



Calculation & Benchmark Administration by

**S&P Dow Jones  
Indices**

# **Fidelity U.S. Quality Income Index**

## ***Methodology***

September 2024

The Fidelity U.S. Quality Income Indices ("Indices") are proprietary to Fidelity, which has contracted with S&P DJI Netherlands B.V. (a subsidiary of S&P Dow Jones Indices LLC.) to calculate and administer the Indices.

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# Introduction

## Index Objective

The Fidelity U.S. Quality Income Index measures the performance of companies from the S&P United States BMI Index (the "Reference Index") that exhibit high relative dividend yield and specified investment quality attributes while retaining broadly neutral Global Industry Classification Standard (GICS®) sector weights relative to the Selection Universe as described under Index Construction. The Index applies exclusions based on companies' involvement in specific business activities and performance against the principles of the United Nations' Global Compact (UNGC), as well as Controversy Ratings and aims to meet the sustainability criteria as outlined under Index Construction.

The indices governed by this methodology document ("**Methodology**") are administered and calculated by S&P DJI Netherlands B.V. (a subsidiary of S&P Dow Jones Indices LLC) ("**S&P DJI**" or the "**Index Administrator**"). Any changes to or deviations from this Methodology shall be made in the sole judgment and discretion of S&P DJI. The index owner is Fidelity Product Services LLC, doing business as Fidelity Investments ("FPS" or "Fidelity").

The Fidelity U.S. Quality Income Index was created and launched by Fidelity on 03<sup>rd</sup> of March 2017. S&P DJI assumed the role of benchmark administrator of the Index on behalf of Fidelity on 29<sup>th</sup> of March 2021. Before the 29<sup>th</sup> March 2021, the Index was administered and governed by Fidelity since its launch.

## Highlights

The index is fully reconstituted on an annual basis, as of the close on the 3rd Friday of February, or if such Friday is not an Index Business Day, the immediately following Index Business Day. In addition to the annual reconstitution, the Index will be rebalanced in months other than February in the event any index constituent ceases to pay a dividend (this is established when the Indicated Dividend Yield is 0), identified as having an ESG controversy score of 5, or falls into a Business Activity, Sustainalytics' Global Standards Screening exclusionary category as of the relevant Observation Date as described under the Index Maintenance section.

FactSet Research Systems Inc. ("**FactSet**") is used as the main source for the metrics in Eligibility Criteria and Index Construction, unless stated otherwise. Transcriptions have been mapped to FactSet functions in an Appendix that is available on request from S&P DJI and subject to Index Owner's approval<sup>1</sup>.

## Summary Description

Index Owner:

Fidelity Product Services LLC, doing business as Fidelity Investments ("FPS" or "Fidelity")

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<sup>1</sup> Requests can be made to S&P DJI (BenchmarkAdministration@spglobal.com) and will be subject to the approval of Fidelity.

Index Administrator & Calculation Agent: S&P DJI Netherlands B.V. (“S&P DJI”)

Index Calculation and Publication: The index level is calculated on each Index Business Day (subject to Index Policy) and published as soon as reasonably practicable thereafter.

**Supporting Documents**

This Methodology is intended to be read in conjunction with supporting documentation that helps provide greater detail with respect to the policies, procedures and calculations described herein. References throughout the Methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this Methodology, and the hyperlinks to those documents, are set forth below:

Supporting Document	URL
S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices’ Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>
S&P Dow Jones Indices’ Float Adjustment Methodology	<a href="#">Float Adjustment Methodology</a>
S&P Dow Jones Indices’ Global Industry Classification Standard (GICS) Methodology	<a href="#">GICS Methodology</a>

# Eligibility Criteria

## Eligibility Factors

At each Annual Reconstitution Observation Date, All stocks from the Reference Index are screened for security type eligibility, liquidity and investability requirements.

Index	Reference Benchmark Index
Fidelity U.S. Quality Income Index	S&P Unites States BMI Index

Additionally, constituents must meet the following criteria for inclusion into the index.

## Security Type Eligibility

- Only primary market share classes<sup>2</sup> are included in case of multiple share classes. If the primary share class is not trading and there is one or more share classes trading, then the share class with the highest average daily traded value in US dollars over the previous 30 Index Business Days prior to the relevant Annual Reconstitution Observation Date is used.
- Only common stocks are eligible
- Remove any remaining stocks that are:
  - Limited Partnerships
  - ADRs

## Data Availability Screens

- Only stocks with available current prices, prices from 6 months prior to the last Index Business Day of the previous month to the relevant Annual Reconstitution Observation Date, market caps, and trading volumes greater than zero are eligible.

## Liquidity Screens

- Exclude all stocks in the bottom quintile of stocks based on the number of days to trade US\$10 million of the stock, using the average daily traded value over the last 20 trading days for the stock in the previous month.
- Exclude all stocks with less than 15% free float market capitalization.

## Multiple Listings

Only primary listings are included in the Selection Universe<sup>3</sup>. However, the market capitalization for multiple listings are combined while determining the weights in the Final Selection.

<sup>2</sup> As defined by Factset

<sup>3</sup> If the primary listing is not trading, then the shares listed on a secondary listing venue with the highest average daily traded value in US dollars over the previous 30 Index Business Days prior to the relevant Observation Date is used.

### **Dual Listed Companies**

A dual-listed company (DLC) structure wherein the company has separate legal entities listed on different stock exchanges operating independently and shareholders in one entity do not automatically have ownership in the other, and each entity operates within the regulatory framework of its respective country are considered eligible as separate entities.

### **The Selection Universe**

The remaining stocks are sorted by free float-adjusted market capitalization. The market capitalization of all share classes is combined into a single value for each stock, the market capitalization is combined into the primary market share class<sup>4</sup> or if the primary market share class is not available, the share class with the highest average daily traded value in US dollars over the previous 30 Index Business Days prior to the relevant Annual Reconstitution Observation Date is used.

The largest 1000 stocks by free float market capitalization for all share classes comprise the Selection Universe, and their free float-adjusted constituent and sector weights are utilized to define the US equity market.

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<sup>4</sup> As defined by Factset

# Index Construction

## Quality and Income Scores

In order to determine the level of quality and dividend exposure for each stock in the Selection Universe, a Composite Quality Score and Income Score are calculated using the factors listed below as of each Observation Date (whether during the Annual Reconstitution or any other Rebalance Month). Securities with negative Composite Quality Scores are eliminated, while final constituent selection is based on the Income Score.

The Fidelity U.S. Quality Income Index is based on the following Quality and Income metrics:

Metric	Weight	Definition
<b>Income</b>		
Dividend Yield	100%	Used to identify income. Calculated as the trailing cumulative dividends per share over the previous twelve months, divided by price per share.
<b>Quality (non-banking stocks)</b>		
Cash Flow Margin	33.3%	A profitability measure that indicates how efficient a company is at converting sales to cash, gauging whether or not the company has higher earnings quality. Calculated as operating cash flow divided by revenue over the last 12 months from the last report available.
Return on Invested Capital	33.3%	A measure of profitability relative to the capital invested, capturing how much profit a company generates with the assets equity and debtholders have committed, and therefore accounting for leverage. Calculated as EBIT divided by total capital over the last 12 months from the last report available.
Free Cash Flow Stability	33.3%	Measures consistency of a company's ability to generate positive free cash flows and therefore its financial strength. Calculated as the percent of the trailing 20 quarters, where operating cash flow minus capital expenditure, is positive.

A separate set of Quality metrics is used for Banks (identified using the GICS industry group) as consequence of differences in reporting requirements:

Metric	Weight	Definition
<b>Quality</b>		
Return on Equity	50%	Used to measure profitability. Calculated as net income over shareholder's equity over the last 12 months from the last available report.
Debt to Assets	50%	Used to measure financial leverage. Calculated as total debt divided by total assets based on the last annual report available. For this metric we use a Z-score of -2 for the highest quintile of securities based on Debt to Assets and 0 for all other securities, in order to favor stocks with lower Debt to Asset ratios.



