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Net Zero Transition Plan

1. Our Ambition

Fidelidade Group, boasting a history spanning two centuries, is the outcome of mergers among prominent Portuguese insurers. Today, it is the market leader in the Portuguese insurance market, covering both Life and Non-Life, and has expanded internationally, with presence across four different continents, fortifying its resilience and paving the way for future growth.

Given global rapidly evolving dynamics, challenges like climate change and environmental degradation pose substantial consequences for the global economy, society, our planet, and future generations. These threats posed by climate change are multifaceted and profound.

To address them, companies and countries are adopting strategies to reduce emissions and align with the Intergovernmental Panel on Climate Change (IPCC) 1.5-degree scenario. This involves transitioning to clean energy sources, implementing sustainable practices, and setting emission reduction targets. Additionally, international agreements like the Paris Agreement guide global efforts to limit warming and mitigate these challenges. Such actions aim to ensure a more sustainable and resilient future for society and the planet.

The urgency to transition towards a more sustainable planet is clear, but progress has been inadequate. The Third Part of the Sixth Assessment Report by the IPCC in April 2022 underscored the need for drastic emissions reductions to avoid irreversible damage.

The insurance industry plays a fundamental role in addressing climate change by enhancing the resilience of society and the economy to climate-related risks. Recognizing this responsibility, Fidelidade Group, is fully dedicated to aligning its business practices with the goals of the Paris Agreement, striving to limit global temperature rise to 1.5°C above pre-industrial levels. We are committed to taking decisive action through medium- and long-term low-emission development strategies, in line with our mission to foster a sustainable society.

2. Risks and Opportunities Assessment

As we navigate the ever-pressing environmental challenges of our time, Fidelidade recognizes the urgency of taking proactive measures to address the imminent threats posed by climate change. Climate change is currently one of the great challenges facing the insurance sector. It materializes both in physical risks, resulting from the increase in the frequency and severity of extreme phenomena, and in transition risks due to the actions necessary for the development of a global low/carbon neutral economy.

In response to this critical issue, Fidelidade has embarked on a transformative journey by laying the foundation for a Net Zero-aligned strategy. Our foremost objective is to curtail emissions significantly, not only to minimize our own climate impact but also to actively participate in the global endeavor to combat climate change. This strategic emphasis aligns with the growing commitment within the industry to confront this shared challenge and institute comprehensive Net-Zero plans.

As part of our commitment to responsible and sustainable practices, we have taken our first step toward understanding our exposure to these risks through our exhaustive portfolio baselining exercise. This rigorous evaluation process has laid the groundwork for the establishment of Net Zero-aligned emission reduction targets (detailed further). With these targets in place, we are poised to proactively reduce our emissions and drive progress toward a more sustainable future.

In 2022, Fidelidade also incorporated climate risk analysis into the Own Risk Solvency Assessment (ORSA) regulatory submission. This involved a qualitative evaluation of the significance of potential risks stemming from climate change, including physical and transition risks. A quantitative assessment on our exposure to transition risks was performed by mapping the investment portfolio to “climate policy relevant sectors” (e.g., Fossil Fuels, Energy Intensive, Buildings). This exercise allowed us to identify the share of our portfolio that falls into this sensitive perimeter. Going forward we intend to delve further into these areas, to evolve the analysis from exposure to impacts, aiming at assessing potential losses resulting from climate change impacts, in line with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. Our commitment to environmental sustainability remains resolute, and we are dedicated to playing a meaningful role in addressing the pressing challenges of our time. It is part of the responsibility of entities such as the Fidelidade Group to encourage the generation of knowledge that supports society in preparing for the impact of climate change.

3. Governance, Climate Strategy and Policies

In 2022, we embarked on a transformative journey towards sustainability, recognizing its global importance. Fidelidade’s approach to sustainability is comprehensive and deeply integrated into its overall company strategy, governance structure and decision-making processes. This commitment reflects the organization’s recognition of sustainability as a fundamental driver of long-term success and responsible business practices.

To drive sustainability efforts, a dedicated Sustainability Division was created to oversee and integrate sustainability into daily operations. This division reports directly to Fidelidade’s CEO and collaborates with all other divisions and group companies. Fidelidade’s sustainability strategy and objectives (incl. Net Zero and climate risk management) are regularly monitored and reviewed and overseen by the Executive Committee based on recommendations from the Sustainability Division. In addition, a Sustainability Committee has been established to facilitate discussions, monitor key sustainability issues, and make critical decisions.

Our sustainability journey is supported by several key enablers:

- i. **Policy Framework:** Policies with a sustainability focus are reviewed and established, including Sustainability Policy, Environment and Climate Policy, Responsible Investment Policy, Sustainable Procurement Policy, Code of Conduct for Suppliers, Risk Management Policy and Policy for the Design and Approval of Products.
- ii. **Transparent Processes & Communication:** Our processes are adapted to promote transparency, ethics, and respect for stakeholders. Transparency is crucial to us, and we improve communication and reporting to build trust. Regular, transparent, and clear communication on sustainability is prioritized because it fosters trust and accountability. Ethics are integral to all our processes, influencing how employees behave and how we manage business relationships. Most importantly, we adjust our procedures to prioritize the interests of stakeholders. We value their feedback and prioritize their rights and well-being. These principles are the foundation of our dedication to responsible and sustainable business practices, ensuring that our values align with our actions.
- iii. **Governance Bodies:** Several governance bodies, including the Sustainability Committee, play a key role in supervising our sustainability initiatives and monitoring our progress. As a testament to our dedication, the Group executive committee incorporates ESG metrics into its remuneration structure to align our leadership’s incentives with our sustainability objectives.



