



Fidelity International Limited & Fidelity Investments Canada ULC Proxy Voting Guidelines

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SUSTAINABLE INVESTING PROXY VOTING GUIDELINES

- 1. GENERAL PRINCIPLES AND APPLICATION**
- 2. SHAREHOLDER RIGHTS AND AUTHORITY**
- 3. CORPORATE CULTURE AND CONDUCT**
- 4. AUDIT AND REPORTING**
- 5. REMUNERATION**
- 6. ARTICLES AND CHARTER AMENDMENTS**
- 7. INVESTMENT-RELATED MATTERS**
- 8. CAPITAL MANAGEMENT**
- 9. RELATED-PARTY TRANSACTIONS**
- 10. GOVERNANCE OF CLIMATE CHANGE OVERSIGHT, PRACTICE AND ACTION**
- 11. NATURE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES**
- 12. SHAREHOLDER SPONSORED ESG PROPOSALS**

1. GENERAL PRINCIPLES AND APPLICATION

Sustainable investing voting principle: We aim to vote all of our shares in the best interests of our clients, to support improved client returns, sustainable business behaviours, and our purpose to build 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 to the best interests of our clients. This means there may be circumstances in which we do not vote in accordance with the principles set out below.

Investee company expectation: Companies should enable and reasonably facilitate shareholders' abilities to execute their shareholder voting rights and stewardship responsibilities.

1.1 Voting authority and decision-making

- 1.1.1 **Voting execution and oversight:** Fidelity's Sustainable Investing Team is responsible for the execution of voting, the oversight, decision-making and application of our policies on voting.
- 1.1.2 **Non-routine investment proposals and special circumstances:** Where necessary, non-routine investment proposals or other special circumstances are evaluated, in conjunction with the Sustainable Investing Team, by the appropriate Fidelity investment research analysts or portfolio managers.
- 1.1.3 **SIOC authority:** All votes are subject to the authority of the Chief Sustainability Officer and the Sustainable Investing Operating Committee (SIOC).

1.2 Voting approach

- 1.2.1 **Voting coverage:** We seek to vote all equity securities where possible. In certain special situations, we may determine not to submit a vote where the costs outweigh the associated benefits. Fixed income managers are consulted on voting matters related to bondholder meetings.
- 1.2.2 **Routine proposals:** Except as set forth in these guidelines, we will usually vote in favour of the recommendations set out by company management and routine proposals.

1.2.3 **Abstentions:** We will vote to abstain on proposals if doing so is deemed to be in the best interests of investors or in some cases where the necessary information has not been provided. In certain limited circumstances, we may also vote to abstain in order to send a cautionary message to a company.

1.2.4 **Voting policy application:** We make voting decisions on a case-by-case basis and take account of the specific company, sector considerations, prevailing local market standards and best practice, and our voting principles and guidelines. The application of our approach will also vary regionally based on factors including relevant agenda items, current expectations and phased implementation of policies. Where voting differently to our general approach is in the best interests of our clients, we will address these instances on a case-by-case basis. We seek to ensure that our approach to voting is aligned to our principles and in the best interests of our clients. Our voting application will also take into account our engagement strategy, focus areas and current prioritisation criteria.

1.2.5 **Issues not covered by principles or guidelines:** We will assess where necessary on a case-by-case basis items or issues not clearly covered by our voting principles or guidelines.

1.2.6 **Voting application to agenda items:** We will generally vote against items that directly correlate to any concern we have. Where there is no corresponding agenda item, we may vote against other proposals to signal our view and in more severe situations may vote against all agenda items to express our dissatisfaction.

1.2.7 **Engagement:** We assess the merits of each proposal using company disclosure and internal as well as external research. When deemed necessary, we engage with companies to seek a better understanding of the proposal in order to make a more informed voting decision. We will also endeavour to engage with relevant stakeholders if needed to achieve a comprehensive, fair and holistic view of the item under review.

1.2.8 Board Responsiveness to Shareholder Dissent:

If a significant percentage of the shares or voting rights have voted in opposition to the board's recommendation on one or more agenda items, we expect the board to engage with shareholders to understand their concerns. In cases where we believe the board has not responded appropriately to significant dissent on a voting resolution, we will consider escalating to a vote against the Chair or another board member.

1.3 Voting integration with sustainable investing factors

1.3.1 Sustainability-related proposals: We evaluate proposals that relate to sustainability issues on a case-by-case basis, guided by our sustainable investing policy, our investment approach and policies, and widely accepted sustainable principles and frameworks. We may also reference standards from organisations including those covering accounting and climate related disclosure practices.

