

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Product name:**  
Fidelity Funds - European High Yield Fund

**Legal entity identifier:**  
QRZDLXZRZFWQ9BAHI598

**Environmental and/or social characteristics**

**Does this financial product have a sustainable investment objective?**

**Yes**

**No**

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

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 2.5% of sustainable investments

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

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

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

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

with a social objective

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

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

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



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

The fund promotes environmental and social characteristics by investing in securities of issuers with favourable ESG characteristics. Favourable ESG characteristics are determined by reference to ESG ratings. ESG ratings consider environmental characteristics including carbon intensity, carbon emissions, energy efficiency, water and waste management and biodiversity, as well as social characteristics including product safety, supply chain, health and safety and human rights.

The fund partially intends to make sustainable investments.

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

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

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

The fund uses the following sustainability indicators in order to measure the attainment of the environmental or social characteristics that it promotes:

- i) the percentage of the fund invested in securities of issuers with favourable ESG characteristics in accordance with Fidelity's Sustainable Investing Framework;
- ii) the percentage of the fund invested in securities of issuers with exposure to the Exclusions (as defined below);
- iii) the percentage of the fund invested in sustainable investments; and
- iv) the percentage of the fund invested in sustainable investments with an environmental objective in economic activities (that do not qualify as environmentally sustainable under the EU Taxonomy).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

The fund determines a sustainable investment as an investment in securities of:

- (a) issuers that undertake economic activities that contribute to one or more of the environmental objectives set out in the EU Taxonomy and qualify as environmentally sustainable in accordance with EU Taxonomy; or
- (b) issuers whereby the majority of their business activities (more than 50% of revenue) contribute to environmental or social objectives aligned with one or more of the United Nations Sustainable Development Goals ("SDGs"); or
- (c) issuers which have set a decarbonisation target consistent with a 1.5 degree warming scenario or lower (verified by the Science Based Target Initiative or a Fidelity Proprietary Climate Rating) which would be considered to contribute to environmental objectives;

provided they do no significant harm, meet minimum safeguards and good governance criteria.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Sustainable investments are screened for involvement in activities that cause significant harm and controversies, assessed through a check that the issuer meets minimum safeguards and standards that relate to principal adverse impacts (PAIs) as well as a performance on PAI metrics. This includes:

Norms-based screens - the screening out of securities identified under Fidelity's existing norms-based exclusions (as set out below);

Activity-based screens - the screening out of issuers based on their participation in activities with significant negative impacts on society or the environment, including entities that are considered to have a 'Very Severe' controversy using controversy screens, covering 1) environmental issues, 2) human rights and communities, 3) labour rights and supply chain, 4) customers, 5) governance; and

PAI indicators - quantitative data (where available) on PAI indicators is used to evaluate whether an issuer is involved in activities that cause significant harm to any environmental or social objective.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

For sustainable investments, as set out above, Fidelity undertakes a quantitative evaluation to identify issuers with challenging performance on PAI indicators. Issuers with a low score will be ineligible to be 'sustainable investments' unless Fidelity's fundamental research determines that the issuer is not breaching "do no significant harm" requirements or is on the path to mitigate the adverse impacts through effective management or transition.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Norms-based screens are applied: Issuers identified as failing to behave in a way which meets their fundamental responsibilities in the areas of human rights, labour, environmental and anti-corruption as aligned with international norms including those set out by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, UN Global Compact (UNGC), ILO Standards International Labour Organisation (ILO) Conventions, are not considered sustainable investments.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



### **Does this financial product consider principal adverse impacts on sustainability factors?**

- Yes  
 No

Consideration of the principal adverse impacts on sustainability factors of investment decisions (referred to as principal adverse impacts) is incorporated through a variety of tools, including:

(i) *Due Diligence* - analysis of whether impacts on sustainability factors are material and negative.

(ii) *ESG rating* - Fidelity references ESG ratings which incorporate consideration of material principal adverse impacts such as carbon emissions, employee safety and bribery and corruption, water management and, for sovereign issued securities, ratings used incorporate consideration of material principal adverse impacts such as carbon emissions, social violations and freedom of expression.

