

Fidelity
Joint Modern Slavery Statement

2022-2023



This joint statement (“Statement”) has been submitted in accordance with the requirements of section 16 of the Modern Slavery Act 2018 (Cth) (“Act”). Fidelity Responsible Entity (Australia) Limited ABN 33 148 059 009 (“FREAL”) and Fidelity Investment Management (Australia) Limited ACN 006 773 575 (“FIMAL”) with a registered address Level 17, 60 Martin Place, Sydney, NSW 2000 makes this Statement on behalf of the Reporting Entities (“Entities”, “Fidelity Australia”, “we, “our”) listed on page 3. It describes the approach taken to assess and address the relevant risks and impacts of modern slavery during the 18-month reporting period from 1st July 2022 until 30th June 2023.

Signed by a board member David Midolla on behalf of the Principal Governing Body (the Board) of FIMAL and FREAL, reviewed and approved on or around 15 December 2023.

SIGNED:

Mandatory criteria	Section and page number
1. Identify the reporting entity.	Who we are and what we do, page 2
2. Describe the reporting entity’s structure, operations and supply chains.	Who we are and what we do, page 2
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	Assessing and addressing our operations risks, page 5 Assessing and addressing our supply-chain (investments) risks, page 6
4. Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	Assessing and addressing our operations risks, page 5 Assessing and addressing our supply-chain (investments) risks, page 6
5. Describe how the reporting entity assesses the effectiveness of these actions.	Assessing our effectiveness, page 8
6. Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).	Consultation, page 4
7. Any other information that the reporting entity, or the entity giving the statement, considers relevant.	Case studies page 8

A message from the Managing Director

Fidelity is proud to launch our third Modern Slavery Statement, and our second as a reporting entity under the Act. During the 12-month reporting period following our 2022 statement, we have taken steps to develop and mature our understanding of modern slavery and our approach to assessing social and modern slavery risks across Fidelity Australia, sharing these learnings across Fidelity globally. We recognise the important role played by the financial services sector in modern slavery and human rights impacts. Managing risk can positively impact investment outcomes, and we acknowledge our responsibility to identify and mitigate risks for investors in our portfolios.

As an integrated part of our business, our ESG analysis complements our financial analysis for every company we research. We do not tolerate modern slavery or human trafficking within our business and take a risk-based approach to managing our supply chains. Through our constant engagement, we aim to encourage better practices amongst our investee companies and suppliers to increase transparency and disclosure regarding supply chain management and initiatives to reduce modern slavery risk to people. In this statement we summarise our understanding of our exposure to modern slavery risks to people and the ways we intend to deepen our understanding and actions to mitigate these risks going forward.

