (e.g., election of directors, capital amendments)
- changes to regulation (e.g., greenhouse gas (GHG) emissions restrictions, governance codes)
- physical threats (e.g., extreme weather, climate change, water shortages)
- brand and reputational issues (e.g., poor health and safety record, cybersecurity breaches)
- supply chain management (e.g., increase in fatalities, lost time injury rates, labour relations)
- work practices (e.g., observation of health, safety, and human rights provisions)

FIL's Sustainable Investing team works closely with Fidelity's Investment Management division, and plays a key role in assisting the investment team with the implementation of FIL's sustainable investing framework by:

- working closely with the investment team globally, across asset classes, to help integrate ESG issues into the research process, where applicable
- engaging with investee companies on relevant ESG risks and opportunities
- maintaining a thorough understanding of current ESG themes and trends around the world
- attending external seminars and conferences focusing on trending ESG issues and ESG integration
- providing ESG training to the investment team and across the business
- providing internal ESG reporting, including analyst reports on current or emerging ESG themes and issues, portfolio manager reviews and industry analysis
- co-ordinating and responding to specific client queries on ESG topics
- implementing Fidelity's proxy voting guidelines
- client reporting on ESG integration and proxy voting, where requested

As at December 31, 2024, FIL had 33 dedicated sustainable investing specialists.



Proprietary ESG ratings

Fidelity's ESG ratings are designed by our colleagues at FIL and are accessible to all funds managed by the Asset Management division of Fidelity and to FIL subadvised funds. The ESG ratings aim to provide the investment team's forward-looking assessment of the extent to which an issuer's performance in relation to material sustainability issues either is likely to support or impair long-term value creation for shareholders. The ratings are differentiated from third-party ESG ratings in a couple of ways. First, the ratings have a forward-looking focus. Second, the main inputs the ratings use to identify and assess material ESG risks affecting an issuer are company interactions and due diligence conducted by Fidelity's fundamental analysts.

Our ESG ratings are integrated into Fidelity's research process and are available to all members of Fidelity's investment management division through our internal research platform.

What do Fidelity's ESG ratings look like?

Fidelity's ESG ratings comprise a combination of environmental, social and governance indicators that aim to address the most material issues in each sector, providing a comprehensive, forward-looking view of a company's ESG practices. The ratings methodology reflects the evolution of Fidelity's ESG integration approach, founded on the principle of double materiality: a focus on ESG both in terms of business risk and in terms of the environmental and societal implications of a company's operations.

Our analysts assign a rating of A (best) to E (worst) for each company we assess. An A rating represents a company that has clearly understood and is proactively managing the ESG issues that can affect the long-term shareholder value of the company. An E rating represents the inverse.



How does Fidelity's rating system give us a competitive edge?

Fidelity's ESG ratings are based on our bottom-up company research and our regular interactions with management teams and boards of companies within our universe of 4,000 issuers. We source specific and comprehensive quantitative inputs to conduct our sustainability assessments. We then supplement and enrich these typically backward-looking quantitative assessments with qualitative inputs from our expert fundamental and sustainable investing specialists. This helps to ensure that our sustainability assessments are forward-looking and focus on the issues that matter.

The ratings are assigned by Fidelity and FIL's team of investment analysts across the world. Our analysts work in collaboration with each other across asset classes, conducting more than 18,000 company meetings every year, and they update the ratings at least annually, as well as whenever a significant ESG event occurs.

We have created customized materiality mappings for over 180 individual subsectors. Each map is formed from a specific selection and weighting of individual ESG indicators. The aim of this granularity is to create more focused and relevant sets of indicators for each subsector, as the materiality differs depending on the sector.

Individual scores at the indicator level are aggregated to the pillar E, S and G level, which are then combined to give an overall ESG score at the issuer level and trajectory ratings. To complement the headline ESG rating, a trajectory rating is also assigned to an issuer, which is an assessment of a company's expected sustainability progress over the next 12 months, relative to peers.