1.3.2 Escalation of ESG concerns to voting: We seek to integrate voting as a tool to signal our concerns, and promote positive change, in relation to ESG issues that have been identified and discussed with the company but have seen no sign of improvement over a prolonged period. We will consider voting against the re- election of the chair or directors that are considered most accountable in this case.

1.4 Conflicts of interest

1.4.1 Conflicts of interest: In instances where there may be a conflict, we will either vote in accordance with the recommendation of our principal third-party research provider or, if no recommendation is available, we will either not vote or abstain in accordance with local regulations.

1.4.2 Votes on our funds: Fidelity's Sustainable Investing Team will not vote at shareholder meetings of any Fidelity funds unless specifically instructed by a client.

2. SHAREHOLDER RIGHTS AND AUTHORITY

Sustainable investing voting principle: We believe that companies should fully recognise all shareholder rights and aim to meet the highest governance standards.

Investee company expectation: Companies should respect shareholder authority and rights, including those of minority investors, and where possible seek to enhance these rights to meet governance best practice.

2.1 Multiple voting rights:

We support the principle of one share, one vote and will vote against the authorisation of stock with differential voting rights if the issuance of such stock would adversely affect the voting rights of existing shareholders.

2.2 Transfer of authority from shareholders to directors:

We will generally vote against any limitation on shareholder rights or the transfer of authority from shareholders to directors. Furthermore, we will typically always support proposals that enhance shareholder rights or maximise shareholder value.

2.3 Anti-takeover measures:

We will generally vote against anti- takeover proposals including share authorities that can be used as a control- enhancing mechanism unless we have determined that the proposal terms are reasonable and would serve to uphold minority shareholder interests.

2.4 Poison pill without approval:

We will consider voting against senior management if a poison pill has been implemented without shareholder approval in the last year.

2.5 Cumulative voting:

We will support cumulative voting rights when it is determined they are favourable to the interests of minority shareholders.

2.6 Voting by poll and disclosure of results:

We support proposals to adopt mandatory voting by poll and full disclosure of voting outcomes.

2.7 Voting practice:

We will support proposals to adopt confidential voting and independent vote tabulation practices.

2.8 Detailed documentation provided in a timely manner:

We expect companies to provide adequate detail in shareholder meeting materials and for these materials to be made public sufficiently in advance of the shareholder meeting to enable all investors to make informed decisions.

2.9 Conversion of stock:

We will consider conversion of stock on a case-by-case basis.

2.10 Shareholder ownership enhanced disclosure:

We generally support enhanced shareholder ownership disclosure. However, we may vote against it where, in our view, the threshold obligations are unreasonably onerous.

2.11 Shareholder ownership disclosure thresholds:

We review proposals to reduce ownership percentage disclosure thresholds on a case-by-case basis.

2.12 Other business:

We will vote against proposals that request approval of non-specific items under a request for approval of other business.

3. CORPORATE CULTURE AND CONDUCT

Sustainable investing voting principle: We encourage companies to foster a positive corporate culture that maximises board and employee effectiveness and wellbeing, and that takes account of a broad spectrum of considerations including diversity, conduct and accountability.

Investee company expectation: Companies should meet basic corporate governance standards on board composition, including director, board and committee independence, while also considering requirements to meet sufficient diversity, expertise, conduct and ethics standards.

3.1 Board composition and independence

3.1.1 Board independence: We favour robust independent representation on boards and may not support proposals relating to the election of directors where we deem there is an insufficient independence level on the board.

3.1.2 Board committee independence: We support boards establishing audit, remuneration and nomination committees to enhance the management and scrutiny of these governance areas but will vote against election of directors where we feel the objectivity of these committees is compromised.

3.1.3 Director independence: We will vote against the election of nominees as independent directors, supervisors, and statutory auditors if, in our view, they lack sufficient independence from the company, its management or its controlling shareholders.

3.1.4 CEO and chair separation: We favour a separation of the roles of chair and chief executive and will vote in favour of this outcome when the opportunity arises. In markets where there is established separation of the two roles, we will consider voting against nominees deviating from best practice.

3.1.5 Nominee disclosure: We will vote against director elections in cases where the names of the nominees are not disclosed to shareholders on a timely basis.

3.1.6 Board renewal: We support periodic and orderly board refreshment and may vote against directors where, in our view, a significant proportion of the board is comprised of directors with excessively long tenures.

3.2 Board effectiveness, conduct, diversity, inclusion and expertise

3.2.1 Board effectiveness: Companies should articulate how the board is undertaking its role and functions and demonstrate this by providing key information on material issues. The board should also comment on the skill set, diversity and experience of its members.