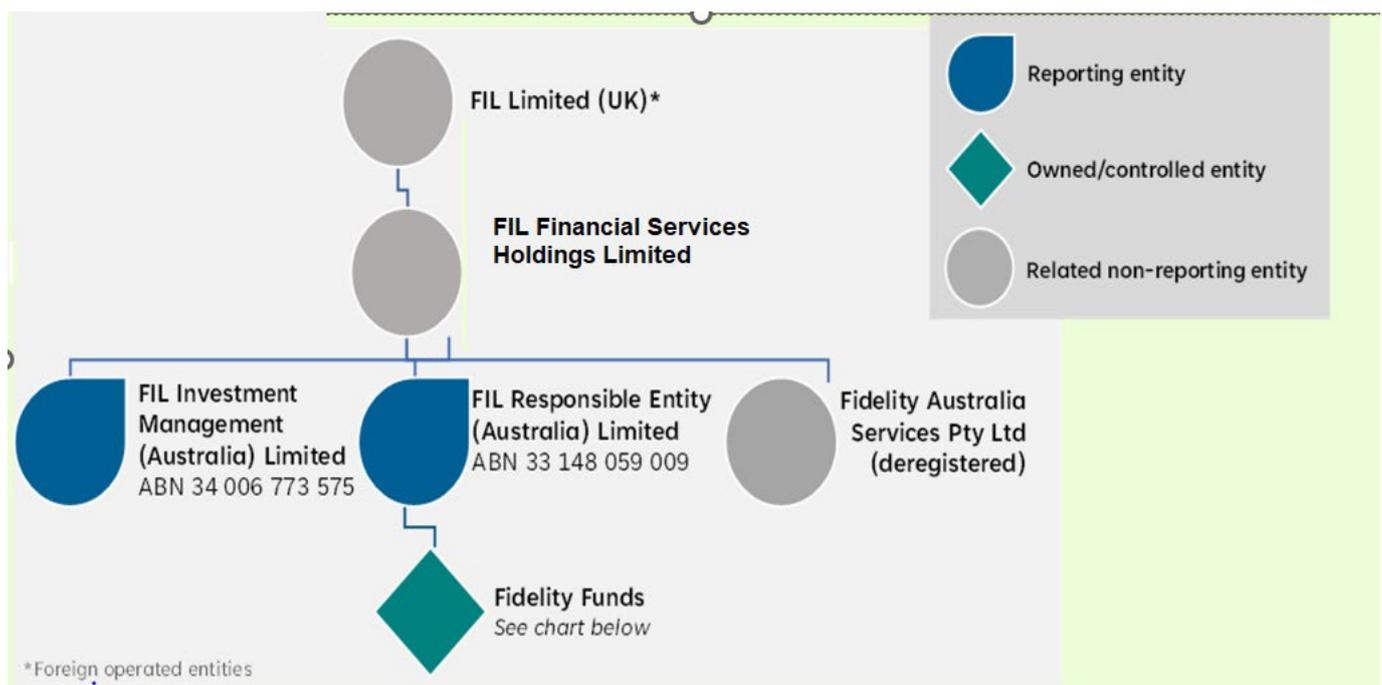
1. Who we are and what we do

Corporate Structure and Fidelity Funds

FIMAL and FREAL, are public companies incorporated in Australia which function as active asset management and investment advisory firms. FIMAL and FREAL are owned by FIL Asia Holdings Pte Limited (Singapore), which is wholly owned by FIL Limited (Bermuda).

FREAL acts as the responsible entity of the following registered managed investment schemes¹ (“Fidelity Funds”) currently offered in Australia, with FIMAL appointed as the investment manager with the power under the terms of its appointment to sub-authorise other members of Fidelity to manage some or all the assets of the Fidelity Funds¹. Other than as depicted in the diagram below no Fidelity Funds have separate operational activities or function as separate investment products or funds. As shown in the diagrams below, the Fidelity Australian Equities Fund is the only Fidelity fund considered a ‘reporting entity’, according to the threshold set out under the Act during this reporting period.

As at 30 June 2023, Fidelity Australia has approximately AU\$17.1bn in funds under management. Our focus is on delivering sustainable investment returns for our clients, while managing our impact on society and the environment.



¹ The inception date of the Fidelity Global Short Duration Income Fund was on 28 July 2022.

Fidelity Asia Fund FID0010AU	Fidelity Global Low Volatility Equity Fund FID9876AU
Fidelity Australian Equities Fund FID0008AU	Fidelity Hedged Global Equities Fund FID0014AU
Fidelity Australian Opportunities Fund FID0021AU	Fidelity India Fund FID0015AU
Fidelity China Fund FID0011AU	Fidelity Sustainable Water & Waste Fund FID0239AU
Fidelity Future Leaders Fund FID0026AU	Fidelity Global Emerging Markets Fund (Managed Fund) 627 296 959
Fidelity Global Emerging Markets Fund FID0031AU	Fidelity Global Demographics Fund (Managed Fund) 160 557 353
Fidelity Global Equities Fund FID0007AU	Fidelity Australian Low Volatility Equity Fund 651 643 104
Fidelity Global Future Leaders Fund FID5543AU	Fidelity Global Short Duration Income Fund 651 633 448

^ The Fidelity Global Short Duration Income Fund commenced on 28 July 2022. The Fidelity Sustainable Water & Waste Fund terminated on 1 May 2023. The Fidelity Global Low Volatility Equity Fund terminated on 6 March 2023. The Fidelity Australian Low Volatility Equity Fund terminated on 1 May 2023.

Business Activities

As at 30 June 2023, Fidelity Australia conducts its business across three Australian offices, with 98 directly employed staff, to undertake the following key activities:

- asset management and offering of interests in the trustee funds (“products”) listed above under *Corporate Structure and Fidelity Funds*,
- portfolio management, investment strategy and advisory services,
- wholesale and Institutional sales,
- marketing of our products,
- legal and compliance activities,
- corporate communications,
- event and sponsorship co-ordination,
- management and administration of our Australian office locations,
- procurement of goods and services to support our financial service activities,
- human resources and
- IT support.

