

SUSTAINABILITY REPORT 2024



THE BEST COMPONENTS YOU WILL NEVER SEE

Lusocal - Artigos para Calçado, S.A.



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Message from Management

Dear stakeholders,

It is with a renewed sense of pride and a growing sense of urgency that we present Lusocal's Sustainability and ESG Report for the current year. In a rapidly changing global context, shaped by climate challenges and growing social expectations, our responsibility transcends mere compliance; it is a strategic pillar of our long-term resilience and competitiveness.

The Management's commitment to transparency and accountability remains unwavering. This report reflects the deeper integration of Environmental, Social and Governance (ESG) criteria into our business decisions, moving from intent to action with measurable impact.

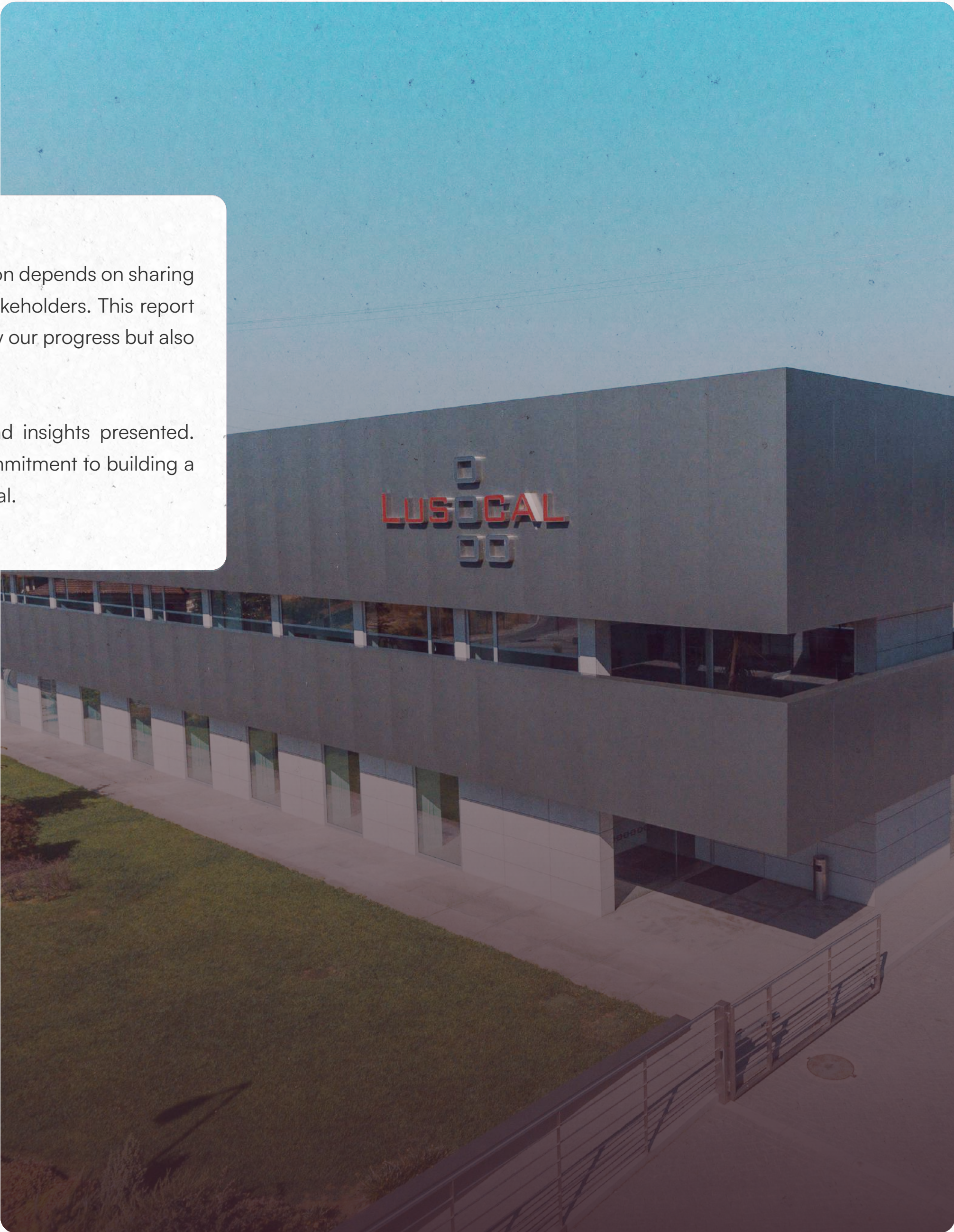
In **2024**, sustainability has gained greater importance in our decision-making, and this document describes in detail:

