# Climate Change Report

2024


Luis Simões

www.luis-simoes.com

## About this report

The report on climate change emissions concerning LS - Luís Simões, SGPS, S.A. is submitted annually to CDP Climate.

The report includes the various companies held by the Group that are part of the financial consolidation perimeter:

- LS - Luís Simões, SGPS, S.A.
- Luís Simões Logística Integrada, S.A. (Portugal) | Logistics and Transport (LSLI PT)
- Luís Simões Logística Integrada, S.A. (Spain) | Logistics and Transport (LSLI ES)
- LS Frota, Lda. | Transport (LS Frota)
- Espaçotrans - Gestão Entrepostos Aduaneiros, Lda. | Management of Customs Warehouses (Espaçotrans)
- Reta - Serviços Técnicos e Rent-a-Cargo, S.A. | Vehicle Hire, Sales and Maintenance (Reta)
- Diagonal - Corretores de Seguros, S.A. (Diagonal)
- LS - Gestão Empresarial e Imobiliária, S.A. (LSG)
- Patrimundus - Investimentos Imobiliários, S.A. | Property (Patrimundus)
- Solmoninhos - Consultoria, Gestão e Execução Imobiliária, S.A. | Property (Solmoninhos)

Luis Simões has committed to greenhouse gas (GHG) emissions reductions targets with SBTi, and this report publishes Luis Simões' emissions in 2024.

For the accounting of greenhouse gas (GHG) emissions, direct emissions (scope 1), indirect emissions related to electricity consumption (scope 2), and emissions related to the upstream and downstream value chain (scope 3) are considered.

Although it pertains to the year 2024, the accounting of all scope 3 GHG emissions is not yet available, with the most representative ones included in the SBTi targets being reported.

This report also includes information related to energy and climate change as per the sustainability report aligned with the ESRS.

# Climate change

**E1-1, E1.SBM-3, E1.IRO-1, E1.MDR-P, E1.MDR-A, E1-3, E1.MDR-T, E1-4, E1-5, E1-6**

Climate change is a key issue for the LS Group, which has been making a concerted effort to reduce GHG emissions in line with Sustainable Development Goal (SDG) 13, the aim of which is the adoption of measures to combat climate change and its impacts.

## CARBON FOOTPRINT

In 2021, the Group carried out its first inventory of scope 1, 2 and 3 emissions, covering all companies and activities. This exercise has been updated annually, considering the same analysis criteria and without including potential or actual future emissions, since there is currently no sign of new technologies that could significantly impact the company's emission profile.

In 2024, the Group's scope 1 emissions, related to direct emissions, represented a total of **23,596 $tCO_2e$** non-biogenic emissions and 1,642 $tCO_2e$ biogenic emissions. The Group's scope 2 emissions, which represent energy acquisition emissions, had a total of **2,452 $tCO_2e$,** according to the market approach, and 1,967 $tCO_2e$ according to the location approach. The emissions taken into account for the scope 2 calculations are non-biogenic. Scope 1 and 2 emissions were calculated for each Group company[1]. Emissions for 2024 are comparable to previous years.

### Scope 1

| | | Non-biogenic emissions Total $tCO_2e$ | | | | Biogenic emissions Total $tCO_2e$ | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Country:** | **Company** | **2021** Base year | **2022** | **2023** | **2024** | 2021 Base year | 2022 | 2023 | 2024 |
| **Spain (SP)** | LSLI SP | 4,431 | 4,442 | 4,293 | 5,089 | 232 | 231 | 386 | 516 |
| | **Total SP** | **4,431** | **4,442** | **4,293** | **5,089** | **232** | **231** | **386** | **516** |
| **Portugal (PT)** | LSLI PT | 16,131 | 16,310 | 15,563 | 15,090 | 827 | 845 | 1,086 | 935 |
| | Espaçotrans | 2 | 2 | 4 | 1 | 0 | 0 | 0 | - |
| | RETA | 178 | 178 | 119 | 268 | 5 | 2 | 3 | 1 |
| | Diagonal | 0 | 0 | 0 | 0 | | | - | - |
| | LS Frota | 2,753 | 2,900 | 2,838 | 3,142 | 144 | 152 | 197 | 191 |
| | LSG | 4 | 2 | 0 | 5 | 0 | 0 | 0 | 0 |
| | **Total PT** | **19,068** | **19,393** | **18,524** | **18,506** | **975** | **998** | **286** | **1,127** |
| **Group Total** | | **23,498** | **23,835** | **22,818** | **23,596** | **1,207** | **1,230** | **1,673** | **1,643** |

[1] To calculate scope 1 GHG emissions, the standard *"The CHG Protocol: Corporate Accounting and Reporting Standard"* was used with the *"Fuel-based method" and "Hybrid method" methods, and with IPCC emission factors. For the calculation of scope 2, the standard "The Greenhouse Gas Protocol: "Scope 2 Guidance"* with the *"Asset-specific" method and with direct emission factors from suppliers and public data from each country was used.*