3.2.2 Director attendance: We will vote against the re-election of directors with poor attendance records at previous board or committee meetings without clear justification for the absence.

3.2.3 Outside directorships on public company boards:

We do not support directors serving on a significant number of boards because this may compromise their capacity to fully meet their board responsibilities. The assessment will consider the type of role they undertake at the company and will take into account the positions at related companies and the nature of their business and the differences in market development.

3.2.4 Tenure of independent directors: We recognise that the independence of directors can diminish over time and we may not support the re-election of directors to independent director roles if their tenure is excessive. Where deemed valuable to the board, we may support a candidate's re-election to the board in a non-independent non-executive role.

3.2.5 Board size: We will not support changes to increase a company's board size, or the election of directors, where we deem the size of the board is excessive. We will also not support reductions in board size that could compromise board effectiveness.

3.2.6 Contested elections: We will review contested elections on a case-by-case basis.

3.2.7 Diversity and inclusion: We support enhancing board effectiveness through diversity and inclusion of necessary talents and skill sets on a company board. This includes our support for gender, racially and ethnically diverse boards. Companies that fall short of market or sector best practice with respect to board gender, race and ethnic diversity are expected to adopt objectives for improvement and demonstrate progress over time. In circumstances where we conclude that a board is not addressing this issue with the seriousness or urgency it deserves, additional measures may be considered, including, where appropriate, voting against the re-election of members of the board, which may include the chairman or the chairman of the nomination committee.

3.2.8 Gender-balanced boards: We support gender diversity on a company's board and will vote against the election of directors where boards do not have at least 30% female representation at companies in the most developed markets and 15% female representation in all other markets where standards on gender diversity are still developing. In markets where there is a board

gender diversity requirement for listed companies, we expect companies to meet this requirement. If local best practice sets a higher expectation for board gender diversity, we will generally expect companies to meet this expectation, but will take publicly disclosed explanations into consideration (e.g. in the case of a comply-or-explain rule). We may also take into account factors including the board size, industry and corporate structure.

3.2.9 Racially and ethnically diverse and inclusive boards: We support racial and ethnic diversity on a company's board and may consider voting against the election of accountable directors where there are serious concerns relating to racial or ethnic underrepresentation on the board, or the number is inadequate, based on factors including the board size, industry, and market.

3.2.10 Mandatory retirement age: We are generally not supportive of mandatory retirement ages for directors and employees.

3.3 Conduct and accountability

3.3.1 Corporate culture and conduct: We believe that companies should foster a culture across their organisations of acting lawfully, ethically and responsibly, including enforcing anti-corruption and anti-bribery policies and processes, and where it is clear that there has been serious conduct to the contrary, we will vote against the election of the accountable directors.

3.3.2 Integrity and competence: We will vote against the election of directors if, in our view, they lack the necessary integrity, competence or capacity to carry out their duties as directors. Relevant factors which may lead us to conclude that a director's election should not be supported include but are not limited to: involvement in material failures of governance or risk oversight that call into question the nominee's fitness to serve as a fiduciary; qualifications and experience; and abuse of minority shareholder rights.

3.3.3 Whistleblowing and risk practice: We support companies meeting minimum legal protection standards with regard to whistleblowing and risk management practices and will vote against directors where we have been made aware that there have been clear significant breaches of expected standards.

- 3.3.4 Contingency planning and accountability:** We encourage companies to undertake comprehensive contingency planning, taking into account ESG factors, and we may vote against the election of directors where we assess this has been clearly inadequate.
- 3.3.5 Majority shareholder abuse:** We will vote against board members, where appropriate, in cases where there have been abuses to minority shareholder interests by the company's controlling shareholder.
- 3.3.6 Bundled voting items:** Shareholder approval for the election of each director should be sought under individual agenda items. We will generally vote against bundled elections or bundled proposals where we are not supportive of any one or more components of the proposal.
- 3.3.7 Local governance codes:** We support companies following their local market corporate governance code for best practice and may vote against items where there is a material failing to meet basic local practice.

4. AUDIT AND REPORTING

Sustainable investing voting principle: We recognise the importance of all corporate reporting and seek to ensure company disclosures are clear, transparent, comprehensive, consistent, timely and accurate.

Investee company expectation: Companies should ensure that all disclosures and reporting are fully transparent, meet relevant accounting practices and standards, are delivered in a timely manner and cover financially and non-financially material information, and that the audit process is rigorously conducted by independent parties.