- Our response to the increasing European regulations, aligning our practices with the requirements of the Corporate Sustainability Reporting Directive (CSRD), thus ensuring the credibility and comparability of information.
- Our progress towards decarbonisation and energy efficiency goals, an essential focus in the transitioning towards a more resilient economic development model.
- Our enhancement of human and social capital through initiatives which promote well-being, equal opportunities and safety of our employees and surrounding communities.

We firmly believe that long-term value creation depends on sharing prosperity in a balanced way with all our stakeholders. This report is a valuable resource demonstrating not only our progress but also the challenges which lie ahead.

We invite everyone to explore the data and insights presented. We appreciate your trust and continued commitment to building a prosperous and sustainable future for Lusocal.

Yours sincerely,
Lusocal Management



About the Report

VSME B1

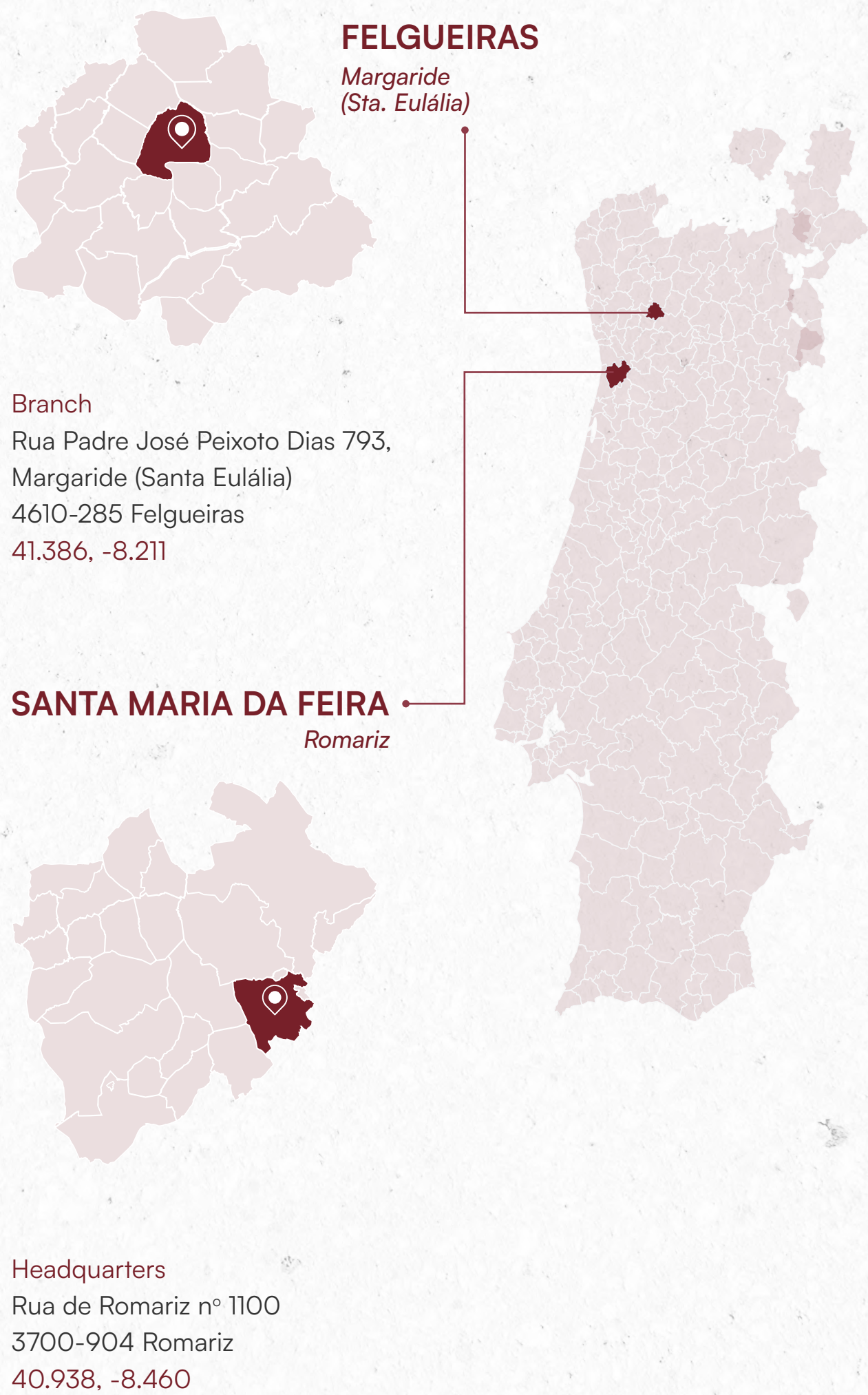
The preparation and publication of our annual Sustainability Report goes beyond a mere communication obligation. It is a fundamental strategic initiative, which has evolved from an exercise in transparency to a central pillar of our business management at Lusocal.

