

Nature Positive Plan

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Introduction

Climate change is only one part of a broader environmental crisis, alongside an unprecedentedly rapid decline in the state of nature. The nature and climate crises are interrelated: climate change is the third greatest driver of nature loss¹, and natural ecosystems absorb roughly half of CO₂ emissions and increase our resilience to the effects of climate change². Protecting and restoring the planet's biodiversity and ecosystems is crucial in and of itself and any chance of a sustainable future for us all depends on tackling nature and climate crises together.

The insurance industry plays a fundamental role in addressing biodiversity loss by leveraging its financial influence to promote sustainable practices, mitigating environmental risks through innovative underwriting policies, and investing in nature-based solutions³ that restore and protect ecosystems, thus fostering a more resilient and biodiverse future.

As a long-term business committed to sustainability, Fidelidade Group recognizes its impact on the environment and climate, as well as the critical role biodiversity plays in maintaining ecological balance, risk management, and societal well-being. Aware of this, the Group is dedicated to promoting a sustainable future by embedding biodiversity and ecosystem health into its core business activities. This Nature Positive Plan aligns with global initiatives to face biodiversity loss and climate change, ensuring that Fidelidade Group actively contributes to the health and resilience of our planet's ecosystems.

Vision and objectives

Fidelidade Group aims to become a 'Nature Positive' insurance company by integrating biodiversity and ecosystem safeguards into all its business activities. This includes reducing carbon emissions, minimizing pollution, and promoting the sustainable use of resources. Through these efforts, the Group seeks to foster a resilient, thriving natural environment for both present and future generations. Fidelidade is committed not only to minimizing environmental loss but also to actively protecting and restoring nature.

To realize this vision, Fidelidade Group is committed to implement the following operational objectives across its activities – investments, underwriting⁴ and own operations:

1. Identify and assess biodiversity impacts, dependence on ecosystem services and related risks and opportunities, and understand the exposure to nature risks.
2. Prioritize geographies where it can make the greatest impact (both negative and positive).
3. Take action now, while acknowledging the challenges and adapting its own approach to align with the latest best practices.
4. Empower staff to move forward on the Nature Positive Journey.
5. Engage with customers and potential customers to encourage and support them to address biodiversity impacts and dependencies while also managing associated risks.
6. Collaborate with and influence other key stakeholders.
7. Complete the assessment of nature-related impacts, dependencies, risks, and opportunities, and establish a baseline for its biodiversity impacts while setting detailed Nature Positive Group targets in alignment with the Post-2020 Global Biodiversity Framework. Progress will be reported annually, highlighting contributions to global biodiversity goals through investments, underwriting and operations.

1 IBPES, *The Global Assessment Report on Biodiversity and Ecosystem Services*, 2019

2 WWF, *Our Climate's Secret Ally: Uncovering the story of nature in the IPCC Sixth Assessment Report*, 2022

3 IUCN official definition: "actions to protect, sustainably manage, and restore natural or modified ecosystems, that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits."

4 First alignment with key WWF recommendations for insurance and reinsurance underwriting, "Underwriting our planet", 2023

Risks, opportunities and impacts

The global insurance industry, including regulators and supervisors, increasingly acknowledge the financial significance of nature-related risks.⁵ Consequently, comprehending the biodiversity impacts, dependencies, and risks is essential for effective risk management. To address these risks, impacts, and dependencies, Fidelidade Group pledges to conduct a thorough assessment of its investments, underwriting practices, and operations. This assessment will identify and prioritize key areas of impact and dependency.