## Exclusions Based on Business Activities

As of each Observation Date, companies with the following specific business activities, as determined by Sustainalytics, are excluded from the Selection Universe. The specific proxy and level of involvement threshold used to determine exclusion for each category are outlined below:

Category of Involvement	Sustainalytics Category of involvement Description	Sustainalytics Involvement Proxy	Level of involvement Threshold
<b>Controversial Weapons</b>	Tailor-made and essential: The company is involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.	N/A <sup>5</sup>	>0%
<b>Military Contracting</b>	Weapons: The company manufactures military weapon systems and/or integral, tailor-made components or these weapons.	Revenue	≥5%
	Weapon-related products and/or services: The company provides tailor-made products and/or services that support military weapons.		
<b>Small Arms</b>	Civilian customers (Assault weapons): The company manufactures and sells assault weapons to civilian customers.	Revenue	>0%
	Retail/distribution (Assault weapons): The company is involved in the retail and/or distribution of assault weapons.		≥5%
<b>Thermal Coal</b>	Extraction: The company extracts thermal coal.	Revenue	≥5%
	Power Generation: The company generates electricity from thermal coal.		
<b>Arctic Oil &amp; Gas Exploration Extraction</b>	The company is involved in oil and gas exploration in Arctic regions.	Revenue	≥5%
<b>Oil Sands Extraction</b>	The company extracts oil sands.	Revenue	≥5%
<b>Tobacco Products</b>	Retail (≥10% total revenues): The company derives 10 per cent or more of its revenues from the distribution and/or retail sale of tobacco products.	Revenue	≥5%
	Related Products/Services: The company supplies tobacco-related products/services.		≥5%
	Production: The company manufactures tobacco products.		>0%
<b>Adult Entertainment</b>	The company is involved in the production of Adult Entertainment.	Revenue	≥5%
	The company is involved in the Distribution of Adult Entertainment.		≥5%
<b>Alcohol</b>	The company is involved in the production of alcoholic beverages.	Revenue	≥10%
	The company is involved in the retail of alcoholic beverages.		≥10%
	The company supplies alcoholic beverage related products/services.		≥10%

<sup>5</sup> Revenue data is not relevant since the level of involvement is binary for this category. For more information, please refer to [www.sustainalytics.com](http://www.sustainalytics.com).

<b>Pesticides</b>	The company is involved in the production of pesticides.	Revenue	≥5%
	The company is involved in the retail of pesticides.		≥10%
<b>Cannabis</b>	The company is involved in the production of cannabis for recreational use.	Revenue	≥5%
	The company is involved in the retail of cannabis for recreational use.		≥5%
	The company is involved in the production of cannabis for medicinal use.		≥5%
	The company is involved in the retail of cannabis for medicinal use.		≥5%
<b>Gambling</b>	The company derives revenue from gambling operations.	Revenue	≥5%
	The company supplies specialized gambling equipment.		≥5%
	The company supplies gambling supporting products/services.		≥5%
<b>Palm Oil</b>	The company is involved in the production and/or distribution of Palm Oil.	Revenue	≥5%

### Exclusions Based on the Sustainalytics' Controversy Rating

As of each Observation Date, companies identified as having a Sustainalytics Controversy Rating of 5 are excluded from the Selection Universe.

### Exclusions Based on Sustainalytics' Global Standards Screening

Sustainalytics' Global Standards Screening (GSS) provides an assessment of a company's impact on stakeholders and the extent to which a company causes, contributes, or is linked to violations of international norms and standards. The basis of the GSS assessments is the United Nations (UN) Global Compact Principles. Information regarding related standards is also provided in the screening, including the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as their underlying conventions. Sustainalytics classifies companies into one of the following three status:

- **Non-Compliant:** classification given to companies that do not act in accordance with the UNGC principles and its associated standards, conventions and treaties.
- **Watchlist:** classification given to companies that are at risk of violating one or more principles, for which all dimensions for Non-Compliant status could not be established or confirmed.
- **Compliant:** classification given to companies that act in accordance with the UNGC principles and its associated standards, conventions and treaties.

As of each Observation Date, companies identified and deemed by Sustainalytics to be Non-compliant are excluded from the Selection Universe.

### Treatment of Missing Business Activities and UNGC, Controversy Rating, ESG Risk Rating, and Global Standards Screening Data

Companies without Sustainalytics' Product Involvement, Controversies Research, ESG Risk Rating, or Global Standards Screening data coverage will be excluded from the Selection Universe.

For more information on Sustainalytics, please refer to [www.sustainalytics.com](http://www.sustainalytics.com).

### Data

The following data is used for data availability and data quality screens:

Factor	Transcription
Price Momentum	Simple Total Return starting from same date of the month 12 months ago from the Observation Date ending same date of the month before the Observation Date. If the date is a holiday or weekend, use the previous date that is not a holiday.
Dividend Payout Ratio	Earnings Per Share over the trailing fully reported 12 months divided by Dividends Per Share over the trailing fully reported 12 months.
5 Year Dividends Per Share Growth (Fiscal Quarterly)	Dividends Per Share from latest fiscal quarter – Dividends Per Share from 20 fiscal quarters prior.
5 Year Dividends Per Share Growth (Fiscal Annually)	Annual Dividends Per Share from latest fiscal year – Annual Dividends Per Share from 5 years prior.
Indicated Dividend Yield	Current indicated annual dividend rate.

### Data Availability Screens

- If a security does not have a dividend yield (i.e., dividend yield factor is listed as N/A), it will not be eligible for inclusion.
- All securities without an Indicated Dividend Yield will also be ineligible for inclusion.
- Securities are screened to remove any with negative 5-year dividends per share growth.

### Additional Data Quality Screens

- Securities are screened to remove 5% with the lowest dividend payout ratios within each sector, the dividend payout ratio is calculated as earnings per share divided by trailing cumulative dividends per share over the previous 12 months from the last available report. To identify securities with the highest dividend payout ratios, eligible securities in the Selection Universe are (a) ranked within each sector based on their dividend payout ratio and (b) then the rank is scaled to a percentile by dividing by the count of available ratios in that sector. If a security's resulting percentile rank is less than or equal to 5%, it is excluded.
- Securities are screened to remove 5% with the lowest price momentum within each sector. Momentum is measured as the total return of a security using the levels 12 months before the Observation Date and 1 month before the Observation Date. If the date is a holiday or weekend,

the previous date level that is not a holiday is used. To identify securities with the lowest price momentum, eligible securities in the Selection Universe are (a) ranked within each sector based on price momentum and (b) then the rank is scaled to a percentile by dividing by the count of available ratios in that sector. If a security's resulting percentile rank is less than or equal to 5%, it is excluded.

### **Calculating Composite Quality Scores and Income Scores**

The raw quality and income metrics listed above are first winsorized to the 96th percentile. Outliers below the 2nd and above the 98th percentile are reassigned the minimum / maximum values at the threshold.

For the securities remaining within each country+sector group<sup>6</sup>, z-scores<sup>7</sup> are created for each quality metric. The z-scores are calculated by dividing the difference between each security's winsorized value and the mean of eligible securities in its respective country+sector group by the standard deviation of the eligible securities in the country+sector group. The z-scores are capped at 3 standard deviations.

The equal weighted sum of the quality z-scores are then standardized and capped within 3 standard deviations to calculate the Composite Quality Score for each security. If a quality metric is not available for a security, it will be assigned a z-score value of 0 and still be used, if none of the quality metrics is available, they will all get assigned a value of 0.

Securities with negative Composite Quality Scores are eliminated.

After excluding securities with negative Composite Quality Score, with the securities remaining within each country+sector group, z-scores are created for the income metric. The z-scores are calculated by dividing the difference between each security's winsorized value and the mean of eligible securities in its respective country+sector group by the standard deviation of the eligible securities in the country+sector group. The z-scores are capped at 3 standard deviations.

The Income Score for each security is the resulting income metric z-score.