## Scope 2

| Country: | Company | Market approach Total tCO2e 2021 Base year | 2022 | 2023 | 2024 | Location-based approach Total tCO2e 2021 Base year | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|
| Spain (SP) | LSLI SP | 1,563 | 1,712 | 1,301 | 1,059 | 977 | 1,070 | 1,228 | 875 |
| | **Total SP** | **1,563** | **1,712** | **1,301** | **1,059** | **977** | **1,070** | **1,228** | **875** |
| Portugal (PT) | LSLI PT | 1,432 | 1,348 | 1,091 | 1,259 | 1,358 | 1,279 | 891 | 987 |
| | Espaçotrans | 66 | 65 | 67 | 70 | 62 | 62 | 55 | 55 |
| | RETA | 99 | 96 | 59 | 47 | 121 | 118 | 48 | 36 |
| | Diagonal | 3 | 4 | 4 | 4 | 4 | 5 | 3 | 3 |
| | LSG | 18 | 19 | 14 | 12 | 17 | 18 | 11 | 9 |
| | Solmoninhos | - | - | 1 | 1 | - | - | 1 | 1 |
| | **Total PT** | **1,619** | **1,533** | **1,236** | **1,393** | **1,564** | **1,482** | **1,009** | **1,091** |
| **Group Total** | | **3,182** | **3,245** | **2,538** | **2,452** | **2,541** | **2,552** | **2,237** | **1,967** |

At the time of preparation of this report, the scope 3 emissions accounting for 2024 had not yet been completed.

## Scope 3

| Category[2] | Non-biogenic emissions tCO2e 2021 Base year | 2022 | 2023 | Biogenic Emissions tCO2e 2021 Base year | 2022 | 2023 |
|---|---|---|---|---|---|---|
| Category 1: Acquired goods and services | 13,124 | 14,754 | 9,101 | - | - | - |
| Category 2: Capital goods | 25,881 | 4,639 | 4,697 | - | - | - |
| Category 3: Activities related to fuel and energy | 7,950 | 6,077 | 5,853 | 186 | 189 | 184 |
| Category 4: Transport and upstream distribution | 144,822 | 135,230 | 141,267 | 5,502 | 4,969 | 5,390 |
| Category 5: Waste | 778 | 1,100 | 1,158 | 5 | 5 | 7 |
| Category 6: Business Travel | 3,830 | 684 | 613 | 30 | 36 | 49 |
| Category 7: Employee travel | 3,849 | 3,678 | 3,266 | 203 | 218 | 194 |
| Category 8: Properties rented upstream | 26 | 75 | 164 | - | - | - |
| Category 11: Use of products | 5,015 | 6,143 | 7,271 | - | - | - |
| Category 12: End of life of sold products | 5 | 4 | 7 | - | - | - |
| Category 13: Properties rented downstream | 3 | 3 | 1 | - | - | - |
| **Total[3]** | **205,283** | **172,378** | **173,392** | **5,926** | **5,417** | **5,824** |

For the year 2024, the same categories will be considered for the calculation of Scope 3 since the rest are not applicable to the Group's activity [category 9 (*Transport and distribution downstream*), category 10 (*Use of sold products*), category 14 (*Franchises*) and 15 (*Investments*)].

For the calculation of GHG emissions the inventory shall be revised, working on its improvement, both upstream and downstream on the value chain.

[2] To calculate scope 3 GHG emissions, the standard used was "The GHG Protocol: Corporate Value Chain (Scope 3) Standard" with the methodologies "Spend-based", "Average-data method", "Distance-based method", "Hybrid method", "Waste-type specific method", "Fuel-based method", "Supplier-specific method", "Asset-specific" and "Products that directly consume energy (fuels or electricity) during use" and the emission factors were EPA (NAICS), DEFRA, Bilans-ges, ICCT, IPCC, IEA, EcoTransIT, IDAE, Ecoinvent and public data from each country and suppliers.

[3] The GHG emissions include all companies of the Luís Simões Group.

