FIDELIDADE
SEGUROS DESDE 1808

TRANSITION PLAN

GRUPO FIDELIDADE

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1. APPROACH & 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°C 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 endeavour 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. Since then, the Risk Management function has further strengthened this approach by leading a structured climate risk assessment process, identifying and evaluating both physical and transition risks across financial assets, real estate portfolios and underwriting activities. Physical risk analyses now cover hazards such as floods (coastal, fluvial and pluvial), wildfires, windstorms, tropical cyclones, convective storms, hail and solifluction, as well as heat stress and vector-borne diseases for Life & Health portfolios, considering both acute and chronic risk drivers depending on the portfolio.

Going forward, we will continue to deepen this work, evolving the analysis from exposure-based screening to impact-based assessments, with the objective of quantifying potential financial losses under different climate scenarios, in line with TCFD recommendations and emerging supervisory expectations.

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:

- 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.
- 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.
- 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. 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 Own 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 own 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 Table 1).

For the baselining and target-setting efforts on the underwriting and investment (sub)portfolios we 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 followed the Greenhouse Gas Protocol (GHG Protocol). These targets are science-based, meaning they are in line with IPCC 1.5ºC scenarios and reliable industry approaches.

TABLE 1: TRANSITION PLAN

	2022 (BASELINE)	2030 TARGET (vs 2022)	NET ZERO TARGET	DECARBONISATION LEVERS
SCOPE 1 E SCOPE 2 (*MARKET-BASED*) SCOPE 3 – BUSINESS TRAVEL	**2,055** tCO_2e/employee FIDELIDADE PORTUGAL GROUP (EXCL. LUZ SAÚDE)	**-50%** GHG emissions/ employee	2040	- Improving building performance; - Production and acquisition of renewable energy; - Fleet transition; - Promotion of remote meetings; - Reduction of business travel.
COMMERCIAL	**0,283** $ktCO_2e$/Mn€ FIDELIDADE PORTUGAL GROUP	**-30%** GHG emissions / insurance premiums	2050	- Engagement in transition; - Selective growth; - Change in mix.
PERSONAL MOTOR	**0,246** tCO_2e/vehicle FIDELIDADE PORTUGAL GROUP	**-26%** GHG emissions / # of vehicles	2050	- Evolution of products and services; - Selective growth; - Selection of vehicles and drivers.
LISTED EQUITIES & CORPORATE BONDS	**82,183** tCO_2e/Mn€ ASSETS MANAGED BY THE FIDELIDADE GROUP IN PORTUGAL, SPAIN, FRANCE, MACAU AND THE UNITED KINGDOM	**-40%** GHG emissions / assets under management	2050	- Selective growth; - Direct engagement; - Maturity management; - Adjustment of sector mix; - Increased exposure to sustainable debt instruments.
REAL ESTATE	**35,270** $kgCO_2e/m^2$ PROPERTIES MANAGED BY FIDELIDADE PROPERTY	**-45%** GHG emissions / m^2	2050	- ESG certifications; - ESG legal compliance; - Responsible procurement; - Lease agreements with green clauses; - Energy rating of the portfolio.

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

Climate change poses a structural challenge for the investment sector, which plays a decisive role in financing the transition to a low-carbon economy. The companies in which investments are made have different emissions profiles, varying levels of climate maturity and their own decarbonisation rates. In this context, institutional investors are key players in promoting more sustainable business practices through the integration of ESG factors, active dialogue with investee companies and the gradual reorientation of capital towards less carbon-intensive sectors and projects.

It is within this framework that the Fidelidade Group has been deepening its work in assessing and managing the emissions associated with its investments, focusing on listed equity portfolios, corporate bonds and real estate assets.

TABLE 2: INVESTMENT EMISSION TARGETS

	2022 (BASELINE)	TARGET 2030	NET ZERO	SCOPE
LISTED EQUITIES & CORPORATE BONDS	82,183 $tCO_2e/Mn€$	-40% intensity over AuM	2050	Assets under management by the Fidelidade Group in Portugal, Spain, France, Macau and the United Kingdom[1]
REAL ESTATE (direct investments)	35,270 $kgCO_2e/m^2$	-45% intensity over sqm	2050	Assets under management by Fidelidade Property[2]

The main business levers for decarbonising the

To achieve its interim targets regarding **listed equities and corporate bonds**, Fidelidade has identified a set of strategic levers that, together, will support the reduction of emissions associated with its investment portfolio. These include selective growth, favouring issuers and sectors with better climate performance; direct engagement with investee companies, encouraging the definition and implementation of transition plans aligned with 1.5ºC trajectories; maturity management, which allows the portfolio to be adapted as assets reach maturity, favouring lower carbon intensity solutions; and adjustment of the sector mix, through the progressive reweighting of portfolios towards more sustainable economic activities.