### **Constituent Selection and Weighting**

Constituents are selected from the Selection Universe by combining each stock's Income Score with a Size Factor Score.

The process targets the selection of 125 stocks, but the final constituent count of the index may be more or less than 125 since companies that cease paying dividends are removed on a monthly basis and may be replaced by a different number of constituents from the Selection Universe

### **Calculating the Size Adjusted Income Scores**

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<sup>6</sup> For the purposes of calculating quality metric z-scores, Banks (identified using the GICS Industry group) are removed from the GICS sector to which they belong to (Financials) and are treated as a Sector

<sup>7</sup> A number representing the number of standard deviations a number is away from the mean.

In order to remove the size bias in the index, Income Scores are blended with Size Scores to come up with a Size Adjusted Income Score, using the following procedure:

- A standardized z-score of the logarithm of each security's free float market capitalization for all share classes within each sector is calculated. The z-scores are then capped at 3 standard deviations. The Size Factor Score is the resulting z-score.
- Take the Income Score for each stock and combine it with the Size Factor Score, then set at 60%/40% weights respectively.
- The new calculated value for each security is its Size Adjusted Income Score.

### Selecting Constituents

Within each sector, securities are then ranked by their Size Adjusted Income Score. the number of stocks selected is determined as follows:

1. The number of stocks to select for each sector is equal to the market-cap weight in the Selection Universe of that sector multiplied by 125, subject to a minimum of 3.
2. If this results in a sector having less than three stocks, the stocks in the sector will not be selected and will not receive a Size-Adjusted Income Score, and the sector weight will be zero in the Final Selection.
3. The stocks selected constitute the Final Selection.

On the third Friday of each month, stocks that have eliminated dividends or falls into a Business Activity or Sustainalytics' Global Standards Screening exclusionary category will be removed and replaced with stocks that have the next highest size-adjusted Income Score on the relevant Observation Date.

### Weighting Constituents in an Annual Reconstitution Observation Date

Within each sector group, each stock is weighted based on its market cap weight in the Selection Universe (using the free float for all share classes of the stock) plus an overweight adjustment as of the Observation Date:

$$\text{Stock Weight}_i = \text{Market Cap Weight in Selection Universe}_i + \text{Overweight Adjustment}_i$$

The overweight adjustment applied is equal for all constituents within that sector, and when summed across the constituents of the sector returns the weight difference between the sector to that of the same sector in the Selection Universe.

For each stock  $i$  within each sector:

$$\text{Overweight Adjustment}_i = \frac{\sum_i^M \text{Market Cap Weight in Selection Universe}_i - \sum_i^N \text{Market Cap Weight in Final Selection}_i}{N}$$

Where,

$M$  is the number of stocks within sector to which stock  $i$  belongs, in the Selection Universe

$N$  is the number of stocks within sector to which stock  $i$  belongs, in the Final Selection

The purpose of this “Equal Excess Weighting” approach is to reduce the potential for stock specific risk, i.e. concentration in individual stocks based solely on market cap.

### **ESG Risk Rating Exposure**

After the previous steps, the index-level exposure to Index Constituents with Sustainalytics ESG Risk Ratings that are less than 30 is assessed. If the total weight attributed to this group is <50%, the weight of the group with Sustainalytics ESG Risk Ratings less than 30 is increased to 50% of the index’s weight in proportion to their weights, and the weight of those Index Constituents with Sustainalytics ESG Risk Ratings of 30 or more is reduced to 50% of the index’s weight in proportion to their weights. Increasing or reducing the respective weights of index constituents does not occur if the total weight attributed to Index Constituents with Sustainalytics ESG Risk Ratings that are less than 30 is above or equal to 50% or if there are no constituents with an ESG Risk Rating less than 30 in the Final Selection.

### **Sustainable Exposure**

Fidelity has created a framework to assess an index constituent’s sustainability factors. For more information on sustainability factors and definition refer to Appendix V. The index-level exposure to index constituents deemed ‘sustainable’ is assessed.

Fidelity will score index constituents deemed sustainable according to the sustainability factors and definitions described in Appendix V with a score of 1.

If the sum of index weights of sustainable index constituents is below 10%, but greater than zero, their weights are increased to 10% and the remaining portion of the index’s weights are reduced to 80%. Increasing and reducing index weights does not occur if there are no sustainable companies in the Final Selection.

### **Weighting Constituents in a non-Annual Reconstitution Observation Date**

On the Observation Date of the monthly rebalance, constituents that have eliminated their dividend, signified by an Indicated Dividend Yield of 0 or falls into a Business Activity or Sustainalytics’ Global Standards Screening exclusionary category, would be replaced on the Rebalance Date with one or multiple new constituent(s). The new constituent(s) would have the next highest ranked Size Adjusted Income Score in the respective sector in the Selection Universe. The new constituent(s) would replace the weight as of the Observation Date of the stock that is being eliminated and sector neutrality is maintained. The new constituent(s) will be added with a weight equal to their weight in the Selection Universe<sup>8</sup> plus the average excess weight of the constituents that are already held in the respective sector.

Constituents are added to the sector one-by-one in a descending order according to their Size Adjusted Income Score until:

1. The weight of the deleted constituent(s) has been fully replaced; or
2. There are no other constituents within the sector from which to choose.

<sup>8</sup> based on its market cap weight (using the free float for all share classes of the stock) in the Selection Universe

If the last constituent added causes the cumulative weight of the new additions to be greater than the constituents that were removed, its weight is trimmed down so that the weight of the added constituent(s) and the deleted constituent(s) from the sector is identical.

In the event that there are no or not enough constituent(s) available to replace the removed constituent(s) in the sector, all remaining constituents will be rescaled to 100% since the weight of the deleted constituent(s) could not be fully replaced.

$$Final\ Stock\ Weight_j = \frac{Stock\ Weight_j}{\sum_j^P Stock\ Weight_j}$$

Where,

$P$  is the number of remaining stocks in the index



# Index Maintenance

## Index Calculations

The indices are calculated using a divisor methodology. Index calculations include price series, total return series, and net total return series.

The indices are calculated using S&P DJI's modified market cap weighted methodology. A modified market cap weighted index is one where index constituents have a user-defined index weight. Each stock's weight is based on the optimized weight and is calculated as described under the Index Construction section.

*Please refer to S&P DJI's Index Mathematics Methodology for further details on the modified market cap methodology.*

## Rebalancing

The Fidelity U.S. Quality Income Index is fully reconstituted on an annual basis as of the close of the 3rd Friday of February. In addition to the annual reconstitution, the index will be rebalanced each month in the event that any index constituent ceases to pay a dividend (this is established when the Indicated Dividend Yield is 0), identified as having an ESG controversy score of 5, or falls into a Business Activity or Sustainalytics' Global Standards Screening or falls into a Business Activity or UNGC exclusionary category, as of the relevant monthly Observation Date. As of the close of the 3rd Friday of each month, the index is rebalanced, removing stocks that have eliminated dividends, identified as having an ESG controversy score of 5, or have fallen into a Business Activity or Sustainalytics' Global Standards Screening exclusionary category and replaced with stocks from the Selection Universe with the next highest Size Adjusted Income Score for that sector as of the relevant Observation Date. The new index composition becomes effective at the opening of the next Index Business Day after the Rebalancing Date.

Proforma data will be generated starting 8 Index Business Days prior to the Rebalance Date, based on data from the 18th Index Business Day prior to the Rebalance Date.

If there are no index constituents that cease to pay a dividend, identified as having an ESG controversy score of 5, or fall into a Business Activity or Sustainalytics' Global Standards Screening exclusionary category as of the relevant Observation Date in a specific month other than the reconstitution month, there will be no rebalance for that month and no proforma will be generated.

- The “**Observation Date**” is as of the close of trading on the 18th Index Business Day prior to the Rebalance Date.
- The “**Annual Reconstitution Observation Date**” is as of the close of trading on the 18th Index Business Day prior to the Reconstitution Date.
- The “**Rebalancing Reference Date**” or “**Reference Date**” for weighting occurs as of the close of the 18 Index Business Days prior to the Rebalance Date.