Our focus this year reflects a deeper understanding that Environmental, Social and Governance (ESG) factors are not just matters of corporate responsibility, but key drivers of financial risk and opportunity in the current market. From Transparency to Trust and Financial Resilience: Communicating our practices transparently remains crucial to strengthening the trust and loyalty of our stakeholders — clients, employees and communities. However, this report goes beyond reputation; it provides the basis for assessing how we manage emerging risks, ranging from energy price volatility to climate-related supply chain disruptions.

In summary, this report demonstrates the commitment of Lusocal to ensuring that business strategy and sustainability are inseparable. We believe that by actively managing our ESG impact, we are investing directly in the longevity and future success of our company.

The Sustainability Report covers information for the period of January 1st to December 31st 2024 and was developed based on the European Sustainability Reporting Standards - **"EFRAG Voluntary Sustainability Reporting Standard for non-listed SMEs (VSME)" (Option B) published in December 2024**. Lusocal opted to report based on the two modules specified in the standard (Basic Module and Comprehensive Module). All information in this Report refers to the two Lusocal production units located in Romariz (headquarters) and Felgueiras (branch). The verification and validation of its content was carried out by the management of Lusocal.

CAE 15202 / Public Limited Company



Lusocal in numbers

2023 vs 2024

VSME B1

	2023	2024
Employees	73	69
Number of hours of internal training	+3100 h	+3300 h
Turnover	+9M €	+8,9M €
EBITDA	+950,000 €	+500,000 €
Balance	+6M €	+6M €

	2023	2024
Rate of renewable energy usage	54%	86%
Energy produced for self-consumption at UPAC	72%	59%
Valorisation of generated waste	83%	79%
Scope 1 emissions	54,50 tonnes CO ₂ eq	33,80 tonnes CO ₂ eq
Scope 2 emissions	27,44 tonnes CO ₂ eq	0 tonnes CO ₂ eq

Key highlights of Lusocal in 2024

Publication of the
second Sustainability
Report

Outsourcing services

Maintenance of Quality,
Environment and GRS*
certifications

Increase in the number
of employees in the
production area

Strengthening of solar
production capacity (UPAC)
at both production units

Installation of battery
systems for energy storage

* GLOBAL RECYCLED STANDARD

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2 LUSOCAL

Who we are and what we do

Organisational Structure

Quality and Environmental Policy

Materiality



Who we are and what we do

VSME C1

Lusocal has over 30 years of experience in the industry, supplying components to various segments, with particular emphasis on the fashion, safety/technical and orthopaedic sectors. Its activity focuses on the production and sale of **toe puff** and **heel counters**, which are the main components of its portfolio, primarily intended for the domestic market.

