Luis Simões

Luís Simões´ Sustainability Strategy 2025-2029

Context

Context

This document presents the steps that supported the definition of Luís Simões' Sustainability Strategy, aligned with the European Sustainability Reporting Standards (ESRS), as we clearly understand that integrating this framework is a competitive factor for the organisation's sustainability.

Over the past decades, Luís Simões (LS) has consolidated and positioned itself as one of the leading Iberian transport and logistics operators, continuously evolving to respond to the economic, social, technological and environmental transformations that characterise the sector. This trajectory has been accompanied by a growing awareness of the role of sustainability as a driver of competitiveness, innovation and organisational resilience.

Aware of the new Corporate Sustainability Reporting Directive (CSRD) regulatory requirements that came into force in 2024, the Group decided to get a head start on said requirements and began its preparation for the adoption of the European Sustainability Reporting Standards (ESRS), replacing the standards of the Global Reporting Initiative (GRI). To this end, it presented a new reporting structure that considers the guidelines present in the aforementioned Directive and the standards associated with it.

The LS Group's materiality analysis and sustainability strategy are focused on the core business of "Transport and Logistics," with the most impactful link in the value chain of both activities being the subcontracting of transport. For materiality in 2025, the organisation's direct activities are considered. The analysis of activities along the value chain will be integrated into a project to be developed by LS in 2025-2029, namely outsourcing and subcontracting of transport. This analysis will consider the impacts on the value chain, risks and opportunities.

Setting priorities

SBM-1, SBM-2, SBM-3, IRO-1

In 2024, we took a good look at our strategic priorities in environmental, social and governance matters, which involved a four-stage process, as set out below.

DIAGNOSIS

The diagnosis stage consisted of analysing trends and benchmarking to understand industry practices, as well as consultation with internal and external stakeholders.

Stakeholder Engagement

Six internal stakeholders (top management and key areas) and nine external stakeholders (four customers, four suppliers/partners, and an industry association) were engaged. Their contributions on the main sustainability matters are presented below:

- GHG emissions and road safety as the main environmental and social impacts, respectively.
- Energy transition, subcontracting and labour shortages as the top three risks for the company.
- Digitalisation and cybersecurity as two of the main challenges.
- Decarbonisation as a priority, dependent on the availability of technology and/or fuels.
- Consequences of the high level of subcontracting in transport, which reduces the ability to influence good practices and hinders the Group's access to information.

Once the stakeholders had been consulted, this stage concluded with the identification of sustainability matters, as mentioned below.

Environment

- Climate change
- Road transport transition
- Energy consumption
- Circular economy of materials and waste reduction
- Air pollution (except GHGs), water and soil

Employees

- Health and safety
- Training and development
- Well-being and working conditions
- Diversity, equity and inclusion
- Labour shortage
- Company attractiveness