This assessment will enable Fidelidade Group to:

- Set and disclose targets to enhance positive impacts and reduce negative impacts on biodiversity.
- Review its underwriting risk appetite and boundaries, focusing on areas where it can make the most significant difference.
- Integrate biodiversity impacts into procurement decision-making.
- Develop enhanced safeguards and screening practices for high-impact sectors⁶ within its investment and underwriting activities.
- Develop comprehensive policies to safeguard important areas for biodiversity (legally protected areas, UNESCO World Heritage sites, UNESCO Man and the Biosphere Reserves, Ramsar sites, Key Biodiversity Areas and other important areas for biodiversity: Natura 2000, Landscape Protected Areas)
- Report annually, maintaining transparency about its progress and any significant contributions, positive or negative, to global biodiversity goals linked to financing activities and investment portfolios.
- Prioritize areas that have the greatest exposure and potential to make a material difference.

Strategic focus areas

A. Investments

Acting with a Nature Positive approach through Fidelidade Group investment activities, will play an important part in supporting its environment and climate policy as well as real-world change. To ensure Fidelidade Group investments to support the reduction of human impact on nature and the biodiversity protection and restoration within our ESG (Environmental, Social and Governance) practices, Fidelidade Group will focus on:

- integrating Nature Positive criteria into the current sustainable investment process.
- driving meaningful impact by setting specific targets for the allocation of funds towards nature-based solutions (NBS).

⁵ SIF (2021) SIF scoping study: Nature-related risks in the global insurance sector. New York: UNDP.

https://sustainableinsuranceforum.org/wp-content/uploads/2021/11/UN_Nature-Related-Risks-in-the-Global-Insurance-Sector_v9.pdf.

⁶ The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and Portfolio Earth highlights the following industry sectors as key drivers of biodiversity loss:

- Food system and agricultural commodities, notably fisheries, aquaculture and mariculture; and agriculture and grazing (crops, livestock, agroforestry)
- Forestry and non-food forest commodities
- Metal and mineral mining
- Fossil fuels
- Infrastructure (dams, cities, roads)
- Tourism
- Relocation of goods and people (air, sea & road)

Additionally, the UNEPFI Beyond 'Business as Usual': Biodiversity Targets and Finance Report highlighted the following sectors as having high inherent dependencies on ecosystem services: Agricultural Products, Apparel, Accessories & Luxury Goods, Brewers, Electric Utilities, Independent Power Producers & Energy Traders, Distillers & Vintners, Forest Products, Water Utilities.

Investments

Short-term	Evaluation of the inclusion of Nature Positive criteria in asset portfolio management
Medium-term	Asset portfolio reviewed according to ESG criteria, including Nature Positive criteria
Long-term	Total commitment to “Nature Positive Principles” ⁷ in asset portfolio for all geographies.

B. Underwriting

Within a Nature Positive underwriting approach, Fidelidade Group will focus on the following priorities:

- review its underwriting risk appetite by integrating nature-related risks, creating a positive approach among all the Group geographies;
- establish clear exclusion policies and underwriting boundaries to minimize adverse impacts on nature, regarding the most nature-negative activities that result in biodiversity loss and ecosystem and habitat destruction (e.g., deforestation, IUU fishing, pollution, invasive species, most greenhouse gas (GHG)-emitting and intensive activities), within underwriting portfolios;
- encourage and support customers in adopting sustainable practices that enhance biodiversity protection, conservation and restoration;
- development of insurance products and solutions that cover natural ecosystems (e.g., forests, coral reefs, mangroves, wetlands), and economic activities that value, conserve, restore and wisely use biodiversity and ecosystem services.

Underwriting

Short-term	Evaluation of the inclusion of Nature Positive criteria in underwriting portfolio management
Medium-term	Insurance company portfolio and products reviewed according to ESG criteria, including Nature Positive criteria
Long-term	Total Commitment to “Nature Positive Principles” in underwriting portfolio for all geographies.

C. Operations

Adopting a Nature Positive approach in Fidelidade Group’s operations will involve integrating biodiversity and ecosystem considerations into every aspect of its business activities, as part of its sustainability, procurement and environment and climate policies, with focus on the following priorities:

- Commitment to continuously strengthen and develop projects such as the Impact Center for Climate Change & Forestry Fund “Florestas de Portugal” (“Net Zero Transition Plan”);
- Monitor and take part of the sustainable carbon market initiatives;
- Emphasize the need for all Geographies to reduce their carbon emissions and develop projects that actively promote biodiversity protection, conservation and restoration.