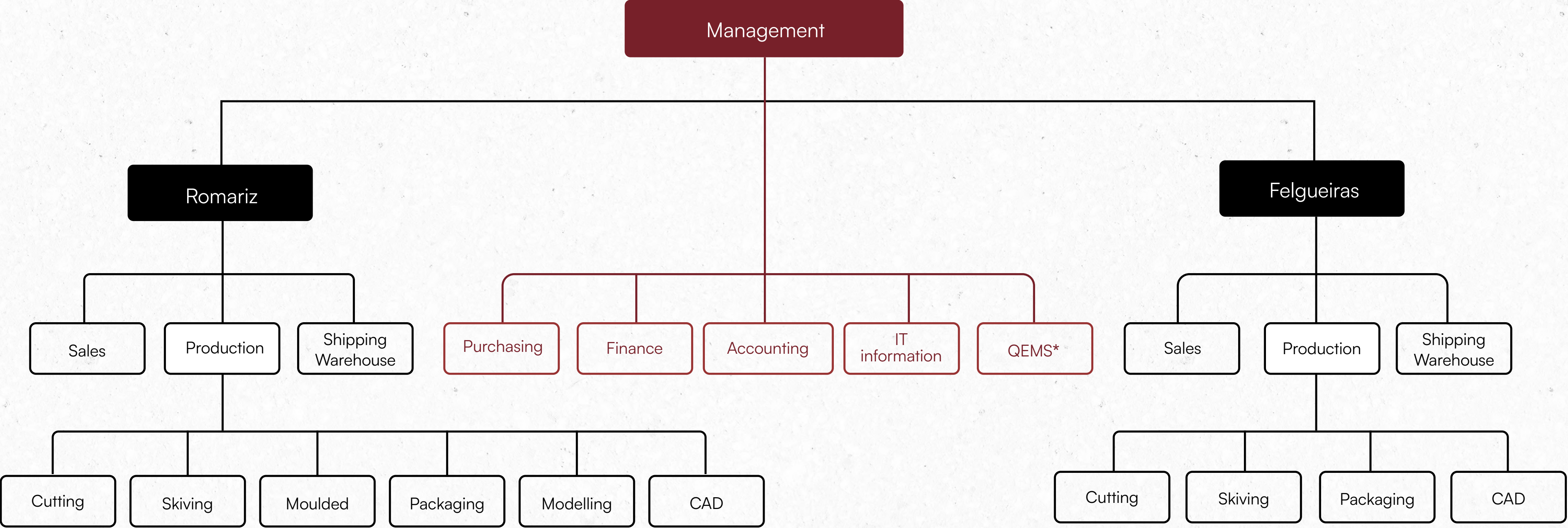
In addition to these products, Lusocal offers a wide range of materials which contribute to the final quality of footwear, including **fabric webs, reinforcement and lining webs, thread and grain glue, foams, and Strobel and Pratik insoles**. The company also offers a range of complementary services, such as **skiving, moulding, stock management and 24-hour delivery**, reinforcing its responsiveness and proximity to clients.