Reporting: We are committed to disclosing metrics in accordance with current standards and regulations, such as Sustainable Finance Disclosure Regulation (SFDR), or EU Taxonomy for aligning activities and investments. The Group,

for reporting purposes 2024 onwards, evolved its non-financial reporting in accordance with EU's Corporate Sustainability Reporting Directive (CSRD).

4. Our Net-Zero Transition Plan

As an important milestone in our wider ESG responsibilities, we have defined our journey towards Net Zero by setting-up Net Zero-aligned science-based emission reduction targets on our underwriting (sub)portfolios – Commercial and Personal Motor in Portugal, and investment (sub)portfolios – Listed Equities & Corporate Bonds and Real Estate, as well as on our operations. Specifically, for our (sub)portfolios we have set an ambition to be Net Zero by 2050, with interim targets set at 2030, whereas for our operations we have an ambition to be Net Zero by 2040, with interim target for 2030 – with interim target only applicable to Fidelidade Group in Portugal excluding Luz Saúde for scopes 1, 2 and business travel - scope 3 (summarized in Table 1). For the baselining and target-setting efforts on the underwriting and investment (sub)portfolios we collaborated with a third-party partner and followed global standards and guidelines. Specifically, for baselining, we referred to the Partnership for Carbon Accounting Financials (PCAF) methodology, while for target setting, we referred to guidelines from market initiatives, such as the Net Zero Asset Owner Alliance (NZAOA). For the baselining and target-setting of our operational emissions, we collaborated with an external consultant, also following the Greenhouse Gas Protocol (GHG Protocol). These targets are science-based, meaning they are in line with IPCC 1.5°C scenarios and reliable industry approaches.

Table 1: Net Zero transition plan - GHG reduction targets

		 Emission Reduction Target		 Policies & Initiatives	
		Interim Target	Net Zero Target	Planned or already in place	
Investments	Listed Equities & Corporate Bonds	-40% (Emission intensity over AuM)	2030 vs. 2022 Net Zero by 2050	<ul style="list-style-type: none"> Restrictions on Oil & Gas and Coal Investments Reduction of investment in Environmental Issues Expand Sustainable Investments Company engagement encouraging emission reduction target-setting Green Bond issuance Sustainable Real Estate Investments Engagement with most material clients Portfolio shift towards lower emissive clients Private car portfolio transition to less polluting & promoting sustainable driving habits & promoting sustainable driving habits Telematics solution to track and reward sustainable driving behavior Launch of new sustainable products and services Electricity consumption from renewable sources Fleet transition to electric and hybrid vehicles Optimize routes in business travels Transition to Sustainable Procurement New headquarters in Lisbon with LEED Gold 	
	Real Estate	-45% (Emission intensity over sqm)			
Underwriting	Commercial ¹	-30% (Emission intensity over insurance premiums in Fidelidade Group Portugal)	2030 vs. 2022 Net Zero by 2050		
	Personal Motor ¹	-26% (Emission intensity over # of vehicles in Fidelidade Group Portugal)			
Operations	Directly Controlled Operations ²	-50% in Scope 1, Scope 2 and Business Travel (Scope 3) (Emission intensity per Employee in Fidelidade Group Portugal excluding Luz Saúde)	2030 vs. 2022 Net Zero by 2040		

1. Target considering perimeter: Fidelidade Portugal

2. Net Zero target of Operations in 2040 is applicable to all directly controlled Operations and for scopes 1, 2 and 3 while the interim target in 2030 is only applicable to Fidelidade Group in Portugal (excluding Luz Saúde) and for scopes 1, 2 and business travel (scope 3)

To ensure the delivery of our targets, we will regularly monitor and track the progress achieved through our actions. This will allow us to assess the levers we employ to reduce our emissions and their impacts on our business and broader society so that we can adequately steer the process.

5. Our Climate Targets and Baseline Values

A. Investments

The perimeter considered for our climate targets on these asset classes covers assets under management of all Fidelidade Group entities (covering also international entities) and capturing not only general account, but also unit-linked investments. Due to data availability restrictions, it was not yet possible to calculate the baseline value for the portfolio of Listed Equities & Corporate Bonds for the whole Group. Currently, the baseline value considers the following companies: Fidelidade, Fidelidade Assistência, Fidelidade Re, Multicare, Tenax and Via Directa, which combined represented a majority share of the portfolio of these asset classes for the whole Group totaling 91% in 2022. We will continue to invest our best efforts to secure full coverage in the near future for revising baseline value appropriately while maintaining our emissions reduction ambition, both in the interim and net zero targets.

Given that data availability is a key aspect of emissions baseline measurement, in order to maximize coverage of our portfolio, we combined data from multiple external data vendors and computed sector-country proxies. For our real estate investment portfolio, we leveraged internal data (e.g., electricity consumption), collected on a regular basis.

For target-setting, we focused on the share of our portfolio(s) for which there was adequate data coverage, leading to the need to exclude investment funds where there was no capacity to secure adequate emission data. We expect data quality to improve in the near future, allowing us to incorporate the remaining portion of our portfolio into our target scope.

In line with other players in the market, we have set two separate intensity targets for 2030 on our investment portfolios:

- **Investment Portfolio:** Reach a **40% reduction** of emission intensity, from the baseline year (2022), on our Listed Equities and Corporate Bonds portfolio.
- **Real Estate Portfolio:** Achieve a **45% reduction** of physical emission intensity, from the baseline year (2022), within our direct real estate investments portfolio.

Table 2 summarizes details of our baseline values (2022) and targets on our investment portfolio(s), outlining the associated perimeters and metrics.