We work in collaboration with the Fidelity International teams of FIL Limited (Bermuda) and Fidelity Asia Holdings Pte Limited (HK) where relevant to the investment activity of the Fidelity funds in other regions.

Governance

Our corporate governance structure includes a range of policies and procedures with relevance to modern slavery. These policies govern the way we treat our people, our interactions with suppliers and our investment activity. These include our global Financial Crime Prevention Policy, Global Procurement Policy, Supplier Code of Conduct and Ethics and our Sustainable Investment Principles, which can be found [here](#).

Within the organisation, the Sustainable Investment lead in Australia has functional accountability for assessing modern slavery risks and reporting. With regards to the investment activity, they will work with other members in the sustainable investment team, investment analysts and portfolio managers to ensure consideration and management of modern slavery risks. The Sustainable Investment lead will also work with other parts of the international and Australian business to mitigate and manage modern slavery risks in our operations in Australia. During this year, we have also created a cross department working group within the Australian business and the members have additional KPIs related to these responsibilities.

Corporate supply chains

Our supply chains for corporate spend are limited to purchasing of goods and services to support the undertaking of professional and corporate services across our office locations. Our spend fits the profile for most professional services firms and includes professional services, facility management and maintenance including cleaning, marketing and advertising expenses, office consumables, office and IT equipment.

2. Assessing and addressing our operations risks

Fidelity Australia considers the potential for our operations to cause, contribute, or be linked to modern slavery impacts across multiple risk factors. We assess this according to the *cause, contribute, or linked* framework set out by the [UN Guiding Principles \(UNGPs\)](#). We have reviewed our operational exposure to modern slavery risks according to this guidance and other external sources to determine our modern slavery risks.² This risk assessment has focused on our functional activities and operational spend based on category, industry and geography, considering risk to people rather than risk to our entity.

What we found and what we are doing

Fidelity Australia, as a professional services and investment management group, has very low internal exposure to operational modern slavery risk.³ All our staff are directly employed and are provided with entitlements and conditions that comply with the relevant local legislation and regulations in Australia, with no contracted, subcontracted or base-skilled labour. We have a Global Talent Acquisition Policy that outlines the standards associated with the attraction, sourcing, selection and hiring of all internal and external candidates. The policy addresses diversity, equity and accessibility to ensure the recruitment process follows the Inclusive Recruitment Principles, as well as anti-bribery and corruption, pre-employment screening and ensuring potential candidates have the right to work in Australia. We have recently updated our Global Diversity and Inclusion Policy and Respect in the Workplace Policy, emphasising our commitment to having a diverse and inclusive workplace, as well as providing equal opportunities and creating a safe, welcoming and respectful workplace free from discrimination, harassment (including sexual harassment), victimisation and bullying.

Our [Whistleblowing Policy](#), [Complaints Handling Policy](#) and [Confidential Alert Line](#) (1800 139 957) are also in place to ensure concerns, complaints, or breaches are appropriately addressed. These are both accessible to internal staff and suppliers, allowing for anonymous reports. We also highlight to all staff how to escalate concerns in our mandatory annual online training.

During the reporting period, Fidelity Australia strengthened the capability with an additional resource beyond the Head of Sustainable Investing – Australia. This Sustainable Investing Analyst brings additional knowledge and expertise on modern slavery related issues and supports the risk management of risks across investments, operations and supply chain. This function sits within the global sustainable investing team and has specific responsibilities for complying with the Australian Modern Slavery Act. This involves establish risk awareness and risk mitigation activities within the organisation locally and globally. The establishment of this function supports Fidelity Australia to systematically prioritise modern slavery and broader ESG considerations within the organisation and focus on continuous improvement of the approach over time.

Procured products and services

Our operational risk assessment did identify some potential risks connected to our business activities through procured products and services. These risks reflected risks widely known across the financial services sector and are issues many businesses are seeking to address.⁴ These include:

- cleaning services,
- consumer electronics and electronic devices and
- branded goods: textiles and merchandise.

² This approach is based on best practice according to the [Commonwealth Guidance for Reporting Entities](#).