- The “**Rebalancing Effective Date**” or “**Rebalancing Date**” is after the close of the third Friday of the Rebalance Month effective at next day market open, or if such Friday is not an Index Business Day, the immediately preceding Index Business Day.
- The “**Reconstitution Date**” the 3<sup>rd</sup> Friday of February each year
- The “**Rebalance Month**” any month where an index constituent ceases to pay a dividend (this is established when the Indicated Dividend Yield is 0) or meets the Business Activities or UNGC exclusion criteria as of the relevant Observation Date.

Stocks are assigned index shares and rebalance weights using the closing prices as of the Reference Date. Because index shares are assigned based on prices eighteen (18) Index Business Days prior to the Rebalancing Date, the actual weight of each stock at the Rebalancing Date differs from its Final Stock Weight due to market movements.

### Additions and Deletions

Except for spin-offs, companies can only be added to an index during the rebalancing. Between Rebalancing Dates, deletions can occur due to acquisitions, mergers and spin-offs, or due to bankruptcies or suspensions. As the indices do not have a fixed number of constituents, additions to and deletions from an index may not be equal in number.

### Corporate Actions

Between two Rebalancing Dates the maintenance of index constituents is based on the following principle: all share and price adjustments that do not alter the membership of stocks in the universe or their risk characteristics do not lead to changes in the index value or composition. The section below details the maintenance rules for the most common corporate actions. If not explicitly mentioned in this document, index maintenance will follow the same principles as those for the Reference Index.

Corporate Action	Adjustment Made to Index	Divisor Adjustment?
Stock Split, Forward/Reverse	Market capital neutral treatment, share change offset by price adjustment	No
IWF Change	IWF changes do not affect index market capitalization as the AWF will adjust to negate any IWF changes	No
Share Issuance	Share changes do not affect index market capitalization as the AWF will adjust to negate any share changes	No
Rights Offering	If the rights are in the money, the spot price of the underlying security will be adjusted after market close of the day prior to the ex-date and the index shares of the underlying security will adjust to offset the price adjustment thus making the event a market cap neutral event.	No
Special Dividend	Price adjustment will be applied after market close on ex-date minus <sup>1</sup>	Yes
Delisting	The delisted security will be deleted from the index (at either the last traded price of a zero price).	Yes

Spin-off (Add Spin-Off)	S&P DJI practice is to follow a zero price spin off treatment. No Price Adjustment applied to the parent, the spinoff company is added to the index at price of zero and at the terms of the spinoff so it is market capitalization neutral on the ex-date (no divisor change). The spun-offs are added to the index. In the event that S&P DJI applies the event as a non-ZPSO event, the spun-off company is added to the index with respect to spinoff ratio. The spot price of the underlying security is adjusted after market close of the day prior to the ex-date by the closing spot price of the spunoff company multiplied by the spinoff ratio, thus making it a market cap neutral event. The divisor will not be adjusted.	No
M&A (constituent acquired for cash)	The acquired company is deleted from the index.	Yes
M&A (constituent acquired by another constituent for stock and or cash and stock)	The acquired company is deleted from the index. The shares outstanding and IWF of the acquirer will be adjusted with respect to the stock terms of the acquisition.	Yes

For more information on Corporate Actions, please refer to S&P DJI's Equity Indices Policies & Practices.

### Exchange Rate

WM/Reuters foreign exchange rates are taken daily at 04:00 PM London time and used in the calculation of the indices. These mid-market fixings are calculated by the WM Company based on Reuters' data and appear on Reuters pages WMRA.

### Currency of Calculation

Each index is calculated in USD. The Index is also calculated in currency hedged versions both in EUR and GBP.

Index	Currency
Fidelity U.S. Quality Income Index PR	USD
Fidelity U.S. Quality Income Index TR	USD
Fidelity U.S. Quality Income Index NR	USD
Fidelity U.S. Quality Income GBP Hedged Index PR	GBP
Fidelity U.S. Quality Income GBP Hedged Index TR	GBP
Fidelity U.S. Quality Income GBP Hedged Index NR	GBP
Fidelity U.S. Quality Income EUR Hedged Index PR	EUR
Fidelity U.S. Quality Income EUR Hedged Index TR	EUR
Fidelity U.S. Quality Income EUR Hedged Index NR	EUR

### Index Calendar

Every weekday except for Good Friday, Christmas and New Year's Day

**Other Adjustments**

In cases where there is no achievable market price for a stock being deleted, it can be removed at a zero or minimal price at the Index Committee's discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

# Index Data

## Calculation Return Types

S&P DJI calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P DJI.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close of the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions reinvest regular net cash dividends at the close of the ex-date with consideration for withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of the indices will be identical.

*For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P DJI's Equity Indices Policies & Practices Methodology located at [www.spdji.com](http://www.spdji.com).*

*For more information on the calculation of return types, please refer to S&P DJI's Index Mathematics Methodology located at [www.spdji.com](http://www.spdji.com).*

## Base Date and History Availability

Index history availability, Launch Date, Base Date and Launch Value are shown in the table below:

Index	Launch Date	Base Date	History Start Date	Base Value
Fidelity U.S. Quality Income Index PR	03-03-2017	29-12-2006	31-12-1996	100
Fidelity U.S. Quality Income Index TR	03-03-2017	29-12-2006	31-12-1996	100
Fidelity U.S. Quality Income Index NR	03-03-2017	29-12-2006	31-12-1996	100
Fidelity U.S. Quality Income GBP Hedged Index PR	25-02-2019	31-12-2002	31-12-2002	100
Fidelity U.S. Quality Income GBP Hedged Index TR	25-02-2019	31-12-2002	31-12-2002	100
Fidelity U.S. Quality Income GBP Hedged Index NR	25-02-2019	30-12-2002	30-12-2002	100
Fidelity U.S. Quality Income EUR Hedged Index PR	25-02-2019	31-12-2002	31-12-2002	100
Fidelity U.S. Quality Income EUR Hedged Index TR	25-02-2019	31-12-2002	31-12-2002	100
Fidelity U.S. Quality Income EUR Hedged Index NR	25-02-2019	30-12-2002	30-12-2002	100

All information presented prior to the inception date ("Launch Date") is back-tested.

# Index Governance

## Index Committee

S&P DJI's S&P Custom BA Index Committee ("Index Committee") maintains the Fidelity U.S. Quality Income Indices. The Index Committee meets at regular intervals. At each meeting, the Index Committee reviews matters that may affect the indices, including the Methodology, constituents and any significant market events. In addition, the Index Committee may revise index policy and procedures.

S&P DJI considers information regarding changes to the Indices and related matters to be potentially market moving and material; therefore, all Index Committee discussions are confidential.

*For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P DJI's Equity Indices Policies & Practices document located here [www.spdji.com](http://www.spdji.com).*

# Index Policy

## Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily to Fidelity and authorized clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

The Index Administrator shall review the Index Methodology periodically for best practices, and any material changes shall be announced ahead of time via its website and/or via email.

The index Methodology is reviewed by the Index Committee as part of the regular index rebalancing process, as well as on at least an annual basis, to ensure that the Methodology is being applied consistently and allows the index to achieve its stated objective. These reviews may highlight situations where changes to the Methodology are necessary to reflect changes in the underlying market.

*For more information, please refer to the Announcements section of S&P DJI's Equity Indices Policies & Practices document located here [www.spdji.com](http://www.spdji.com)*

## Pro-forma Files

In addition to the corporate events file (.SDE), S&P DJI provides constituent pro-forma files each time an index rebalances. The pro-forma file is typically provided daily in advance of the Rebalance Date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalance. As index shares are assigned based on prices prior to the rebalance, the actual weight of each stock at the rebalance differs from these weights due to market movements.

## Holiday Schedule

Each index is calculated on each day that is an Index Business Day.

## Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on the scheduled Rebalancing Date. Any such change will be announced with proper advance notice where possible.

## Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P DJI's Equity Indices Policies & Practices document located here [www.spdji.com](http://www.spdji.com).

## Recalculation Policy

For information on the recalculation policy, please refer to S&P DJI's Equity Indices Policies & Practices document located here [www.spdji.com](http://www.spdji.com).

*For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P DJI's Equity Indices Policies & Practices document located here [www.spdji.com](http://www.spdji.com).*

## Index Dissemination

Index levels are available through S&P DJI's here [www.spdji.com](http://www.spdji.com), and major quote vendors (see codes below).

### Tickers

The table below lists headline indices covered by this document.

Index	Return Type	Bloomberg	Real Time
Fidelity U.S. Quality Income Index PR	Price Return	FIDUSQIP	-
Fidelity U.S. Quality Income Index TR	Total Return	FIDUSQIT	-
Fidelity U.S. Quality Income Index NR	Net Total Return	FIDUSQIN	-
Fidelity U.S. Quality Income GBP Hedged Index PR	Price Return	FIDUSQBP	-
Fidelity U.S. Quality Income GBP Hedged Index TR	Total Return	FIDUSQPT	-
Fidelity U.S. Quality Income GBP Hedged Index NR	Net Total Return	FIDUSQPN	-
Fidelity U.S. Quality Income EUR Hedged Index PR	Price Return	FIDUSQEP	-
Fidelity U.S. Quality Income EUR Hedged Index TR	Total Return	FIDUSQET	-
Fidelity U.S. Quality Income EUR Hedged Index NR	Net Total Return	FIDUSQEN	-

### SFTP

Daily stock level and index data are available via SFTP subscription.

### Web site

For further information, please refer to <https://www.spglobal.com/spdji/en/custom-indices/fidelity/#overview>



## Appendix I – Defined Terms

“**Annual Reconstitution Observation Date**” has the meaning given to such term in Index Construction.

“**Composite Quality Score**” has the meaning given to such term in Index Construction.

“**Equal Excess Weighting**” has the meaning given to such term in Index Construction.

“**Final Selection**” has the meaning given to such term in Index Construction.

“**Income Score**” has the meaning given to such term in Index Construction.

“**Index Business Day**” means every weekday except for Good Friday, Christmas and New Year’s Day each day.

“**Industry**” has the meaning given to such term in the S&P Dow Jones Indices’ Global Industry Classification Standard (GICS) Methodology

“**Observation Date**” has the meaning given to such term in Index Construction.

“**Selection Universe**” has the meaning given to such term in Eligibility Criteria.

“**Size Adjusted Income Score**” has the meaning given to such term in Index Construction

“**Size Factor Score**” has the meaning given to such term in Index Construction.

“**Rebalancing Date**” has the meaning given to such term in Index Construction.

“**Rebalancing Reference Date**” has the meaning given to such term in Index Maintenance.

“**Reconstitution Date**” has the meaning given to such term in Index Construction.

“**Rebalance Month**” has the meaning given to such term in Index Construction.

## Appendix II – Methodology Changes

In calculating and determining the value of each index, S&P DJI will, subject as provided below, use the Methodology and its interpretation of such Methodology shall be conclusive and binding. While S&P DJI uses the Methodology described in this document to calculate each index, no assurance can be given that market, regulatory, juridical, financial, fiscal or other circumstances (including, but not limited to, any changes to or any suspension or termination of any constituent of an index or any other events affecting transactions on the same or similar terms to any constituent of an index) will not arise that would, in the view of S&P DJI, necessitate or make desirable a modification of or change to such Methodology (including, but without limitation, a change in the frequency of calculation of any index level) in order for each index to continue being calculated and determined notwithstanding the relevant circumstances S&P DJI shall be entitled to make any such modification or change in its sole discretion.

S&P DJI shall be entitled to make such modifications and/or changes to the Methodology as it, in its sole discretion, deems necessary or desirable, including (without limitation):

- i. To correct any manifest error or proven error or to cure, correct or supplement any ambiguity or defective provision contained in this Methodology; and/or
- ii. To preserve the intended index objective, where such modification and/or change is of a formal, minor or technical nature; and/or
- iii. To take into account any change in the terms (whether in relation to settlement mechanics or otherwise) on which relevant instruments concerning any index constituent are traded.

In deciding what is necessary or desirable, S&P DJI will consider and/or take into account what it determines to be the intended objective of the index.

In making any such modifications, however S&P DJI will (x) ensure that such modifications or changes pursuant to this section “Change in Methodology” will result in a methodology that, in S&P DJI’s sole determination, is consistent with the intended objective of the Methodology described herein and (y) limit any such modification or change to the index rules and/or method of calculating any index Level(s).

All proposals to discontinue an index are assessed to determine any potential impact on the market. S&P DJI may at its option, consult with market participants regarding the index termination.

Methodology changes since 29<sup>th</sup> of March, 2021 are as follows:

Change	Effective Date (After Close)	Methodology	
		Previous	Updated
Rebalance Reference Date	21-Aug-2023	occurs as of the close of the 8th Index Business Days prior to the Rebalance Date	occurs as of the close of the 18th Index Business Days prior to the Rebalance Date
Additional Business	25-May-2023	NA	Companies with these business activities, as of each Observation Date, will also be excluded from the

# S&P Dow Jones Indices

Activity Exclusions			<p>Selection Universe. The specific proxy and level of involvement threshold that will be used to determine exclusion for each additional category are outlined below:</p> <table border="1" data-bbox="954 409 1507 646"> <thead> <tr> <th>Category of Involvement</th> <th>Sustainalytics Category of Involvement Description</th> <th>Sustainalytics Involvement Proxy</th> <th>Level of Involvement Threshold</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Adult Entertainment</td> <td>The company is involved in the production of Adult Entertainment.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td>The company is involved in the distribution of Adult Entertainment.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td rowspan="3">Alcohol</td> <td>The company is involved in the production of alcoholic beverages.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td>The company is involved in the retail of alcoholic beverages.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td>The company supplies alcoholic beverage related products/services.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td rowspan="2">Pesticides</td> <td>The company is involved in the production of pesticides.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td>The company is involved in the retail of pesticides.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td rowspan="4">Cannabis</td> <td>The company is involved in the production of cannabis for recreational use.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td>The company is involved in the retail of cannabis for recreational use.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td>The company is involved in the production of cannabis for medicinal use.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td>The company is involved in the retail of cannabis for medicinal use.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td rowspan="2">Gambling</td> <td>The company derives revenue from gambling operations.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td>The company supplies specialized gambling equipment.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td>Palm Oil</td> <td>The company supplies gambling supporting products/services.</td> <td>Revenue</td> <td>2</td> </tr> <tr> <td></td> <td></td> <td></td> <td>The company is involved in the production and/or distribution of Palm Oil.</td> <td>Revenue</td> <td>2</td> </tr> </tbody> </table>	Category of Involvement	Sustainalytics Category of Involvement Description	Sustainalytics Involvement Proxy	Level of Involvement Threshold	Adult Entertainment	The company is involved in the production of Adult Entertainment.	Revenue	2	The company is involved in the distribution of Adult Entertainment.	Revenue	2	Alcohol	The company is involved in the production of alcoholic beverages.	Revenue	2	The company is involved in the retail of alcoholic beverages.	Revenue	2	The company supplies alcoholic beverage related products/services.	Revenue	2	Pesticides	The company is involved in the production of pesticides.	Revenue	2	The company is involved in the retail of pesticides.	Revenue	2	Cannabis	The company is involved in the production of cannabis for recreational use.	Revenue	2	The company is involved in the retail of cannabis for recreational use.	Revenue	2	The company is involved in the production of cannabis for medicinal use.	Revenue	2	The company is involved in the retail of cannabis for medicinal use.	Revenue	2	Gambling	The company derives revenue from gambling operations.	Revenue	2	The company supplies specialized gambling equipment.	Revenue	2	Palm Oil	The company supplies gambling supporting products/services.	Revenue	2				The company is involved in the production and/or distribution of Palm Oil.	Revenue	2
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Exclusions Based on Sustainalytics' Controversy Rating	25-May-2023	NA	S&P DJI will exclude those companies from the Selection Universe that are identified as having a Sustainalytics Controversy Rating of 5 as of the Observation Date.																																																										
Treatment of Missing Business Activities, Controversy Rating, ESG Risk Rating, and Global Standards Screening Data	25-May-2023		S&P DJI will exclude those companies from the Selection Universe that do not have Sustainalytics' Product Involvement, Controversies Research, ESG Risk Rating, or Global Standards Screening data coverage.																																																										
ESG Risk Rating Exposure	25-May-2023	NA	The index-level exposure to Index Constituents with Sustainalytics ESG Risk Ratings that are less than 30 will be assessed. If the total weight attributed to this group is <50%, the weight of the group with Sustainalytics ESG Risk Ratings less than 30 will be increased to 50% of the index's weight in proportion to their weights, and the weight of those Index Constituents with Sustainalytics ESG Risk Ratings of 30 or more will be reduced to 50% of the index's weight in proportion to their weights. Increasing or reducing the respective weights of index constituents will not occur if the total weight attributed to Index Constituents with Sustainalytics ESG Risk Ratings that are less than 30 is above or equal to 50% or if there are no constituents with an ESG Risk Rating less than 30 in the Final Selection.																																																										
Sustainable Exposure	25-May-2023	NA	Fidelity has created a framework to assess an index constituent's sustainability factors as part of these changes. The index-level exposure to index constituents deemed 'sustainable' will be assessed. Fidelity will score index constituents deemed sustainable according to the sustainability factors and definitions under that framework with a score of 1 and those deemed unsustainable with a score of 0.																																																										

