

Second-Party Opinion

Fidelidade Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that Fidelidade Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2023. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, and Environmentally Sustainable Management of Living Natural Resources and Land Use – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 9 and 15.



PROJECT EVALUATION AND SELECTION Fidelidade’s Operational Sustainability Committee, comprising senior members from different divisions, including the Sustainability team, will be responsible for the project evaluation and selection process. The committee will be chaired by the CEO and have the CIO as an active voting member. Fidelidade has adopted internal processes and policies to address environmental and social risks commonly associated with the financed projects. This is in line with market practice.



MANAGEMENT OF PROCEEDS Fidelidade’s Treasury team will be responsible for the overall allocation and management of the proceeds. It intends to allocate all proceeds within three years of each issuance. Pending full allocation, the proceeds may be held in cash or cash equivalents, or invested in liquid marketable instruments in line with the company’s treasury management policies. This is in line with market practice.



REPORTING Fidelidade commits to publish an allocation and impact report on its website for all issuances on an annual basis until full allocation. Allocation reporting will include category-wide details regarding the allocated amount and the proportion of unallocated proceeds. In addition, Fidelidade intends to report on relevant quantitative impact and has provided indicative metrics within the Framework. Sustainalytics views Fidelidade’s allocation and impact reporting commitments as aligned with market practice.

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Introduction

Fidelidade – Companhia de Seguros, S.A. (“Fidelidade” or the “Company”) is an insurance company headquartered in Lisbon, Portugal, and offers life insurance and various other insurance products and services both, in Portugal and internationally.¹ Established in 1808, Fidelidade employs approximately 2,770 people as of Jan 2024.²

Fidelidade has developed Fidelidade Green Financing Framework dated May 2024 (the “Framework”) under which it and its subsidiaries³ intend to issue green bonds and loans, and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to deliver positive environmental outcomes. The Framework defines eligibility criteria in two areas:

1. Green Buildings
2. Environmentally Sustainable Management of Living Natural Resources and Land Use

Fidelidade engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)⁴ and the Green Loan Principles 2023 (GLP).⁵ The Framework has been published in a separate document.⁶

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁷ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2023, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.16, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Fidelidade’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. Fidelidade representatives have confirmed that: (1) they understand it is the sole responsibility of Fidelidade to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Fidelidade.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible

¹ Fidelidade, “Our presence in the world”, at: <https://www.fidelidade.pt/EN/fidelidade/about-us/about-us/Paginas/our-presence-in-the-world.aspx>

² Fidelidade has shared the noted figures with Sustainalytics.

³ For issuances by Fidelidade’s subsidiaries, the Company has confirmed to Sustainalytics that it will have an operational control over such issuances to ensure continual alignment with the Framework criteria.

⁴ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁵ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

⁶ The Green Financing Framework is available at: <https://www.fidelidade.pt/EN/fidelidade/investor-relations/Paginas/default.aspx>

⁷ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Fidelidade has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on Fidelidade Green Financing Framework

Sustainalytics is of the opinion that the Framework is credible, impactful and aligned with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, and Environmentally Sustainable Management of Living Natural Resources and Land Use – are aligned with those recognized by the GBP and GLP.
 - The Framework specifies that Fidelidade may use the proceeds to make equity participation in pure play companies that derive more than 90% of their asset value or revenue from activities that comply with the eligibility criteria in the Framework. Sustainalytics notes that it is market expectation to identify pure play companies based on revenues, and believes that project- and activity-based investments provide more direct environmental and social benefits and enable an enhanced compliance with the criteria in the Framework. Sustainalytics nonetheless notes that investment in pure play companies through sustainable bonds proceeds is a commonly accepted approach that is likely to generate positive impacts.
 - The Framework establishes a look-back period of three years for refinancing activities, except those financed under the Green Buildings category given such investments are expected to finance just capital expenditures. Sustainalytics considers these criteria to be in line with market practice.
 - Under the Green Buildings category, Fidelidade may finance the construction, acquisition or renovation of green buildings for its own operations as well as assets in its investment portfolio. Sustainalytics considers the investment criteria as aligned with market practice and notes the following:
 - Eligible green buildings are expected to meet one of the following criteria:
 - Have a primary energy demand at least 10% lower than the one resulting from the local Nearly Zero-Energy Buildings (NZEB).
 - Have reached at least EPC A level or are within the top 15% of the national or regional building stock.
 - Obtained or expected to obtain a credible green building certification, in particular, BREEAM “Very Good”, LEED “Gold” or higher levels of these certifications. Sustainalytics considers BREEAM Excellent to be aligned with market practice and encourages Fidelidade to select buildings that score high enough in the Energy category to fulfil the requirements of BREEAM Excellent in that category.
 - For renovation or refurbishment activities, the Framework specifies that such expenditures are expected to achieve at least 30% improvement in the building’s energy efficiency compared to the pre-improvement baseline. The Company has confirmed to Sustainalytics that it will finance just the retrofitting expenditures for such investments.
 - Under the Environmentally Sustainable Management of Living Natural Resources and Land Use category, Fidelidade may finance projects focused on the sustainable management of natural