Research sources for these risk factors includes: [The International Trade Union Confederation Global Rights Index](#), [The Walk Free Foundation Global Slavery Index](#), [ILO Global Estimates of Modern Slavery: Forced Labour and forced marriage](#), [The US Department of State Trafficking in Persons Report](#), [The US Department of Labor List of Goods Produced using Child Labour or Forced Labour](#), and the [Verité Research on Risk in 43 Commodities Worldwide](#).

³ As reflected in the KPMG [Financial services and modern slavery](#) guide 2021.

⁴ As reflected in the KPMG [Financial services and modern slavery](#) guide 2021.

This risk assessment also considered our proximity (or anticipated proximity) to the potential adverse impacts, to determine the extent to which we may potentially contribute to or be linked to these risks according to the UNGP framework.

During the reporting period Fidelity International strengthened its Responsible Supply chain programme which includes 'Monitoring of ESG factors' as one of its three priorities. This involves ensuring the transparency and management of ESG factors in our supply chain covering environment, labour & human rights, ethics and sustainable procurement (the suppliers of our suppliers). The objective set for 2024 is to have at least 90% of our critical suppliers and our highest spend suppliers representing 80% of procurement spend onboarded and actively monitored via the EcoVadis platform. For 2024 to have at least 90% of our critical suppliers and our highest spend suppliers representing 80% of procurement spend onboarded and actively monitored via the EcoVadis platform.

We have also developed a webpage dedicated to the issue of modern slavery which can be found [here](#).

Focusing on our internal human rights impacts

To contribute to an environment that supports and actively promotes human rights, Fidelity Australia strongly upholds the values of diversity and inclusion. We have set objectives, targets, review cycles, and accountability structures to track our ongoing progress to:

- increase and celebrate the diversity of our workforce
- ensure our policies and company culture are inclusive to all sexual orientations and gender identities as a signatory to the UN LGBTIQ+ Standards of Conduct for Business
- uphold accessibility and promote disability inclusion and wellbeing for our employees
- address gender imbalances in both pay and leadership roles
- support flexible working arrangements

Fidelity Australia will continue to monitor workforce and operational risks, as well as increase our positive human rights impacts, as we continue to report under the Act.

3. Assessing and addressing our supply-chain (investments) risks

As an investment manager, our supply chain consists of our investments and investee supply chains. As part of the 2022 statement, we undertook a full portfolio assessment of all the funds currently sold in Australia. We have used these results to understand our exposures for this statement as it is likely there has been little change in these sectors and regions. For that retrospective risk assessment, we identify below where we believe most of our risks lie.⁵

What we found and what we are doing

Identified industry sector risk exposure:

- Heavy electrical equipment
- Apparel, accessories and luxury goods
- Coal and consumable fuels
- Leisure products
- Footwear
- Textiles
- Steel
- Building products
- Aluminium
- Agricultural products

Identified direct geographic risk exposure:

- China
- India
- Brazil
- Indonesia
- Malaysia
- Peru
- Argentina
- Mexico
- Kenya

The above list is not exhaustive of all sectors and geographies identified as a risk, but indicative of those calculated to be our highest investment risks. Most of these risks arise due to their exposure to potential modern slavery

⁵ This methodology used external sources and considered geographic, industry and category risk.

practices in manufacturing, construction, or raw material farming or extraction.⁶ We note that many of our investees may not control the sites of risk exposure but have these risks in their own supply chains. We also recognise that modern slavery risks may exist in the supply chains of our holdings in low-risk geographies. However, we will take a risk-based approach that first seeks to engage with investees in known high-risk geographies. We take this into account when assessing *social* risk as part of our ESG assessments, and where relevant engage investees on their supply-chain governance. Due to our risk exposure through these investments, we determine that we are “linked to” these risks according to the UNGP framework.

Our approach to ESG due diligence: Fidelity Australia’s proprietary ESG rating approach

Using our proprietary ESG V2 ratings, we conduct an in-depth ESG assessment on a large proportion of the companies we invest in (over 2000 companies). This assessment forms part of our due diligence and is one of the inputs considered by portfolio managers ahead of making investment decisions.

We designed our own sustainable research solution in line with our established fundamental investment philosophy and tailored to the objectives of our clients. Although external ratings are useful, quantitative ESG ratings are designed in a way that frequently run risks of being misunderstood or misapplied, and widely varied ratings across different providers.