- 4.1 Audit committee independence:**
We will vote against members of the audit committee and/ or accountable board members, where the committee is not fully composed of non-executive directors and/ or a majority is not independent.
- 4.2 Qualified or delayed audit:**
We will vote against relevant proposals where the audit report is either qualified, we have concerns

about its integrity, or it is delayed without sufficient rationale.

- 4.3 Auditor independence:**
We will vote against the appointment of an auditor where there are concerns in relation to their independence based on tenure and remuneration or controversies related to the audit firm.
- 4.4 Auditor rotation:**
We will consider voting against the auditor appointment and members of the audit committee where the auditor's tenure has, in our view, become excessive.
- 4.5 Auditor fees:**
We will consider voting against the auditor appointment and members of the audit committee where non-audit related service fees appear excessive relative to audit fees and where the disclosure of auditor fees is inadequate.
- 4.6 Audit independence:**
We will vote against members of the audit committee where there are concerns in relation to the independence or quality of the audit report or the auditor.
- 4.7 Financial reporting:**
We will vote against financial statements where we have concerns about the content or accuracy of a company's financial position and reporting.
- 4.8 Financial reporting and adherence to accounting practices:**
We will vote against financial statements where we believe the statements have failed to meet required levels of accounting practice.
- 4.9 Financial reporting transparency:**
We will not support financial statements where we have concerns about the transparency of key issues including material weaknesses and fairness in the company's tax policies.
- 4.10 Non-Financial Reporting:**
we will vote against non-financial reporting resolutions if we have concerns about the quality of such reporting. We may vote against the proposal to escalate concerns about the company's management of environmental and social risks.

5. REMUNERATION

Sustainable investing voting principle: We believe companies should create clear, simple and well-designed remuneration structures to incentivise senior managers to deliver on company strategy while aligning with the interests of shareholders and other key stakeholders.

Investee company expectation: Companies should ensure that pay practices and frameworks are fully disclosed to shareholders, are aligned with shareholder interests, consider relevant performance criteria including appropriate financial and non-financial metrics, and are implemented in a clear and fair manner.

5.1 Approach, alignment and outcomes

- 5.1.1 **Misalignment of remuneration outcomes:** We will vote against remuneration-related proposals where we believe there is a clear misalignment between remuneration and the interests or experience of shareholders, or where material negative outcomes for stakeholders are not appropriately taken into consideration for pay outcomes.
- 5.1.2 **Poor transparency and complexity:** We support simple and clear remuneration arrangements and believe these factors help make the expectations placed on participants clearer.
- 5.1.3 **Votes on remuneration:** We will support proposals to give shareholders the right to vote on executive pay practices.
- 5.1.4 **Remuneration concerns:** We will generally vote against remuneration proposals when payments made to executives are considered excessive, overly short-term in nature, or not reflective of company performance.
- 5.1.5 **Ongoing remuneration concerns:** We will consider voting against the re-election of the chairman of the remuneration committee if we are voting against remuneration arrangements for the second year in a row (assuming no change in personnel in the interim).
- 5.1.6 **Remuneration committee independence:** We do not support the presence of executive directors on the remuneration committee (or its equivalent)

of the companies which employ them, and we will consider voting against directors or the remuneration report in these instances when given an opportunity to do so.

- 5.1.7 **Independent non-executive director pay:** We will vote against remuneration granted to independent non-executive directors if the payment may compromise the directors' objectivity, although the circumstances of individual companies and rationale for pay structure will be considered. We will generally not support arrangements where independent and non-executive directors receive significant fee increases, share options, or payments in cash or shares that are subject to performance targets.

5.2 Practice and implementation

- 5.2.1 **Pay quantum:** We will vote against remuneration proposals where the size of pay or increases in executive pay levels are in our view excessive.
- 5.2.2 **Aggregate compensation ceiling:** We will vote against proposals that seek to make adjustment to an aggregate compensation ceiling for directors where we believe this is excessive or we believe it is not necessary.
- 5.2.3 **Share ownership:** We strongly encourage the long-term retention of shares by executives, and we will consider voting against remuneration proposals if the company lacks policies requiring executives to build up a significant share ownership within a reasonable timeframe. In some markets, we expect share ownership guidelines to require the retention of shares for a period after the director's mandate has ended. We encourage the use of broad-based share incentive plans for executives and rank-and-file staff. For shares awarded to executives as part of a long-term incentive plan, we will have particular regard for minimum required retention periods. Practice in this regard differs globally but over time we expect all companies to move toward a minimum guaranteed retention period of at least five years from the date of grant, or put arrangements in place that provide an equivalent shareholder alignment.
- 5.2.4 **Dilution:** We will vote against incentive arrangements if the dilutive effect of shares authorised under the plan is excessive.