# S&P Dow Jones Indices

			<p>If the sum of index weights of sustainable index constituents is below X, but greater than zero, their weights will be increased to X and the remaining portion of the index's weights will be reduced to Y. Increasing and reducing index weights will not occur if there are no sustainable companies in the Final Selection. The table below defines X and Y for the impacted indices:</p> <table border="1"> <thead> <tr> <th>Index Methodology</th> <th>X</th> <th>Y</th> </tr> </thead> <tbody> <tr> <td>Fidelity Emerging Markets Quality Income Methodology</td> <td>1%</td> <td>9%</td> </tr> <tr> <td>Fidelity Global Quality Income Methodology, Fidelity US Quality Income Methodology, Fidelity Europe Quality Income Methodology</td> <td>10%</td> <td>9%</td> </tr> </tbody> </table>	Index Methodology	X	Y	Fidelity Emerging Markets Quality Income Methodology	1%	9%	Fidelity Global Quality Income Methodology, Fidelity US Quality Income Methodology, Fidelity Europe Quality Income Methodology	10%	9%
Index Methodology	X	Y										
Fidelity Emerging Markets Quality Income Methodology	1%	9%										
Fidelity Global Quality Income Methodology, Fidelity US Quality Income Methodology, Fidelity Europe Quality Income Methodology	10%	9%										
Rebalancing Modification	25-May-2023	<p>The index is fully reconstituted on an annual basis as of the close of the 3rd Friday of February. In addition to the annual reconstitution, the index will be rebalanced each month in the event that any index constituent ceases to pay a dividend (this is established when the Indicated Dividend Yield is 0) or falls into a Business Activity or UNGC exclusionary category, as of the relevant monthly Observation Date. As of the close of the 3rd Friday of each month, the index is rebalanced, removing stocks that have eliminated dividends or have fallen into a Business Activity or UNGC exclusionary category and replaced with stocks from the Selection Universe with the next highest Size Adjusted Income Score for that group as of the relevant monthly Observation Date. The new index composition becomes effective at the opening of the next Index Business Day after the Rebalancing Date. Proforma data will be generated starting eight Index Business Days prior to the Rebalance Date, based on data from the 18th Index Business Day prior to the Rebalance Date.</p> <p>If there are no index constituents that cease to pay a dividend or fall into a Business Activity or UNGC exclusionary category as of the relevant Observation Date in a specific month other than the reconstitution month, there will be no</p>	<p>The index is fully reconstituted on an annual basis as of the close of the 3rd Friday of February. In addition to the annual reconstitution, the index will be rebalanced each month in the event that any index constituent ceases to pay a dividend (this is established when the Indicated Dividend Yield is 0), is identified as having an ESG controversy score of 5, or falls into a Business Activity, Sustainalytics' Global Standards Screening exclusionary category, as of the relevant Observation Date. As of the close of the 3rd Friday of each month, the index is rebalanced, removing stocks that have eliminated dividends, have been identified as having an ESG controversy score of 5, or have fallen into a Business Activity, or Sustainalytics' Global Standards Screening exclusionary category and replaced with stocks from the Selection Universe with the next highest Size Adjusted Income Score for that group as of the relevant monthly Observation Date. The new index composition becomes effective at the opening of the next Index Business Day after the Rebalancing Date.</p> <p>Proforma data will be generated starting eight Index Business Days prior to the Rebalance Date, based on data from the 18th Index Business Day prior to the Rebalance Date.</p> <p>If there are no index constituents that cease to pay a dividend, have been identified as having an ESG controversy score of 5, or fall into a Business Activity, or Sustainalytics' Global Standards Screening exclusionary category as of the relevant Observation Date in a specific month other than the reconstitution month, there will be no rebalance for that month and no proforma will be generated.</p>									

# S&P Dow Jones Indices

		rebalance for that month and no proforma will be generated.	
Index Eligibility for Companies in Relation to Arctic Oil & Gas Exploration Extraction	15-Apr-2022	–	Companies must generate less than 5% of their revenue from Arctic Oil & Gas Exploration Extraction.
Index Eligibility for Companies in Relation to Oil Sands Extraction	15-Apr-2022	–	Companies must generate less than 5% of their revenue from Oil Sands Extraction.
Rebalancing	15-Apr-2022	<p>The index is fully reconstituted on an annual basis as of the close of the third Friday of February. In addition to the annual reconstitution, the index will be rebalanced each month in the event that any index constituent ceases to pay a dividend (this is established when the Indicated Dividend Yield is 0), as of the relevant Observation Date. As of the close of the third Friday of each month, the index is rebalanced, removing stocks that have eliminated dividends and replacing them with stocks with the next highest Size Adjusted Factor Score for that sector as of the relevant Observation Date. The new index composition becomes effective at the opening of the next Index Business Day after the Rebalancing Date.</p> <p>Proforma data will be generated starting eight Index Business Days prior to the Rebalance Date, based on data from the 18th Index Business Day prior to the Rebalance Date.</p> <p>If there are no index constituents that cease to pay a dividend as of the relevant Observation Date in a specific month other than the reconstitution month, there will be no rebalance for that month and no proforma will be generated.</p>	<p>The index is fully reconstituted on an annual basis as of the close of the third Friday of February. In addition to the annual reconstitution, the index will be rebalanced each month in the event that any index constituent ceases to pay a dividend (this is established when the Indicated Dividend Yield is 0) or falls into a Business Activity or UNGC exclusionary category, as of the relevant Observation Date. As of the close of the third Friday of each month, the index is rebalanced, removing stocks that have eliminated dividends or have fallen into a Business Activity or UNGC exclusionary category and replacing them with stocks with the next highest Size Adjusted Factor Score for that sector as of the relevant Observation Date. The new index composition becomes effective at the opening of the next Index Business Day after the Rebalancing Date.</p> <p>Proforma data will be generated starting eight Index Business Days prior to the Rebalance Date, based on data from the 18th Index Business Day prior to the Rebalance Date.</p> <p>If there are no index constituents that cease to pay a dividend or fall into a Business Activity or UNGC exclusionary category as of the relevant Observation Date in a specific month other than the reconstitution month, there will be no rebalance for that month and no proforma will be generated.</p>

## Appendix III – EU ESG Disclosure

### EU Required ESG Disclosures

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY <sup>9</sup>			
1.	Name of the benchmark administrator.	S&P DJI Netherlands B.V.	
2.	Underlying asset class of the ESG benchmark. <sup>10</sup>	Equity	
3.	Name of the benchmark or family of benchmarks.	<a href="#">Fidelity Equity Index Family Benchmark Statement</a>	
4.	Do any of the indices maintained by this methodology take into account ESG factors?	Yes	
5.	If the response to (4) is “Yes” the indices stated here take into account ESG factors.	For a list of the benchmarks within this family that take in account ESG factors, please refer to the <a href="#">SPDJI Custom BA for Fidelity Regulatory Report</a>	
6.	Where the response to (4) is ‘Yes’, the section below lists those ESG factors that are taken into account by the ESG indices governed by the methodology, including those ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816.		
		<b>ESG Factor<sup>11</sup></b>	<b>S&amp;P DJI ESG Factor</b>
6.a	<b>List of environmental factors considered</b>	N/A	Business Activities: Thermal Coal
			<b>Comment</b> Exclusion. For more information, please refer to the ‘Index Construction’ section of the Index methodology.