SPECIALISTS IN TOE PUFF, HEEL COUNTERS AND REINFORCEMENTS FOR FOOTWEAR

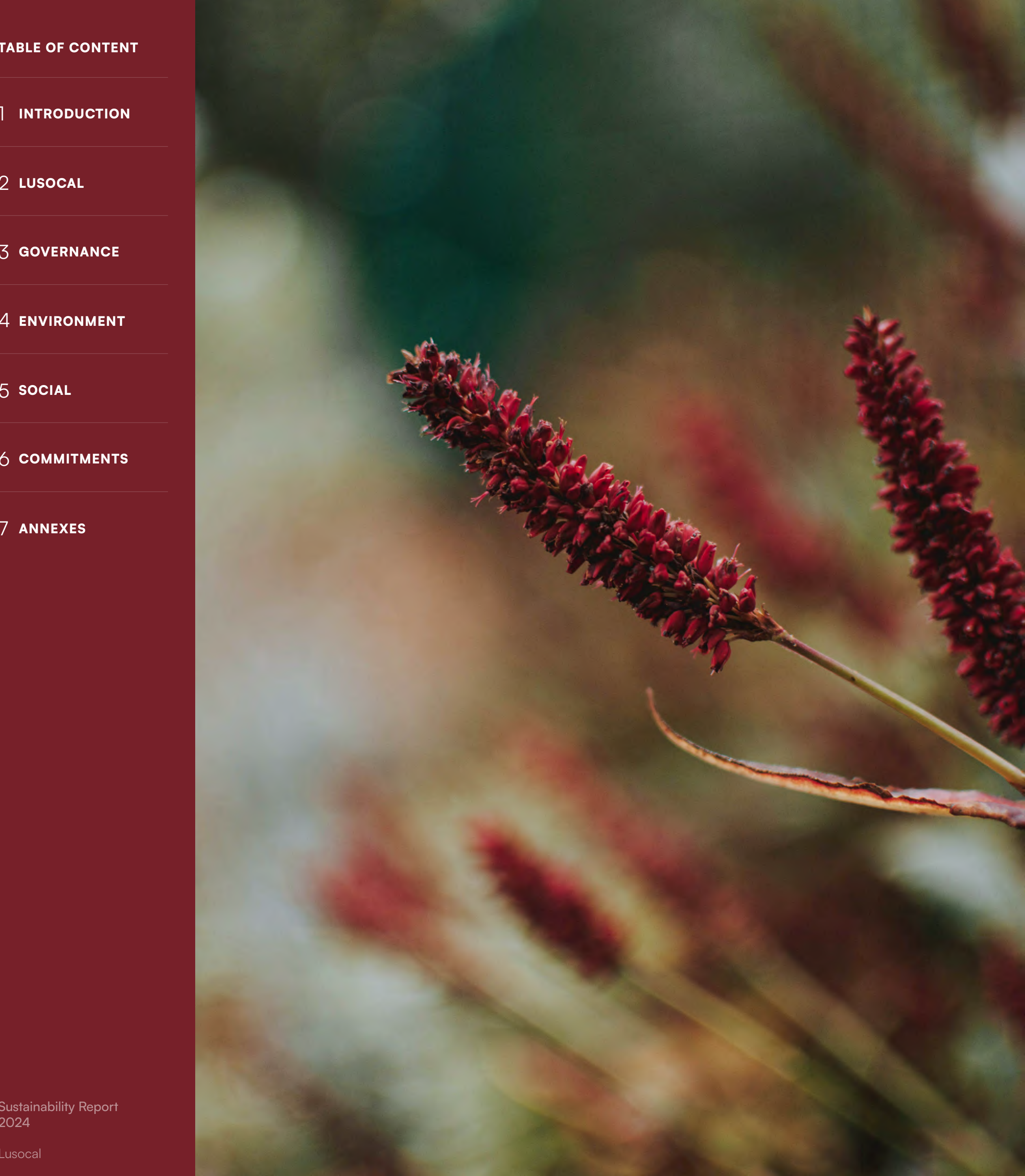


Organisational Structure

VSME C9



* QUALITY AND ENVIRONMENTAL MANAGEMENT SYSTEM



Quality and Environmental Policy

VSME B2

The Quality and Environmental Policy of Lusocal is based on a set of principles which guide how the company operates on a daily basis and manages its processes:

- Satisfying clients as the reason for its business success;
- Producing quality products through daily improvement of manufacturing processes;
- Meeting order delivery deadlines;
- Ensuring a positive work environment and conditions along with the cohesion among all team members;
- Ensuring the efficient use of resources by promoting environmental protection and minimising the environmental impacts of the activity, namely CO₂ emissions and waste production;
- Complying with regulations and legislation applicable to the environment and products, as well as with the requirements of the standards applicable to the Quality and Environmental Management System;
- Improving the effectiveness of the Quality and Environmental Management System with reference to the NP EN ISO 9001 and NP EN ISO 14001 standards.