For each indicator, we are looking for four things in particular: awareness, action, results and direction of change. That means we are concerned with a company's future ambitions along with its past action. It is important for us to know whether a company is heading in a "stable," "improving" or "deteriorating" direction. We are looking forward rather than backward: we believe that is where value lies for investors, and it sets our ratings apart from various third-party ratings.

In addition to our own proprietary ratings, we use external research and rating providers such as MSCI and ISS Climate Solutions data to complement our internal research.

Fidelity's sustainable investment offerings

Fidelity offers a range of solutions for clients.



Fidelity Sustainable World ETF and ETF Fund

Sustainable investing approach: ESG integration, best-in-class screening and exclusionary screening.

Fidelity Sustainable World ETF (and Mutual Fund) is a global quantitative multi-factor equity strategy that invests primarily in companies with favourable ESG characteristics as defined by MSCI.



Fidelity Women's Leadership Fund

Sustainable investing approach: ESG integration and thematic investing.

Fidelity Women's Leadership Fund is a core U.S. equity strategy that invests primarily in companies that prioritize and advance women's leadership and development across their organization.



Fidelity Climate Leadership Funds

Sustainable investing approach: ESG integration and thematic investing.

The Fidelity Climate Leadership™ Funds form a suite of climate-focused investment funds (equity, fixed income and balanced) designed to capture the opportunities and risks created by the global transition to a low-carbon economy.

In addition, FIC's Institutional team, Fidelity Canada Institutional, offers active and risk-controlled disciplines that include Canadian, U.S., international and global equity, fixed income, asset allocation, alternative and custom solutions, including those with ESG-capabilities.⁹

⁹ Fidelity Canada Institutional is a business name of Fidelity Investments Canada ULC.



Active ownership

Fidelity's approach to active ownership comprises the engagement and proxy voting activity we undertake to gain a deeper understanding of a company's approach to ESG and the impacts of material ESG risks and opportunities on a company's business, and to ensure that their practices do not lead to unpriced material ESG risks.

This approach supports the allocation of client assets in two main ways: by informing the investment process at the research stage, and by leveraging our ownership position in companies to help effect positive corporate change. In response to an engagement or proxy vote, a company may choose to develop policies, or improve processes in ways that support the creation of long-term value.

We believe engagement is key to having a deeper understanding of an investee company's material ESG risks and opportunities and to improving issuer behaviour and investor outcomes over the long term.

The engagement and proxy voting process at Fidelity

Identifying engagement opportunities

We maintain an ongoing dialogue with management of investee companies. Formal meetings involving both portfolio managers and analysts are held with investee companies at least twice a year. In addition to these regular engagements, there are a variety of other opportunities for ad hoc engagements, including

- Responding to a controversy or adverse event (e.g., evidence of poor governance).
- Firms flagged by our analysts during the proprietary sustainability rating assessment as good candidates for engagement (e.g., exposure to sustainability risks).
- FIL's Sustainable Investing team may conduct a thematic engagement on a particular sustainable investing issue (e.g., supply chain management).
- Issuers may request engagement on a specific governance or corporate event (e.g., mergers and acquisitions).

How we engage

Once we have identified an engagement opportunity, we believe a good approach is constructive dialogue with companies to explain our beliefs and expectations, and to encourage positive shifts in their practices and policies. Because of Fidelity's reputation for a fundamental and long-term approach to investing and our long-standing relationships with issuers worldwide, we believe we are well placed to promote more sustainable practices. We therefore believe that engagement is often a better way for us to drive change than simply excluding companies from our portfolios.

Our engagement process with investee companies is well defined and transparent, with the following components identified at the outset:

- Key issue areas: the themes for which the company has room for improvement, such as best practices relative to the industry and peers.
- Objective: the ultimate desired outcome from engagement.
- Milestones: indications that the company is making efforts to achieve the objective we have communicated.
- Key performance indicators (KPIs): KPIs are quantifiable measures of performance over time. These allow us to assess a company's progress toward the milestones.
- Timeline: the timeframe in which we can reasonably expect a company to improve.
- Status: a point-in-time measure of progress (e.g., no progress vs. some progress vs. success).