Table 2: Emission targets for our investment perimeter

<i>Investments</i>		
<i>Perimeter</i>	Listed Equities & Corp. Bonds	Real Estate (direct investments)
<i>Metric</i>	Intensity over AuM	Intensity over sqm
<i>Baseline</i>	0,137 ktCO ₂ e/Mn€ ³	35,40 kgCO ₂ e/sqm
<i>Interim Targets</i>	-40% by 2030 vs 2022	-45% by 2030 vs 2022
<i>Net Zero Target</i>	2050	2050

3. Baseline value considers the following companies: Fidelidade, Fidelidade Assistência, Fidelidade Re, Multicare, Tenax and Via Directa, which combined represented a majority share of the portfolio of these asset classes for the whole Group totaling 91% in 2022. Both Interim and Net Zero targets are set for the whole Group scope.

In order to reach these targets, we aim to actively steer our portfolios towards lower emissive companies and assets, for instance by allocating liquidity from matured bonds towards less emissive intensive issuers. Company engagement will also be a key lever to get better transparency on Net Zero transition plans of our investees and encourage emission reduction target-setting.

In line with our commitment to sustainability and responsible investing, we are proud to report on the significant ESG initiatives undertaken by our organization which span across various sectors, to name a few examples:

- **Reduction of Fossil Fuel and Thermal Coal Investments:** As part of our ESG strategy, we have committed to reducing investments related to fossil fuels and thermal coal to no more than 5% of the total investment portfolio. This strategic shift aligns with our goal to contribute to a low-carbon economy.
- **Reduction of Investments in Environmental Issues:** We are actively working to reduce our investments in areas associated with various environmental concerns, including pollution, mining, and airborne materials, to an amount not exceeding 5% of our total investment portfolio. This effort serves as a testament to our dedication to mitigating our environmental impact and upholding responsible investment practices.
- **Sustainability Strategy in Real Estate Management:** In 2023, Fidelidade Property Europe embarked on a project to define its three-year sustainability strategy and to establish guidelines in the areas of ESG (Environmental, Social, and Governance) within the scope of managing the Fidelidade Group's real estate assets. Throughout the year, a risk and opportunity analysis were conducted for potential interventions in each of the real estate projects within the portfolio. The plan includes monitoring and overseeing the real estate assets that undergo interventions or have actions implemented to achieve the following strategy's objectives:
 - i. **ESG Certifications:** Our strategic objective involves assessing the certification potential of portfolio assets and implementing improvements to achieve certification like BREEAM, LEED, and WELL from internationally recognized ESG systems with high rankings.
 - ii. **Carbon Neutrality:** Given that buildings and infrastructure contribute to approximately 40% of global carbon emissions, our strategic focus is on achieving carbon neutrality within our portfolio through optimization of energy consumption and the use of clean energy through renewable sources
 - iii. **ESG Legislation compliance:** Align all portfolio assets and their management with current ESG standards (such as CSRD and EU Taxonomy) to meet legal requirements.
 - iv. **Responsible Procurement:** Our strategic objective involves implementing a sustainable procurement policy.
 - v. **Green Leasing:** Our focus is to develop a green leasing policy for Fidelidade Property Europe assets, ensuring their sustainable occupation and compliance with evolving environmental regulations.
- **Green Bond issuance:** Launch our first green bond, aiming to assist in financing Fidelidade Group's initiatives to lower its carbon footprint and increase its investment in ESG aligned projects, thereby playing an active role in the transition to a lower-carbon economy. The amount equivalent to the net proceeds will be used to finance the construction and/or acquisition of energy-efficient buildings, as well as the acquisition, maintenance, and sustainable management of ecosystem services and natural resources such as land, water, air, forests, fauna, and flora.

B. Underwriting

Although the target setting process for the underwriting portfolio may currently lack the same level of market maturity as investment targets, we are firmly committed to extending our sustainability initiatives and set underwriting portfolio targets, recognizing the importance of aligning our operations with sustainable practices.

In line with the PCAF methodologies we took different baselining approaches across our portfolios. Under our “commercial portfolio” we included commercial P&C lines of business (including also workers’ compensation) as well as the commercial motor portfolio. The personal motor portfolio instead was kept separate as an asset-level approach was pursued.

Given the nature of our portfolio, which is skewed towards SMEs, we relied on sector proxies for estimating emissions of a fair portion of companies that do not report their carbon footprint. We plan to actively work on expanding our company level emissions data coverage, a task further facilitated by impending regulatory changes.

For our first target setting effort on underwriting, we focused our targets on the Portuguese portfolio; specifically, for the Commercial portfolio we capture “corporates” that currently measure/ report their emissions or will likely do in the future (as impacted by disclosure regulations). On the contrary, the Personal Motor portfolio encompasses the whole Portuguese motor retail portfolio due to its higher data quality and availability (relying on external sources to provide emission intensity metrics for different vehicle make/models).

In particular, the emission reduction targets are:

- **UW Commercial:** Achieve a **30% reduction** in emission intensity from the 2022 baseline within the Commercial underwriting portfolio in Portugal.
- **UW Personal Motor:** Achieve a **26% reduction** in emission intensity from the 2022 baseline within the personal motor underwriting portfolio in Portugal.

Table 3 summarizes details of our baseline values (2022) and targets on our underwriting portfolio(s), outlining the associated perimeters and metrics.

Table 3: Emission targets for our underwriting perimeter in Portugal

Underwriting		
Perimeter	Commercial (Corporates with reported emission data and/or with turnover >50 Mn€ in Portugal)	Personal Motor (All Individual lines in Portugal)
Metric	Intensity per premiums	Intensity over # of vehicles
Baseline	0,307 ktCO ₂ e/Mn€	0,200 tCO ₂ e/vehicle
Interim Targets	-30% by 2030 vs 2022	-26% by 2030 vs 2022
Net Zero Target	2050	2050

Managing the corporate portfolio by considering reported emissions and/or mid-large corporations enhances data reliability and facilitates more effective portfolio management and steering towards lower emissive clients. To enhance the effectiveness of our initiatives and achieve our targets, we will proactively engage with our most material clients to foster greater transparency regarding their decarbonization plans, deep diving into decarbonization and mitigation technologies they plan to leverage (e.g. sustainable aviation fuels for Airlines).