Materiality

Stakeholders

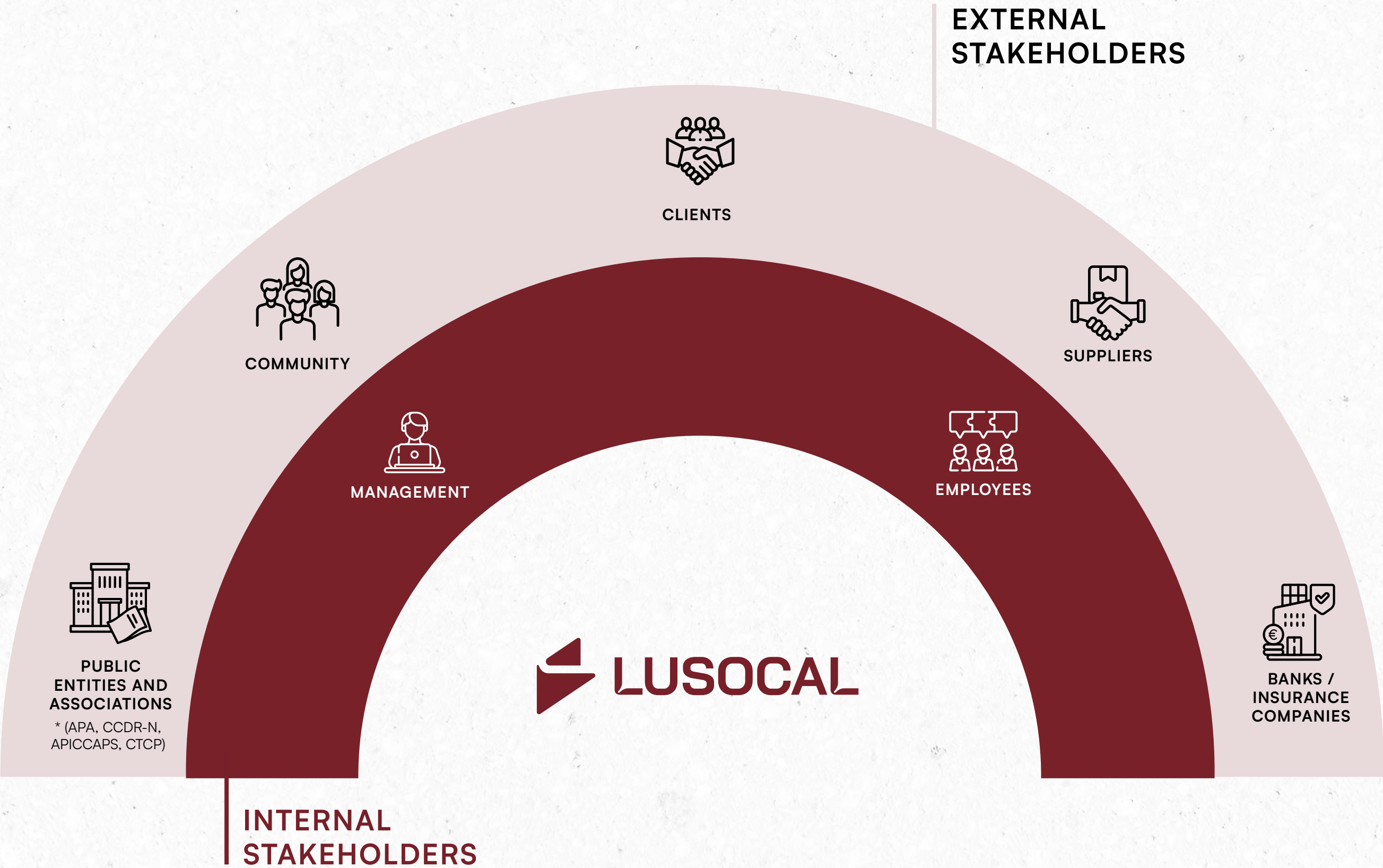
For the second consecutive year, Lusocal strengthens its commitment to transparency, accountability and the creation of sustainable value by continuing to carry out a materiality analysis. This process makes it possible to identify the most relevant topics for the company and its stakeholders, ensuring that strategic priorities reflect internal and external expectations, as well as developments in the sector.

The 2024 update of the analysis was based on the stakeholder mapping defined in the 2023 Sustainability Report, which remained relevant for the year under review. Based on this framework, the material topics were reviewed and discussed, and new ESG-related topics were added in line with the emerging challenges and operational reality of Lusocal.

These topics were discussed during an internal meeting attended by Management, the Head/Manager of the Integrated Quality and Environmental Management System and the Head of Finance/Finance Manager.

During this work session, each topic was analysed from two perspectives: its importance to the company and its relevance to external stakeholders, considering their relationship with Lusocal and the impact of its activities throughout the value chain.