## CALCULATION METHOD FOR SCOPE 3

The methodologies used to calculate Scope 3 emissions are summarized in the table below.

| Category | Methodology of scope/category | Activity data typology | Emission factors | Source of emission factors |
|---|---|---|---|---|
| **1** | Spend-based<br>Average-data method<br>Distance-based method | Primary data<br>Default data | Secondary data | EPA (NAICS)<br>DEFRA<br>Bilans-ges<br>ICCT<br>Supplier data<br>IPCC |
| **2** | Average-data method<br>Spend-based method | Primary data | Secondary data | Supplier data<br>EPA (NAICS) |
| **3** | Average-data method | Primary data | Secondary data | DEFRA<br>Supplier data<br>IEA |
| **4** | Average-data method<br>Distance-based method<br>Spend-based<br>Hybrid method | Primary data<br>Programme data<br>Default data | Secondary data | DEFRA<br>EcoTransIT<br>EPA (NAICS)<br>IPCC |
| **5** | Waste-type specific method<br>Distance-based method | Primary data<br>Programme data | Secondary data | DEFRA<br>EPA (NAICS)<br>IPCC |
| **6** | Spend-based<br>Fuel-based method<br>Distance-based method<br>Asset-specific<br>Supplier-specific method | Primary data | Secondary data | EPA (NAICS)<br>IPCC<br>DEFRA |
| **7** | Distance-based method | Primary data | Secondary data | IPCC<br>Supplier data<br>DEFRA<br>IDAE |
| **8** | Asset-specific | Primary data | Secondary data (location-based) | Public data from each country |
| **11** | Products that directly consume energy (fuels or electricity) during use | Modelled data | Secondary data | IPCC |
| **12** | Waste-type-specific method | Modelled data | Secondary data | Ecoinvent |
| **13** | Asset-specific | Primary data | Secondary data (location-based) | Public data from each country |

The percentage of emissions calculated from the data obtained from suppliers or partners in the value chain is shown in the table below.

### % emissions calculated using data obtained from suppliers / value chain partners

| Category | 2021 | 2022 | 2023 |
|---|---|---|---|
| Category 1: Acquired goods and services | N.A. | 0.00% | 0.02% |
| Category 2: Capital goods | N.A. | 0.00% | 0.00% |
| Category 3: Activities related to fuel and energy | N.A. | 0.00% | 0.38% |
| Category 4: Transport and upstream distribution | N.A. | 0.00% | 0.00% |
| Category 5: Waste | N.A. | 0.00% | 0.00% |
| Category 6: Business Travel | N.A. | 5.14% | 2.94% |
| Category 7: Employee travel | N.A. | 0.01% | 0.00% |
| Category 8: Properties rented upstream | N.A. | 0.00% | 0.00% |
| Category 11: Use of products | N.A. | 0.00% | 0.00% |
| Category 12: End of life of sold products | N.A. | 0.00% | 0.00% |
| Category 13: Properties rented downstream | N.A. | 0.00% | 0.00% |

The net revenue emission intensity ($tCO_2e$/M€), for both the location-based and market-based approaches, has not yet been calculated for the year 2024, as the Scope 3 emissions inventory was not finalized at the time of this report.

| **Location approach** (non-biogenic) | **2021** | **2022** | **2023** | **2024** |
|---|---|---|---|---|
| **S1 Emissions ($tCO_2e$)** | 23,498 | 23,835 | 22,818 | 23,596 |
| **S2 Emissions ($tCO_2e$)** | 2,541 | 2,552 | 2,237 | 1,967 |
| **S3 emissions ($tCO_2e$)** | 205,283 | 172,378 | 173,392 | N.A. |
| **Total Emissions (S1+S2+S3)** Location Approach **($tCO_2e$)** | **231,322** | **198,764** | **198,447** | **N.A.** |
| **Total Net Sales in €** (Luis Simões Group) | 241,826,146 | 269,297,357 | 277,152,144 | 298,742,212 |
| **Intensity S1+S2+S3 ($tCO_2e$ /M€)** | **956.57** | **738.08** | **716.02** | **N.A.** |

| **Market approach** (non-biogenic) | **2021** | **2022** | **2023** | **2024** |
|---|---|---|---|---|
| S1 Emissions ($tCO_2e$) | 23,498 | 23,835 | 22,818 | 23,596 |
| A2 Emissions ($tCO_2e$) | 3,182 | 3,245 | 2,538 | 2,452 |
| A3 emissions ($tCO_2e$) | 205,283 | 172,378 | 173,392 | N.A. |
| **Total Emissions (S1+S2+S3)** Market Approach **($tCO_2e$)** | **231,963** | **199,457** | **198,747** | **N.A.** |
| **Total Net Sales in €** (Luis Simões Group) | 241,826,146 | 269,297,357 | 277,152,144 | 298,742,212 |
| **Intensity S1+S2+S3 ($tCO_2e$ /M€)** | **959.22** | **740.66** | **717.11** | **N.A.** |

# TARGETS AND EMISSION REDUCTION

In 2023, the Group committed to reducing its absolute GHG emissions by 2032:

- Scope 1 and 2 by 50.4 % by 2032, starting from the reference year 2021.
- Scope 3, Category 4 by 9%, starting from the reference year 2021, which corresponds to reducing emissions from fuel and energy-related activities and from transport and distribution upstream by 35.6% per tonne-kilometre.