resources. Sustainalytics considers the criteria to financing such projects to be aligned with market practice and notes the following:

- For Environmentally sustainable forestry projects, including afforestation and reforestation, the Company has communicated to Sustainalytics that such projects will have a sustainable management plan in place and primarily use tree species that are well-adapted to local conditions. In cases where projects use non-native species, the Company expects them to demonstrate that: i) the use of the forest reproductive material leads to favourable and appropriate ecosystem conditions (such as climate, soil criteria, and vegetation zone, forest fire resilience); and ii) the native species currently present on the site are not anymore adapted to projected climatic and pedo-hydrological conditions. Such projects will additionally: i) ensure that the maintenance and improvement of physical, chemical and biological quality of the soil; ii) promote biodiversity-friendly practices that enhance forests' natural processes; iii) excluding the conversion of high-biodiverse ecosystems into less biodiverse ones; iv) ensuring the diversity of associated habitats and species linked to the forest; and v) ensuring the diversity of stand structures and maintenance or enhancing of mature stage stands and dead wood.⁸
- Sustainable forestry projects are required to i) be certified under the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC); and ii) where feasible, additionally take into consideration the EU Taxonomy criteria (1.1), particularly for afforestation projects.⁹ Sustainalytics views the noted certification schemes for forestry projects as robust and credible.
- Projects related to the preservation or conservation of biodiversity, valuable natural habitats and landscapes, such as forests, marshes, creeks, and coastal ecosystems.
- Sustainable agriculture practices and climate smart agriculture projects may include practices like no-till farming systems, crop rotation, drip irrigation, interventions that eliminate use of synthetic fertilizers and pesticides, purchase of organic fertilizer, such as manure, compost, precision agriculture, and satellite farming or site-specific crop management that enables data-driven agriculture management to improve efficiency of resources. The Company has confirmed to Sustainalytics that the purchase of inorganic or synthetic pesticides, herbicides or fertilizers will be excluded under the Framework.
- Fidelidade has communicated to Sustainalytics that agroecology and related sustainable animal husbandry projects will be limited to agro-sylvo-pastoral production. The Framework excludes projects related to industrial-scale livestock production. Sustainalytics recognizes that integrated cropland-livestock-forestry systems and agroforestry projects encompass a diversified production strategy that aims to enhance agricultural productivity, and have been demonstrated to reduce vulnerability of farmers (particularly smallholder farmers) to environmental shocks, including climate change. However, such integrated projects could face certain barriers,¹⁰ especially related to their effective adoption on a farm-level, as well as their overall potential for achieving a net reduction in methane emissions resulting from livestock production.¹¹
- Project Evaluation and Selection:
 - Fidelidade's Operational Sustainability Committee, comprising senior members from different divisions, including the Sustainability team will be responsible for the project evaluation and selection process per the criteria defined in the Framework. The committee will be chaired by the CEO and have the CIO as an active voting member.
 - Fidelidade has adopted internal processes and policies to address environmental and social risks commonly associated with the financed projects. Refer to Section 2 for more details.

⁸ Sustainalytics notes that the criteria for qualifying forest conservation projects using non-native species are informed by the DNHS criteria (Contribution to Climate Mitigation) for Conservation Forestry under the EU Taxonomy. EU Taxonomy Navigator, "Conservation forestry", at: <https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity/264/view>

⁹ European Union, "Commission Delegated Regulation (EU) 2021/2139" (p7), <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02021R2139-20240101>

¹⁰ The adoption of integrated crop-livestock systems is influenced by several factors, including the "costs of adoption versus non-adoption, supply chain infrastructure, biophysical suitability, availability of skilled labor, access to information and know-how, as well as the willingness to diversify production".