- 5.2.5 Discounted awards:** We will generally vote against options offered with an exercise price of less than 100% of fair market value at the date of grant. Employee share-save schemes may be supported provided the offering price of shares is not less than 80% of the fair market value on the date of grant.
- 5.2.6 Re-pricing:** We do not support the re- pricing of stock options and will vote against proposals that seek approval for this practice.
- 5.2.7 Uncapped awards:** We do not favour non-routine remuneration arrangements where the potential awards are uncapped or provide no clarity on the quantum of awards, such as those found in certain value creation plans.
- 5.2.8 Re-testing of performance criteria:** We do not support arrangements where performance re-testing is permitted. In our view, if performance targets for a given year are not met, then awards for that year should be foregone.
- 5.2.9 Material changes to remuneration arrangements:** We are not supportive of remuneration arrangements that provide discretion to permit material changes without shareholder approval.
- 5.2.10 Holding period:** We believe companies should put in place longer holding periods for share awards and our preference is for a minimum retention period of five years for shares granted to top executives. We will consider voting against arrangements where we deem the holding period too short.
- 5.2.11 Performance hurdles reduced:** We will generally vote against proposals where performance hurdles attached to remuneration arrangements have been reduced.
- 5.2.12 Incentive arrangement criteria:** Subject to local market standards, we will generally vote against incentive arrangements where any of the following are met:
- 5.2.12.1 No performance conditions:** We will vote against proposals where there are no performance conditions attached to any of the incentive awards.
- 5.2.12.2 No disclosure of performance conditions:** We will vote against proposals where there is no disclosure of the performance measures to be used.
- 5.2.12.3 Insufficiently challenging targets:** We will vote against proposals where the performance targets are insufficiently challenging.
- 5.2.12.4 Inadequate proportion of award subject to targets:** We will vote against proposals where the proportion of the performance targets attached to the incentive is insufficient.
- 5.2.12.5 Inadequate vesting period:** We will vote against proposals where there is an inadequate vesting period attached to the awards.
- 5.2.12.6 Vesting on change of control:** We will vote against proposals where there is full vesting on a change of control.
- 5.2.13 Non-standard incentive arrangements:** We will review non-standard features relating to incentive arrangements on a case-by-case basis.
- 5.2.14 No long-term incentive plan:** In certain markets, based on local practices, we may vote against proposals such as the election of directors or the remuneration report, where there is no long-term incentive plan in place at the company.
- 5.2.15 Severance packages:** We will generally vote against severance packages that are contrary to best practice.
- 5.2.16 Non-financial criteria:** We will assess the use of non-financial performance criteria in long-term incentive arrangements on a case-by-case basis. Non-financial considerations, either directly linked with strategy implementation or focused on positive stakeholder outcomes, should be integrated into the remuneration policy as appropriate, either through the use of specific targets, modifiers, gateways/ underpins, or in the context of the ex-post review of formulaic remuneration outcomes by the board or remuneration committee. We will consider voting against proposals where we believe companies are not taking non-financial factors adequately into consideration.
- 5.2.17 Board and management contracts:** We will consider voting against the election of directors or remuneration-related proposals where executive director service contracts do not meet local market best practice.
- 5.2.18 Remuneration-related employee loans:** We will not support companies providing loans to facilitate participation in their remuneration plans. Employees should access required credit from banks or other third parties.

5.2.19 **Ex gratia payment:** We will not generally support ex gratia payments to directors of the company.

5.2.20 **Authority to omit executive compensation disclosure:** We will vote against proposals that seek to omit or reduce executive compensation disclosure.

6. ARTICLES AND CHARTER AMENDMENTS

Sustainable investing voting principle: We support companies amending their articles to align with current market requirements or enhance shareholder authority.

Investee company expectation: Companies should generally only alter their governing documentation and principles to meet updated legal or technical requirements or to enhance shareholder interests, protections and rights.

6.1 Articles of association:

We will vote against changes to a company's articles of association that are not in the interests of shareholders.

6.1.1 **Lower quorum requirement:** We will vote against amendments to reduce the quorum level for special resolutions and changes to articles of incorporation.

6.1.2 **Limit number of shareholder representatives at meetings:** We do not support proposals that have the potential to restrict or result in a detrimental effect on shareholder rights.

6.1.3 **Amend provisions on number of directors (increase or decrease maximum board size):** We do not support proposals seeking to make changes in board size that would result in the board being too small or too large to function effectively.