The attainment of the target for the personal motor portfolio is expected to be achieved through various strategic business initiatives. Of these initiatives, the foremost ones include transitioning the existing portfolio towards electric vehicles and encouraging clients to shift their driving habits, thereby reducing the overall mileage.

In line with this, we are successfully introducing products that contribute to our commitment towards a more environmentally sustainable society, particularly by influencing greener behaviors. As an example, Fidelidade launched an app-based telematics solution (Fidelidade Drive) linked to our motor business that tracks driving behaviors and rewards customers that drive both safely and that reduce their fuel consumption, either by avoiding highspeed trips or reducing the usage of the vehicle. We remain committed to continue developing innovative offerings that further promote the necessary behavioral change.

C. Operations

Fidelidade is committed to reduce its operational emissions and follows the GHG Protocol for the calculation of its carbon footprint. Although operational emissions will be a residual share of the total emissions of the Group, Fidelidade is fully committed to its reduction.

Fidelidade is present in a wide range of geographies (14 countries across 4 continents) which poses a significant challenge in the quantification of the operational emissions as well as on the implementation of reduction measures. Nevertheless, we will do our best efforts to widen the scope of calculation on the several geographies throughout scopes 1, 2 and 3, continuously increasing data quality, while gradually reducing our carbon footprint.

At Fidelidade, we aim to be a Net Zero company in our Operations by 2040, including the whole Group across scopes 1, 2 and 3, by reducing our emissions and influencing change in the ecological transition, working closely with the different stakeholders. In the path to become net zero we have set an interim target:

- **Operations:** Achieve a **50% reduction** in emission intensity from the 2022 baseline within our Directly controlled Operations in Portugal (Scope 1, 2 & Business Travel (Scope 3) – excluding Luz Saúde Group).

For our interim target we focused on the scopes and categories where it is possible for Fidelidade to influence in a more direct way (scopes 1, 2 and business travel – scope 3). We have also started with the Portuguese operations (excluding Luz Saúde Group), but we will work with our remaining Group entities to enlarge the scope in the upcoming years. However, our Net Zero target already encompasses the whole Fidelidade Group.

Table 4 summarizes details of our baseline values (2022) and targets on our operational emissions, outlining the associated perimeters and metrics.

Table 4: Emission target for our directly controlled operations perimeter

Operations	
Perimeter	Directly controlled operations in Portugal (excluding Luz Saúde Group) Scopes 1, 2 and business travel (scope 3)
Metric	Intensity per employee
Baseline	2,362 tCO2e/employee
Interim Targets	-50% by 2030 vs 2022
Net Zero Target	2040 <i>Applicable to scopes 1, 2 and 3 in whole Fidelidade Group</i>

In the pursuit of our operational emission reduction target, we have identified a set of key mitigation technologies and initiatives designed to bring us closer to our objective. These initiatives encompass various facets of our operations, including but not limited to:

- I. Energy-Related Initiatives: Our ambitious goal is to transition our operational electricity consumption in Portugal to 100% renewable sources (excluding Luz Saúde Group).
- II. LEED Gold Lisbon Fidelidade Headquarters: Our new headquarters in Lisbon will have the highest energy efficiency standards, with the development project being already approved as LEED Gold standard. Additionally, the facility will incorporate cutting edge technologies, including geo-thermal energy solutions.
- III. Fleet Transition Plan: We have initiated a comprehensive program aimed at transitioning our fleet to hybrid vehicles, a key step in our commitment to reducing direct emissions.
- IV. Business travel: To reduce emissions associated with business travel, we have introduced measures to optimize travel routes for our customer service operations. This leads to a reduction in business trips, with digital meetings replacing physical ones.

Our commitment to data quality ensures the credibility of setting future interim targets throughout the entire value chain, contributing to decarbonize our operations and supply chain. In preparation for expanding our targets, we've already instituted carbon reduction measures, highlighting our dedication to a more sustainable future:

- I. Sustainable Procurement Initiatives: Fidelidade Group is transitioning to sustainable procurement by integrating ESG criteria into our procurement processes through the Sustainable Procurement Policy and Supplier Code of Conduct.
- II. Mobility and Smart Working Initiatives: Our objective is to promote a hybrid work arrangement for Fidelidade employees in Portugal, which is made possible through the Smart Working model set in Fidelidade Group.

Fidelidade Group prioritizes decarbonization over offsetting but recognizes the need to contribute for carbon capture and storage initiatives in order to achieve our Net Zero targets. Therefore, Fidelidade has decided to set an internal carbon pricing. With this initiative, Fidelidade wants to highlight its strong commitment towards the capture of the carbon emissions which were not possible to reduce while ensuring the highest standards in the carbon capture credits used. Fidelidade settled and **internal carbon price of 100€/tCO₂e for its operational emissions** of scope 1, 2 and 3 (business travel) in Portugal (excluding Luz Saúde), in which it has set an interim target, starting from 2025 onwards. Fidelidade commits to invest the equivalent monetary amount in its Forestry Fund “Florestas de Portugal” (described in chapter 5) within the 3-year period that follows the year of the corresponding emissions.