¹¹ IPCC, Land-Climate Interactions: https://www.ipcc.ch/site/assets/uploads/2019/08/2c.-Chapter-2_FINAL.pdf

- Based on the oversight for project evaluation and selection and the presence of adequate environmental and social risk management systems, Sustainalytics considers this process to be aligned with market practice.
- Management of Proceeds:
 - Fidelidade's Treasury team will be responsible for the allocation and management of proceeds.
 - Fidelidade intends to fully allocate proceeds within three years of each issuance. Pending allocation, unallocated proceeds may be held in cash, cash equivalents or invested in liquid marketable instruments in line with the Company's treasury management policies. Fidelidade has communicated to Sustainalytics that in case it temporarily uses proceeds to refinance existing debt, such debt will be expected to have no association with carbon-intensive sectors.
 - Fidelidade has further communicated to Sustainalytics that the loans originated or obtained under the Framework may include multi-tranche loan facilities. For such facilities, the Company intends to label only those tranches whose proceeds will be fully allocated according to the eligibility criteria defined in the Framework.
 - Based on a defined process to manage proceeds, including the allocation timeframe and the temporary use of proceeds, Sustainalytics considers this process to be aligned with market practice.
- Reporting:
 - For each green financing instrument issued under the Framework, Fidelidade commits to publish an allocation and impact report annually on its website, until full allocation of the proceeds, and in the event of any material changes until the relevant maturity date.
 - Fidelidade has communicated to Sustainalytics that if it obtains revolving credit facilities under the Framework, it will report on allocation until loan maturity.
 - Allocation reporting will include the description of the financed projects, the allocated amounts, the proportion of new and refinanced projects, and the balance of unallocated proceeds, if any.
 - Impact reporting will provide quantitative project- and category- wide impact and may include the following indicators: type and level of certification schemes; annual GHG emissions reduced or avoided in tonnes of CO₂e; and maintenance, safeguarding, or increase of natural landscape area (including forest) in km².
 - Based on allocation and impact reporting described, Sustainalytics considers this process to be in line with market practice.

Alignment with the Green Bond Principles 2021 and Green Loan Principles 2023

Sustainalytics has determined that Fidelidade Green Financing Framework aligns with the four core components of the GBP and GLP.

Section 2: Sustainability Strategy of Fidelidade

Contribution to Fidelidade's sustainability strategy

Sustainalytics is of the opinion that Fidelidade demonstrates a commitment to sustainability by embedding the following components in its strategy: i) sustainable investment; ii) sustainable products and services; iii) innovation models and digitalisation of services; iv) diverse, fair, and inclusive employment; v) resource efficiency; vi) sustainable procurement; and vii) raising sustainability awareness among its clients, partners, and providers.¹² In its 2030 Vision, the Company has identified three primary action areas which include "taking on a relevant role in the social dimension to positively impact society, being proactive in ecological transition and being a responsible economic agent".¹³

With respect to the Company's focus on ecological transition, it intends to reduce resource consumption inherent to its direct operations, support and positively differentiate suppliers and partners that are committed to sustainable operations, reduce greenhouse gas emissions and contribute to environmental protection such as carbon capture and biodiversity protections.¹⁴ Fidelidade aims to achieve net zero greenhouse gas emissions within its portfolio by 2050 and within its operations by 2040, with interim targets set for 2030 and

¹² Fidelidade, "Sustainability Policy" (2023), at: <https://www.fidelidade.pt/EN/fidelidade/about-us/about-us/Documents/Policy/Sustanaibility%20Policy.pdf>

¹³ Ibid.