These short-term targets ensure alignment with the Paris Agreement, through emission reduction targets aligned with the 1.5ºC scenario for Scopes 1 and 2 emissions, and with the less than 2ºC scenario for Scope 3 emissions, and were approved by the *Science Based Targets initiative* (SBTi) in 2024.

| SBTi Target | Base year | Target year | Target absolute reduction | Target Intensity reduction | Target ambition | Target coverage | Method used |
|---|---|---|---|---|---|---|---|
| **Scopes 1+2** | 2021 | 2032 | 50.40% | N.A. | Aligned with 1.5ºC | 100% | Absolute contraction (Scope 2 considered with the market-based method) |
| **Scope 3 (Category 4)** | 2021 | 2032 | 9% | 35.60% | Aligned with less than 2ºC | 70.55% (Scope 3), 100% (Scope 3, Category 4) | SDA transport (freight - total heavy freight road (MFT & HFT)) |

According to the targets approved by the SBTi, for Scope 3 emission reduction purposes, only category 4 is considered, which covers the activities related to fuel and energy, and to transport and upstream distribution. Transportation of goods is LS's main activity and the one that has the biggest environmental impact.

| | **2021** Base Year ($tCO_2e$) | **2032** Target Year ($tCO_2e$) | **Reduction ($tCO_2e$)** |
|---|---|---|---|
| **Scope 1** | 23,498 | 11,655 | 11,843 |
| **Scope 2** (market approach) | 3,182 | 1,578 | 1,604 |
| **Scope 1+2**[4] | **26,680** | **12,233** | **14,447** |
| **Scope 3** | **114,822** | **131,781** | **13,041** |
| **Total** | **171,502** | **144,014** | **11,843** |

[4] Scope 1 and 2 emissions are broken down into Scope 1 emissions and Scope 2 emissions only to illustrate reductions in each scope.

## MONITORING OF EMISSIONS REDUCTION TARGETS (SBTI):

The control of boundaries in the accounting of emissions (namely for targets)) was ensured by taking into account that all emissions from the companies of the Luís Simões Group are considered. In addition, the consolidation methodology used for calculating the GHG inventory was through financial control. As stated in the Near-Term Approval Letter issued by the SBTi, with the approval of the targets, the coverage of the inventory for targets is 100% within Scopes 1+2 and 100% within Scope 3 category 4. The annual determinations of the inventory and value of GHG emissions consider exactly the same logic and limits set regarding SBTi targets, in order to ensure consistency in the values.

| | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| **Real S1+S2** (tCO2e) | 26,680 | 27,079 | 25,355 | 26,048 |
| **SBTi Target S1+S2** (tCO2e) | *N.A.* | 25,458 | 24,235 | 23,013 |
| **Real S3** (tCO2e) | 144,822 | 135,230 | 141,267 | - |
| **SBTi Target S3 (tCO2e) - Cat4** (tCO2e) | *N.A.* | 143,636 | 142,450 | - |
| **Real S3 Intensity** (gCO2e/t.km) | 102.66 | 102.16 | 99.48 | - |
| **SBTi Intensity Target S3** (gCO2e/t.km) | *N.A.* | 99.34 | 96.02 | - |

**Emissions from Scopes 1 and 2** are considered as a single aggregate value for emissions reduction purposes. Thus, the base value for the GHG emissions reduction of scopes 1+2 is 26,680 $tCO_2e$, with regard to the year 2021, and according to the established targets, in 2032, the value of scopes 1+2 GHG emissions should be 13,233 $tCO_2e$. It should be noted that for the purposes of the targets approved by the SBTi, the Scope 2 calculation is considered by the market approach.

**Scope 3 Category 4 GHG emissions** are based on the value of 144,822 $tCO_2e$ for the year 2021. The SBTi target for Scope 3 Category 4 is to reach a reduction of 35.6% per tonne-kilometre (t.km), which is equivalent to 9% in absolute terms. Thus, the emission value to be achieved with this target in 2032 is 131,781 $tCO_2e$. This reduction corresponds to an intensity value of 102.66 $gCO_2e$/t.km (in 2021) to a value of 66.12 $gCO_2e$/t.km (in 2032).

As part of the submission and approval of the SBTi targets, LS developed a plan with the aim of reducing emissions focused on accounting for the Group's overall emissions and the emissions associated with customer activity, and also on structuring a set of indicators to support these emission reduction initiatives. Thus, the plan for achieving the goal is divided into initiatives in the three scopes:

*Scope 1:* Introduction of biofuels (HVO), with lower associated emissions, and the replacement of the current fleet with Gigaliners and Duotrailers.

*Scope 2:* Investing in renewable energy production and purchasing green energy certificates through energy suppliers.