Key characteristics of our ratings are:

- insights from company meetings and engagements- not only public data,
- ratings are based on indicators are weighted depending on their materiality within their sectors, which means we have 127 sub-sectors with individual materiality maps.
- assessments based on the trajectory of company performance, whether improving, deteriorating or stable, ensuring our ratings are not biased to past performance,
- consider both quantitative and qualitative indicators as our analysts collaborate with the Fidelity International sustainable investment team to conduct research and apply ratings,
- embedding the principle of ‘double materiality’ alongside ‘financial materiality,’ which encourages external risk factors like modern slavery to be considered regardless of direct financial impact to the company, and
- our analysts assess risks under the social pillar of ESG risk, considering modern slavery risks where relevant or salient to the investee or industry risk profile,
- inclusion of up to 40 environmental, social and governance indicators, as well as additional custom indicators for certain industries such as fabless semiconductors, electric vehicles and nuclear power.

Our ratings include scores covering:

- environment,
- social,
- governance,
- overall ESG
- indication of trajectory

Specific to modern slavery, we capture the following metrics for employees and enablers (which includes supply chain), some of these have been added and enhanced during the reporting period:

Employee management	What is the management approach towards company’s employees? (Production/Operations)
Employee management - Forced labour	What is the management approach towards managing potential forced labour? (Production/Operations)
Employee management - Child labour	What is the management approach towards managing potential child labour? (Production/Operations)

⁶ Each of these have been noted by the [ILO Global Estimates of Modern Slavery: Forced labour and forced marriage](#) as major industries for the occurrence of forced labour.

Employee management - Diversity & Inclusion	What is the management approach towards Diversification and Inclusion of the company's employees? (Production/Operations)
Enabler labour practice	What are the potential concerns regarding labour management of the company's enablers? (Enablers)
Enabler Labour Practice - Forced Labour	What are the potential concerns regarding forced labour management of the company's enablers? (Enablers)
Enabler Labour Practice - Child Labour	What are the potential concerns regarding child labour management of the company's enablers? (Enablers)

We have introduced these metrics across 55 sectors that have been identified as higher risk sectors. We have differentiated between direct operational risk as well as indirect exposure through the supply chain and incorporated the questions accordingly in our proprietary ratings. We will continue to develop our approach to integrating consideration of modern slavery risk within our proprietary ESG ratings.

In addition to updating our proprietary ESG ratings for modern slavery considerations, the sustainable investing team has also developed comprehensive guidance on labour management and modern slavery for our investment analyst team. The guidance provides investment analysts with additional background on modern slavery risks, as well as examples of questions for engagement with companies and case studies for best practices across a wide range of modern slavery reporting and management areas.

Awareness and training – Investment teams:

During the reporting period we conducted a workshop with a specialist human rights consultant (Point Advisory) who helped build our capability on modern slavery. Fifteen members of the investment team across APAC region attended the workshop. Amongst the attendees were Investment Analysts and Portfolio Managers exposed to those sectors deemed to be more exposed to modern slavery.

During this period two members of the Sustainable Investment team joined a group of investors to gain first-hand insight of the apparel supply chain in Bangladesh and Vietnam. Apparel is the largest export of Bangladesh, comprising around 7% global market share. They met with several ready-made garment manufacturers, workers, brands, industry associations, non-profit organisations, labour unions, and visited an average worker's home to understand the realities on the ground. By being on the ground, they were able to gather feedback from different stakeholders to form a more holistic understanding of the key drivers of labour supply chain management of the apparel industry. These findings will inform our engagement plans with investee companies along the supply chain going forward.

Investee engagement - identifying risks in the portfolio and remediating them

Engagement with companies is key to identifying, mitigating and remediating ESG risks, and this includes modern slavery related risks. We use our corporate access, research capabilities and investment scale to promote change in issues such as modern slavery, environmental issues, supply chain management and tackling climate change. We seek to drive positive change through one-on-one dialogue, company meetings, shareholder resolutions, proxy voting and public policy. We engage with companies directly or we can also form coalitions with other investors with similar objectives to increase our influence and push for change.

During the reporting period we formalised and strengthened our Modern Slavery thematic engagement squad which comprises of eight members of the sustainable investing team based in Hong Kong, Shanghai, Sydney, Melbourne, Singapore and London.

The engagement squad prioritises engagement companies based on criteria including risk to people, our financial exposure to companies, and our ability to positively influence investee companies. Currently we have 25 companies

in our thematic engagement programme. We report on the progress of engagement on a biannual basis to relevant members of the organisation.

