



Environment

One of the biggest challenges faced by the insurance sector is the protection of the environment and climate change mitigation. Insurers have a mission to protect people and their assets and should take into account not only their operational practices to reduce their environmental impact, but also the direct impact that climate and environmental risks have on their business, the society, and the lives of their customers, identifying means ways to contribute to their mitigation and adaptation.

Net Zero Plan

Fidelidade has developed its Net Zero Plan considering its entire value chain, establishing emissions reduction targets based on science.

Fidelidade's Net Zero Plan sets out specific objectives and targets for achieving its main goal: to become a Net Zero company by 2050. As for expected outcomes, clear interim targets have been defined for each dimension of the Group's business – Underwriting (Insurance), Investments, and Operations:

Underwriting (Insurance) - Portugal	<ul style="list-style-type: none">• Net Zero in 2050• Interim targets for 2030 (vs. 2022): reduce emissions from the commercial underwriting portfolio (i.e., insurance for businesses) by 30% and from the individual Motor insurance portfolio by 26%
Investments	<ul style="list-style-type: none">• Net Zero in 2050• Interim targets for 2030 (vs. 2022): decrease emissions from the listed stocks and corporate bonds portfolio by 40%, and from the direct real estate investments portfolio by 45%
Operations	<ul style="list-style-type: none">• Net Zero in 2040• Interim targets for 2025 (vs. 2019): reduce scope 1 and scope 2 emissions and business travel (scope 3) in Portugal by 50%

To find out more about Fidelidade's Net Zero Plan, click [here](#).

To find out more about Fidelidade's Net Zero commitments, click [here](#).

Environment and Stakeholders

Fidelidade must take a proactive role in the ecological transition, acting as a responsible and exemplary economic agent. Fidelidade seeks to influence people to adopt more sustainable, healthier, and conscientious behaviors in all its interactions to achieve the necessary change.

Forest Fund

Fidelidade's Forest Fund, approved by the Portuguese financial regulator CMVM in 2023, is strategically geared towards achieving the company's long-term objectives, with clear integration into its sustainability strategy.

The fund aims to achieve capital appreciation through the active management of forestry and agricultural resources and the management of the living assets that make up forestry resources, taking into account, in addition to the appreciation of invested capital, the fulfillment of criteria and management of environmental, social, and governance (ESG) risks and best practices of environmental, social, and governance sustainability.

Center for Climate Change

Fidelidade is committed to accelerating progress towards a sustainable and resilient future. To achieve this ambition, Fidelidade has established the Center for Climate Change, a research center aimed at leveraging the Group's internal expertise in collaboration with universities, experts, scientific researchers, and other relevant stakeholders to promote climate and environmental literacy and generate knowledge beneficial not only to the insurance business, but also to society. This objective will be pursued through conducting and promoting high-quality research and publicly accessible publications, as well as organizing public events, such as conferences.

The Center for Climate Change's action plan encompasses five complementary dimensions: risk, exposure, vulnerability, resilience, and recovery.

In 2024, the Center for Climate Change will focus, among other topics, on mapping protection gaps related to climate change and defining a strategy to reduce them (in countries where the Fidelidade Group holds a significant market position), as well as sponsoring scientific research on the risk of forest fires in Portugal. All research efforts will contribute to improving risk monitoring, insurance pricing, and underwriting for property insurance.

Through the Center for Climate Change, Fidelidade aims at forging strong partnerships to bridge the communication gap between climate science and society, fostering greater awareness and actions to reduce vulnerabilities and enhance resilience.

Products

We believe that, to become a Net Zero company and have a significant impact on the environment and climate, we must work closely with all the people who are part of our value chain (i.e., customers, partners, suppliers, among others). Therefore, we are building a business model that requires us to proactively develop new products and services whose commercial practices effectively contribute to reducing global carbon emissions, fostering environmentally responsible behaviors, monitoring and responding to new climate, and supporting the ecological transition of our stakeholders, while maintaining a positive business performance.

We aim at further strengthening our offering of products and services with a positive impact, and to do so, we commit to reviewing our entire insurance portfolio according to ESG criteria by 2025.

Below we present examples of product-related activities already developed:

- **Fidelidade Drive:** the Fidelidade Drive app, available to the whole Portuguese population, promotes more responsible and sustainable driving. It rewards users with prizes based on their driving behavior
- **Renewable Energies:** since the early 2000s, Fidelidade has positioned itself at the forefront to support its clients in the energy transition, offering products for the project phases, construction, and subsequent operational phases, safeguarding their assets and the sustainability of their businesses. Fidelidade promotes recommendations, clarification sessions, and risk analysis visits to sites where the installation of photovoltaic panels on industrial building roofs will take place. We also provide risk assessment services, issuance of recommendations, and best practices
- **Climatic Events:** Fidelidade has been investing in technological solutions, such as artificial intelligence, to assess the risk of natural disasters and alert customers to act swiftly. Our Extreme Events Prediction and Monitoring System allows us to identify the formation of such situations (e.g., abnormal levels of rainfall and wind) in advance and estimate their impacts on Portuguese territory. This enables us to streamline and optimize the organization of the support that shall be provided to our affected customers during and after the extreme events, alerting claims management teams in advance. More importantly, we proactively protect our customers by determining potentially affected clients during the event formation and developing preventive tasks to avoid potential losses to their assets. We also employ monitoring for rural or forest fires. Using satellite images, we can quickly and accurately determine the burned area in a fire, identifying clients' assets within that territory under Fidelidade's management. This early alert system enables claims management teams to be proactive and efficient
- **Supporting Industries in Energy Transition and Decarbonization:** in sectors such as cement, paper, and refineries, Fidelidade actively positions itself in underwriting/transferring of risks during the project, and construction and assembly of facilities/equipment phases, with a focus on promoting industry decarbonization and supporting the energy transition
- **Introduction of a Green Clause in the Corporate Product:** to promote the efficient use of energy, in the event of claims resulting in the impossibility of repairing insured

electrical machinery and equipment, compensation paid to customers will be increased by up to 10%. The additional amount is intended for the purchase of equipment with a higher energy efficiency rating than the damaged property