Service

- Operational efficiency
- Road safety
- Innovation and technology

Business Conduct

- Ethics, transparency and anti-corruption
- Cybersecurity

Supply Chain

- Responsible procurement
- Management and traceability in fleet subcontracting

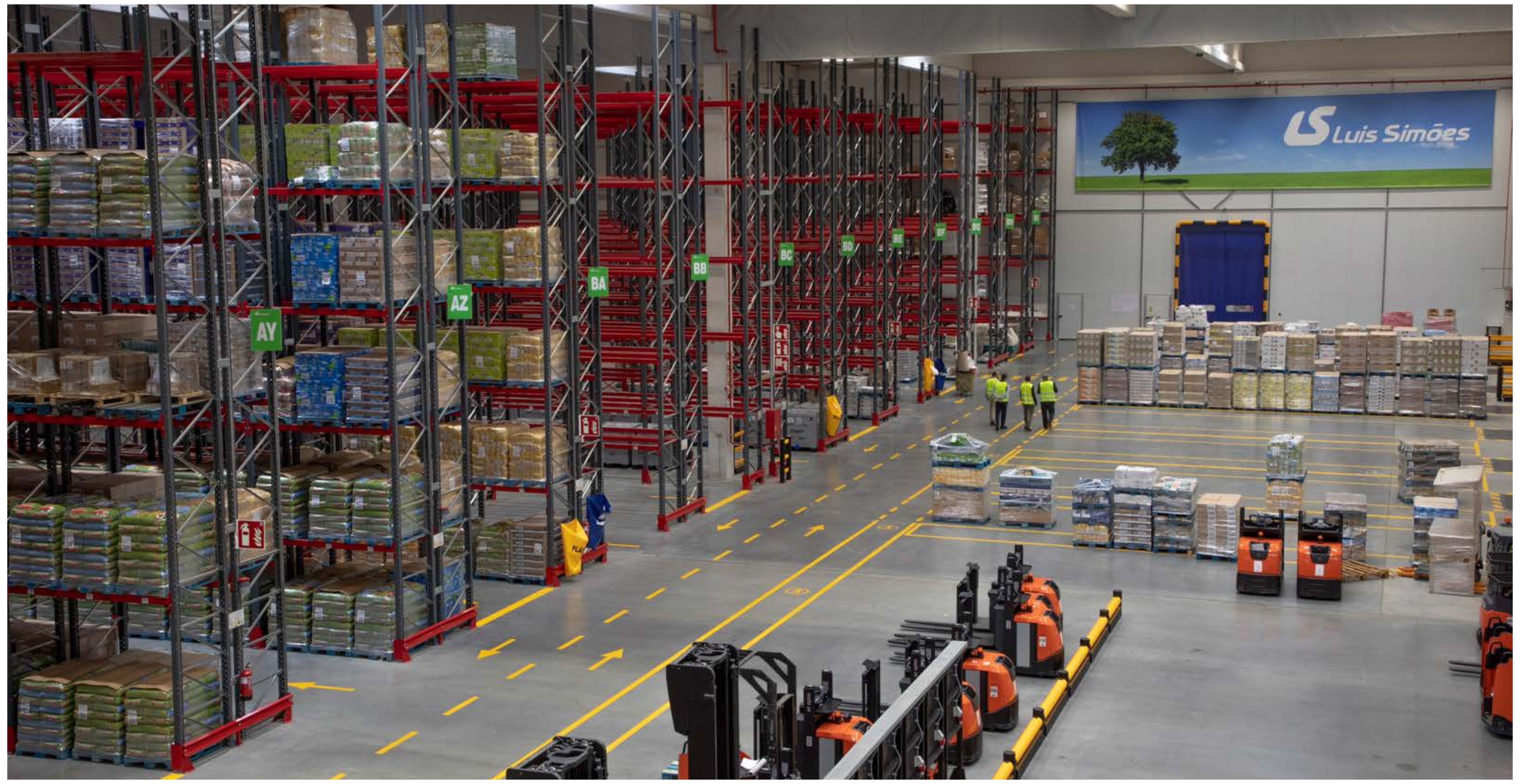
Setting priorities

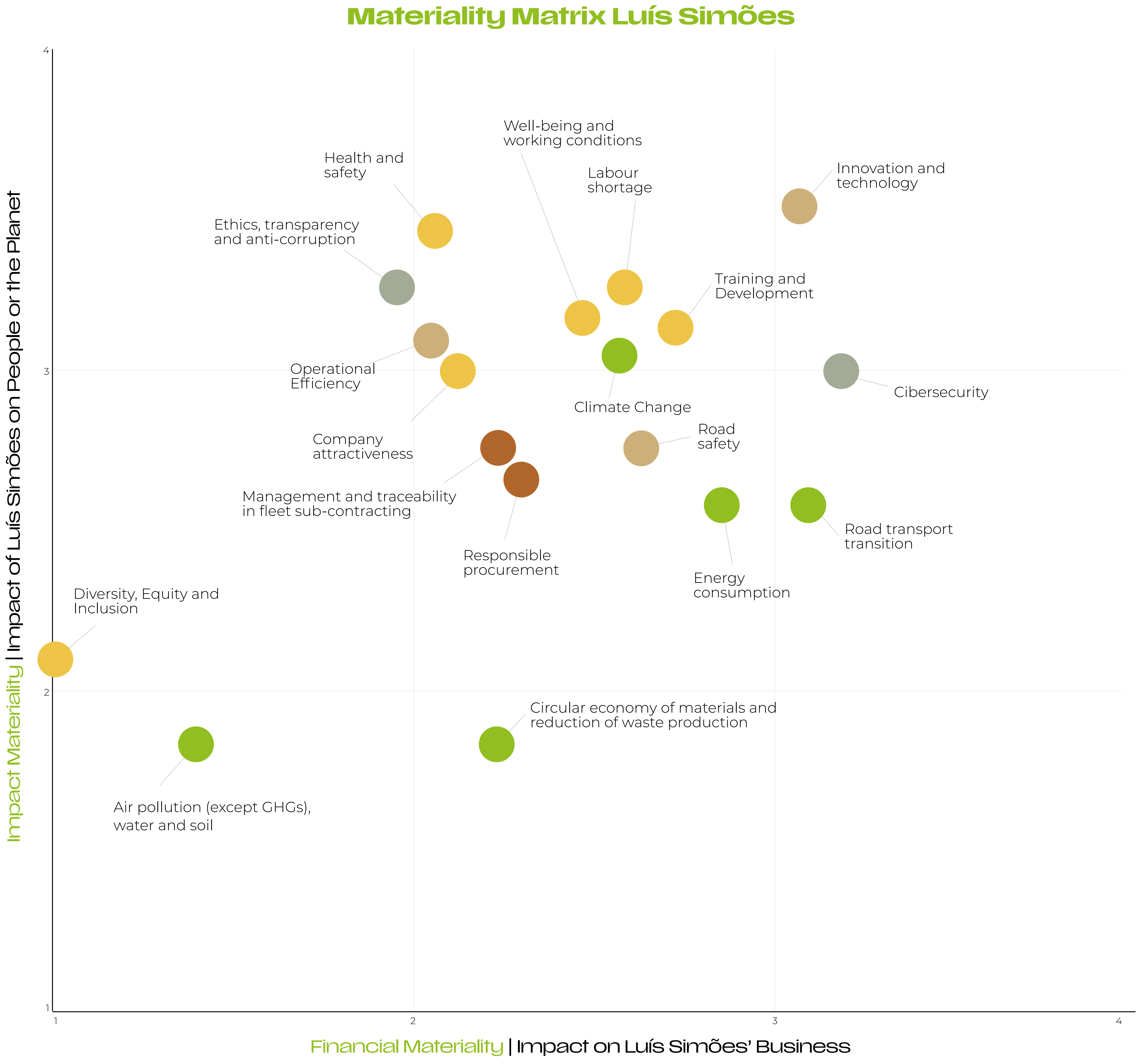
MATERIALITY ASSESSMENT

Once the sustainability matters had been identified, the next stage was to identity the impacts on people and/or the environment – **Impact Materiality** – and the risks and opportunities for the company's sustainability – **Financial Materiality**. Each impact, risk, and opportunity was assessed in accordance with the criteria of the Corporate Sustainability Reporting Directive (CSRD) . This assessment allowed for the positioning of the matters and reflection on their impact concerning the company's reporting and its sustainability strategy.

All sustainability matters assessed as higher than 2 (moderate) are considered material for reporting purposes. For strategy development, they are considered from 3 (significant). As we can see, only the matter of "air pollution (except GHGs), water and soil" is not considered material for reporting.

Of the 17 sustainability matters considered material, 52 impacts, 47 risks and 21 opportunities were identified.





1. The impacts, risks and opportunities were assessed according to the following scale: **1–Negligible; 2-Moderate; 3-Significant; 4-Critical,** and based on the following criteria. In assessing the **impacts**, the following were considered: scale (intensity/severity of the impact); **scope** (scope/reach along the value chain); **irremediable nature**; and **probability** (in the case of potential impacts, both positive and negative). In assessing the **risks and opportunities** (financial effects), the following were considered: **magnitude** (criticality of the risk or opportunity for the company, influence on cash flows, access to financing or cost of capital, quality, prices and commercial relationships); and probability (frequency of occurrence or probability of occurrence).