For the **real estate** portfolio, key business levers focus on improving the energy performance and sustainability profile of assets. This includes obtaining ESG certifications, implementing energy efficiency upgrades and refurbishment programmes, incorporating green clauses into lease agreements, and improving the overall energy rating of buildings.

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:

[1] 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. The baseline value (2022) accounted for 92% of the Group's total portfolio.
[2] Due to data availability restrictions, it was not yet possible to calculate the baseline value for the portfolio of Real Estate for the whole Group. The baseline value (2022) accounted for 52% of the Group's total portfolio.

- *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:* Issue green bonds, 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

Climate change poses a challenge for the insurance sector, whose activity is simultaneously exposed to the physical impacts of extreme weather events and has the capacity to influence the transition to a low-carbon economy. The way policyholders use their assets, how they travel or how they operate their businesses has a direct impact on the GHG emissions associated with insurance activity. In this context, insurers have been taking on an increasing role in promoting more sustainable behaviour, whether through their underwriting practices, the way they support their customers' adaptation and resilience, or the way they manage claims. It is in this context that the Fidelidade Group has been deepening its work in assessing and managing emissions associated with insurance products, with an initial focus on underwriting commercial and motor portfolios in Portugal for which internationally accepted PCAF methodologies already exist.

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.

TABLE 3: EMISSION TARGETS FOR UNDERWRITING PERIMETER

	2022 (BASELINE)	TARGET 2030	NET ZERO	SCOPE
COMMERCIAL	0,283 $ktCO_2e$/Mn€	-30%	2050	Fidelidade Group in Portugal
MOTOR	0,246 tCO_2e/vehicle	-26%	2050	Fidelidade Group in Portugal

To achieve the intermediate **commercial** targets set, the Group envisages a set of decarbonisation levers that, together, will contribute to reducing emissions associated with the portfolio. These include actively involving customers in their transition path; selective growth, favouring customers and sectors with lower carbon intensities; and changing the portfolio mix, encouraging reallocation to lower-emission activities. In order to achieve the intermediate target, the potential impact of the attrition path is also recognised.

In the **motor** portfolio, the achievement of intermediate emission reduction targets is based on a set of specific levers that, together, contribute to a progressive reduction in carbon intensity per vehicle. These include the evolution of products and services, including solutions that encourage more efficient driving behaviour; selective growth, aimed at attracting customers with lower emission profiles; and the selection of vehicles and drivers — promoting the adoption of more sustainable fleets and risk profiles. To achieve the intermediate target, the potential impact of the inertial path is also recognised, which includes market developments, with more electric cars being sold and, consequently, insured.

We are also successfully introducing products that contribute to our commitment towards a more environmentally sustainable society, particularly by influencing greener behaviours. As an example, Fidelidade launched an app-based telematics solution (Fidelidade Drive) linked to our motor business that tracks driving behaviours 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 behavioural change.

C. OWN OPERATIONS

Fidelidade is committed to reducing emissions related to its own operations, following the GHG Protocol for calculating its carbon footprint. Scope 1 and 2 emissions, as well as business travel (Scope 3 category 6), represent only a residual fraction of the Group's total footprint when compared to emissions associated with its underwriting and investment portfolio. Nevertheless, Fidelidade remains firmly committed to reducing these emissions, recognising their role in achieving its climate ambitions.

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.

TABLE 4: EMISSION TARGET FOR DIRECTLY CONTROLLED OPERATIONS PERIMETER

	2022 (BASELINE)	TARGET 2030	NET ZERO	SCOPE
DIRECTLY CONTROLLED OPERATIONS (Scopes 1, 2 and 3 – category 6)	2,055 tCO_2e/employee	-50% intensity per employee	2040	Fidelidade Group in Portugal (excluding Luz Saúde)

For our 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), but we will work with our remaining Group entities to enlarge the scope in the upcoming years.

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).
II. LEED Platinum Lisbon Fidelidade Headquarters: Our new headquarters in Lisbon will have the highest energy efficiency standards, with the development project being already approved as LEED Platinum 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€/tCO_2e 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" within the 3-year period that follows the year of the corresponding emissions. As of March 2026, a total of €9 million had already been invested under this commitment.