<sup>9</sup> The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology.

<sup>10</sup> The ‘underlying assets’ are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

<sup>11</sup> ‘ESG factors’ are defined in Annex II of European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY <sup>9</sup>			
	N/A	Business Activities: Arctic Oil & Gas Exploration Extraction	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	N/A	Business Activities: : Oil Sands Extraction	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	N/A	Business Activities: <i>Pesticides</i>	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	N/A	Business Activities: Palm Oil	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	N/A	Business Activities: ESG Risk Rating Exposure	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	N/A	Business Activities: Sustainable Exposure	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
<b>6.b List of social factors considered.</b>	International treaties and conventions, United Nations principles or, where applicable, national law used in order to determine what constitutes a 'controversial weapon'.	Business Activities: <i>Controversial Weapons</i>	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	Weighted average percentage of benchmark constituents in the controversial weapons sector.	Business Activities: <i>Controversial Weapons</i>	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	Weighted average percentage of benchmark constituents in the tobacco sector.	Business Activities: <i>Tobacco</i>	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.



## EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY<sup>9</sup>

	Number of benchmark constituents subject to social violations (absolute number and relative divided by all benchmark constituents), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.	UNGC Non-Compliant Companies	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	N/A	Business Activities: <i>Small Arms</i>	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	N/A	Business Activities: <i>Military Contracting</i>	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	N/A	Business Activities: <i>Adult Entertainment</i>	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	N/A	Business Activities: <i>Alcohol</i>	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	N/A	Business Activities: <i>Cannabis</i>	Exclusion. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	N/A	ESG Risk Rating Exposure	Weighting. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.
	N/A	Sustainable Exposure	Weighting. For more information, please refer to the ' <i>Index Construction</i> ' section of the Index methodology.



<b>EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL &amp; GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY<sup>9</sup></b>			
<b>6.c</b> List of governance factors considered.	N/A	ESG Risk Rating Exposure	Weighting. For more information, please refer to the 'Index Construction' section of the Index methodology.
	N/A	Sustainable Exposure	Weighting. For more information, please refer to the 'Index Construction' section of the Index methodology.
<b>7.</b>	<b>Data and standards used.</b>		
<b>7.a</b>	<b>Data sources, verification and quality of data.</b>	<p>The data sets are defined as either:</p> <ul style="list-style-type: none"> <li>- <b>Reported:</b> All data in the dataset are provided as disclosed by companies, or as stated in the public domain.</li> <li>- <b>Modeled:</b> All data are derived using a proprietary modeling process with only proxies used in the creation of the dataset.</li> <li>- <b>Reported and Modeled:</b> The dataset is either a mix of reported and modeled data or is derived by the vendor using reported data/information in a proprietary scoring or determination process.</li> </ul> <p>The index methodology uses the following ESG data sets.</p>	
	<b>Data Source:</b>	<b>Data Set:</b>	
	<b>Sustainalytics</b> (external data source)	<p>This methodology uses the following datasets provided by Sustainalytics, a global leader in sustainability research and analytics:</p> <ul style="list-style-type: none"> <li>• Business Activities (Reported and Modeled) – Product involvement data</li> <li>• Global Standards Screening (Reported and Modeled)</li> <li>• ESG Risk Ratings (Reported and Modeled)</li> <li>• Controversy Rating (Reported and Modeled)</li> </ul> <p><i>For more information, please refer to <a href="http://www.sustainalytics.com">www.sustainalytics.com</a></i></p>	
	<b>Fidelity:</b> (external data source)	<p>This methodology uses the following datasets provided by Fidelity:</p> <ul style="list-style-type: none"> <li>• Sustainable Investment Tags (Reported and Modeled)</li> </ul> <p><i>For more information on this dataset, please Appendix V of this methodology</i></p>	
<b>7.b</b>	<b>Verification and quality of data.</b>	<p>The data quality process involves regular reviews of new data received, and includes comparison with previous data, outlier and error checks and escalation of suspect data to data vendors. S&amp;P DJI also holds regular feedback sessions with data partners and vendors to share any quality concerns and to remedy any issues that are observed during data validations performed by the Global Data Management Team. In addition, all users of third-party data perform their own review of data used in the maintenance of indices. Many of the third-party data used by S&amp;P DJI is reviewed against secondary and tertiary data sources for cross comparison and validation. Some more thematic or specific datasets may not have a comparable data source that can be used for comparison, but these</p>	

<b>EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL &amp; GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY<sup>9</sup></b>		
		datasets are still reviewed for internal consistency and self-comparison over time.
7.c	<b>Reference standards.</b>	Whilst there are no specific reference standards that apply to the data, where possible, S&P DJI uses international sustainability disclosure frameworks such as, SASB, GRI, UN Global Compact and the recommendations of the Financial Stability Board’s Task Force for Climate-related Financial Disclosures as published in the 2017 Final Report.
<b>Appendix latest update:</b>		August 2024
<b>Appendix first publication:</b>		March 2021

## Appendix V – Sustainable Exposure Definitions

Fidelity has created the following framework<sup>12</sup> to identify index constituents deemed a ‘sustainable investment’. A ‘sustainable investment’ is defined as an index constituent that passes several test criteria. The Sustainable Investments definition is derived from three different components using five different data sets as outlined in Table 1.

**Table 1: Sustainable Investment (‘SI’) Definition**

Test	Data Sets	Vendor	Test Criteria (Eligibility for SI)
Economic Activities Contributing to an Environmental or Social Objective	Business Activity % Revenue	Fidelity, RBICS (FactSet)	Aggregate of ≥50% revenue tied to specified activities
Do No Significant Harm to Environmental or Social Objectives	SFDR PAI Screen	Sustainalytics	The sum of company scores in all 12 PAI criteria (as shown in Table 2) are summed to one company-level score. Companies with a company-level score in the worst decile are excluded.
		Product Involvement Screen	Sustainalytics Not screened by specified involvement thresholds (see Table 3).
Good Governance Practices		ESG Risk Rating	Sustainalytics Not "High" or "Severe" rated
		Controversies	Sustainalytics Not rated "5"

### Economic Activities Contributing to an Environmental or Social Objective

Companies identified using the RBICS Business Activity dataset as having at least 50% of their revenues (for the latest financial year data available) as tied to specified activities are determined to contribute to an environmental or social objective. Fidelity has identified the specific RBICs Level 6 classifications considered as contributing to an Environmental or a Social objective. These classifications were determined by Fidelity to be relevant to any of the UN Sustainable Development Goals (‘UN SDGs’).

A list of all relevant RBICS Level 6 codes deemed to be related to either Environmental or Social objectives is available on request from S&P DJI and subject to the Index Owner’s approval<sup>13</sup>. This list is reviewed on a periodic basis for any new RBICS Level 6 codes or any additional codes that relate to the UN SDGs.

For more information on RBICS, please refer [here](#).