Setting priorities

IMPACTS, RISKS AND OPPORTUNITIES

Sustainability matter: Climate Change

Impacts	Risks	Opportunities
Direct GHG emissions Energy consumption from non-renewable sources Energy consumption from renewable sources	Investment in adaptation to climate change in order to maintain the operation and stand out from the competition (e.g. infrastructure, routes, etc.) Regulatory changes impacting investment requirements	Access to capital and investment

Sustainability matter: Road Transport Transition

Impacts	Risks	Opportunities
Fleet electrification impacting emission reductions	Investment in research and implementation Lack of a reference price for HVO[2] from the DGEG makes it difficult for customers to accept the price differential between this fuel and diesel.	Competitive advantage in the market (standing out from the competition), through customer appreciation, of alternatives for the transition

Sustainability matter: Energy Consumption

Impacts	Risks	Opportunities
Reduction of energy consumption and GHGs through vehicles with Euro V and VI engines (90%) and Euro-modulers (Gigaliners) and Duotrailers Reduction of energy consumption through the installation of photovoltaic panels for self-consumption Energy efficiency of warehouses (LEED, BREAM certifications, energy rating B - ADENE) resulting in lower energy consumption Energy consumption from non-renewable sources	Costs associated with the modernisation of the subcontracted fleet Increasing energy costs due to price volatility in the energy market Influence of EU ETS on fuel prices	Investment in renewable energies

Sustainability matter: Circular economy of materials and waste reduction

Impacts	Risks	Opportunities
	Investment in waste management technology and systems	

2. Hydrotreated Vegetable Oil — a renewable fuel solution based on sustainable raw materials.

Setting priorities

Sustainability matter: Health and Safety

Impacts	Risks	Opportunities
Prevention of injuries and increased employee comfort in the workplace. In Spain, this is the responsibility of the Occupational Medicine and Internal Prevention Department, so that safety, ergonomics and psychosociology are handled in-house, while in Portugal these matters are handled by an outsourced prevention service. Accidents and work-related incidents	Investment in vehicle maintenance, ergonomic conditions and well-being in the work environment Investment in maintenance of facility security infrastructure	Reduction of incidents and associated costs, through training and performance monitoring of operations, notably of drivers

Sustainability matter: Training and development

Impacts	Risks	Opportunities
Development of skills, career progression and recognition of performance		Maximisation of organisational performance by aligning employee skills with strategic goals

Sustainability matter: Well-being and working conditions

Impacts	Risks	Opportunities
Improvement of employees' quality of life (medical benefits, work-life balance, e.g. through hybrid remote working policy) Employee satisfaction	Disruptions in operations, due to absenteeism, lack of productivity or even responsiveness Impact on customers' trust and consequent loss of business	

Sustainability matter: Diversity, Equity and Inclusion

Impacts	Risks	Opportunities
Social cohesion and equal opportunities Work opportunities for vulnerable groups (e.g. ethnic minorities, people with disabilities, female drivers)		

Setting priorities

Sustainability matter: Labour Shortage

Impacts	Risks	Opportunities
Job security and employee satisfaction Promotion of employability	Difficulty in managing the operation and meeting customer needs due to labour shortage Salary conditions and associated benefits to position the company as competitive in the job market Higher pay for lorry drivers due to driver shortage Decrease in the average performance of employees due to less qualified hires	

Sustainability matter: Company attractiveness

Impacts	Risks	Opportunities
Training and knowledge in the sector (e.g. partnership with APLOG, visits to LS centres), contributing to knowledge about the sector in society Donations and actions (e.g. blood donation campaigns, collaboration with the Food Bank, collaboration with Fundación Madrina) impacting society	Difficulty in hiring for LS (various types of positions)	

Sustainability matter: Operational Efficiency

Impacts	Risks	Opportunities
Efficient delivery of services/products with no supply chain disruption Route optimisation, reducing environmental impact Impact on public health, in the event of food quality and safety failures		Investment in infrastructure, processes and technology to improve efficiency Margin gains from operational efficiency (e.g. route optimisation, delivery reliability) Increased efficiency due to the availability of periodic and reliable data