¹⁴ Fidelidade, "Environment and Climate Policy", (2023), at: <https://www.fidelidade.pt/EN/fidelidade/about-us/about-us/Documents/Policy/Environment%20and%20Climate%20Policy.pdf>

2025 respectively.¹⁵ To achieve its operational goals, the Company aims to reduce emissions intensity per FTE by 50% from a 2019 baseline of 2.10 tCO₂e/FTE,¹⁶ and achieve its net zero targets through transitioning operational electricity consumption to renewable sources, improving building energy efficiency, adopting hybrid vehicles and optimizing business travel routes.¹⁷ Additionally, it has invested EUR 12 million into the Forestry Fund to support sustainable forestry practices and launched a Center for Climate Change alongside academic and research centres to share climate change knowledge.¹⁸ In 2022, the Company reported a carbon intensity of 1.66 tCO₂e/FTE.^{19,20} Fidelidade additionally aligns with the expectations of the UN Global Compact, the Principles of Sustainable Insurance, and the Charter of Principles BCSD Portugal.²¹

Sustainalytics is of the opinion that the Framework is aligned with Fidelidade's overall sustainability strategy and initiatives, and will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues involving land use, biodiversity, emissions and waste management issues associated with large-scale development, stakeholder relations, occupational health and safety, and business ethics. The Company plays a limited role in the development of the specific projects that it finances, however, by investing in such projects, it is exposed to the environmental and social risks associated with them.

Sustainalytics is of the opinion that Fidelidade is able to manage or mitigate potential risks by implementing the following:

- To address potential environmental and social risks associated with the financed projects, Fidelidade adheres to its Sustainable Investment Policy which involves three main processes in screening investments.²² These include: i) a negative screening of socially controversial industries such as weapons, gambling and tobacco, and reducing investments in fossil fuel extraction, thermal coal production and other sectors with high levels of pollution; and ii) screening and preference for investees with positive ESG factors.
- The Framework specifies that Fidelidade's local sustainability teams will ensure that the eligible projects are aligned with the regional regulations, and the Company has communicated to Sustainalytics that the financed projects will be based in the EU and the UK. In the EU, the EIA Directive 2014/52/EU aims at ensuring that projects, which are likely to have a significant impact on the environment, are adequately assessed before approval. The Directive requires that measures must be taken to "avoid, prevent, reduce and if possible, offset significant adverse effects on the environment, in particular on species and habitats". The EIA Directive also integrates land use issues associated with land-intensive projects. Large scale projects should limit their impact of land and on soil, "including as regards organic matter, erosion, compaction and sealing".²³ In the UK, the government's Town and Country Planning (Environmental Impact Assessment) Regulations 2017 require an environmental impact assessment to be conducted for projects that are likely to have a significant environmental impact and to ensure adequate assessment of associated risks prior to approval.²⁴ Furthermore, the Environment Act (2021) sets national standards for waste management, resource efficiency, air and water quality, and biodiversity and habitat conservation.²⁵

¹⁵ Fidelidade, "Net Zero Transition Plan", (2023), at: https://www.fidelidade.pt/EN/fidelidade/about-us/about-us/Documents/Policy/Fidelidade_Net-Zero-Transition-Plan_VF4.pdf.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Fidelidade, "Integrated Report 2022", (2022), at: https://www.fidelidade.pt/PT/a-fidelidade/QuemSomos/QuemSomos/Documents/Fidelidade_IMR_2022.pdf

²¹ Fidelidade, "Net Zero Transition Plan", (2023), at: https://www.fidelidade.pt/EN/fidelidade/about-us/about-us/Documents/Policy/Fidelidade_Net-Zero-Transition-Plan_VF4.pdf

²² Fidelidade, "Sustainable Investment Policy", (2023), at: <https://www.fidelidade.pt/EN/fidelidade/about-us/about-us/Documents/Sustainable%20Investment%20Policy.pdf>

²³ EUR-Lex, "Directive 2014/52/EU", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>

²⁴ UK government, "The Town and Country Planning (Environmental Impact Assessment) Regulations 2017", at: <https://www.legislation.gov.uk/uksi/2017/571/regulation/2/made>

²⁵ Ibid.

