

Sustainable Procurement Policy

Fidelidade Group

Identification of Responsibilities

Draft: Operations and Procurement Directorate (*Direção de Operações e Procurement*) with the contribution of the Sustainability Directorate (*Direção de Sustentabilidade*) | Compliance Directorate (*Direção de Compliance*) | Legal Affairs Directorate (*Direção de Assuntos Jurídicos*)

Review: Operations and Procurement Directorate (*Direção de Operações e Procurement*) with the contribution of the Sustainability Directorate (*Direção de Sustentabilidade*) | Compliance Directorate (*Direção de Compliance*) | Legal Affairs Directorate (*Direção de Assuntos Jurídicos*)

Approval

Executive Board Meeting: 11/07/2023

Version History

Version	Date	Overview of amendments
1.0	11/07/2023	First version

Summary of main changes compared to the latest version

Revised Chapter/ Appendix	Overview of amendments
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NONCOMMITTAL TRANSLATION. THIS IS A FREE TRANSLATION INTO THE ENGLISH LANGUAGE FROM THE ORIGINAL PORTUGUESE VERSION AND IS INTENDED ONLY FOR SUPPORTING PURPOSES. THE ONLY BINDING WORDING IS THE ONE IN THE PORTUGUESE LANGUAGE.

Executive Summary

In carrying out its business, the Fidelidade Group deals daily with a vast network of suppliers, subcontractors, and business partners (also referred to in this Policy as "Partners") who make a decisive contribution to its success.

Aware of the importance of these Partners' role in addressing, supporting, and assisting the Fidelidade Group in the challenges of transitioning to a more sustainable economy, the Group defines in this document its Policy on Sustainable Procurement (the "Policy").

In it, the guiding principles for qualifying, selecting and engaging with its Partners are defined. This process is governed by the adoption of the highest standards of integrity, ethics, and professional conduct, as also follows from the Suppliers' Code of Conduct (*Código de Conduta de Fornecedores*).

The Group's activity is guided by strict compliance with the legislation and regulations in force in Portugal and in the countries where it operates, and, as such, it also expects its Partners to commit to practices and activities that comply with the applicable legal provisions.

The Fidelidade Group's priority is to position itself at the forefront of sustainability, trusting that its Partners are also committed to this aim of creating value in a sustainable manner.

Fidelidade's focus is on "*preparing for the future, so that life doesn't stop*", protecting people, respecting the environment, and preserving the assets of families and companies.

This Policy complements the current Outsourcing Policy (*Política de Subcontratação*).

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1. Scope

This Policy applies to all Fidelidade Group companies in Portugal, except for those that are part of the Luz Saúde Group. Its principles must be observed by all their suppliers, subcontractors, and business partners.

In the specific case of the companies of the Group operating in countries outside of Portugal, the principles set out in this Policy are also applicable as guidelines.

The principles comprised herein are also considered when making decisions in the context of the due diligence that precedes mergers and acquisitions.

2. Recipients

The Supplier Procurement Policy (*Política de Procurement de Fornecedores*) is aimed at Partners who supply goods or services, or intend to do so, to any of the companies governed by this Policy.

The Partners of Fidelidade Group companies must carry out their activities in accordance with the same values and principles that guide the Group.

Partners must possess and make available to the Fidelidade Group companies, prior to the completion of the contract for the transaction of goods or services, all the licences and registrations required to carry out their activity in accordance with the applicable legal and regulatory requirements, including those demonstrating compliance with sustainability-related rules or conduct, when applicable.

3. General Principles

The Fidelidade Group is committed to only establishing and maintaining relationships with suppliers that respect and act in accordance with internationally recognised conventions, laws, regulations, and other rules applicable in the countries in which it operates, but also that act in accordance with the following principles set out in this Policy:

Ensure compliance with national and international legislation and the regulations applicable to the activity carried out.

Ensure the protection of personal data and guarantee cybersecurity, especially regarding the data of clients and beneficiaries of insurance and health services.

Respect and enforce Human Rights and Labour Conditions, in particular the right to freedom of association and collective bargaining, rest periods and maximum working hours, as well as compliance with the minimum pay rules and access to decent living conditions.

Reject any form of discrimination, mistreatment and/or harassment.

Ensure that there is no use of child labour or forced or coerced labour.

Act with transparency, integrity and impartiality, removing conflicts of interest and complying with the level of confidentiality of all information shared.

Adhere to the Fidelidade Group Supplier's Code of Conduct (*Código de Conduta de Fornecedores*), rejecting any practices of bribery, corruption, extortion or fraud.

Adopt measures to protect the environment, people and assets by mitigating the adverse impacts of its activity.

Ensure an efficient management of resources, promoting a circular economy whenever possible and minimising the adverse impact of its activities.

Ensure the sustainable development of local communities.