Operations

Short-term	Evaluation of the inclusion of Nature Positive criteria in operational activities
Medium-term	Increase projects, initiatives and training to reduce the carbon emissions and taking an active part in halt and reverse nature loss
Long-term	Total commitment to “Nature Positive Principles” in direct operations for all geographies.

⁷ According to UNEP Finance Initiative and the UNEP Principles for Sustainable Insurance Initiative, Nature-positive insurance (NPI) can be defined as risk management and insurance strategies, approaches, practices, products, services and solutions that address nature-related dependencies, impacts, risks and opportunities in order to value, conserve, restore and wisely use biodiversity and ecosystem services; and to promote economic, social and environmental sustainability. NPI aims to actively contribute to achieving the mission of the Kunming-Montreal Global Biodiversity Framework to halt and reverse nature loss by 2030, and its vision of a world living in harmony with nature by 2050.

Implementation plan

1. Identify and assess nature-related impacts, dependencies, risks and opportunities

Action Steps:

- **Conduct comprehensive assessments:** Undertake detailed assessments of nature-related impacts and dependencies across investments, underwriting, and operations.
- **Set metrics:** Establish and use specific biodiversity and ecosystems metrics and indicators to measure impacts and dependencies.

Timeline:

- **Starting in 2025:** Define assessments and develop biodiversity metrics.
- **Starting in 2026:** Initiate assessments and integration into business practices.

Key Milestones:

- Completion of nature-related impact and dependency assessments.
- Development of a comprehensive nature-related risk and opportunity profile.

2. Prioritize areas for impact

Action Steps:

- **Impact analysis:** Analyse assessment results to identify key areas where Fidelidade Group can make the most significant positive and negative impacts.
- **Set prioritization criteria:** Establish criteria for prioritizing areas based on potential impact, feasibility, and alignment with strategic goals.

Timeline:

- **Starting in 2025:** Analyse assessment results and set prioritization criteria.

Key Milestones:

- Identification of prioritized areas for biodiversity impact.
- Development of an action plan for prioritized areas.

3. Take immediate action

Action Steps:

- **Quick wins:** Identify and implement immediate actions that can yield quick wins for biodiversity and ecosystems.
- **Mid and long-term strategies:** Develop and implement mid and long-term strategies to address prioritized areas.
- **Best practices alignment:** Continuously adapt and refine strategies based on emerging best practices and scientific knowledge.

Timeline:

- **Starting 2026:** Implement quick wins.
- **Starting 2028:** Carry out analysis for mid and long-term strategies and continuously adapt.

Key Milestones:

- Successful implementation of immediate actions.
- Continuous adaptation and improvement of mid and long-term strategies.

4. Empower staff for the Nature Positive Journey

Action Steps:

- **Training programs:** Develop and conduct training programs to educate Fidelidade employees on nature-related issues and the Nature Positive Insurance approach.
- **Engagement initiatives:** Launch initiatives to engage employees in nature-related projects and encourage innovative ideas.

Timeline:

- **Starting in 2024:** Develop training programs and engagement initiatives.
- **Starting in 2025:** Conduct ongoing training and engagement activities.

Key Milestones:

- Completion of initial training programs.
- Ongoing employee engagement and participation in biodiversity projects.

5. Engage with customers and potential customers

Action Steps:

- **Customer education:** Educate customers about the importance of biodiversity and ecosystems and the benefits of adopting sustainable practices.
- **Support mechanisms:** Provide tools and resources to help customers assess and manage their nature-related impacts, dependencies, risks and opportunities.

Timeline:

- **Starting in 2025:** Develop customer education materials and support mechanisms.
- **Starting in 2028:** Implement customer engagement and support activities.