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 NZAOA and the Forum for Insurance Transition to Net Zero (FIT) and embraced the Charter of Principles of BCSD Portugal. This same 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 centres, 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 & TARGET SCOPE

TABLE 5: BASELINE EMISSIONS OF FIDELIDADE GROUP

GHG EMISSIONS	2022 (tCO_2e)	%	TOTAL EMISSIONS SCOPE	TARGET SCOPE	CALCULATION METHOD[3]
SCOPE 1					
Direct emissions	8 985	0,94	Fidelidade Group	Fidelidade Group in Portugal (excluding Luz Saúde) 22% of scope 1 emissions	Activity-based method from GHG Protocol (when primary data not available, secondary data was used)
SCOPE 2					
Indirect emissions from purchased energy – location-based	9 926	-	Fidelidade Group	Not covered by target	Location-based method
Indirect emissions from purchased energy – market-based	12 669	0,74	Fidelidade Group	Fidelidade Group in Portugal (excluding Luz Saúde) 13% of scope 2 emissions	Market-based method (when concrete supplier data is available) combined with Location-based method (when supplier data is unavailable in international geographies)
SCOPE 3	1 117 985				
1. Purchased Goods and Services	59 802	6,00	Fidelidade Group	Not covered by target	Spend-based method from GHG Protocol
2. Capital Goods	5 475	2,28	Luz Saúde	Not covered by target	Average spend-based method from GHG Protocol
3. Fuel- and Energy-Related Activities (Not in Scope 1 or 2)	4 971	0,44	Fidelidade Group	Not covered by target	Average-data method from GHG Protocol with industry or country averages
4. Upstream Transportation and Distribution	916	0,10	Luz Saúde	Not covered by target	Distance-based method from GHG Protocol
5. Waste generated in operations	1 471	0,13	Fidelidade Group companies in Portugal, Bolivia, Paraguay, Chile, Peru, UK and Luz Saúde	Not covered by target	Waste-type-specific method from GHG Protocol (though not possible to consider treatment type only waste type)
6. Business Travel	5 303	0,37	Fidelidade Group	Fidelidade Group in Portugal (excluding Luz Saúde) 70% of scope 3 – C6 emissions	Combination of distance-based method (in geographies where data is available) & Spend-based method (when primary data is not available) from GHG Protocol. Includes upstream and downstream emissions. In Luz Saúde it considers emissions from hotel stays.
7. Employee Commuting	17 866	1,38	Fidelidade Group	Not covered by target	Distance-based method from GHG Protocol (includes homeworking emissions as well as upstream and downstream emissions)
8. Upstream Leased Assets	NA	-	-	Not covered by target	-
9. Downstream Transportation and Distribution	14 601	1,70	Luz Saúde	Not covered by target	Distance-based method from GHG Protocol
10. Processing of Sold Products	NA	-	-	Not covered by target	-
11. Use of Sold Products	NA	-	-	Not covered by target	-
12. End-of-Life Treatment of Sold Products	266	0,01	Luz Saúde	Not covered by target	Waste-type-specific method from GHG Protocol
13. Downstream Leased Assets	NA	-	-	Not covered by target	-
14. Franchises	NA	-	-	Not covered by target	-
15. Investments	1 007 314	-	-	Not covered by target	PCAF Global GHG Accounting and Reporting Standard as the primary calculation methodology for investments (Listed Equities and Corporate Bonds + Real Estate) and for insurance-associated emissions (Commercial + Individual Motor).
INVESTMENTS	537 560	-	-	-	
Listed Equities and Corporate Bonds	525 726	40,04	Fidelidade companies in Portugal, Spain, France, Macau and UK	Assets under management by the Fidelidade in Portugal, Spain, France, Macau and UK 100% of scope 3 – C15 emissions	

[3] According to GHG Protocol and PCAF methodologies.

GHG EMISSIONS	2022 (tCO_2e)	%	TOTAL EMISSIONS SCOPE	TARGET SCOPE	CALCULATION METHOD[3]
Real Estate	11 832	0,70	Portfolio of direct investments in real estate assets managed by Fidelidade Property	Assets under management by Fidelidade Property 100% of scope 3 – C15 emissions	For Luz Saúde - Investment specific method estimating scope 1 and 2 emissions from entities with an equity share from Luz Saúde but not controlled by Luz Saúde.
Investments by Luz Saúde	3	0,00	Luz Saúde	Not covered by target	
UNDERWRITING	469 754	-	-	-	
Commercial	55 535	6,56	Fidelidade's commercial insurance portfolio in Portugal	Fidelidade Group in Portugal 100% of scope 3 – C15 emissions	
Personal motor	414 219	38,63	Fidelidade's motor insurance portfolio in Portugal	Fidelidade Group in Portugal 100% of scope 3 – C15 emissions	

The percentage of GHG emissions covered by targets corresponds to 89%.