Promote continuous improvement in its organisation, as well as in its value chain, to increase efficiency/effectiveness in the performance of its activity, as well as to share innovation and good practices.

Guarantee the quality and sustainability of the supply chain by employing the best market practices, conducting audits and evaluating supplier performance.

4. Sustainable Procurement Criteria

The Fidelidade Group operates in the insurance sector and in related activities and contracts goods and services from external suppliers in other sectors of activity such as health, car repair and property investment management. It operates in countries with varying levels of well-being, business development and different socio-political contexts.

Procurement is fundamentally aimed at the acquisition of financial services, health and wellbeing, replacement or repair of goods, assistance, and property construction.

The majority of the supplier portfolio is made up of small companies that provide regular services.

In this context, the Fidelidade Group implements due diligence criteria in the selection and management of suppliers, according to the specific risks of each country, sector, and supply. It assesses the competences and practices of suppliers in relation to:

- Their observance of and compliance with personal data protection law.
- Their implementation of cybersecurity rules.
- Their adhesion to integrity, morals and ethical principles.
- Their conduct which shall be transparent and guarantee an open dialogue. It must also respect the undertaken commitments.
- Their compliance with national and international legislation.
- The obtainment and maintenance of the licences and certifications required to carry out the respective activities.
- Professional and organisational qualifications.
- Their respect for the well-being of employees and working conditions.
- Their guarantee of health and safety at work - environmental and/or health and safety at work certification.
- Their verification of the origin and type of materials and equipment employed.
- Waste treatment and management.
- Efficient management of energy and resources.
- CO2 emissions.
- Their implementation of good sustainability practices.

Contracts with suppliers include clauses to mitigate risks and implement good sustainability practices, such as environmental and social performance targets, continuous improvement obligations, training and skills development, performance monitoring, audits, and evaluation.

Likewise, the Fidelidade Group adopts and integrates sustainable development principles into procurement decisions and processes, ensuring that these are aimed at achieving their strategic social and environmental objectives. In the choice of materials and in the selection of suppliers, the following is weighed:

- Demand for products and equipment with low carbon intensity, greater circularity and a smaller material footprint.
- Search for alternative services and products that promote the reduction of material consumption, the generation of non-biodegradable waste, and the reduction of distances and energy.
- Consideration of the weight of renewable energy in the suppliers' energy consumption.
- Consideration of suppliers according to tenets of diversity, equality and inclusion and the promotion of local and stable employment.

5. External and Internal benchmarks

The following documents were taken as guiding references when drafting this Policy:

- **External benchmarks:**

UN Global Compact | Principles for Sustainable Insurance (UNEP FI - PSI) | GRI - Global Reporting Initiative | Paris Agreement | European Green Deal | Basic Climate Law (*Lei de Bases do Clima*) | Sustainable Development Goals – UN 2030 Agenda | Universal Declaration of Human Rights | ILO Declaration on Fundamental Principles and Rights at Work | UNGPs – UN Guiding Principles | APCADEC Code of Ethics | The BCSD Portugal Charter of Principles – Business Council for Sustainable Development

- **Internal benchmarks:**

Sustainability Policy (*Política de Sustentabilidade*) | Environment and Climate Policy (*Política do Ambiente e do Clima*) | Suppliers' Code of Conduct (*Código de Conduta para Fornecedores*) | Diversity, Equity, Inclusion and Sense of Belonging Policy (*Política de Diversidade, Equidade, Inclusão e Sentido de Pertença*)

6. Approval, monitoring and review of the Policy

This Policy, and any updates to it, will be submitted to the Executive Board for analysis and approval.

Once approved, it will be disclosed to the entire value chain, namely suppliers, subcontractors, business partners and other stakeholders, within the scope of its Procurement activities, and will also be published on the Fidelidade website and intranet so that it is available to all employees.

The responsibility for its implementation lies with the Operations and Procurement Directorate (*Direção de Operações e Procurement*), which will be assisted in its review by the Sustainability Directorate (*Direção de Sustentabilidade*), the Compliance Directorate (*Direção de Compliance*) and the Legal Affairs Directorate (*Direção de Assuntos Jurídicos*). The Operations and Procurement Directorate (*Direção de Operações e Procurement*) will also monitor the fulfilment of the defined targets and follow up on the implementation mechanisms.

Adherence to this Policy is compulsory for all Partners and is confirmed by signing the Suppliers' Code of Conduct (*Código de Conduta de Fornecedores*). Partners may also be subject to a compliance audit by an independent entity.

This Policy will be reviewed every three years or whenever appropriate, and in particular if:

- There is a modification / amendment of the different aspects comprised in this document: scope, procedures, frequency, or other relevant elements.
- There is a modification/amendment of the applicable standards (legal, regulatory or internal).
- There is any change in the organisational structure of the Fidelidade Group.