(iii) *Exclusions* - When investing directly in corporate issuers, the fund applies the Exclusions (as defined below) to help mitigate the principal adverse impacts through excluding harmful sectors and prohibiting investment in issuers that breach international standards, such as the UNGC.

(iv) *Engagement* - Fidelity uses engagement as a tool to better understand principal adverse impacts and, in some circumstances, advocate for mitigating the principal adverse impacts. Fidelity participates in relevant individual and collaborative engagements that target a number of principal adverse impacts (i.e. Climate Action 100+, Investors Against Slavery and Trafficking APAC).

(v) *Voting* - Fidelity's voting policy includes explicit minimum standards for board gender diversity

and engagement with climate change for corporate issuers. Fidelity may also vote to help mitigate principal adverse impacts.

(vi) *Quarterly reviews* - monitoring of principal adverse impacts through the fund's quarterly review process.

Fidelity takes into account specific indicators for each sustainability factor when considering whether investments have a principal adverse impact. These indicators are subject to data availability and may evolve with improving data quality and availability. In certain circumstances, such as indirect investments made by the fund, principal adverse impacts may not be considered. Information on principal adverse impacts will be available in the annual report of the fund.



## What investment strategy does this financial product follow?

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

A minimum of 50% of the fund's assets will be invested in securities with favourable ESG characteristics.

Favourable ESG characteristics are determined by reference to ESG ratings provided by external agencies and Fidelity ESG ratings.

In respect of its direct investment in corporate issuers, the fund is subject to:

- (a) a firm-wide exclusions list, which includes cluster munitions and anti-personnel landmines; and
- (b) norms-based screening of issuers which the Investment Manager considers have failed to conduct their business in accordance with international norms, including as set out in the UNGC.

The above exclusions and screens (the "Exclusions") may be updated from time to time. Please refer to the website for further information [Sustainable investing framework \(fidelityinternational.com\)](https://www.fidelityinternational.com).

The Investment Manager also has discretion to implement enhanced, stricter sustainable requirements and exclusions from time to time.

### ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The fund will invest:

- (i) a minimum of 50% of its assets in issuers with favourable ESG characteristics;
- (ii) a minimum of 2.5% in sustainable investments of which a minimum of 0% have an environmental objective (which is aligned with the EU Taxonomy), a minimum of 1% have an environmental objective (which is not aligned with the EU Taxonomy) and a minimum of 0% have a social objective.

In addition, the fund will apply the Exclusions, as described above, to all direct investments in corporate issuers.

### ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

This question is not applicable.

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

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

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

Key points that are analysed include track record of capital allocation, financial transparency, related party transactions, board independence and size, executive pay, auditors and internal oversight, minority shareholder rights, among other indicators. For sovereign issuers, factors such as corruption and freedom of expression are included.



## What is the asset allocation planned for this financial product?

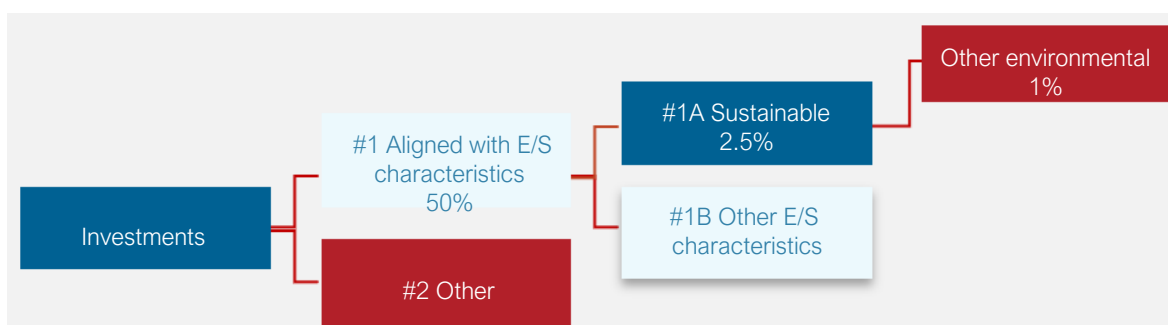
Asset allocation describes the share of investments in specific assets.

