



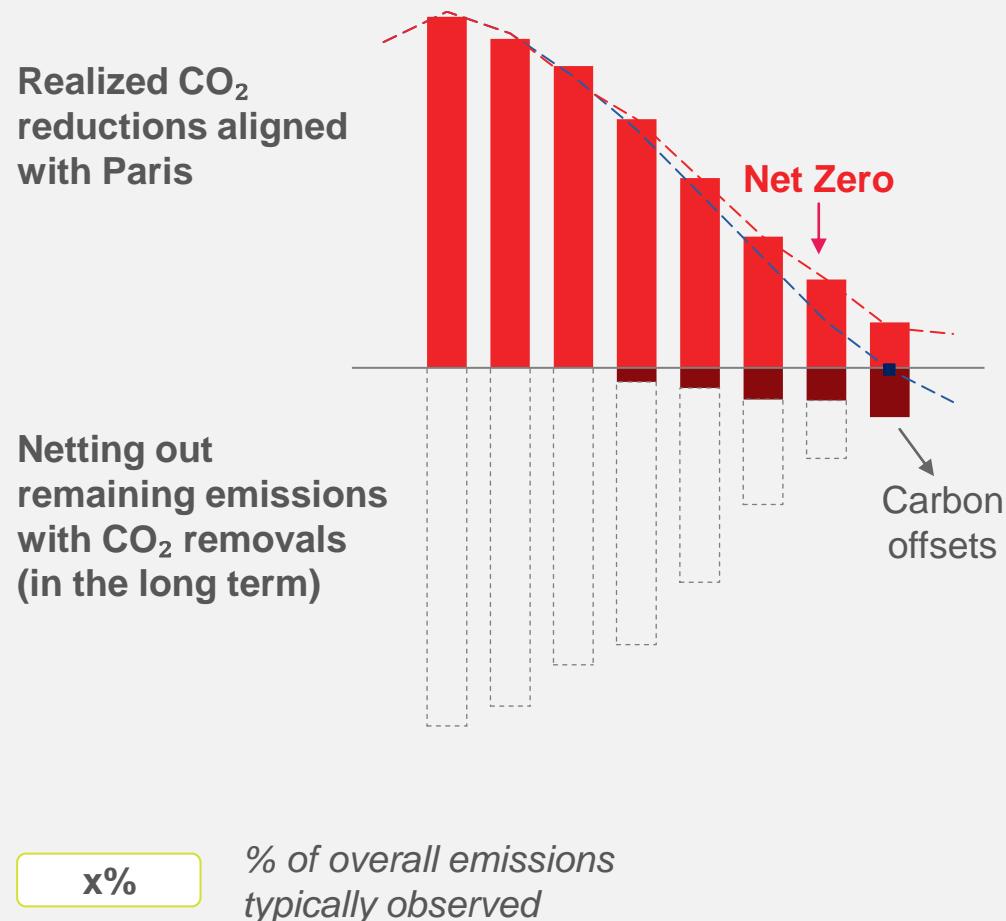
FIDELIDADE

Net Zero journey

Introduction to Fidelidade's Net Zero journey

2024

Insurers' NZ journeys typically target 3 areas



Underwriting

~35-40%

Carbon emissions from policyholders

Objective of Insurer is to **support policyholders' energy transition** (e.g., electric vehicles, utility coal plant decommissioning, ...)



Investment Portfolio

~50-55%

Carbon emissions from the issuer of the investment security held by the Insurer

Objective of Asset Owner is to **push security issuers towards energy transition** (e.g., car producers to manufacture cars with zero or very low emissions)



Operations & IT

~1-5%

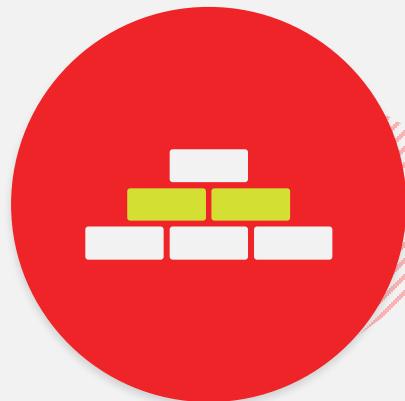
Internal Operations

- Carbon emissions from own operations (e.g., travel, energy consumption, ...)

Supply chain

- Emissions from insurers' supply chain (e.g., IT outsourced services, professional services, ...)

Fidelidade adopted a 3-step approach to kickstart its Net Zero journey



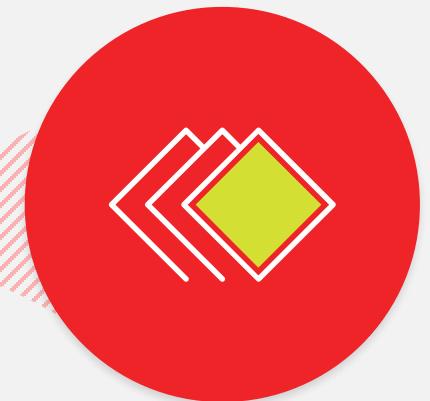
Emissions baseline

What is the current **emissions baseline** of our insurance and investment portfolios?