*Scope 3* (category 4): Development of a responsible purchasing policy with supplier selection, use of biofuels (HVO) in subcontracted transport services, improvement in route planning and increase in load factors in subcontracted vehicles, selection of subcontracted transport services that meet the latest EURO class emission standards (EURO V class or higher), and improvement of transport efficiency by replacing subcontracted transport services with Euro-Modules, through increasing the load capacity of LS's own fleet.

Scope 3 initiatives are focused on category 4 because they represent the largest volume of emissions, being part of the core business of the Group.

# DECARBONISATION PLAN

The Luís Simões Group started its decarbonisation process in 2024, in line with global climate change mitigation commitments. LS has defined a set of strategic initiatives, which are monitored and closely followed up on by the business areas. These initiatives aim to reduce GHG emissions and are aligned with the Group's commitments and specificity. To ensure effective monitoring, a Decarbonisation Committee was established, led by the Sustainability area of the Process and Compliance Directorate. The task of this committee is to monitor the progress of the initiatives and the various areas of the group that have a direct impact on the process, in order to take firm steps on the path to decarbonisation.

The supervision of the implementation of this Decarbonisation Plan takes place through three annual meetings involving the various areas of the company with responsibilities in this matter. Reports on the effectiveness of the initiatives and the annual achievement of the targets accepted in relation to the SBTi are submitted to the Board of Directors every six months. In addition, the Group included decarbonisation as a strategic target in its 2025/29 Strategic Vision, approved in 2024.

In 2024, a quarterly monitoring process for decarbonisation indicators was implemented with the aim of identifying and monitoring initiatives that contribute to emission reduction. This process allows internal and external targets (SBTi) to be met and monitored. Throughout the year, the following initiatives were monitored:

- Fleet Modernisation Effect
- Inclusion of Euro-Modular vehicles
- Inclusion of electric vehicles
- Reduction of fleet consumption
- Reduction of empty kilometres
- Introduction of electrified vehicles in employee assignment
- Installation of photovoltaic solar panels in the LOCs.
- Use of HVO biofuel

**In 2025, as well as the ongoing initiatives, the following additional actions are planned:**

- Installation of photovoltaic panels in the centres located in Spain
- Promotion of Collaborative Logistics with Clients
- Introduction of electric vehicles for the transport of goods
- Renovation of own fleet to one that is more efficient
- Reduction of existing own fleet consumption by implementing efficiency measures

Given that, in 2024, the initiatives indicated were structured from a qualitative perspective and with indirect accounting of impact on decarbonisation, it is not possible to indicate their impact on the Group's emissions clearly and directly. However, it is important to highlight the positive evolution throughout 2024, reflecting the efforts of the various areas in the matter of decarbonisation. In 2024, no specific financial resources were allocated to these initiatives. All investments are analysed on a case-by-case basis, through direct investment from LS or through collaboration with clients and partners. In the future, LS intends to deepen the analysis of the allocation of specific financial resources to this matter.

In 2025 we plan to quantify the impact of the decarbonisation measures, in order to analyse whether the planned actions will be sufficient or if additional measures will be necessary to reach the defined targets. The process will include a detailed assessment of the costs associated with the measures and the investments necessary for their implementation. In addition, by 2025, LS will automate the GHG emission calculation process, which will allow a faster response to implemented actions.

LS acknowledges the need to engage suppliers and, in particular, sub-contracted transport suppliers to reduce Scope 3 emissions. Therefore, close collaboration with suppliers is planned with the aim of aligning practices and processes that contribute to the reduction of emissions in the sector.

The LS Group understands that decarbonisation requires a strong commitment from all levels of the Company, especially from the Board of Directors and the business areas with greater responsibility in implementing the actions. As such, starting in 2025, the performance premium system shall be revised to integrate some variables that measure the dynamism of the planned initiatives.

## CLIMATE RISKS

The Group has not yet started assessing risk scenarios arising from climate change and its potential impact on its warehouses, facilities or commercial activities. Notwithstanding, it has already been possible to classify the main risks associated with climate change, according to physical and transition risks, as can be seen in the following table.