(#1 Aligned with E/S characteristics) The fund will invest:

- (i) a minimum of 50% of its assets in securities of issuers with favourable ESG characteristics;
- (ii) a minimum of 2.5% of its assets in sustainable investments (**#1A sustainable**)\* of which a minimum of 0% have an environmental objective (which is aligned with the EU Taxonomy), a minimum of 1% have an environmental objective (which is not aligned with the EU Taxonomy) and a minimum of 0% have a social objective.

(**#1B Other E/S characteristics**) Includes securities of issuers with favourable ESG characteristics but are not sustainable investments.

\*Fidelity determines the minimum overall percentage of sustainable investments on the basis of including issuers, as described above, whereby more than 50% of revenue contributes to a sustainable investment objective.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

## How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

Where the security underlying a derivative has favourable ESG characteristics in accordance with Fidelity's Sustainable Investing Framework, the derivative may be included in determining the proportion of the fund dedicated to promotion of environmental or social characteristics.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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



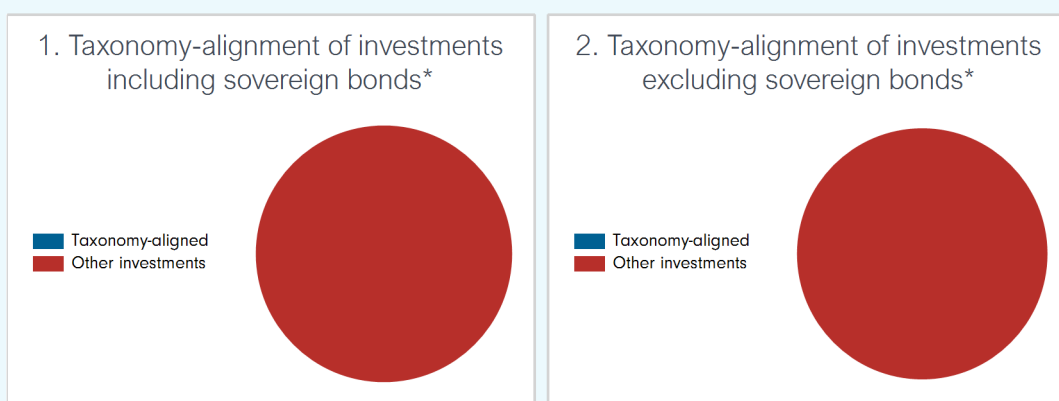
### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund invests a minimum of 0% in sustainable investments with an environmental objective aligned with the EU Taxonomy.

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

The EU taxonomy alignment of the underlying investments of the fund is measured by turnover.

*The two graphs below show in dark blue the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

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

The fund invests a minimum of 0% in transitional activities and a minimum of 0% in enabling activities.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The fund invests a minimum of 1% in sustainable investments with an environmental objective that is not aligned with the EU Taxonomy.

Investments could be aligned with the EU Taxonomy but the Investment Manager is not currently in a position to specify the exact proportion of the fund's underlying investments which take into account the EU criteria for environmentally sustainable economic activities. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.



### What is the minimum share of socially sustainable investments?

The fund invests a minimum of 0% in sustainable investments with a social objective.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The remaining investments of the fund will be invested in assets aligned with the financial objective of the fund, cash and cash equivalents for liquidity purposes and derivatives which may be used for investment and efficient portfolio management.

As a minimum environmental and social safeguard, the fund will adhere to the Exclusions.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

An index has not been designated as a reference benchmark to determine whether this financial product is aligned with the environmental or social characteristics that it promotes.

***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

This question is not applicable.

***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

This question is not applicable.

***How does the designated index differ from a relevant broad market index?***

This question is not applicable.

***Where can the methodology used for the calculation of the designated index be found?***

This question is not applicable.

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



**Where can I find more product specific information online?**

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

<https://www.fidelity.lu/funds/factsheet/LU0251130802/tab-disclosure#SFDR-disclosure>.

Further information on the methodologies set out herein is available on the website: [Sustainable investing framework \(fidelityinternational.com\)](https://www.fidelityinternational.com).