### Do No Significant Harm to Environmental or Social Objectives

Companies are assessed for whether they are deemed to do significant harm to environmental/social objectives. This assessment uses the scoring process that uses the Sustainalytics SFDR Principal Adverse Impact (‘PAI’) data points as described in Table 2. Companies are assessed against 12 criteria and assigned a score based on their impacts relating to the specific PAI. The sum of company scores in all 12 criteria are summed to one company-level score. Companies with a company-level score in the highest decile fail the SFDR PAI Screen test

<sup>12</sup> For more information about this Framework, you can contact: [FidelityProprietaryIndexTeam@fmr.com](mailto:FidelityProprietaryIndexTeam@fmr.com).

<sup>13</sup> Requests can be made to S&P DJI ([BenchmarkAdministration@spglobal.com](mailto:BenchmarkAdministration@spglobal.com)) and will be subject to the approval of Fidelity.

and are excluded from eligibility as a sustainable investment. A more detailed version of the table is available on request from S&P DJI and subject to the Index Owner's approval<sup>14</sup>

**Table 2: Sustainalytics SFDR PAI**

Adverse impact indicator	Data Point	Description	
GHG Emissions	Carbon Footprint	Carbon - Total Emissions Scope 1&2-SFDR	Scope 1 + 2 GHG Emissions in metric tonnes (CO <sub>2</sub> e).
	GHG Intensity of investee companies	Carbon Intensity_Scope 1&2_EUR-SFDR	This metric assesses the carbon intensity in terms of scope 1 and 2 emissions for a given company, expressed in terms of metric tonnes (CO <sub>2</sub> e) per million Euro of revenues.
	Exposure to companies active in the fossil fuel sector	Involved in Fossil Fuels-SFDR	Identifies involvement in fossil fuels
	Share of non-renewable energy consumption	Share of Non-Renewable Energy Consumption_Percentage-SFDR	This metric assesses the share of non-renewable energy consumption.
Biodiversity	Activities negatively affecting biodiversity-sensitive areas	Activities Negatively Affecting Biodiversity Areas-SFDR	Binary flag signaling whether the company is involved in activities that negatively affect biodiversity areas.
Water	Emissions to water	Emissions to Water_Tonnes-SFDR	This metric assesses the total volume of emission generated by the entity and discharged to water bodies. The volume is reported in metric tons.
Waste	Hazardous waste ratio	Hazardous Waste Production_Tonnes-SFDR	This metric assesses the volume of total hazardous waste generated by the entity. Where total hazardous waste means hazardous waste plus radioactive waste (for which all reported levels should be taken into consideration). The volume is reported in metric tons.
Social and Employee Matters	Violations of UN Global Compact principles and Organization for Economic	Breach of UN Global Compact Principles & OECD Guidelines for	This metric assesses the presence or absence of violations of UN Global Compact Principles & OECD

<sup>14</sup> Requests can be made to S&P DJI ([BenchmarkAdministration@spglobal.com](mailto:BenchmarkAdministration@spglobal.com)) and will be subject to the approval of Fidelity.

<sup>15</sup> As defined by the Sustainalytics SFDR dataset.

	Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Multinational Enterprises-SFDR	Guidelines for Multinational Enterprises.
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Lack of Policies to Monitor Compliance with UN Global Compact Principles & OECD Guidelines for Multinational Enterprises-SFDR	Binary flag signaling whether the company has processes and compliance mechanisms to monitor compliance with UN Global Compact (UNGC) Principles.
	Unadjusted gender pay gap	Unadjusted Gender Pay Gap_Percentage of Male Employees Gross Hourly Earnings-SFDR	This metric assesses the difference between the average gross hourly earnings of female employees and the average gross hourly earnings of male employees, expressed as a percentage of the average gross hourly earnings of male employees.
	Board Gender Diversity	Board Gender Diversity_Percentage of Female Board Members-SFDR	This metric assesses the percentage of board members that are female.
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Controversial Weapons (SFDR Definition)- Evidence of Activity-SFDR	Binary flag signaling whether the company is involved in controversial weapons.

Companies without dataset coverage are ineligible for consideration as sustainable investments in this framework.

For more information on the Sustainalytics SFDR PAI dataset, please refer to <https://www.sustainalytics.com/>

In addition, a Product Involvement Screen is applied to all companies as defined in Table 3. Companies identified as deriving more than the stated threshold level of revenues from the associated business activities are categorized as having negative impacts to environmental or social objectives and therefore fail this associated test criteria.

**Table 3: Product Involvement Screen**

Companies with the following business activities are excluded from eligibility as a sustainable investment.

Category of Involvement	Sustainalytics Category of involvement Description	Sustainalytics Involvement Proxy	Level of involvement Threshold
<b>Controversial Weapons</b>	Tailor-made and essential: The company is involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.	N/A	>0%
<b>Military Contracting</b>	Weapons: The company manufactures military weapon systems and/or integral, tailor-made components or these weapons.	Revenue	≥5%
	Weapon-related products and/or services: The company provides tailor-made products and/or services that support military weapons.		
<b>Small Arms</b>	Civilian customers (Assault weapons): The company manufactures and sells assault weapons to civilian customers.	Revenue	>0%
	Retail/distribution (Assault weapons): The company is involved in the retail and/or distribution of assault weapons.		≥5%
<b>Thermal Coal</b>	Extraction: The company extracts thermal coal.	Revenue	≥5%
	Power Generation: The company generates electricity from thermal coal.		
<b>Arctic Oil &amp; Gas Exploration Extraction</b>	The company is involved in oil and gas exploration in Arctic regions.	Revenue	≥5%
<b>Oil Sands Extraction</b>	The company extracts oil sands.	Revenue	≥5%
<b>Tobacco Products</b>	Retail: The company derives its revenues from the distribution and/or retail sale of tobacco products.	Revenue	≥5%
	Related Products/Services: The company supplies tobacco-related products/services.		≥5%
	Production: The company manufactures tobacco products.		>0%
<b>Adult Entertainment</b>	The company is involved in the production of Adult Entertainment.	Revenue	≥5%
	The company is involved in the Distribution of Adult Entertainment.		≥5%
<b>Alcohol</b>	The company is involved in the production of alcoholic beverages.	Revenue	≥10%
	The company is involved in the retail of alcoholic beverages.		≥10%
	The company supplies alcoholic beverage related products/services.		≥10%
<b>Pesticides</b>	The company is involved in the production of pesticides.	Revenue	≥5%
	The company is involved in the retail of pesticides.		≥10%
<b>Cannabis</b>	The company is involved in the production of cannabis for recreational use.	Revenue	≥5%
	The company is involved in the retail of cannabis for recreational use.		≥5%
	The company is involved in the production of cannabis for medicinal use.		≥5%
	The company is involved in the retail of cannabis for medicinal use.		≥5%
<b>Gambling</b>	The company derives revenue from gambling operations.	Revenue	≥5%
	The company supplies specialized gambling equipment.		≥5%

	The company supplies gambling supporting products/services.		≥5%
<b>Palm Oil</b>	The company is involved in the production and/or distribution of Palm Oil.	Revenue	≥5%

Companies without dataset coverage are ineligible for consideration as sustainable investments in this framework.

For more information on the Sustainalytics Product Involvement dataset, please refer to <https://www.sustainalytics.com/>.

### Good Governance Practices

Companies are assessed against a specified criteria to determine if they have sufficiently good governance to be deemed eligible for consideration as a sustainable investment. Companies are deemed to display good governance practices if they are not assigned a “High” or “Severe” ESG Risk Rating, or a Controversies Score of “5”.

Companies without dataset coverage are ineligible for consideration as sustainable investments in this framework.

For more information on the Sustainalytics ESG Risk Ratings and Controversies Scores datasets, please refer to <https://www.sustainalytics.com/>.

### Sustainable Investments

All companies that pass the tests described in this Appendix V are deemed sustainable investments. The sustainable investment assessment steps outlined in this appendix (Appendix V) are carried out by Fidelity.

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