6.1.4 **Require supermajority vote to remove director:** We do not support the introduction of provisions that increase the potential difficulty in the removal of a director.

6.1.5 **Extend directors' terms:** We do not support article amendments seeking to extend directors' terms.

6.1.6 **Takeover defence provisions:** We do not support anti-takeover devices and accordingly would vote against proposals seeking to add or change provisions to adopt control-enhancing mechanisms.

7. INVESTMENT-RELATED MATTERS

Sustainable investing voting principle: We support companies pursuing strategic and general investment-related transactions that make good business sense and are in the interests of all shareholders.

Investee company expectation: Companies should only pursue investment-related activities that are in the best interests of the company and shareholders.

7.1 Mergers, acquisitions and disposals:

We will consider mergers, acquisitions and disposals on a case-by-case basis and vote against where we are not supportive of the transactions.

7.2 Reorganisations and restructuring:

We vote on a case-by-case basis with regard to company reorganisations and restructuring.

7.3 Takeover bids:

We review takeover bids on a case-by-case basis and although usually supportive of current management, where management has failed consistently to deliver on reasonable expectations for shareholder returns and the bid fully recognises the prospects of the company, we may support the proposal.

7.4 Management buyouts:

We review management buyouts on a case-by-case basis and review the opportunity to deliver value to shareholders along with potential conflicts of interest among other factors.

7.5 Re-incorporation and changes in listings venue:

Where a company seeks to make changes to re-incorporate or change its place of listing, we will review these on a case-by-case basis and assess the rationale for the change. We will vote against where there is no merit to the change or it appears contrary to the long-term interests of shareholders.

8. CAPITAL MANAGEMENT

Sustainable investing voting principle: We expect efficient capital allocation measures and activities considering the immediate and long-term trajectory and interests of the company and all shareholders.

Investee company expectation: Companies should manage capital responsibly, sustainably, avoid capital-destructive actions and seek to enhance shareholder value.

8.1 Capital allocation:

We encourage efficient capital allocation measures but where, in our view, excess cash should be returned to shareholders, we may vote against dividend-related items, directors or in support of shareholder proposals that facilitate improvement.

8.2 Authority to change authorised share capital:

We will vote against unusual or excessive requests to change share capital, particularly in respect of proposed increases for companies in jurisdictions without assured pre-emptive rights or where this is to facilitate an anti-takeover device.

8.3 Issuances with and without pre-emptive rights:

We will vote against issuance requests with or without pre-emptive rights that we believe are excessive.

8.4 Private placements:

We will consider voting against board members where private placements have been made with limited offering or contrary to the interests of minority shareholders.

8.5 Debt issuance:

We are generally supportive of companies seeking approval for the issuance of debt providing the terms are not contrary to the interests of existing shareholders.

8.6 Borrowing powers:

We evaluate proposals related to the approval of company borrowing on a case-by-case basis.

8.7 Share repurchase plans:

We are generally supportive of companies seeking to repurchase shares but evaluate these considering broader factors related to the capital allocation.

8.8 Reissuance of repurchased shares:

We consider companies reissuing repurchased shares on a case-by-case basis and may vote against relevant proposals where this is deemed unnecessary or egregious.

8.9 Corporate guarantees and loan agreements:

We evaluate proposals related to the approval of corporate guarantees and loan agreements on a case-by-case basis.

8.10 Investment of company funds into financial products:

We are generally supportive of proposals seeking approval to use idle funds to invest in financial instruments for cash management or capital preservation unless, in our view, the investment would expose shareholders to unnecessary risk.

8.11 Pledging of assets for debt:

We assess proposals seeking the pledging of assets for debt on a case-by-case basis.

9. RELATED-PARTY TRANSACTIONS

Sustainable investing voting principle: We expect companies to act fairly and transparently on all related-party transactions and believe that these should always be in the best interests of the business and all shareholders.

Investee company expectation: Companies should act in the interests of the business and all shareholders when undertaking transactions. They should seek to avoid any perceived conflicts of interest and unnecessary risk and fully disclose all details. Where conflicts and risks are material, companies should seek approval by shareholder vote.

9.1 Related-party transactions:

We believe that all material related-party transactions should be put to a shareholder vote. We will vote against related-party transactions that are not aligned with the interests of the company's minority shareholders.

9.1.1 Conflicted related-party transactions: We will vote against where the terms of a related-party transaction are not equivalent to those that would prevail in an arm's-length transaction.

9.1.2 Transaction disclosures: We will vote against where there is inadequate disclosure of key information or supporting evidence including the review of independent directors or financial advisors.

9.1.3 Transaction pricing: We will not support related-party transactions where there are any concerns about the pricing of the transactions.