| Type of Risk | Risk | Explanation |
|---|---|---|
| **Acute Physical Risk** | # Extreme Weather Events | The increase in the frequency and severity of extreme weather events represents a greater risk of damage occurring in the Group's logistics and transport centres, leading to operational disruption, repair costs and increased insurance costs, impacting assets in Portugal and Spain. Weather events of this type can also disrupt road infrastructure and prevent traffic from circulating. Some emergency situations are included in the environmental risk assessment, but others such as the vulnerability of facilities, for example to flooding, are not yet included in the assessment. |
| **Chronic Physical Risk** | #Temperature Changes | The European Energy Association (EEA) highlights southern Europe and the Iberian Peninsula as one of the regions in Europe potentially most affected by climate change.<br>According to the Intergovernmental Panel on Climate Change (IPCC), the most severe climate scenarios for Portugal (RCP 8.5) predict that temperature increases could reach +5º C by 2100 (applicable to minimum, average and maximum temperatures).<br>The increase in temperatures may have a significant impact on the Group's costs due to the need for greater cooling in its facilities, in operations in Portugal and Spain.<br>Some emergency situations are included in the environmental risk assessments but, for now, the assessment of both the vulnerability of facilities and transport operations in more vulnerable areas is still missing.<br>Water scarcity and rising temperatures may impact our customers' production (food and beverages) and imply a reduction in sales (to be quantified). |
| **Transition Risk – Current Regulation** | #Carbon Tax Increase | The current climate-related regulations in the countries where the Group operates (Portugal and Spain) have economic and financial impacts on the company.<br>The carbon taxes in force are one example of this, imposing an additional charge on fossil fuels, thereby increasing their prices.<br>The risk associated with regulation is assessed and managed within the environmental management system under ISO 14001:2015, to ensure that the Group's operations comply with the law.<br>The Group is attentive to the climate change and energy management plans of the countries where it operates, particularly regarding carbon taxes and fossil fuel prices. The company continually follows the development of climate-related policies and regulations through its participation in specialised working groups and transport and logistics associations. |
| **Transition Risk – Emerging Regulation** | #Fuel Price Increase | Emerging climate-related regulations applicable in the countries where the Group operates (Portugal and Spain) may lead to an increase in operational costs.<br>For example, new taxes and regulations on energy that are stricter with regard to energy efficiency should be noted. The Group is attentive to the plans and initiatives related to climate change and energy management in both countries, particularly regarding carbon taxes and the prices of fossil fuels and other types of energy. Examples include the new taxes and regulations (in the context of greenhouse gases, renewable energies and energy efficiency, for instance) |

| | | |
|---|---|---|
| | | arising from the evolving legislative framework on energy and the climate, particularly in the European Union. The company continually monitors the development of climate-related policies and regulations through its participation in specialised working groups and transport and logistics associations. |
| **Transition Risks – Technological** | # High cost of low-emission solutions | Current technology and market trends, aligned with climate-related regulations, are driving low-emission solutions. The difficulty associated with cleaner technologies is their cost, which is often higher compared to current technologies, implying an economic and financial impact on companies.<br>Nevertheless, the LS Group has been working to keep up with new low-emission technologies and, in some cases, has already made investments, namely: in light vehicles assigned to employees (about 39% are electric or hybrid); in the installation, at logistics warehouses, of new cold storage chambers with low environmental impact refrigerants (lower GWP). Use of alternative fuel - HVO<br>The company continually monitors the development of climate-related regulation policies and technologies through its participation in specialised working groups and transport and logistics associations. |
| **Transition Risk – Current or Emerging Regulation** | # Legal compliance | The impacts of climate regulation on the Group are mainly indirect (e.g. increased fuel and electricity costs). The legal risks applied to the Group are measured and monitored through the Compliance programme. In recent years, no environmental fines related to climate change or others have been applied to operations. |
| **Transition Risk – Market** | #Customer Demands | The change in customer demands due to the pressure of climate change may require the Group to be able to offer more sustainable transport solutions in order to remain competitive.<br>Since 2018, 23 Euro-Modulars (Gigaliners) and Duotrailers (Portugal and Spain) have been incorporated into transport operations to improve the energy efficiency of transport operations.<br>In 2024, the Group had seven Gigaliners and one Duotrailer powered by HVO. |
| **Transition Risk – Reputation** | #Change in Customer preferences | The increasing demand from customers for more sustainable transport solutions (less carbon) may put the Group at risk of losing its reputation as a benchmark in sustainability.<br>This risk is managed by account managers who, together with management, assess the services provided and customer expectations.<br>The Group is also present on platforms such as Ecovadis and Sedex, which evaluate performance and inform about best practices and customer expectations. |

# ENERGY CONSUMPTION AND ENERGY EFFICIENCY

**E1.IRO-1**
Energy efficiency is part of the company's environmental strategy, and the applicable environmental impacts are measured within the Environmental Management System, the most significant being fuel and electricity consumption, for which operational controls and monitoring actions are established at the Centres.