Fidelidade will continue to invest its best efforts to secure full coverage in the future for revising baseline value appropriately while maintaining emissions reduction ambition, both in the interim and net zero targets.

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 GHG emissions follows the methodology of 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.

TABLE 6: EMISSION FACTOR SOURCES PER SCOPE/CATEGORY

GHG EMISSIONS	SOURCES
SCOPE 1	
Direct emissions	Agência Portuguesa do Ambiente (APA) - NIR 2022, 2023, 2024 e 2025. IPCC - 6AR. DEFRA, CELE, Portgás
SCOPE 2	
Indirect emissions from purchased energy	Agência Portuguesa do Ambiente (APA), Direção-Geral de Energia e Geologia (DGEG), Carbon Data Intelligence, Our World in Data - Ember, Energy Institute - Statistical Review of World Energy, Central Statistics Office (CSO), Electricity suppliers – EDP, Eletricidade da Madeira, Eletricidade dos Açores, GALP, Clima Espaço, Gold Energy, EDF, CEM, Gesternova, Endesa, Chile electricity supplier, Liechtenstein electricity supplier
SCOPE 3	
1. Purchased Goods and Services	Base Carbone, EPA
2. Capital Goods	EPA, PORDATA, World Bank
3. Fuel- and Energy-Related Activities (Not in Scope 1 or 2)	DEFRA, Carbon Data Intelligence
4. Upstream Transportation and Distribution	DEFRA
5. Waste generated in operations	Base Carbone, DEFRA
6. Business Travel	DEFRA
7. Employee Commuting	DEFRA, Base Carbone
9. Downstream Transportation and Distribution	DEFRA
12. End-of-Life Treatment of Sold Products	Parsons, S. et al (2021). The carbon footprint of waste streams in a UK hospital. Journal of Cleaner Production, 286, 125498
15. Investments	Sustainalytics, Bloomberg, Instituto Nacional de Estatística (INE), Informa D&B, Eurotax, Agência Portuguesa do Ambiente (APA), Carbon Risk Real Estate Monitor (CRREM), Non-financial reports of insured companies, DEFRA

SCOPE 1

Scope 1 emissions are calculated based on the activity-based method from GHG Protocol using primary data when available – e.g. amount of fuel consumed in office buildings and non-electric fleet (diesel, gasoline, natural gas, and propane gas). When primary data is not available, secondary data was used - e.g. average consumption per square meter or average diesel consumption for generators.

SCOPE 2

Scope 2 emissions are calculated based on the activity-based method from GHG Protocol using primary data when available – e.g. amount of electricity consumed in office buildings and electric fleet. When primary data is not available, secondary data was used - e.g. average consumption per square meter of office buildings. 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.

SCOPE 3

CATEGORY 1 - PURCHASED GOODS AND SERVICES

Category 1 emissions are calculated based on the spend-based method from GHG Protocol. Since emissions factors available where in euro currency and related to a base year different from the year of the calculated emissions, the emissions factors were adjusted to consider both inflation and the variation of exchange rated since the base year of the original emission factor. The monetary amounts considered include VAT since it was not possible to deduct the VAT amount which increase reported emissions.

CATEGORY 2 – CAPITAL GOODS

Category 2 emissions are calculated based on the average spend-based method from GHG Protocol for the most material capital goods acquired, only considering Luz Saúde entity where this emissions' category is relevant.

CATEGORY 3 - FUEL- AND ENERGY-RELATED ACTIVITIES (NOT IN SCOPE 1 OR 2)

Category 3 emissions are calculated based on the average-data method from GHG Protocol with industry or country averages based on the fuel and electricity amounts consumed.

CATEGORY 4 - UPSTREAM TRANSPORTATION AND DISTRIBUTION

Category 4 emissions are calculated based on the distance-based method from GHG Protocol, only considering Luz Saúde entity where this emissions' category is relevant.

CATEGORY 5 - WASTE GENERATED IN OPERATIONS

Category 5 emissions are calculated based on the waste-type-specific method from GHG Protocol. It was not possible to consider waste treatment type. 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 primary data was not available.

CATEGORY 6 - BUSINESS TRAVEL

Category 6 emissions are calculated based on a combination of distance-based method (in geographies where primary data is available such as Portugal) and spend-based method (when primary data is not available) from GHG Protocol. Calculations include upstream and downstream emissions. In Luz Saúde entity it was also considered the emissions from hotel stays.