9.1.4 Transaction rationale and timing: We will not support a transaction if the company has not provided adequate detail on the rationale for the transaction and its timing.

10. GOVERNANCE OF CLIMATE CHANGE OVERSIGHT, PRACTICE AND ACTION

Sustainable investing voting principle: We seek to promote improved climate change-related corporate behaviours.

Investee company expectation: Companies should meet minimum standards of climate change oversight, practice, disclosure, and action. Companies should 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. This includes long-term objectives to transition to low carbon energy sources, away from thermal coal and other fossil-fuels.

10.1 Minimum standards of climate change oversight and practice:

We will vote against the election of members of a company's board, including the chairman and CEO, and other relevant proposals where, in our view, the company has not met our expectations of standards of climate change oversight and practice. We will take into consideration our exposure and factors including the markets and industries in which the company is operating, with an emphasis on companies operating in sectors that are highly exposed to climate change risk. For companies that are deemed high risk, we would generally expect appropriate climate change policies, governance, and disclosures, including emissions data, as well as quantitative targets for reducing greenhouse gas emissions.

10.2 Climate progress:

We will vote against members of the board where we believe the progress companies are making to address climate change is inadequate and may take into account criteria from climate assessment tools including our proprietary climate rating. We will also vote against members of the board as part of an escalation strategy when we believe the company is not appropriately considering investors concerns.

10.3 Financing activities negatively contributing to climate change:

We will vote against directors where there are material concerns or failures with practices related to financing activities negatively contributing to climate change.

10.4 Climate action plans ('Say on Climate'):

We will evaluate voluntary resolutions submitted by the board relating to the company's climate change strategy or implementation thereof on a case-by-case basis. We will support climate strategies that we believe enable a credible societal transition to net zero in line with the goals of the Paris Agreement. Our evaluation will consider the ambition of the climate strategy, the company's climate change governance, and its capital allocation practices, as well as insights from our engagements.

10.5 Climate change-related shareholder proposals:

Our firm-wide positioning on climate, including support of the Paris Agreement, informs our climate voting approach. Climate-related shareholder proposal votes are evaluated on the individual merits. In all cases however we take a holistic view of factors when determining our final decision.

10.6 Climate change-related shareholder proposals on improved disclosure:

We support robust disclosure on climate-related reporting and practice, encouraging this to be in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and will support all shareholder proposals that promote this objective which are reasonable for the company to implement.

10.7 Climate change-related and lobbying-related shareholder proposals:

We encourage companies to be transparent on their climate-related lobbying practices, including through third parties, and to have appropriate governance in place to monitor such activities in alignment with global climate lobbying standards. We will support proposals seeking transparency on climate-related lobbying practices where reasonable, as well as proposals encouraging appropriate governance and alignment of climate lobbying practices with companies' stated positions.

10.8 Climate change-related shareholder proposals on the management of greenhouse gas emissions:

We believe it is critical that all companies properly take into account and manage their greenhouse gas emissions and targets and will support, where reasonable, shareholder proposals seeking to improve these practices.

11. NATURE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Sustainable investing voting principle:

We encourage companies to meet and report on their environmental and social responsibilities through reduction in negative externalities and maximising the positive impact of their business.

Investee company expectation: Companies should adequately manage and address their material environmental and social responsibilities and consider how they can improve their current business strategy and practices.

11.1 Environmental and social responsibility engagement:

We will vote against directors that we consider accountable for major corporate failures in relation to their duties to manage relationships with stakeholders on material environmental or social concerns.

11.2 Deforestation:

We believe companies should meet minimum standards of deforestation oversight, practice, disclosure, and action on deforestation disclosures

and activities. We expect investee companies to have a plan in place to address deforestation, underpinned by deforestation-free commitments. Following continued deforestation related engagement in 2023, we intend to begin the application of our voting principles and guidelines on deforestation effective from 2024.

We plan to vote against members of the board at companies in high-risk sectors that do not adequately meet our deforestation-related expectations. We will take into account the company's position within the supply chain, industry exposure, operating and supply chain location, engagement progress, and the urgency with which we believe they should be addressing deforestation.

We believe that companies with material exposure to deforestation, whether in direct operations or indirect exposure in their supply chain, should be disclosing information covering material key forest-risk commodities (including: palm oil, soy, beef and leather, pulp and paper), on the following:

- Timebound deforestation-free commitment
- Deforestation approach or plan underpinning the timebound commitment

Our assessment of the deforestation-related disclosures and practices that companies should be considering and implementing will develop and evolve over time as reporting standards and best practices are finalised and assessment tools improve.