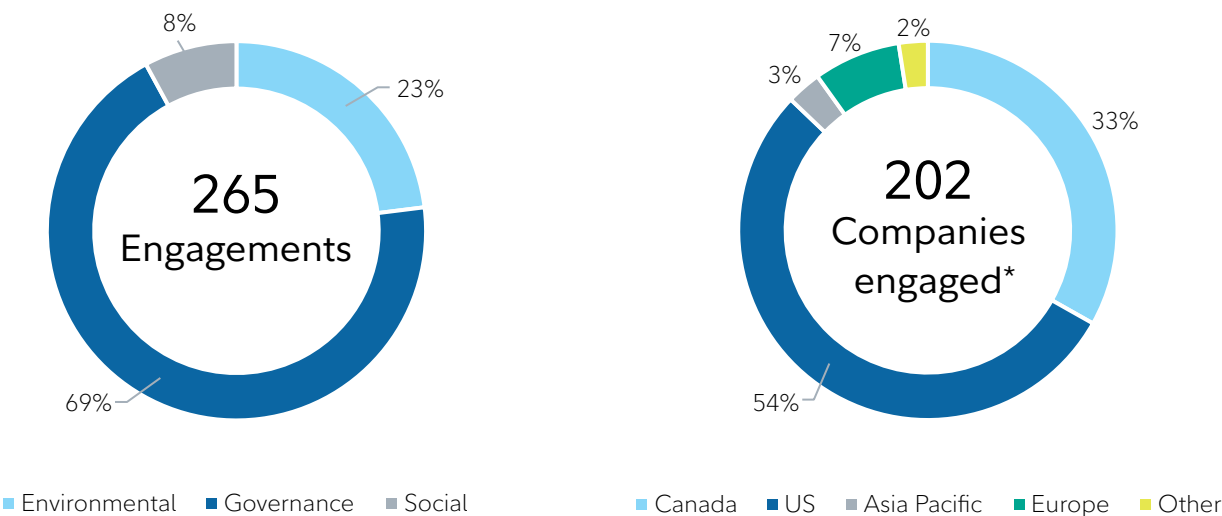
Monitoring progress

Monitoring the progress of engagements is as important as initiating them, to assess change and success against milestones and objectives. Our analysts and sustainable investing specialists document engagements with issuers in a centralized application platform that is available to the entire investment team. This transparency and accessibility allow the team to learn across sectors, themes and asset classes, enriching our depth of knowledge. Engagements can have various timeframes depending on the materiality and urgency of the ESG topic in discussion, and the outcomes (or lack of outcomes) from our engagements are also reflected by our analysts in our sustainability ratings framework.