CATEGORY 7 - EMPLOYEE COMMUTING

Category 7 emissions are calculated based on the distance-based method from GHG Protocol. Calculations include homeworking emissions as well as upstream and downstream emissions.

CATEGORY 9 - DOWNSTREAM TRANSPORTATION AND DISTRIBUTION

Category 9 emissions are calculated based on the distance-based method from GHG Protocol, only considering Luz Saúde entity where this emissions' category is relevant.

CATEGORY 12 - END-OF-LIFE TREATMENT OF SOLD PRODUCTS

Category 9 emissions are calculated based on the waste-type-specific method from GHG Protocol, only considering Luz Saúde entity where this emissions' category is relevant.

CATEGORY 15 – INVESTMENTS

In this category, the methodology proposed by PCAF is followed both for emissions related to underwriting and for emissions financed through listed equities, corporate bonds, and real estate assets.

UNDERWRITING

The PCAF methodology was adopted to calculate emissions and set the respective targets, establishing specific criteria for both the Commercial and Motor, each with different calculation approaches. Based on this methodology, emissions associated with Commercial and Motor insurance in Portugal were estimated.

The GHG emission reduction targets set by the Fidelidade are science-based and compatible with limiting global warming to 1.5ºC, with the aim of achieving net zero in the private and commercial motor sub-portfolios in Portugal by 2050, with intermediate targets in 2030. These targets are also aligned with the IEA STEPS trajectories and the Paris Agreement. In addition, a sensitivity analysis was carried out to assess the feasibility of the targets in different scenarios, considering possible future developments and the potential impact on GHG emissions reduction.

MOTOR

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 gCO_2/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 $kgCO_2e/MWh$, as published by APREN (Associação de Energias Renováveis), to estimate the emissions of electric vehicles in CO_2e per kilometre travelled. For both situations, the kilometres travelled 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.

COMMERCIAL

To calculate GHG emissions from the commercial insurance portfolio (which includes lines of insurance sold to companies such as property, liability, workers' compensation, fleet, etc.[4]), when official client reports (such as Annual Reports, Financial Statements, and Sustainability Reports) are not available, sector proxies are developed based on turnover and emissions per sector disclosed by INE for companies with a turnover exceeding €50M in Portugal. With this information, Fidelidade is assigned a proportion of the calculated emissions, according to the ratio between the volume of policy premiums and the turnover of clients. Subsequently, the ratio of emissions to premiums is applied to the rest of the portfolio, assuming that clients follow the same trend. Sector estimates were based on the main CAE of companies, recognising that some may operate in other sectors, but this is the best available assumption. It is worth noting that the proportion of emissions calculated through industry proxies was 30% in 2022.

INVESTMENTS

LISTED EQUITIES AND CORPORATE BONDS

Within the Investments portfolio, PCAF defines Listed Equities & 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. While PCAF also provides methodologies for other asset classes, these are not yet included in the current scope of calculation.

[4] Health is not included due to the lack of a commonly accepted methodology in the industry.

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:

a) Investment funds
b) Real Estate funds
c) 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 92% 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):

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

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

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
- Market Cap: In replacement of EVIC for issuers in the Financials GICS Industry)
- Revenue
- Interest Income: In replacement of Revenue for issuers in the Banks Industry Sector)

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.

Calculation of proxy resulting from:

- Industry
- 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.

LUZ SAÚDE INVESTMENTS

For Luz Saúde entity category 15 emissions the investment specific method from GHG Protocol was used, estimating scope 1 and 2 emissions from entities with an equity share from Luz Saúde but not controlled by Luz Saúde.

REAL ESTATE

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 (CRREM). In cases where it was not possible to access actual consumption data or when the assets were unoccupied or partially unoccupied, the asset's size (in m^2) was multiplied by an estimated emission per square meter depending on the type of use and location of the asset (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*. Given that data availability is a key aspect of emissions baseline measurement, to maximize coverage of our portfolio we leveraged internal data (e.g., electricity consumption), collected on a regular basis.

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.

For GHG emission reduction targets, consistency with GHG inventory limits was ensured through the following measures:

- Avoiding double counting;
- Conducting a detailed mapping of emission sources to avoid overlaps in the established targets;
- Promoting continuous alignment through periodic reviews to ensure consistency between the GHG inventory and emission reduction targets.

By following these principles, Fidelidade ensures that GHG emission reduction targets are consistent with inventory limits, providing a clear and accurate representation of emission mitigation efforts across the scope and geography of its operations. The proposed approach follows the Sectoral Decarbonisation Approach (SDA) methodology, based on CRREM's global net zero trajectory.