Setting priorities

Sustainability matter: Road Safety

Impacts	Risks	Opportunities
Reduction of work accidents (drivers) and safety of passengers (road users or pedestrians) and other drivers Reduction of work accidents and safety of road passengers and other drivers	Subcontracting regime in transport makes vehicle control more difficult Compliance with regulatory requirements.	Maintaining a low rate of workplace accidents (on the roads) and consequently reducing disruptions in the value chain presents an opportunity to attract and retain drivers and reduce costs

Sustainability matter: Innovation and Technology

Impacts	Risks	Opportunities
Reduction in consumption (fuels, energy, paper, packaging, etc.) Integration of new technological solutions in the market, impacting customer satisfaction (e.g. introduction of route optimisers)[PV4.1] Integration of technological solutions to reduce employee effort or boost their productivity Integration of technological solutions to increase employee safety or boost their productivity (e.g. active safety measures in vehicles - lorries)	Shorter investment cycles lead to greater financing needs.	Increased competitiveness and profitability through new products or processes Access to subsidies and funding for innovation projects Innovation partnerships with academia, research centres and customers as revenue generators and innovation facilitators Increased operational efficiency and profitability of products and services through technological adaptation

Sustainability matter: Ethics, transparency and anti-corruption

Impacts	Risks	Opportunities
Promotion of good governance practices in the business environment, strengthening trust among stakeholders in the Luís Simões ecosystem Greater confidence that the company will take action in situations of potential fraud, discrimination or harassment	Reputational risks and potential loss of customers due to ethical issues	Facilitation of access to capital and investment through optimisation of the ESG profile

Setting priorities

Sustainability matter: Cybersecurity

Impacts	Risks	Opportunities
Protecting the privacy of customers', employees' and suppliers' data	Cyberattacks, data loss and consequent financial and reputational/trust losses Legal consequences and fines/penalties resulting from data loss Operational interruptions Increased operational costs due to the need to implement larger protection structures	Employee productivity is increased by reducing the likelihood of information being lost or otherwise damaged

Sustainability matter: Responsible procurement

Impacts	Risks	Opportunities
Development of the economy by giving preference to local suppliers Contribution to the environment and society through social and environmental criteria in supplier contracting	Increased hiring costs due to the integration of ESG criteria Costs associated with supplier risk assessment (implementation and management)	

Sustainability matter: Management and traceability in fleet subcontracting

Impacts	Risks	Opportunities
Integration of social and environmental hiring requirements in the service providers Criteria for selecting carriers with less-polluting vehicles (Euro V or VI) Carriers' inability to invest for the energy transition	Difficulty in tracing the supply chain, impacting influence and control of operations Non-compliance with safety and equipment regulations Difficulty of subcontracting not keeping pace with the transition Inability of carriers to invest in energy transition, limiting LS's energy transition	Cost reduction (greater customer trust, lower non-compliance costs, fewer accidents) with investment in traceability impacting control of operations

Review of Material Sustainability Matters

In 2025, Luís Simões revisited the materiality exercise for the subtopics of Cybersecurity and Health and Safety to ensure strategic topics faithfully reflect the most relevant risks and opportunities for the Group's activities.

STAKEHOLDER ENGAGEMENT

Engagement with internal and external stakeholders is essential to ensure the quality and relevance of the services provided and to enhance the integration and alignment of the value chain. Engagement with both the internal and external community allows positioning to be adjusted in terms of how to serve stakeholders and communities.

Aware of this importance, Luís Simões mapped the stakeholders' engagement by identifying how the parties interacted. Particular importance is given to communication and transparency as a form of engagement, contributing to strengthening relationships and the LS brand.

As well as listening to customers (through the Customer Satisfaction Questionnaire) and employees on a regular basis, particular importance is given to listening to stakeholders in the reassessment of materiality, where stakeholders' influence and contributions can be particularly relevant, especially for the identification of sustainability matters. Besides these listening mechanisms, any assessments carried out through audits, meetings or platforms are also considered as a basis of information to be considered for future sustainability reporting.

The organisation's main stakeholders are categorised as follows:

- **Customers**
- **Employees**
- **Suppliers:** Permanent subcontractors (transport), Occasional subcontractors (transport) and Other suppliers
- **Banks**
- **Unions**
- **Professional Associations**
- **Academia** (Universities, vocational and secondary schools)

In general, stakeholder engagement occurs in various ways as it is tailored to their specificities. In the case of customers, satisfaction is gauged by means of a six-monthly survey to identify and implement improvements.