6. Strategic projects and other decarbonization initiatives

In alignment with our dedication to sustainable business practices, Fidelidade Group has entered into agreements with sustainability programs endorsed by both international and domestic organizations. These agreements serve as guiding principles for our role as a responsible and sustainable entity. Specifically, we've aligned ourselves with the UN Global Compact, adhered to the Principles of Sustainable Insurance (PSI) and to the Principles for Responsible Investments (PRI), joined the Net Zero Asset Owner Alliance (NZAOA) and the Forum for Insurance Transition to Net Zero (FIT) and embraced the Charter of Principles of BCSD Portugal. This same Net Zero Transition Plan goes hand in hand with the SDGs as a lever for achieving them.

However, our commitment to reach Net Zero goes beyond our Group and extends to all society, through leveraging our resources, partnerships, knowledge, and influence to drive the climate agenda forward. These initiatives span across

various dimensions, including carbon footprint reduction, climate change awareness and waste management. Example of initiatives include:

- **Forestry Fund "Florestas de Portugal"**: We have committed to establish a Forestry Fund, which secured CMVM approval in 2023 as an SFDR article 9 product. This fund is under the management of Fidelidade Sociedade Gestora and has been strategically established to play a key role in advancing sustainable forestry practices in Portugal. Its mission is to leverage nature-based solutions to combat the challenges posed by climate change with the highest standards in Carbon Credits production. Key objectives of this initiative include, among others, sustainable forestation, reforestation and agroforestry management, local biodiversity development, job creation and rural development and effective asset management.
- **Impact Center for Climate Change**: Fidelidade Group has established the Impact Center for Climate Change in collaboration with universities, public and private entities, NGOs and research centers, which represents our dedication to climate action and knowledge sharing. The Center will function as a knowledge hub for both Fidelidade and the wider community. Its primary roles include the coordination and integration of activities and initiatives linked to climate change and net-zero objectives. Furthermore, it will actively contribute to raising awareness consolidating data and enhancing understanding of climate change-related subjects, within our organization and the broader society.
- **Green Parts Project**: The project involves the usage of green parts (used parts) in vehicle repairs within Fidelidade Group's own network of car repair shops - Fidelidade Car Service. By using these green parts (which are original and factory parts) in car repairs, not only it promotes the circular economy, reducing the environmental footprint, but also repair times are optimized.
- **Salvages**: Fidelidade Group aims to ensure the proper handling of salvaged items from the management of property claims to promote the reuse of equipment and parts whenever possible (e.g. hospital equipment, household appliances, computer equipment), fostering the circular economy and the underlying reduction of the environmental footprint. If any material cannot be reused, it is donated to social welfare institutions with which the Group has been developing initiatives as part of other social and community support projects.

7. Progress Control and Monitoring

As part of our commitment to sustainability, we have established a framework of long-term and interim targets. These serve as foundational milestones in our journey toward achieving Net Zero status. Our dedication to sustainability extends further than these initial goals, as we continuously expand our targets and initiatives. This expansion reflects ongoing efforts to align our investments with environmentally responsible practices. As we define necessary methodologies, we calculate additional targets and broaden existing ones.

Furthermore, regular monitoring of our carbon footprint is crucial for evaluating the effectiveness of our environmental impact reduction measures. To enhance accuracy and efficiency, we actively improve our data collection processes. Our objective is to obtain comprehensive, refined data, enabling informed decisions in support of sustainability goals.

Strategically, we have outlined a roadmap for engagement with key sustainability organizations and initiatives. Following this we joined the NZAOA and we submitted for our first Carbon Disclosure Project (CDP) report in September 2024, with the ambition to present our Commitment Letter to Science-Based Targets Initiative (SBTi). We will provide annual reporting on these milestones in our Integrated Management Report.

While we will strive to steer our portfolio and operations to reach these targets, we acknowledge the indispensable role of national governments in shaping the trajectory towards a sustainable future. Collaboration and joint efforts are essential, as no single entity can address the complexities of climate change in isolation. Fidelidade stands ready to collaborate with governments, non-governmental organizations, and other stakeholders to accelerate progress towards

a sustainable and climate-resilient future. Climate change is the challenge of our lifetime which requires multi-stakeholder collaboration and Fidelidade is ready to play its part.

APPENDIX 1 – Baseline emissions

The tables below provide a break-down of Fidelidade’s 2022 baseline GHG emissions per scope and category in whole Fidelidade Group and in Fidelidade Group in Portugal (excl. Luz Saúde Group).

Table 5: Baseline emissions of Fidelidade Group

Scope/Category – tCO2e	2022
S1 - Direct Emissions	7.557
S2 - Indirect Emissions from Purchased Energy Location Based	10.030
S2 - Indirect Emissions from Purchased Energy Market Based	15.419
S3C1 - Purchased Goods and Services	39.212
S3C2 - Capital Goods	No available data
S3C3 - Fuel- and Energy-Related Activities (Not in Scope 1 or 2)	6.319
S3C4 - Upstream Transportation and Distribution	No available data
S3C5 - Waste Generated in Operations	169
S3C6 - Business Travel	5.581
S3C7 - Employee Commuting	2.177
S3C8 - Upstream Leased Assets	No available data
S3C9 - Downstream Transportation and Distribution	3.880
S3C10 - Processing of Sold Products	Not applicable
S3C11 - Use of Sold Products	Not applicable
S3C12 - End-of-Life Treatment of Sold Products	Not applicable
S3C13 - Downstream Leased Assets	Not applicable
S3C14 - Franchises	Not applicable
Total Scopes 1+2+3 excl. Category 15 (Location Based)	74.924
Total Scopes 1+2+3 excl. Category 15 (Market Based)	80.313
S3C15 - Investments	1.291.106
Investments - Listed Equities and Corporate Bonds	867.018
Investments - Real Estate	15.262
Underwriting - Commercial	60.227
Underwriting - Personal Motor	348.599
Total Scope 1+2+3 Location Based	1.366.030
Total Scope 1+2+3 Market Based	1.371.419