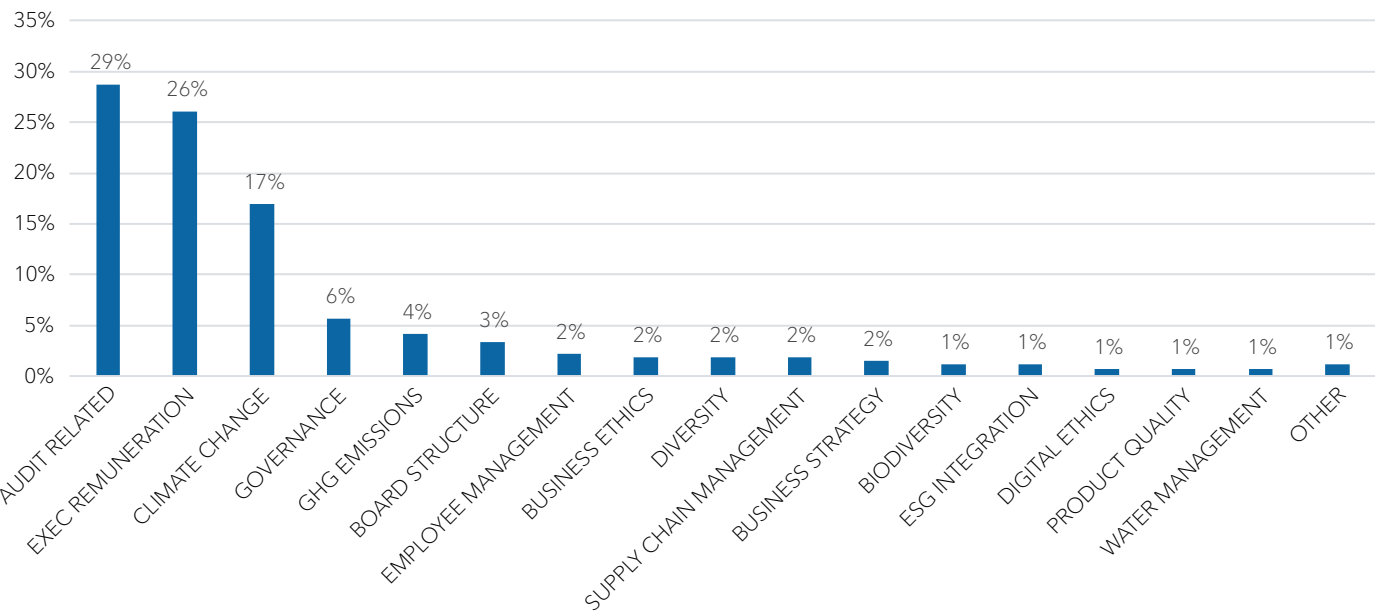
Engagement highlights 2024

Engagement data and examples provided in this report relate to the asset management division of Fidelity Investments Canada ULC.

Over the course of 2024, we carried out 265 engagements with 202 companies around the world, with the aim of influencing their ESG practices or improving their ESG disclosure. These interactions included meetings (in person or virtual) and written forms of communication. The engagements generally focused on corporate governance related issues, with climate change also being a common theme.



Engagement topic breakdown*



*Charts may be slightly over or under 100% due to rounding.

Engagement examples

INVESTEES: TRANSPORTATION COMPANY

Engagement topics: Board structure, business strategy, employee management, greenhouse gas (GHG) emissions

Background: In 2024, we engaged with the company on a range of environmental, social and governance topics.

Engagement focus

Board structure: The company has experienced changes to its board over the past few years. The board now has more directors with direct industry experience and more diversity of thought, which can be valuable to the company, as it welcomes the presence of varied perspectives, ideas and cognitive styles in the organization.

Business strategy: The company's goal is to lead in both growth and operational efficiency. We believe the scheduled operating model implemented under the CEO, with a focus on velocity, is an important strategic decision, as it may determine the company's growth trajectory.

Employee management: The challenges in attracting and retaining talent have been a constraint on capacity growth for the overall industry. Therefore, improving quality of life for front-line staff has become a priority for the management team. At the time of the engagement, the company shared that it is working on alternative ways to address quality-of-life issues. Additionally, the board is very focused on succession planning and increasing the bench strength of senior management. One of the CEO's initiatives is to rotate the management team through different roles in the company, to develop multi-disciplinary experience rather than just deep subject-matter expertise.

GHG emissions: During this engagement, we also discussed GHG emissions. The company has targets in place to reduce GHG emissions by 2030 from its 2019 baseline. It was able to reduce its GHG intensity from 2019 to 2022, and the remainder of its goal relies on the use of biofuels in locomotives. The company is working to secure a supply of these types of fuel, given that it competes with other industries.





INVESTEES: FOOD PRODUCT RETAILER

Engagement topics: Biodiversity, climate change, executive remuneration

Background: In 2024, we engaged the company on a range of topics, including biodiversity, climate change and executive remuneration.