The monitoring of energy consumption and the identification of sources is essential to enhancing the Group's energy performance. In 2024, the Luís Simões Group consumed 109,773 MWh of renewable and non-renewable energy:

**Energy Consumption (MWh)**

| Type of energy | Country: | Company | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Renewable | Spain (SP) | LSLI SP | 928 | 1,495 | 1,017 | 1,370 |
| | Portugal (PT) | LSLI PT | 5 | 5 | 72 | 782 |
| | | RETA | 3 | 3 | 104 | 259 |
| | | LSG | - | - | 33 | 34 |
| | | Solmoninhos | - | - | 3 | 2 |
| | **LS Group** | **Total** | **936** | **1,503** | **1,229** | **2,446** |
| Non-renewable | Spain (SP) | LSLI SP | 25,097 | 25,692 | 24,768 | 27,643 |
| | Portugal (PT) | LSLI PT | 71,330 | 71,948 | 68,558 | 66,602 |
| | | Espaçotrans | 340 | 338 | 342 | 326 |
| | | RETA | 883 | 681 | 513 | 296 |
| | | Diagonal | 18 | 20 | 19 | 18 |
| | | LS Frota | 11,051 | 11,649 | 11,423 | 12,363 |
| | | LSG | 108 | 105 | 71 | 75 |
| | | Solmoninhos | - | - | 7 | 4 |
| | **LS Group** | **Total** | **108,826** | **110,432** | **105,700** | **107,327** |
| **Energy consumption** | | **Total** | **109,763** | **111,935** | **106,929** | **109,773** |

The LS Group is covered in Portugal by energy consumption legislation in the transport sector and as an energy-intensive consumer in the Carregado LOC. In Spain, the Group is covered by its energy consumption, which encompasses all activities developed. In accordance with the aforementioned legislation, there are two Energy Efficiency Plans for the fleet in Portugal, and an Energy Consumption Rationalisation Agreement for the Carregado LOC. In Spain, there is an Energy Consumption Rationalisation Plan that encompasses the fleet and the larger Logistics Centres.

The importance of certifying buildings and operations is directly linked to their efficiency and reduction in resource consumption. The Group holds LEED (Leadership in Energy and Environmental Design) certification at Cabanillas (SP) and Guadalajara (SP), BREAM (Building Research Establishment Environmental Assessment Method) at Liça d'Amunt(SP) and Energy B certification awarded by ADENE (Agency for the Energy) at Gaia 1. The Carregado 1 and 2 Logistics Operations Centres (PT) are covered by an 8-year Rationalisation Plan with a follow-up every two years, for the implementation of energy consumption reduction measures and their follow-up.

Space optimisation is one of the contributing factors to energy efficiency. In Guadalajara, LS has implemented an automated warehouse with more than 86,000 pallets; in Carregado 2, the automated warehouse has a capacity for more than 50,000 pallets; and the Leixões LOC has two Drive-ins for pallet storage compaction, boosting product storage capacity and efficiency.

The energy efficiency of the facilities is managed by the maintenance area, evidenced through audits, and monitoring of appropriate indicators. In logistics and transport operations, the energy efficiency of the service is managed and ensured by the business areas (transport and logistics).

Regarding the use of refrigerant gases, in particular in controlled temperature chambers, the concern about reducing their global warming potential exists and has been addressed through use of gases with less global warming potential.

It is worth noting the approval of the Energy Usage Policy in 2024, focusing on conscious use of energy, efficiency of operations and equipment, and energy transition.

## RENEWABLE ENERGY

In 2024, renewable energy consumption includes self-generating electricity, self-generating thermal (solar) energy and using HVO in the fleet. Renewable energy consumption doubled compared to 2023, currently representing more than 2% of total energy consumption. Self-generating energy represents only energy consumption, excluding surpluses. Since 2023, Luís Simões has been investing in the use of HVO in its fleet, aligned with the commitment to adopt alternative fuels with less environmental impact.

**Percentage of renewable energy consumed compared to total energy consumption**

| Country: | Company | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Spain (SP)** | LSLI SP | 0.8% | 1.3% | 1.0% | 1.2% |
| **Portugal (PT)** | LSLI PT | 0.0% | 0.0% | 0.1% | 0.7% |
| | RETA | 0.0% | 0.0% | 0.1% | 0.2% |
| | LSG | 0.0% | 0.0% | 0.0% | 0.0% |
| | Solmoninhos | 0.0% | 0.0% | 0.0% | 0.0% |
| **LS Group** | | **0.9%** | **1.3%** | **1.1%** | **2.2%** |

Some LS facilities in Portugal and Spain, such as the Carregado LOC, the head office building in Moninhos, the RETA Technical Assistance Centres in Carregado and Gaia, and the centres in Cabanillas del Campo (Centralidad), Guadalajara and Lliçá d'Amunt, have photovoltaic solar panels for self-consumption, enabling the reduction of emissions resulting from electricity consumption. In 2023, photovoltaic production accounted for 7% of total electricity consumption, and in 2024 this figure increased to 12%.

In 2024, the Luís Simões Group recorded no consumption of electricity, heat, steam or cooling purchased or acquired from renewable sources, nor any certified green energy with guarantees of origin or certificates of renewable energy.

The following are the identified renewable energy sources according to the consumption of each company.