In Table 5, due to the lack of quality data, not all Group companies are considered in all scopes/categories. The scope of companies considered is as follows:

- Scope 1: Include all companies and geographies of Fidelidade Group
- Scope 2: Include all companies and geographies of Fidelidade Group
- Scope 3 – category 1: Include all companies of Fidelidade Group (excl. Luz Saúde Group)
- Scope 3 – category 3: Include all companies and geographies of Fidelidade Group
- Scope 3 – category 5: Include all companies in Portugal (excluding Luz Saúde Group) as well as the international operations in Bolivia, Cape Verde, Peru and UK (Tenax).
- Scope 3 – category 6: Include all companies and geographies of Fidelidade Group (excluding Luz Saúde Group)

- Scope 3 – category 7: Include all companies and geographies of Fidelidade Group (excluding Luz Saúde Group)
- Scope 3 – category 9: Includes Fidelidade company in Portugal
- Scope 3 – category 15: Include underwriting emissions from personal motor and commercial portfolios in Portugal, real estate financed emissions from assets managed by Fidelidade Property and financed emissions from listed equities and corporate bonds from the following companies: Fidelidade, Fidelidade Assistência, Fidelidade Re, Multicare, Tenax and Via Directa (the investments of these companies in listed equities and corporate bonds asset classes account for 91% of total investments of Fidelidade Group in these assets classes)

Table 6: Baseline emissions of Fidelidade Group in Portugal (excluding Luz Saúde Group)

Scope/Category - tCO2e	2022
S1 - Direct Emissions	2.273
S2 - Indirect Emissions from Purchased Energy Location Based	1.161
S2 - Indirect Emissions from Purchased Energy Market Based	1.589
S3C1 - Purchased Goods and Services	26.649
S3C2 - Capital Goods	No available data
S3C3 - Fuel- and Energy-Related Activities (Not in Scope 1 or 2)	1.045
S3C4 - Upstream Transportation and Distribution	No available data
S3C5 - Waste Generated in Operations	107
S3C6 - Business Travel	4.493
S3C7 - Employee Commuting	879
S3C8 - Upstream Leased Assets	No available data
S3C9 - Downstream Transportation and Distribution	3.880
S3C10 - Processing of Sold Products	Not applicable
S3C11 - Use of Sold Products	Not applicable
S3C12 - End-of-Life Treatment of Sold Products	Not applicable
S3C13 - Downstream Leased Assets	Not applicable
S3C14 - Franchises	Not applicable
Total Scopes 1+2+3 excl. Category 15 (Location Based)	40.486
Total Scopes 1+2+3 excl. Category 15 (Market Based)	40.915
S3C15 - Investments	1.205.513
Investments - Listed Equities and Corporate Bonds	781.425
Investments - Real Estate	15.262
Underwriting - Commercial	60.227
Underwriting - Personal Motor	348.599
Total Scope 1+2+3 Location Based	1.245.999
Total Scope 1+2+3 Market Based	1.246.428

In Table 6, due to the lack of quality data, not all Group companies in Portugal are considered in all scopes/categories. The scope of companies considered is as follows:

- Scope 1: Include all companies of Fidelidade Group in Portugal
- Scope 2: Include all companies of Fidelidade Group in Portugal
- Scope 3 – category 1: Include all companies of Fidelidade Group in Portugal (excl. Luz Saúde Group)
- Scope 3 – category 3: Include all companies of Fidelidade Group in Portugal
- Scope 3 – category 5: Include all companies of Fidelidade Group in Portugal (excl. Luz Saúde Group)

- Scope 3 – category 6: Include all companies of Fidelidade Group in Portugal (excl. Luz Saúde Group)
- Scope 3 – category 7: Include all companies of Fidelidade Group in Portugal (excl. Luz Saúde Group)
- Scope 3 – category 9: Includes Fidelidade company in Portugal
- Scope 3 – category 15: Include underwriting emissions from personal motor and commercial portfolios in Portugal, real estate financed emissions from assets managed by Fidelidade Property and financed emissions from listed equities and corporate bonds from the following companies: Fidelidade, Fidelidade Assistência, Fidelidade Re, Multicare and Via Directa

APPENDIX 2 - Calculation Methodology

This appendix provides an overview of the calculation methodology used by Fidelidade Group when calculating its GHG footprint per scope and category.

The calculation of greenhouse gas emissions follows the methodology of the GHG Protocol. Emissions are calculated in Scopes 1, 2, and 3 are calculated with primary data whenever available, or using estimations (*proxies*) with monetary values or other type of data to complement the emissions calculation. Where monetary values have been used, they include VAT, as it was not possible to exclude this effect, although the GHG Protocol recommends that taxes should be excluded, an improvement that the Group aims to implement in the future. The Group intends to ensure the full coverage of the companies and geographies considered in the calculation, although it is not currently possible to include all Group entities in all scopes and categories of emissions due to the lack of data or the poor quality of the data.

In the context of calculating greenhouse gas emissions, the most appropriate emission factors from various external databases are used, such as DEFRA, Base Carbone, Energy Institute, APA – Agência Portuguesa do Ambiente, DGEG – Direção-Geral de Energia e Geologia, among others.

Below is an identification of the Group companies that were considered and the methodology used for each scope/emission category.

Scope 1

Scope 1 emissions are calculated based on the fuel consumption (diesel, gasoline, natural gas, and propane gas) of buildings, non-electric fleet, and equipment. Whenever possible, primary data (i.e., fuel consumption in liters) was used, and the corresponding emission factor applied. In specific cases, these calculations were supplemented by emission estimates based on the monetary values spent on fuel for the geographies where primary data could not be collected.

The calculation in this scope includes all companies and geographies of the Fidelidade Group.