Engagement focus

Biodiversity: We consider this company to be well advanced in its policies, disclosures and target-setting on environmental topics. We asked whether it considered adopting the Taskforce on Nature-related Financial Disclosures (TNFD) following its Taskforce on Climate-related Financial Disclosure (TCFD) reporting. The company noted that it had started to review TNFD reporting requirements at a high level but still needed to review them in more detail. Furthermore, the company believes that it has implicitly set a deforestation-free commitment on its key raw materials through its responsible sourcing policies. We encouraged the company to provide more explicit disclosures on this topic with holistic target dates, and a cut-off date in line with peers. In its direct operations, it has already achieved its target for one of the commodities. Commitments on supply chain are more challenging due to varying levels of traceability and oversight of some commodities, but the company is seeking to address this.

Climate change: The company discloses Scope 1 to 3 emissions and has established 2025 emission reduction targets. It is planning its post-2025 goals and climate transition plans. We encouraged the company to conduct a third-party assessment of climate targets and its net-zero ambition. Later in the year, the company announced in its 2023 annual sustainability report that it has submitted its intent to set science-based targets and anticipated that its post-2025 targets will be validated. In this engagement, we also noted that we encourage companies, where relevant, to adopt the Science Based Targets Initiative (SBTi) Forest, Land and Agriculture (FLAG) guidance.¹⁰ Positively, the company noted that it intends to adopt FLAG, but was early in the validation process.

Executive remuneration: We highlighted our preference for incorporating a returns-based metric for its long-term incentive plan (LTIP). We noted our belief that it is a best practice to have a higher percentage of LTIP linked to performance metrics, to ensure better alignment of incentives between executives and shareholders.

¹⁰ SBTi FLAG Guidance: Defines requirements, recommendations and methodologies for setting science-based Forest, Land and Agriculture (FLAG) targets.



INVESTEES: FOOD RETAILER

Engagement topics: Biodiversity, climate change, waste management, water management

Background: We engaged the company twice in the year, mainly on environmental topics.

Engagement focus

We have had constructive dialogue with the company over the years, and it has made progress on certain engagement topics.

Waste management: The company previously set a goal for its packaging to come from renewable, recycled or certified sources by 2025. Subsequently, this was revised into two strategic goals: 1) reduce problematic plastics; and 2) increase recycled content. In 2024, it set a measurable, timebound commitment to reduce virgin plastic content in guest-facing, single-use plastic packaging. We welcomed this new target, as we have engaged the company several times in the past on the need for timebound and measurable targets. The team noted that it is exploring solutions that can help it reduce plastic use in a cost-effective and scalable way, while providing a satisfactory customer experience. We discussed some of these considerations in our second engagement.

Climate change and biodiversity: Our conversation emphasized one particular commodity in the company's supply chain that makes up over half of its total GHG footprint. We reiterated our three key engagement requests: 1) disclose progress against the company's 2030 deforestation commitment for all segments; 2) implement initial traceability initiatives; and 3) adopt SBTi FLAG guidance in GHG emission disclosures and target-setting. We were encouraged to see that the company is preparing to submit its net-zero targets to the SBTi for validation and is working to set FLAG emission reduction targets. In our second engagement, we learned that the company is building a nature roadmap in the coming years. Traceability remains challenging, due to the complexity of its supply chain and operation models. We will continue to monitor the company's progress on this issue.

Water management: We identified water usage in the supply chain as a material ESG factor and an area of weakness for the company. A majority of its water footprint comes from its agricultural supply chains. The company completed a lifecycle assessment in 2020, but decided to focus on carbon emissions, and did not publish the water-related results. We asked the company whether it would consider disclosing its water risk assessment, like its peers. The company noted in our second engagement that it will be conducting a water risk assessment and will provide more updates in 2025. We continue to encourage improved practices on this material topic.



INVESTEE: APPAREL AND FOOTWEAR COMPANY

Engagement topics: Biodiversity, supply chain management, product end-of-life handling

Background: We engaged with the company primarily on environmental issues.