Key Milestones:

- Launch of customer education and support programs.
- Regular updates and enhancements to customer engagement activities.

6. Collaborate with other key stakeholders

Action Steps:

- **Stakeholder mapping:** Identify and map key stakeholders relevant to nature-related topics.
- **Partnerships and Alliances:** Establish partnerships and alliances with governmental entities, NGOs, academic institutions, industry peers, local communities, and investors.
- **Collaborative Projects:** Develop and participate in collaborative projects that promote biodiversity protection, conservation and restoration.

Timeline:

- **Starting in 2025:** Conduct stakeholder mapping and initiate partnerships.
- **Starting in 2026:** Expand and deepen stakeholder collaborations.

Key Milestones:

- Establishment of key partnerships and alliances.
- Launch of collaborative nature-related projects.

7. Set and report on Nature Positive targets

Action Steps:

- **Target Setting:** Establish detailed Nature Positive targets aligned with the Post-2020 Global Biodiversity Framework.
- **Annual Reporting:** Develop a framework for annual reporting on progress towards targets.

Timeline:

- **2026:** Set detailed Nature Positive targets.
- **Starting 2028:** Conduct reporting on progress.

Key Milestones:

- Establishment of Nature Positive targets.
- Publication of annual progress reports.

Strategic projects and other 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 long-term, responsible and sustainable entity. Specifically, we have aligned ourselves with the UN Global Compact, adhered to the Principles of Sustainable Insurance (PSI), taking part of working Groups, defining priority actions and results of the TNFD LEAP assessment and providing a set of priority actions to start mainstreaming nature in insurance organizations. Fidelidade also embraced the Charter of Principles of BCSD Portugal. This Nature Positive Plan, alongside our Net Zero Transition Plan, is designed to complement and support the achievement of the Sustainable Development Goals (SDGs).

Our commitment to fostering a Nature Positive future extends beyond our Group, also to all society, through leveraging our resources, partnerships, knowledge, and influence to drive both nature and climate agenda forward. These initiatives span across various dimensions, including carbon footprint reduction, sustainable forestry, climate change and biodiversity loss awareness, waste management, and circular economy.

Example of initiatives include:

- **Forestry Fund:** Fidelidade Group created a national Forestry Fund “Florestas de Portugal”, with a secured CMVM approval in 2023 as an SFDR article 9 product. This fund, managed by *Fidelidade Sociedade Gestora*, is strategically established to advance sustainable forestry practices in Portugal. Mostly focused on forestation, reforestation and agroforestry projects, its mission is to leverage nature-based solutions to combat the challenges posed by climate change. Key objectives of this initiative include sustainable forestry management, local biodiversity development, job creation and rural development and effective asset management.
- **Launch of the Impact Center for Climate Change:** Fidelidade Group is establishing the Impact Center for Climate Change in collaboration with universities and research centers, demonstrating our dedication to climate action and knowledge sharing. The Center will work as a knowledge hub for both Fidelidade and the wider community. Its primary roles include coordinating and integrating activities or initiatives related to climate change and net-zero targets. Furthermore, it will actively contribute to raising awareness and enhancing understanding of climate change- related subjects, including climate and nature-related themes, within our organization and the broader society.

Governance

Fidelidade Group'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.

Fidelidade sustainability strategy and objectives (incl. climate and nature-related risks and ambitions 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.