Scope 2

Scope 2 emissions are calculated based on the electricity consumption of buildings, electric fleet, and equipment, as well as thermal energy (where applicable). Wherever possible, primary data was used, and the corresponding emission factor applied. In cases where this data could not be collected, the calculations were supplemented with emission estimates based on the monetary values spent on electricity/energy for the geographies where primary data could not be collected.

For the location-based emissions calculation, the average national emission factors of each geography were used. For market-based emissions, the specific emission factors of the energy contract in each entity of the Group were used. In the case of Group companies located outside Portugal, where it was not possible to obtain specific emission factors for energy contracts, it was assumed that market-based emissions are equal to location-based emissions as this is the best approximation possible.

The calculation in this scope includes all companies and geographies of the Fidelidade Group.

Scope 3

Category 1:

Scope 3 – Category 1 emissions are mostly calculated based on the monetary values spent by the Fidelidade Group entities, applying the most appropriate emission factor for this type of expense. In specific cases, instead of monetary values, primary data were used to calculate emissions, such as water and paper consumption in some of the Group companies where this information could be gathered. In these cases, the monetary values related to the purchase of these goods were disregarded.

The calculation in this category includes all companies and geographies of the Fidelidade Group (excluding Grupo Luz Saúde).

Category 3:

Scope 3 – Category 3 emissions are calculated based on the quantities of fuels consumed and electricity purchased, with the corresponding emission factors related to fuel extraction and production, and its transportation and distribution to the point of use applied.

The calculation in this category includes all companies and geographies of the Fidelidade Group.

Category 5:

Scope 3 – Category 5 emissions are calculated based on the amount of waste generated by the operations of the Group entities. Depending on the type of waste (electronic, domestic, plastic, paper/cardboard), the corresponding emission factors were applied. For the operations in Portugal, it was possible to differentiate the waste sent for recycling by applying the appropriate emission factor. In other geographies where the amount of waste was collected but not the details of whether it was sent for recycling, it was assumed that the waste was not recycled (i.e., sent to landfill). It was not possible to identify an appropriate proxy for the emissions calculation in this category where waste quantity data was not available, so emissions were not calculated for entities where this data did not exist.

The calculation in this category includes all companies of the Fidelidade Group in Portugal (excluding Grupo Luz Saúde), as well as the following international operations: Bolivia, Cape Verde, Peru, and the United Kingdom (Tenax).

Category 6:

Scope 3 – Category 6 emissions include those related to transportation activities (airplane, train, bus, taxi, and rental car) and accommodation. Whenever possible, emissions have been calculated based on primary data, particularly regarding air travel (with details of kilometers traveled for each type of trip: short, medium, or long distance) and train travel (with details of kilometers traveled) for some of the Group geographies. When this information was not available, as in the case of accommodation in all geographies and transportation in some geographies, the calculation was supplemented with monetary values. In both cases, the appropriate emission factors were applied for the emissions calculation.

The calculation in this category includes all companies and geographies of the Fidelidade Group (excluding Grupo Luz Saúde).

Category 7:

Scope 3 – Category 7 emissions are calculated based on employee commutes to offices. For this calculation, primary data was used based on surveys in which employees were asked about the mode of transportation they use to commute (car, motorcycle, bus, train, or bicycle), as well as the average distance from their residence to the workplace. Based on these data, and considering the number of employees of each entity and the number of workdays per year that employees commute to the office, the total kilometers traveled for each mode of transportation were calculated. Using these values, the appropriate emission factors were applied to calculate the total emissions for this category. In countries where it was not possible to gather such detailed data, the average values of geographically similar countries were assumed and applied.

The calculation in this category includes all companies and geographies of the Fidelidade Group (excluding Grupo Luz Saúde).

Category 9:

Scope 3 – Category 9 emissions are calculated based on customer visits to Fidelidade's sales points. For this calculation, the kilometers traveled by customers were estimated based on the total number of Fidelidade customers, the average number of visits per year, and the average distance customers travel to sales points. A mean emission factor per kilometer was applied to the calculated kilometers, considering that customers use different modes of transport for these visits, allowing the emissions of category 9 to be obtained.

The calculation in this category includes the Fidelidade company in Portugal.

Category 15:

In this category, the methodology proposed by PCAF (Partnership for Carbon Accounting Financials) is followed both for emissions related to insurance underwriting and for emissions financed through listed stocks, corporate bonds, and real estate assets.

- **Underwriting of personal motor insurance**

The emissions of the personal motor insurance portfolio have been calculated considering two distinct realities: combustion vehicles (including hybrids) and electric vehicles. In the first case, the emissions of each vehicle, in gCO₂/km, were taken from external sources (notably Eurotax and EEA - European Environment Agency). In the second case, the electricity consumption of each vehicle, in kWh/km, was also taken from external sources (notably EEA - European Environment Agency), and this value was multiplied by the Electricity Production Factor in Portugal, in kgCO₂eq/MWh, as published by APREN – Associação de Energias Renováveis, to estimate the emissions of electric vehicles in CO₂eq per kilometer traveled. For both situations, the kilometers traveled per vehicle were estimated based on internal data from vehicle inspections of Fidelidade Portugal insured vehicles. After obtaining the total estimated emissions for each vehicle, 18% of these emissions were attributed to the Fidelidade Group, as it is the midpoint of the range indicated in the PCAF guide (10%-26%), which aims

to estimate how much vehicle owners spend on insurance compared to the total cost of owning the vehicle, although in the Portuguese reality, based on the Group's experience, this number is believed to be lower.

The calculation includes the insurance portfolio of the Group in Portugal.