Financial institutions

We plan to vote against members of the board at Globally Systemically Important Banks and banks located in high deforestation risk markets that do not adequately meet our minimum deforestation-related expectations. We will take into account the financial institution's industry exposure, geographical footprint, engagement progress, and the urgency with which we believe they should be addressing deforestation.

- We believe that financial institutions with material exposure to deforestation via their financing activities should recognise deforestation as a material business risk.

In time, we will increase our expectations of companies and financial institutions in line with emerging best practice.

11.3 Responsible palm oil:

We will vote against directors where there are material concerns or failures with practices related to responsible palm oil.

11.4 Waste and pollution:

We will vote against directors where it is clear there have been material failings by a company to minimise the negative externalities caused by its businesses or failure to monitor product quality and the chemical safety of its products for the environment and human health upon disposal.

11.5 Water and aquaculture:

We will vote against directors where a company has clearly failed to properly manage the sourcing of water, failed to mitigate potential water scarcity risks, or are accountable for failings resulting in material pollution or contamination.

11.6 Sustainable protein:

We will vote against directors where there are material concerns or failures with practices related to sustainable protein.

11.7 Nature:

We will vote against directors where the company has failed to manage or implement the capabilities to monitor and assess their material nature-related impacts and dependencies, including companies involved in severe nature-related controversies. To address company specific issues on nature, we will consider supporting shareholder resolutions on key environmental issues including climate, nature, and deforestation, in addition to our ongoing bilateral dialogues with companies.

11.8 Supply chain sustainability, human rights, labour rights, and modern slavery:

We will vote against the election of members of a company's board of directors, including the chair and CEO, and other appropriate proposals where, in our view, the company has not met the minimum standards of monitoring and overseeing itself and its suppliers with regard to human rights and minimising the risk of modern slavery or human rights violations occurring within its organisation or supply chain.

11.9 Health and safety:

We will vote against directors where there are failings in the provision of safe working conditions and managing health and safety risks.

11.10 Data privacy, cyber security and digital ethics:

Where a company has failed to meet our expectations on matters of data privacy, cybersecurity or digital ethics, we will vote against directors we view as accountable.

11.11 Political donations and lobbying:

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

11.12 Corporate sustainability reporting:

We will vote against directors where there are material issues or inaccuracies included within a company's sustainability reporting or the reporting level is significantly below expected standards.

12. SHAREHOLDER SPONSORED ESG PROPOSALS

Sustainable investing voting principle: We seek where possible to support shareholder proposals intending to effect positive changes at companies.

Investee company expectation: Companies should engage with all interested stakeholders on shareholder proposals and implement approved resolutions.

12.1 Shareholder proposals:

As responsible stewards of our clients' capital, we have a duty to encourage companies to effectively manage long-term sustainability risks and promote good practices. This may include supporting shareholder proposals at listed company shareholder meetings. As a diversified investment manager across multiple geographies, sectors, and asset classes, our philosophical approach to shareholder proposals starts at the portfolio level: by encouraging investee companies and their boards to maintain an appropriate focus on material issues that can crystallise over the long-term, we believe we can help to reduce systemic risks faced by our clients.

We consider our Sustainable Investing Principles and firm-wide commitments when evaluating shareholder proposals as well as the proposals' signalling effect.

We are mindful that shareholders have a role to play in the corporate governance of listed companies which is distinct from that of the board and management. We are therefore supportive of proposals that encourage the board to more effectively manage material risks, or which would provide the market with transparency on the company's management of material risks so that investors can make better informed capital allocation decisions.

12.2 Voting in favour of reasonable shareholder proposals:

We will support ESG shareholder proposals that we believe will address and improve issues of material importance to the company and its stakeholders. Shareholder proposals are evaluated based on the merit of the proposal.

12.3 Shareholder proposals seeking environmental and social improvement:

We will support all shareholder proposals we deem reasonable that relate to improvements in the practices, disclosure and management of environmental and social impacts of company operations which include areas of our thematic engagement and general focus areas including:

- Climate change
- Diversity and inclusion
- Waste and pollution
- Water and aquaculture
- Sustainable protein
- Biodiversity
- Responsible palm oil
- Deforestation
- Supply chain sustainability, human rights, labour rights, and modern slavery
- Health and safety
- Data privacy, cyber security and digital ethics
- Political donations and lobbying
- Corporate sustainability reporting

12.4 Failure to implement previously approved shareholder proposals:

If a shareholder proposal receives majority support but is not implemented by the company, we will consider voting against board members at subsequent shareholder meetings.

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