Review of Material Sustainability Matters

Below are the main methods of stakeholder engagement:

Employees	Employee engagement is driven by the Communication Office, with regard to civic initiatives, and by Human Resources and Occupational Health and Safety with regard to working conditions, training and well-being.	▸ Somos LS Magazine ▸ Employee consultation on occupational health and safety and work environment ▸ Intranet ▸ LS Express Newsletter ▸ Training ▸ Posters ▸ Events ▸ LSTools Portal ▸ LS Pessoas Portal ▸ LS Website ▸ Sustainability Report and Accounts	▸ Social Media ▸ SOMOS LS App ▸ LS Ethics Line ▸ Submission of applications for the IRU Diploma of Honour ▸ Long Service Tributes ▸ Anniversary of the Somos LS Magazine ▸ LS Football Team (Spain) ▸ LS Digital Newsletter ▸ ICSI - Internal Customer Satisfaction Index ▸ PRL Whatsform App
Customers	Customer engagement is handled on a day-to-day basis by the Customer Service Department and the management team for current customers, with a particular emphasis on the Business Development areas for new customers.	▸ Customer satisfaction survey ▸ LSTools Portal ▸ LS Newsletter ▸ Meetings / Presentations ▸ LS Website	▸ Sustainability Report and Accounts ▸ Social Media ▸ Sustainability Platforms: Ecovadis; Sedex; CDP ▸ Audits ▸ LS Ethics Line
Permanent and occasional subcontractors and other suppliers	For suppliers, engagement varies according to the type of service provided.	▸ LS Website ▸ Sustainability Report and Accounts ▸ Social Media ▸ Widoit Platform ▸ TMS Portal ▸ LS Ethics Line	▸ Training sessions(specific to permanent subcontractors) ▸ TMS Load Board (specific to occasional subcontractors) ▸ Posters and LS Newsletter (specific to other suppliers)
Unions	Our relationship with Unions is managed by the Human Resources and Occupational Health and Safety areas.	▸ Negotiations of work agreements ▸ Meetings ▸ LS Website ▸ Sustainability Report and Accounts	▸ Social Media ▸ LS Newsletter ▸ LS Ethics Line
Professional / Business Associations	The Group also participates in various business and professional associations, focused on the sector where it operates or the region where it is located, through participation in working groups.	▸ Development of protocols ▸ Participation in associations ▸ Events ▸ LS Website ▸ Sustainability Report and Accounts	▸ Social Media ▸ Participation in working groups ▸ Sponsorship of PEL Academia (APLOG) ▸ LS Newsletter ▸ LS Ethics Line
Academia (universities, vocational and secondary schools)	Our relationship with Academia, whether in secondary schools, vocational education or higher education, is handled by various areas within the organisation depending on the type of interaction, such as visits, internships, work or employee participation in classes.	▸ Visits to Operations Centres ▸ Partnerships ▸ Standard communication ▸ LS Website	▸ Sustainability Report and Accounts ▸ Social Media ▸ Sponsorship of PEL Academia (APLOG) ▸ LS Newsletter ▸ LS Ethics Line
Mass Media		▸ Standard communication ▸ Commercial and institutional presence ▸ LS Website ▸ LS Newsletter	▸ Sustainability Report and Accounts ▸ Social Media ▸ LS Ethics Line
NGOs		▸ Development of protocols ▸ Events ▸ LS Website ▸ Sustainability Report and Accounts	▸ Social Media ▸ LS Ethics Line ▸ LS Newsletter ▸ Sponsorship of the FESCIGU Festival (Asociación Cultural Cinefilia)
Local Community / National/ Regional and Local Authorities		▸ Standard communication ▸ LS website ▸ Sustainability Report and Accounts ▸ Social Media	▸ LS Ethics Line ▸ Authority platforms ▸ LS Newsletter
Investors / Banks	Our relationship with Investors / Bank is handled by the Finance Department.	▸ Periodic meetings ▸ Visits to the main centres ▸ Sustainability Report and Accounts	▸ LS Website ▸ LS Ethics Line

In the scope of the review of the sustainability strategy integrated into the Group's new strategic cycle, it is deemed necessary to revisit the means used for dialogue with stakeholders in order to meet the organisation's five-year goals.