Engagement focus

We had several engagements with the company over the past few years, primarily on environmental topics.

Biodiversity: The company's deforestation risk arises from sourcing of key materials. The company has made some progress in the past year, publishing an updated and more stringent sourcing policy for certain raw materials. This policy incorporated cut-off dates and an expanded scope, which was prompted by a review of industry guidelines. While acknowledging the positive development, we asked the company about another sourcing policy for other raw materials that also covers deforestation, but not as extensively. We wanted to understand the differences in scope, overlap and nuance between the two, including cut-off dates and associated monitoring mechanisms.

Supply chain management: The company has a timebound goal to trace several of its key materials through all supply chain tiers. This is a good practice relative to peers, and one of our requests in engagements with other companies in the sector. Although the company has done a lot of work and expanded its traceability program to cover all the key materials for which it has a target, it does not yet have full visibility on its entire supply chain for each material. Given the focus on traceability of supply chains by European Union regulations, we inquired what technologies the company is using to address this. The company noted that it is using due diligence surveys and cascading accordingly through the supply chain.

Product end-of-life handling: We discussed circularity, because it is an important focus for the industry that poses many challenges. The company has various circularity initiatives across its brands. We asked what proportion of products are recyclable today, or whether the company could contextualize its repair programs. Although the company did not directly address our question, it commented on the work it has done on one of their brands. To promote circularity, the company has engaged lawmakers in certain regions to accelerate take-back programs, and it has partnered with industry bodies to formulate circularity indicators. We will continue to monitor the company's progress on these topics.

INVESTEES: HEALTH CARE EQUIPMENT COMPANY

Engagement topics: GHG emission, product quality

Background: We engaged the company on product quality and GHG emissions.

Engagement focus

Product quality: We view the company's approach to product quality and safety management to be better than that of its peers, because the company provided a clear and concise articulation of how it monitors and manages product quality and safety throughout our conversation. The company takes a proactive approach to prevent patient harm where potential product issues are identified. From a transparency perspective, the company discloses, in its annual statements, key data with respect to product recalls. In practice, the company has post-market safety teams across different divisions to monitor a range of leading and lagging indicators for product quality and safety. The company takes a proactive and cautious approach with respect to product recalls, and will issue physician letters where any issue is identified, to understand the root cause and, where appropriate, remove the product from the market. The company also conducts peer analysis to understand and stay abreast of industry best practices, and has implemented a robust governance and oversight system to ensure accountability across the business, for each business unit and at the executive level.

GHG emissions: We also discussed the disclosure and measurement of Scope 3 emissions. The company has established a SBTi validated emission reduction target to reduce absolute Scope 1 and 2 GHG emissions and has set a net-zero ambition across the value chain by 2050. We encouraged the company to report Scope 3 emissions in its disclosures, and to set associated emissions reduction targets to complement its existing Scope 1 and 2 targets. The company shared that it already discloses Scope 3 emissions to CDP (formerly the Carbon Disclosure Project), and it plans to share more details in its annual reporting as it continues to refine its methodology and measurement of these emissions.



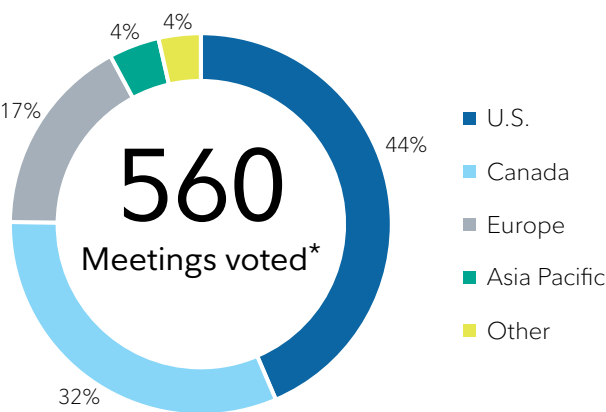
Proxy voting summary 2024

Proxy voting data provided in this report relate to the asset management division of Fidelity Investments Canada ULC.