The Environmental Act also requires infrastructure developers to demonstrate at least 10% biodiversity net gain, in addition to a biodiversity gain plan.²⁶

- With respect to risks associated with occupational health and safety for the financed projects in the EU, Sustainalytics notes that the EU Directive 89/391/EEC ensures minimum safety and health requirements throughout Europe. Employers “have a duty to ensure the safety and health of workers in every aspect related to the work”.²⁷ Necessary measures to be taken by employers include “prevention of occupational risks and provision of information and training, as well as provision of the necessary organization and means”.²⁸ For projects based in the UK, the country’s Health and Safety at Work Act (1974)²⁹ requires employers to provide a safe working environment through the maintenance of equipment and provision of relevant training, information and supervision.³⁰
- As for the risks associated with emissions, effluents and waste generated in construction, Sustainalytics notes that the EU Directive 2014/52/EU requires an environmental impact assessment for projects that are likely to have significant impact on the environment to ensure that associated risks are adequately assessed before approval. Other EU guidelines and regulations, such as the EU Construction and Demolition Waste Protocol and Guidelines,³¹ the EU Waste Framework Directive,³² the Waste Electrical and Electronic Equipment Directive³³ address the risks associated with the management of waste management.³⁴
- To reduce risks associated with stakeholder relations, the Company follows its Environment and Climate policy, which outlines the intent to communicate transparently and consult with relevant stakeholders on environmental concerns, including those related to the financed projects.³⁷
- To mitigate risks associated with business ethics, the Company’s Code of Conduct establishes guidelines on business ethics, regulatory compliance and overall corporate responsibility, including on matters related to conflicts of interest, confidentiality of information, and labour relations.³⁵ Additionally the Company follows its Anti-Bribery and Corruption Policy and its Plan for the Prevention of Risks of Corruption and Related Offenses which outline procedures to prevent such risks in the investment process.^{36,37}
- Fidelidade has communicated to Sustainalytics that the majority of the projects will be based in Portugal, Italy and Hungary which are classified within the Equator Principles as “Designated Countries”, indicating the presence of robust environmental and social governance systems, legislation, and institutional capacity for protecting the environment and communities, including conducting stakeholder engagement for assets with potentially adverse environmental impacts.³⁸

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Fidelidade is adequately positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

Both use of proceeds categories are aligned with those recognized by the GBP and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

²⁶ Government of the United Kingdom, “Understanding biodiversity net gain”, at: <https://www.gov.uk/guidance/understanding-biodiversity-net-gain>

²⁷ Section II, Article 5. EUR-LEX, “Directive 89/391/EEC”, at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR>

²⁸ Section II, Article 6. EUR-Lex, “Directive 89/391/EEC”, at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR>

²⁹ UK government, “UK’s Health and Safety at Work etc. Act 1974”, at: <https://www.legislation.gov.uk/ukpga/1974/37/contents>

³⁰ LiveWest, “LiveWest Homes Limited - Standard Terms and Conditions for the supply of Goods and/or Services”, at:

https://www.livewest.co.uk/sites/default/files/2020-10/LiveWest_Terms_and_Conditions_goods_services.pdf

³¹ European Commission, “EU Construction and Demolition Waste Protocol and Guidelines”, (2018), at: https://single-market-economy.ec.europa.eu/news/eu-construction-and-demolition-waste-protocol-2018-09-18_en

³² European Parliament, “Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain

Directives”, at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32008L0098>

³³ EUR-Lex, “Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE)”,

(2012), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32012L0019>

³⁴ European Commission, “Waste Framework Directive”, at: https://environment.ec.europa.eu/topics/waste-and-recycling/waste-framework-directive_en

³⁵ Fidelidade, “Code of Conduct”, (2023), at: https://www.fidelidade.pt/EN/fidelidade/about-us/about-us/Documents/code-of-conduct/Code_of_Conduct_CE_eng.pdf

³⁶ Fidelidade, “Anti-Bribery and Corruption Policy” (2023), at: <https://www.fidelidade.pt/EN/fidelidade/about-us/about-us/Documents/Policy/Anti-Bribery%20and%20Corruption%20Policy.pdf>,

³⁷ Fidelidade, “Prevention of Risks of Corruption and Related Offences”, (2023), at: <https://www.fidelidade.pt/EN/fidelidade/about-us/about-us/Documents/Policy/Plan%20for%20the%20Prevention%20of%20Risks%20of%20Corruption%20and%20Related%20Offences.pdf>

³⁸ The Equator Principles, “Designated Countries”, at: <https://equator-principles.com/designated-countries/>