**Self-generation of electricity in MWh**

| Country: | Company | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Spain (SP)** | LSLI SP | 219 | 809 | 780 | 837 |
| **Portugal (PT)** | LSLI PT | 0 | 0 | 67 | 776 |
| | RETA | 0 | 0 | 101 | 257 |
| | LSG | 0 | 0 | 33 | 34 |
| | Solmoninhos | 0 | 0 | 3 | 2 |
| **LS Group** | | **219** | **809** | **984** | **1,906** |

The companies Espaçotrans, Diagonal and LS Frota did not produce any electrical energy.

**Self-generation of thermal energy (solar) in MWh**

| Country: | Company | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Portugal | LSLI PT | 5 | 5 | 5 | 6 |
| | RETA | 3 | 3 | 3 | 2 |
| LS Group | | 8 | 8 | 8 | 8 |

The companies LSLI ES, Espaçotrans, Diagonal, LS Frota, and LSG did not record thermal energy production.

**Purchase of certified green energy in MWh**

| Country: | Company | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Spain (SP) | LSLI SP | 709 | 686 | 0 | 0 |

**Use of HVO in the fleet, in MWh**

| Country: | Company | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Spain (SP) | LSLI ES | - | - | 237 | 533 |

The companies LSLI PT, Espaçotrans, Reta, Diagonal, LS Frota and LSG did not record any use of HVO in the fleet.

## NON-RENEWABLE ENERGY

In the context of non-renewable energy consumption, the use of fuel in the fleet and facilities represents the most significant portion of this indicator. For the purposes of a conservative approach and due to the structured absence of an energy mix from the electricity supplier (with disaggregation of consumption), the LS Group considers all purchased electricity to be from fossil sources. Next is the electricity consumption from the grid, which has been less significant over the years, reflecting the increased use of energy sources. Natural gas consumption is still part of the Group's energy matrix; however, since 2021, there has been no use of butane gas in its facilities. Furthermore, there is no consumption of coal-derived fuels or coal products, nor nuclear energy consumption.

**Percentage of non-renewable energy consumed relative to total energy consumption**

| Country: | Company | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Spain | LSLI ES | 22.9% | 23.0% | 23.2% | 25.2% |
| Portugal | LSLI PT | 65.0% | 64.3% | 64.1% | 60.7% |
| | Espaçotrans | 0.3% | 0.3% | 0.3% | 0.3% |
| | RETA | 0.8% | 0.6% | 0.5% | 0.3% |
| | Diagonal | 0.0% | 0.0% | 0.0% | 0.0% |
| | LS Frota | 10.1% | 10.4% | 10.7% | 11.3% |
| | LSG | 0.1% | 0.1% | 0.1% | 0.1% |
| | Solmoninhos | 0.0% | 0.0% | 0.0% | 0.0% |
| LS Group | TOTAL | 99.1% | 98.7% | 98.9% | 97.8% |

Next, the identified sources of non-renewable energy are presented according to the consumption of each company.

**Use of electricity from the grid, in MWh**

| Country: | Company | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Spain (SP)** | LSLI SP | 7,319 | 7,917 | 7,580 | 7,234 |
| **Portugal (PT)** | LSLI PT | 7,383 | 6,951 | 5,498 | 5,839 |
| | Espaçotrans | 339 | 336 | 339 | 326 |
| | RETA | 509 | 495 | 296 | 216 |
| | Diagonal | 18 | 20 | 19 | 18 |
| | LSG | 94 | 100 | 69 | 55 |
| | Solmoninhos | - | - | 7 | 4 |
| **LS Group** | | 15,662 | 15,818 | 13,809 | 13,691 |

**Diesel used in the fleet and facilities in MW**

| Country: | Company | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Spain (SP) | LSLI SP | 17,778 | 17,775 | 17,187 | 20,409 |
| Portugal (PT) | LSLI PT | 63,479 | 64,856 | 62,893 | 60,603 |
| | Espaçotrans | 1 | 2 | 3 | - |
| | RETA | 346 | 155 | 181 | 46 |
| | LS Frota | 11,051 | 11,649 | 11,423 | 12,363 |
| | LSG | 14 | 5 | 2 | 21 |
| **LS Group** | | **92,667** | **94,441** | **91,689** | **93,442** |

**Use of natural gas and butane at the facilities in MWh**

| Country: | Company | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Portugal** | LSLI PT | 469 | 142 | 167 | 160 |
| | RETA | 28 | 31 | 35 | 35 |
| **LS Group** | | 497 | 173 | 202 | 195 |

In 2021, and only for the company LSLI PT, 1% (4.95 MWh) of energy consumption came from butane gas, which ceased to be used from that year onwards.

**FINAL NOTE**

The information contained in this report in terms of energy allows us to support the quantification of carbon emissions.

It is at this level of disaggregation that Luis Simões reports on CDP Climate annually.