Integrated in Fidelidade Group's sustainability journey, the Nature Positive Plan implementation will be supported by the following 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, and Risk Management Policy.
- ii. **Transparent Processes & Communication:** Fidelidade Group processes are adapted to promote transparency, ethics, and respect for stakeholders. Transparency is vital to Fidelidade, and enhancing communication and reporting helps to build trust. Regular, transparent, and clear communication on sustainability is prioritized because it fosters trust and accountability. Ethics are an integral part of all processes, influencing the behavior of employees and the way Fidelidade manages its business relationships. Most importantly, procedures are adjusted to prioritize stakeholders' interests. Fidelidade value their feedback and prioritize their rights and wellbeing. These principles are the foundation of Fidelidade Group dedication to responsible and sustainable business practices, ensuring values and actions alignment.
- iii. **Governance Bodies:** Several governance bodies, including the Sustainability Committee, play a key role in supervising our sustainability initiatives and monitoring progress. As a testament of dedication, the Group executive committee incorporates ESG metrics into its remuneration structure to align leadership's incentives with sustainability objectives.
- iv. **Reporting:** Fidelidade Group is committed to disclose non-financial metrics either through voluntary reporting (e.g. GRI) or in accordance with current and future standards and regulations, such as SFDR, EU Taxonomy or CSRD.

Partnerships and collaboration

To consolidate its ambition and implement the Nature Positive Plan, Fidelidade Group recognize the importance of collaborating with a diverse range of stakeholders including:

1. *Government and Regulatory Bodies*

Work closely with local, national, and international government agencies to align initiatives with regulatory requirements and contribute to the development of policies that promote biodiversity conservation and sustainable practices.

2. *Non-Governmental Organizations (NGOs) and Environmental Groups*

Partnering with NGOs and environmental groups to leverage their expertise, resources, and networks to enhance our biodiversity initiatives. These collaborations will help Fidelidade Group implement best practices, monitor progress, and address challenges effectively.

3. *Academic and Research Institutions*

Collaborate with universities and research institutions will provide Fidelidade Group with access to cutting-edge research and innovative solutions. Through joint research projects, knowledge sharing and educational programmes, it will be possible to develop and implement effective strategies for the conservation and restoration of biodiversity.

4. *Industry Peers and Associations*

Engage with other companies and industry associations to share knowledge, establish industry-wide standards, and drive collective action towards biodiversity goals. This collaboration will help create a unified approach to sustainability within the industry, amplifying Fidelidade Group impact.

5. *Local Communities*

Engaging with local communities is crucial for the success of biodiversity initiatives. Fidelidade Group will work with community leaders and organizations to understand their needs and perspectives, ensuring that our actions benefit from both biodiversity and local livelihoods. Community involvement will also foster a sense of ownership and stewardship for the natural environment.

6. *Customers and Suppliers*

Fidelidade Group will collaborate with customers and suppliers to promote sustainable practices throughout the value chain. This includes encouraging sustainable sourcing, reducing environmental impacts, and raising awareness about biodiversity conservation among key stakeholders.

7. *Investors*

Communicate the importance of biodiversity and the financial risks associated with its loss. Through regular updates, transparency in reporting, and dedicated investor briefings, Fidelidade Group will ensure that investors understand and support its biodiversity initiatives.

By fostering strong partnerships with these key stakeholders, Fidelidade Group can drive meaningful change and make significant progress towards the implementation of our Nature Positive Plan. Together, they can protect and restore the biodiversity that is essential for the planet and future generations wellbeing.

Progress control, monitoring and reporting

Within its commitment to sustainability, Fidelidade Group has established a framework of long-term and interim targets as fundamental elements of its sustainability journey. Once Fidelidade has completed the assessment and established a baseline for biodiversity impacts, dependencies, risks and opportunities, detailed targets will be set for the Group's Nature Positive journey, in alignment with the Post-2020 Global Biodiversity Framework. Fidelidade will report annually on progress against these targets, including any positive or negative contributions to global biodiversity goals linked to investments, underwriting and own operations.

Additionally, Fidelidade Group will urge other companies to adopt a similar approach and will stand ready to collaborate with governments, non-governmental organizations, and other stakeholders to accelerate progress towards a sustainable and a Nature Positive future.

Nature loss and climate change are the intertwined crises of our lifetime, requiring multi-stakeholder collaboration and Fidelidade Group is ready to play its part. Its customers, communities and economy all depend on a thriving natural environment. It takes collective effort to make the necessary changes to protect and restore the biodiversity that sustains us all.