STAKEHOLDERS COMMUNICATION CHANNELS

All Stakeholders

▶ Luis Simões Newsletter (Fortnightly)
▶ Social Media (Daily communication)
▶ LS Ethics Line (Permanent access)
▶ Sustainability Report and Accounts (Annual)
▶ LS website (Permanent access)

Customers

▶ Presentations (Occasional)
▶ Audits (Sporadic)
▶ Meetings (Sporadic)
▶ Customer satisfaction survey (Six-monthly)
▶ Sustainability platforms: Ecovadis; Sedex; CDP (Annual)
▶ LSTools Portal (Permanent access)

Employees

▶ SOMOS LS APP (Daily communication)
▶ Employee consultation on occupational health and safety and work environment (Annual - OHS)
▶ Posters (Not defined)
▶ Intranet (Daily communication)
▶ LS Digital Newsletter(Fortnightly)
▶ LS Express Newsletter (Fortnightly)
▶ LSTools Portal (Permanent access)
▶ LS Personas Portal (Permanent access)
▶ Somos LS Magazine (Quarterly)
▶ PRL APP (ES) (Permanent access)

Suppliers

▶ TMS Load Board (Not defined)
▶ Posters (not defined)
▶ Widoit Platform (Permanent access)
▶ TMS Portal (Permanent access)