Target-setting

What are the emission **reduction targets** that Fidelidade could set to be aligned with Net Zero objectives and global trajectories?



Business actions

What are the **business actions** that can be taken to achieve committed targets?



In order to define its methodology and approach, Fidelidade followed market guidelines (e.g., PCAF) and industry initiatives

Overview of Fidelidade's targets

Portfolio/focus	Operations & IT	Underwriting	Investments		
Own operations	Commercial	Personal Motor	Listed Equities & Corporate Bonds	Real Estate	
Interim	-50% by 2025	-30% by 2030	-26% by 2030	-40% by 2030	-45% by 2030
Long-term	Net Zero by 2040		Net Zero by 2050		
Scopes	Scope 1&2 + bus. travel (2025); Scope 1,2,3 (2040)	Scope 1&2 of companies	Scope 1 of vehicles	Scope 1&2 of companies	Scope 1&2 ¹ of buildings

Note: Real Estate – Scope 1 for buildings is negligible, given the type and use that Fidelidade invest in



Own operations



Details

Perimeter	Directly controlled operations in Portugal (excluding Luz Saúde Group)
Scope	Scope 1&2 + business travel
Metric	Intensity per FTE
Baseline	2.10 tCO2e/ FTE
Target	-50% by 2025 vs. 2019

Note: While current perimeter is **restricted to Portugal**, Fidelidade intend to **extend it to all group entities (including international)** and define a reduction plan in collaboration with each one



Business actions

Significant **climate positive initiatives** undertaken by Fidelidade, which span across various dimensions:

- Transition of **all operational electricity consumption to 100% renewable sources** by the start of 2024 (from ~25-30 in 2022)
- **LEED Gold Lisbon HQ** - new headquarters in Lisbon, which will adhere to the highest energy efficiency standards
- **Greening of fleet** through comprehensive program (e.g., in 2022, more than half of the new cars acquired were hybrid)
- Introduction of measures to **optimize business travel**



Underwriting



Details

Perimeter	Commercial (corporates with reported emission data and/or with turnover >50Mn€)	Personal Motor (all individual lines in Portugal)
Scope	Scope 1&2 of companies	Scope 1 of vehicles
Metric	Intensity over premiums	Intensity over # of vehicles
Baseline	0.34 ktCO2e/Mn€	0.19 ktCO2e/vehicle
Target	-30% by 2030 vs. 2022	-26% by 2030 vs. 2022

Note: Commercial – includes workers' compensation and commercial motor;
Personal Motor – attribution factor currently at 18% (within PCAF range,
potentially to be lowered)



Business actions

Significant **climate positive initiatives** undertaken by Fidelidade, which span across various sectors:

- **Enhancement of portfolio management** through reported emissions of mid-large corporations
- **Proactive engagement** with material clients for transparency on decarbonization plans
- **Transition** of personal motor portfolio to **electric vehicles** and promotion of **greener driving habits**
- Introduction of app-based telematics **solution for tracking and rewarding** eco-friendly driving behaviors



Investments



Details

Perimeter	Listed Equities & Corp. Bonds (companies with reported emission data)	Real Estate direct investments
Scope	Scope 1&2 of companies	Scope 1&2 of buildings
Metric	Intensity over AuM	Intensity over sqm
Baseline	0.13 ktCO2e/Mn€	35 kg CO2e/sqm
Target	-40% by 2030 vs. 2022	-45% by 2030 vs. 2022

Note: Listed Equities & Corp. Bonds – includes Unit-Linked investments and Tenax funds (excludes sovereigns and cash);
Real Estate direct investments – excludes buildings for own use (operational scope) and under construction / land-plots



Business actions

Significant **climate positive initiatives** undertaken by Fidelidade, which span across various sectors:

- **Reduction of fossil fuel and thermal coal investments** to no more than 5% of the total investment portfolio
- **Reduction of investments contributing to environmental issues** to no more than 5% of the total investment portfolio
- Expansion of sustainable portfolio, with **inclusion of sustainable funds/strategies** and **increase of sustainable investment contracts**
- **Green bond issuance**, planned for the near future
- **Sustainable Real Estate** investments

We are conscious that our Net Zero journey will encounter several challenges



Challenges we anticipate...

Smaller companies in our core market (Portugal) are less aware of Net Zero importance and challenges

Fidelidade's investment positioning as bondholders does not allow for large influence over investees, such as other Asset Managers

Gaining commitment and collaboration from diverse stakeholders across Fidelidade will require orchestration and top-down alignment



...how we plan to overcome them



Fidelidade is committed to working closely with clients to increase their awareness and motivate their own journeys



Fidelidade is launching an engagement program with investees and is studying the possibility of joining collective engagement initiatives



Fidelidade is developing awareness campaigns and incentives to engage stakeholders to do their part in the Net Zero journey



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