- **Underwriting of commercial insurance**

The emissions of the commercial insurance portfolio (which includes lines of insurance sold to companies such as property, liability, workers' compensation, fleet, etc. – health is not included due to the lack of a commonly accepted methodology in the industry) were calculated for the company clients that already report emissions or for those with a turnover exceeding €50M in Portugal. For companies that already report their emissions through their official reports (such as Annual Reports, Financial Statements, and Sustainability Reports), these emissions were considered; for other cases, turnover and sector emissions published by INE were used. After obtaining these data, the Group is allocated part of the calculated emissions, based on the proportion of premiums from clients' policies to the turnover of those same clients (in line with PCAF Guidelines). For clients where information could not be obtained, the emissions-to-premiums ratio from the rest of the portfolio was applied, assuming these clients follow the same trend. To make sectorial estimates, the primary CAE of these companies was used, knowing that there may be cases where companies operate in sectors other than their primary CAE, but this is the best assumption that can be made at the moment. It is worth noting that the proportion of emissions calculated through industry proxies was 36% in 2022.

The calculation includes the insurance portfolio of the Group in Portugal.

- **Investments in real estate assets**

Emissions from the portfolio of real estate assets were calculated, whenever possible, based on the actual energy consumption of the assets (kWh), multiplied by the GRID factors of the country of each asset (Source: CRREM). In cases where it was not possible to access actual consumption data or when the assets were unoccupied, the asset's size (in m²) was multiplied by an estimated emission per square meter depending on the type of use and location of the asset (Source: CRREM). Regarding the calculation of the emissions originated from natural gas consumption the emissions factors used are from *UK Government GHG Conversion Factors for Company Reporting*.

The calculation includes the real estate asset portfolio managed by Fidelidade Property, excluding assets related to real estate investment funds due to the lack of quality information for calculating their respective emissions.

- **Investments in listed stocks and corporate bonds**

Within the Investments portfolio, PCAF defines Listed Equity & Corporate Bonds as the asset classes to be included for GHG measurement, with such being further defined as all listed corporate bonds and all listed equity for general corporate purposes (i.e., unknown use of proceeds) that are traded on a market and are on the balance sheet of the financial institution.

Including:

- a) All types of corporate bonds for general corporate purposes (i.e., Corporate Bonds, Hybrid Bonds, Subordinated Bonds)
- b) Equity securities (i.e., Common equity, Preferred Preferred)
- c) Once in Green Bonds, there is still no commonly accepted methodology, we have considered a percentage factor of 10% on the GHG emissions for these assets following other peers in the insurance market.

Excluding:

- d) Investment funds
- e) Real Estate funds
- f) Sovereign bonds

Group Entities covered:

- Fidelidade Re - Companhia de Resseguros, S.A.
- Fidelidade - Companhia de Seguros, S.A.
- Fidelidade Assistência - Companhia de Seguros, S.A.
- Multicare - Seguros de Saúde, S.A.
- Via Directa - Companhia de Seguros, S.A.
- Tenax

Group entities covered accounted, in 2022, for 91% of the total assets under management in these classes in the Fidelidade Group.

A sector remapping was also performed:

I. Remapping internal taxonomy to NACE and to GICS

NACE taxonomy has been used to map sector classification, as provided on the initial data request. Manual data enhancements were performed to enhance the mapping and increase overall data coverage. GICS has been selected for remapping, as the reference taxonomy, given the clearer identification and granularity of sectors. NACE codes (first 4 digits) are remapped to GICS Industry, Industry Group, Industry Sector and Industry Sub-sector

II. Issuer company name remapping

Financial and emission data, as well as sector classification were retrieved for the parent company name, as a rule, when applicable (e.g., EDP Finance treated as EDP). In some cases, data was retrieved at lowest level (e.g., INEOS Styrolution vs. INEOS)

Overview of external data (reported)

A. Emission data

Sources used: Bloomberg and Sustainalytics.

- Bloomberg: Retrieved GHG emission, EVIC, Total Revenue and Total Equity and Debt data.
- Sustainalytics: Retrieved GHG emission data of parent company in 2022 and 2023 when available – no other years were used as not provided. This data was only used if it was not available in Bloomberg.

ESG data items:

- For GHG emission data, Scope 1 e 2 of each issuer were retrieved.
- On the baseline calculation, the emission data used is the sum of Scope 1 and 2.

Emission data usage priority order:

- i. Bloomberg was selected as the prioritized source, given that Fidelidade already has an active license.
- ii. Sustainalytics data was used as an enhancement to increase coverage when Bloomberg data was incomplete or inconsistent.

B. Financial data

For financial data, the selected metrics were:

$EVIC = Enterprise\ Value\ (Year) + Cash\ \&\ Equivalents$

$Total\ Equity\ \&\ Debt = Total\ Equity + Total\ Debt$

$Total\ Debt = Total\ Short-Term\ Debt + total\ Long-Term\ Debt$

Financial data usage priority order:

Bloomberg was the only selected source.

Following PCAF GHG Standard for measurement, the attribution factor of an issuer is calculated using:

- I. Option 1: EVIC for listed companies and total equity plus debt for bonds to private companies
- II. Option 2: Revenue of the company, when emission data is unavailable.

Validity Check:

Whenever the attribution factor presented a percentage above 5% of total eligible securities, we performed an extra validation check resourcing to the annual report of the respective company.

Proxies

A. Companies with no available ESG data but available revenues

Attribution factor

Attribution factor is computed through an estimation, using the reported sample of the portfolio as reference. Estimation based on 550 issuers across GICS Industry Sectors (with available financial and emission data)

Calculation of proxy resulting from:

1. Industry
2. Region

B. Companies with no available emissions and no available revenues

An AuM-based estimation is used for issuers with no available data, taking an average of the portfolio sample financed emissions (reported), per € of AuM, per sector.

In GHG emissions baseline of 2022 the share of emissions calculated using proxies was 8,9%.