2025-2029 Sustainability Strategy

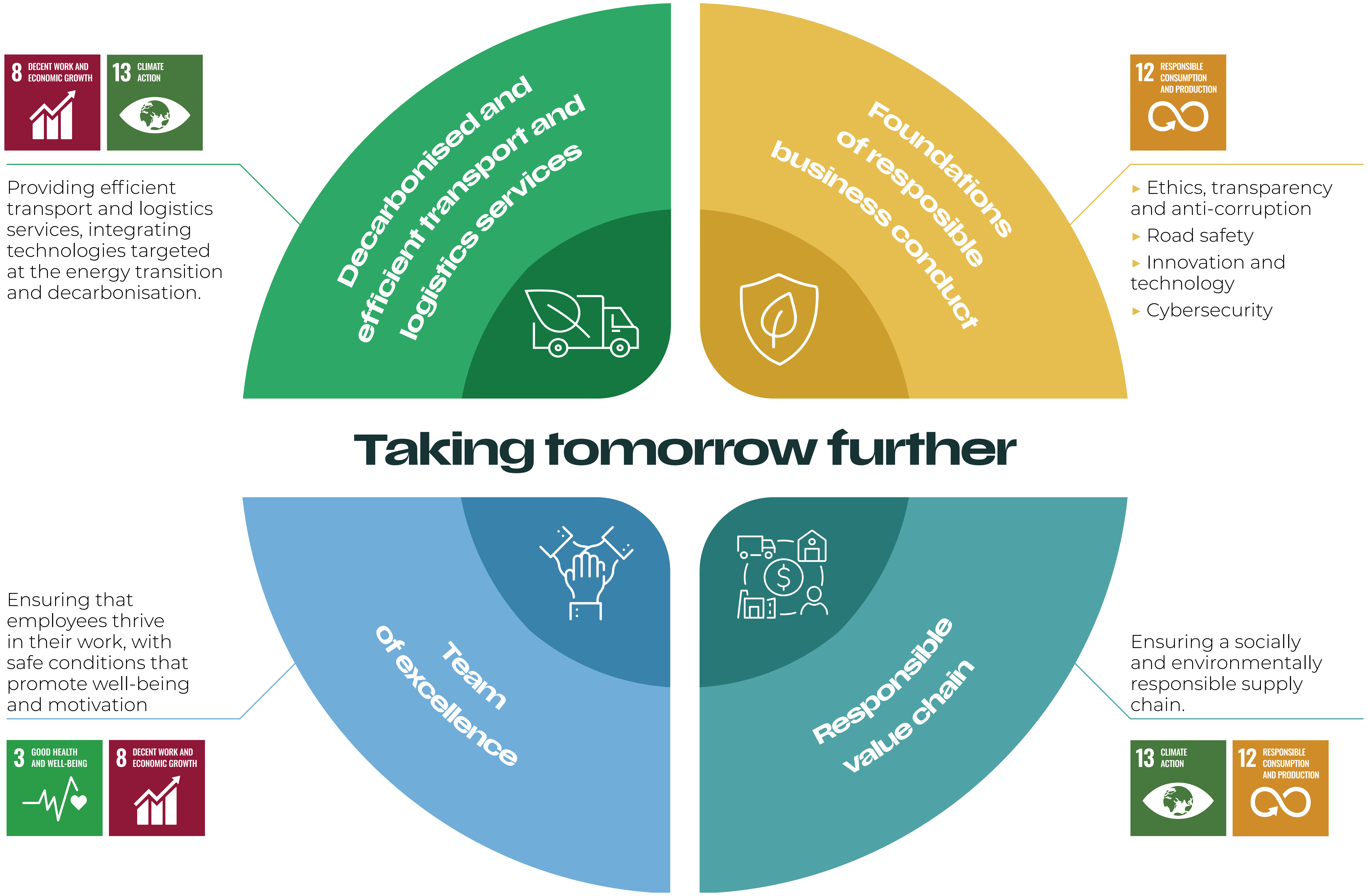
SBM-1

Luís Simões' sustainability strategy is framed by the principles that guide its business conduct, among which the following stand out: business ethics, innovation, road safety and cybersecurity.

It is also important to underline the context of the set of SDGs (Sustainable Development Goals) that the company aims to achieve, namely: sustainable economic growth and employment, tackling climate change, sustainable production and consumption patterns, and the promotion of health and well-being for all generations.

Against this backdrop, our sustainability strategy aims to fulfil, in the medium and long term, the mission of responsibly providing efficient and competitive transport and logistics solutions, and is based on three major pillars:

- **Ensuring that employees thrive in their work, through training and development, the promotion of well-being, and preparing the team for the future.**
- **Building a socially, environmentally and financially sustainable supply chain.**
- **Consolidation of a leading team capable of ensuring ethical practices and high performance.**



2025-2029 Sustainability Strategy

2025-2029 Sustainability Programme

Thanks to the materiality assessment, we have been able to identify the most relevant sustainability matters for operations and our stakeholders. Based on this diagnosis, a Sustainability Programme was drawn up, supported by initiatives, goals and responsibilities that translate the material impact matters into a strategic tool for the organisation.

A set of initiatives was defined to contextualise Luís Simões in line with the risks and opportunities found in the sustainability topics and the 2029 strategy.

In 2025, the Sustainability Programme aligned with the 2025-29 strategy, highlights of which include:

Foundations

Ethics, transparency and anti-corruption

- Ethics Code Revision
- Ethics line communication
- Due Diligence

Cybersecurity and Data Protection

- Information Security

Compliance with legislation, standards and customer requirements

- Governance
- Circular Economy
- Biodiversity Impacts

Team of Excellence

Ensuring that employees hrive in their work, with safe conditions that promote well being and motivation

- HR Policies
- Equality Plan (ES)
- Occupational Health and Safety Project - Iberian Alignment

Decarbonised and efficient transport and logistics services

Focused on the management of risks and the impact of our activities, and on organisational resilience with regard to climate change. Highlights:

- Energy Transition Plan
- Automation of GHG Emissions Calculations
- Implementation of the European Taxonomy Project

Responsible Value Chain

Focused on maintaining responsible relationships with the value chain, with fair social and environmental practices and due diligence

- Payment Practices
- Workers in the Value Chain
- Due Diligence

2025-2029 Sustainability Strategy

Since 2008, we have been encountering new challenges along the way that we must overcome.

It is thanks to the commitment and action of Luís Simões' teams all over the Iberian Peninsula that we are able to implement the necessary initiatives to strengthen our organisation's resilience and ensure that we stand out from the crowd — the very reason why our customers choose to work with us.

Luis Simões

Luís Simões´ Sustainability Strategy 2025-2029