Case study 1 - Engagement with a consumer discretionary company in Europe

We engaged with a consumer discretionary company in Europe to assess progress on increased disclosure on supplier audits and remediation action. The company had made significant progress since our last engagement and have launched a pilot program to conduct native language worker interviews at select suppliers. This program has enabled the company to uncover issues that traditional auditing processes had not. Looking forward, we encouraged the company to further push for systematic supplier grievance mechanisms, as well as provide more disclosure on their approach to ensuring living wages across their own operations as well as across their supply chains.

Case study 2 - Collaborative engagement through IAST APAC

We also believe that in addition to direct company engagement, joining forces with like-minded investors can be an effective way of influencing companies. Fidelity became a founding member of Investors Against Slavery and Trafficking Asia Pacific (IAST APAC). Through IAST APAC, we reached out to an Asian technology company introducing the initiative and encouraging them to join. Initially, the company was hesitant about being engaged on the topic, as they feel that they are well advanced on ESG issues and were concerned they could be perceived as ‘guilty by association’. Once we discussed the issues and shared that we are targeting a constructive relationship, they appeared more willing to engage on the topic. We will continue the dialogue with the company to encourage them to participate in the initiative and improve their management of modern slavery risks.

Case study 3 - Engagement with consumer staples company in Australia

We also engaged with a consumer staples company in Australia to encourage more ambitious progress towards implementing risk management tools and more comprehensive supply chain mapping. The company has recently appointed a global sustainability lead and implemented a new risk management platform. While these initiatives were encouraging, we will continue to engage with the company to set more ambitious timelines and focus on effectively executing their plans and reporting on progress. These issues will be the focus of future engagements.

You can read more about our engagement on our website [here](#). You can also find our proxy voting summaries for the 12 months to 30 June 2023 on our website [here](#).

4. Assessing our effectiveness

We have included the following table of progress against stated commitments as a first step in monitoring our progress against commitments and intentions made in successive statements. Going forward, we will develop clear metrics to assess and monitor the effectiveness of our actions both through our operational (corporate spend) and supply chain (investments) risk exposure.

Commitment	Status
Governance	
Effectiveness metrics <ul style="list-style-type: none"> Develop a framework for assessing progress of our engagement which we will report on a biannual basis to relevant governing body. Explore enhanced public reporting of the progress from the Modern Slavery engagement theme. 	Completed FY24
Responsibilities and accountabilities <ul style="list-style-type: none"> Set up Australian Modern Slavery working group with appropriate KPIs 	Completed
Policy <ul style="list-style-type: none"> Enhance incorporation of modern slavery in all relevant policies 	FY 24
International collaboration Continue to collaborate with international and UK-based teams to share resources, engagement findings, and resources on modern slavery risk.	Ongoing
Awareness and training	

<ul style="list-style-type: none"> • Internal training Train our investment analyst and other relevant teams in the definitions of modern slavery, relevance to the investment industry and Fidelity's risk profile. • Develop appropriate resources for enhanced understanding and engagement for the investment team. 	<p>Completed</p> <p>Ongoing</p>
<p>Collaboration and external engagement Continue our involvement with IAST APAC</p>	Ongoing
Risk assessment, due- diligence and remediation	
<p>Operations risk screening Investigate opportunities to address operations and operational suppliers</p>	Planned for FY23
<p>Investment risk screening Establish standardised metrics to include in all investee ESG assessment and ratings during the next update of our proprietary rating system. Explore use of proprietary metrics for future risk exposures</p>	<p>Completed</p> <p>FY 24</p>
<p>Procurement risks Monitor our exposure to procurement product and service risks and seek to enact appropriate due diligence where possible, including embedding screening processes via EcoVadis monitoring. We aim to have at least 90% of our critical suppliers and 80% of our procurement spend monitored by EcoVadis. We will actively work with any low scoring suppliers, particularly in the assessment pillar "Labour and Human Rights" to set corrective action plans.</p>	Planned for FY24
Grievance and remediation	
<p>Grievance reports Investigate the existing reporting mechanism and global chain of responsibility for concerns raised in relation the Australian business or suppliers. In relation to the above, investigate to have access to and report on any relevant breaches or concerns raised.</p>	<p>Completed</p> <p>FY24</p>

David Midolla