The importance of financing green buildings in the EU³⁹

In 2021, the built environment accounted for close to 40% of global energy-related carbon emissions, and the buildings sector’s operational energy-related CO₂ emissions increased by 5%.^{40,41} To achieve a net zero carbon building stock by 2050, direct buildings carbon emissions would need to fall by 50% and indirect buildings emissions by 60% by 2030 globally.⁴² In the EU, buildings are a key contributor to emissions and the largest consumer of energy, with the sector responsible for 40% of the regional energy consumption and 36% of the GHG emissions.⁴³ Moreover, nearly 35% of the EU building stock is more than 50 years old and 75% of the stock is not energy-efficient.⁴⁴ The EU has set an emissions reduction target of 55% by 2030 compared to 1990 levels,⁴⁵ requiring the EU to reduce GHG emissions from buildings by 60%, final energy consumption by 14% and energy consumption from heating and cooling by 18% by 2030 compared to 2015.^{46,47}

The renovation of buildings plays a key role in decarbonizing the buildings sector, as the renovation of existing buildings could lead to an estimated 5-6% reduction in the EU’s total energy consumption and lower its CO₂ emissions by approximately 5%.⁴⁸ The European Commission’s Renovation Wave strategy aims to double annual energy renovation rates in 10 years.⁴⁹ In line with these commitments, the Energy Performance of Buildings Directive requires zero emissions for all new public buildings from 2026 and all new buildings from 2028, contributing to the objective of achieving climate neutrality in the buildings sector by 2050.⁵⁰

Sustainalytics is of the opinion that Fidelidade’s investments in green buildings are expected to have a positive environmental impact and contribute to the EU’s efforts towards meeting short-term and long-term climate targets.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
Environmentally Sustainable Management of Living Natural Resources and Land Use	15. Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

³⁹ Fidelidade has communicated to Sustainalytics that the majority of the projects will be based in Portugal, Italy and Hungary.

⁴⁰ World Business Council for Sustainable Development, “Net-zero buildings: Halving construction emissions today”, (2023), at: <https://www.wbcsd.org/contentwbc/download/15653/227132/1>

⁴¹ World Green Building Council, “New report: the building and construction sector can reach net zero carbon emissions by 2050”, (2019), at: <https://worldgbc.org/article/new-report-the-building-and-construction-sector-can-reach-net-zero-carbon-emissions-by-2050/>

⁴² UNEP, “Building sector emissions hit record high, but low-carbon pandemic recovery can help transform sector – UN report”, (2020), at: <https://www.unep.org/news-and-stories/press-release/building-sector-emissions-hit-record-high-low-carbon-pandemic>

⁴³ European Commission, “In focus: Energy efficiency in buildings”, (2020), at: https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en

⁴⁴ European Commission, “New rules for greener and smarter buildings will increase quality of life for all Europeans”, (2019), at: https://commission.europa.eu/news/new-rules-greener-and-smarter-buildings-will-increase-quality-life-all-europeans-2019-04-15_en

⁴⁵ European Commission, “Stepping Up Europe’s 2030 climate ambition”, (2020), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020DC0562>

⁴⁶ European Environment Agency, “Greenhouse gas emissions from energy use in buildings in Europe”, (2021), at: <https://www.eea.europa.eu/data-and-maps/indicators/greenhouse-gas-emissions-from-energy/assessment>

⁴⁷ European Commission, “A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives”, (2020), at: https://eur-lex.europa.eu/resource.html?uri=cellar:0638aa1d-0f02-11eb-bc07-01aa75ed71a1.0003.02/DOC_1&format=PDF

⁴⁸ European Commission, “In focus: Energy efficiency in buildings”, (2020), at: https://commission.europa.eu/news/focus-energy-efficiency-buildings-2020-02-17_en

⁴⁹ European Commission, “Renovation Wave”, at: https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/renovation-wave_en#:~:text=The%20Renovation%20Wave%20aims%20to,overall%20living%20standards%20for%20Europeans.

⁵⁰ International Energy Agency, “Buildings”, at: <https://www.iea.org/energy-system/buildings>

Conclusion

Fidelidade has developed Fidelidade Green Financing Framework under which it and its subsidiaries may issue green bonds and loans, and use the proceeds to finance green and energy efficient buildings and the sustainable management of natural resources. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Framework outlines a process for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Framework is aligned with the overall sustainability strategy of Fidelidade and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goals 9 and 15. Additionally, Sustainalytics is of the opinion that Fidelidade has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Fidelidade - Companhia de Seguros, S.A. is well positioned to issue green instruments and that the Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2023.

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