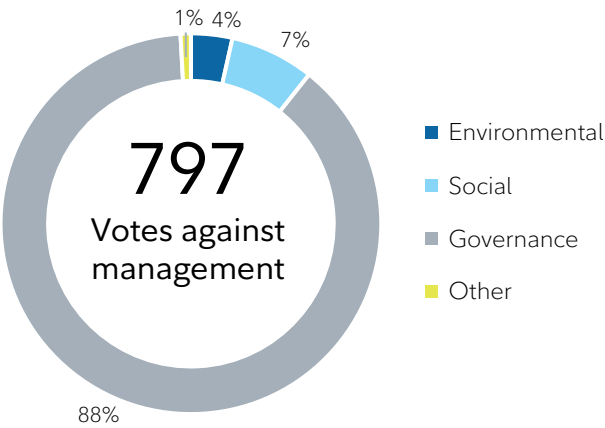
We aim to vote our shares in the best interests of our clients, to support improved client returns, sustainable business behaviours and our goal of building better financial futures. We will apply discretion in the application of our voting principles and guidelines to ensure that our approach to voting is effective but also aligned with the best interests of our clients.

During 2024, we voted at 560 company meetings on 6,785 votable items. Of these company meetings, 360 (64%) were meetings at which we had at least one vote against management. Of the 6,785 proposals voted, 5,988 (88%) were aligned with management, while 797 (12%) were against management.

Voted meetings by geographical region



Details of votes against management



Of the 797 votes against management, 704 (88%) were in connection with governance-related themes, such as director elections, remuneration, and audit and financial reporting. Social-related themes, such as diversity, equity and inclusion, human rights and political spending represented 57 (7%) of the votes against management. Environmental-related themes, primarily focused on climate, made up 28 (4%) of the votes against management.

*Charts may be slightly over or under 100% due to rounding.

Governance-related topics

A well-functioning board is critical to the success and long-term sustainability of a company. Fidelity frequently assesses the integrity, competence and capacity of individual directors. We believe that adequate independence on a board and its committees is critical to protecting shareholder value. Accordingly, we will generally vote against, for example, directors with a poor record of attendance, directors who are involved with too many external board mandates and/or directors whose independence is a matter of significant concern.

Regarding remuneration, we believe it is in the interest of shareholders that boards have the ability to attract and retain the highest quality of executive directors. In our view, setting appropriate remuneration levels is primarily the responsibility of the remuneration committee of the board. Although this will be a market-based judgment, we believe that all remuneration arrangements should be aligned with the interests of shareholders and be proportionate to the contribution of the director concerned. We will generally vote against, for example, pay arrangements that we consider misaligned with shareholder interests, incentive arrangements where the dilutive effect is excessive and/or incentive plans that permit the immediate or short-term vesting of awards.

With regard to audit and financial reporting, we recognize the importance of corporate reporting and seek to ensure company disclosures are clear, transparent, comprehensive, consistent, timely and accurate. We believe companies should generally alter their governing documentation and principles to meet updated legal or technical requirements or to enhance shareholder interests, protections and rights. As a result, we will generally vote against, for example, the reappointment of auditors when we have concerns about the quality or length of tenure of the auditor.

Social-related topics

We believe that welcoming and inclusive organizations that hire, foster, promote and remunerate employees on the basis of merit and without regard to gender, age, race, ethnicity, religion, sexual orientation, economic background, disability or other factors make better use of their human capital. Organizations that promote diversity may also be more productive and perform better. Investee companies are therefore encouraged to establish comprehensive and effective non-discrimination policies and actively ensure that these policies are upheld.

With respect to human rights, we expect companies to practise fair treatment of workers, including contractors and subcontractors, and we look for decent wages, collective bargaining policies, freedom of association and grievance mechanisms. We will typically vote against the election of members of a company's board of directors, including the chair and CEO, and other proposals where, in our view, the company has not met the minimum standards of monitoring and overseeing itself and its suppliers with regard to upholding human rights, and minimizing the risk of modern slavery.

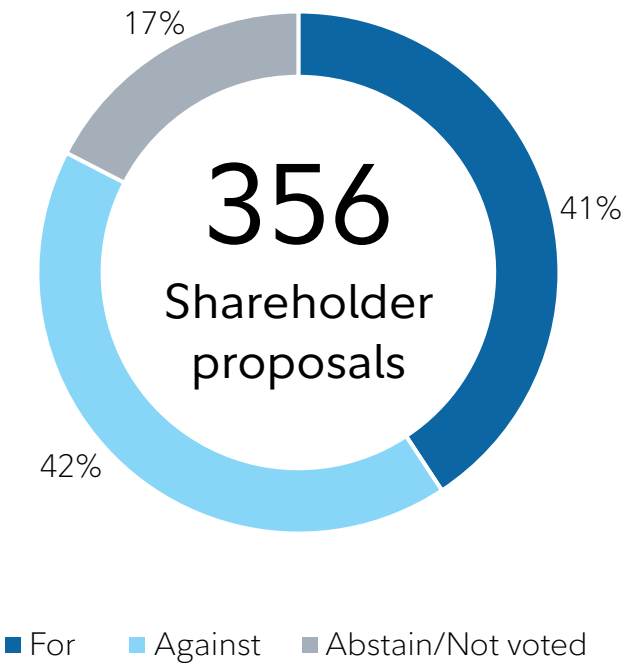
Regarding political spending, we support robust disclosures of corporate political lobbying activities. We will consider voting against management, typically on shareholder proposals, where there is a misalignment between political donations and involvement with lobbying activities and a company's own stated strategy or commitments, or when such lobbying activity is in conflict with the interests of stakeholders.

Environmental-related topics

We recognize that climate change poses risk to the long-term profitability and sustainability of companies. Investors are exposed to downside risks as a result of climate change, including the physical impacts of climate change (e.g., extreme weather events affecting agriculture and food supply, infrastructure, precipitation and water supply) and the impacts of policy measures directed at reducing greenhouse gas emissions from certain economic sectors. Accordingly, we seek to promote improved climate change-related corporate behaviour where applicable. Companies are encouraged to meet minimum standards of climate change oversight, practice, disclosure and action. In addition, companies are encouraged to take appropriate action to adapt their business models in line with international agreements aimed at mitigating the effects of climate change, biodiversity loss and deforestation. We will generally vote against directors at companies who do not meet our guidelines regarding their management and oversight of climate change-related risks, their transparency on climate change-related risks and opportunities and their strategy to reduce their climate impact.

Shareholder proposals

We generally consider management’s recommendations and current practices when voting on shareholder proposals concerning environmental and social issues, because we believe that management and the board are in the best position to determine how to address these matters. In certain situations, where our views differ from those of a company’s management or board, we may seek to engage with management or the board at an early stage to try to resolve differences. Where this is not successful, we may decide to abstain, or to vote against a company’s recommendation. Our guiding principle is that voting rights should always be exercised in the best interest of our clients.





Other reports and resources

- [Corporate Sustainability Report](#)
- [SI Glossary of Terms](#)
- [RI Policy](#)

For more information, contact your Fidelity representative.

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As the worldwide understanding of climate and nature effects, data, metrics and methodologies and its risk and opportunities, dependencies and impacts continues to evolve, changes to market best practices, taxonomies, scenarios, frameworks, criteria that governmental and non-governmental entities, the financial sector, Fidelity and FIL and respective clients use to classify, assess, measure, report on and verify ESG considerations is possible. This could lead to changes in how we assess opportunities to incorporate ESG considerations into our investing practices for funds and applicable accounts managed or advised by Fidelity and FIL.

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