By comparing the results for 2024 with those of the previous year, Lusocal sought to understand the changes which had taken place in the economic, social and environmental context, adjusting its priorities in line with its sustainability strategy and the Sustainable Development Goals (SDGs).



* APA - Portuguese Environment Agency
CCDR-N - Norte Portugal Regional Coordination and Development Commission
APICCAPS - Portuguese Footwear, Components, Leathergoods Manufacturer's Association
CTCP - Portuguese Footwear Technological Centre

Lusocal material topics

● ENVIRONMENT



Circular Economy

Scope

To enhance the **product life cycle**, focusing on the reincorporation of production waste and the development of components with recycled or biodegradable materials, aligning innovation with the reduction of the environmental impact.

Indicators

- % of recyclable final product
- % of recycled final product
- Consumption of biodegradable materials

Energy Efficiency and Decarbonisation

Scope

To **reduce the carbon intensity of operations** through the continuous investment in renewable energy, the monitoring of GHG emissions, and the transitioning to more sustainable mobility within the company's fleet.

Indicators

- Total GHG emissions (Scope 1 and 2)
- Rate of renewable energy use
- Energy generated for self-consumption (UPAC)
- Carbon intensity

Waste Management

Scope

To **maximise waste recovery**, ensuring rigorous separation and proper routing of the different waste streams generated at production units, prioritising recovery operations over landfill disposal.

Indicators

- Waste recovery rate
- Waste generated per unit produced
- Percentage of hazardous waste

Lusocal material topics

● SOCIAL

Well-being of Employees

Scope

To ensure a safe and rewarding working environment, promoting Health and Safety at Work (HSW) and implementing remuneration and benefits policies which contribute to employee satisfaction and talent retention at Lusocal.

Indicators

- Adjusted Gender Pay Gap (GPG)
- Salary Ratio vs. National Minimum Salary
- Number of workplace accidents
- Incidence rate of workplace accidents

Community and Local Action

Scope

To strengthen social commitment to the region by maintaining an active stance in supporting local institutions and initiatives in Romariz and Felgueiras, reinforcing ties with the surrounding community.

Indicators

- % of employees residing in local municipalities
- Total value of donations made

Training of Employees

Scope

To invest in human capital, ensuring continuous training programmes which develop technical and behavioural skills of the team, preparing them for the challenges of innovation and quality in the footwear sector.

Indicators

- Total number of internal training hours
- Average number of training hours per gender



Lusocal material topics

● GOVERNANCE



Economic-Financial Performance

Scope

To ensure the sustainability and solidity of the business through financial management which guarantees the creation of long-term value, enabling continuous reinvestment in the modernisation and growth of the company.

Indicators

- Turnover
- EBITDA
- Balance Sheet

Quality Management and Responsible Procurement

Scope

To maintain operational and value chain excellence by strictly complying with the Quality Policy (ISO 9001) and extending these ethical and environmental criteria to the selection and assessment of suppliers.

Indicators

- Maintenance of Certifications (ISO 9001, ISO 14001, GRS)
- % of local suppliers
- % of suppliers with ISO certification

Reputation

Scope

To consolidate the brand's image of trust by guiding actions with integrity and transparency towards customers/clients and partners, reinforcing the position of Lusocal as a benchmark for quality in the market.

Indicators

- Degree of compliance with payment deadlines
- Number of corruption reports or incidents

Organisational Resilience and Flexibility

Scope

To ensure strategic adaptability by maintaining an agile structure and processes which enable quick and effective responses to market changes and any disruptions in the supply chain.

Indicators

- Number of active production units
- Capacity of Response and delivery

Cybersecurity

Scope

To protect digital assets and information by implementing robust security measures to safeguard critical business data, employee privacy and intellectual property against cyber threats.

Indicators

- Number of internal training sessions about Cybersecurity
- Number of data breach incidents

Materiality analysis

MATERIAL TOPIC	LINK TO SUSTAINABLE DEVELOPMENT GOALS (SDGS)	IMPORTANCE TO LUSOCAL	IMPORTANCE TO EXTERNAL STAKEHOLDERS
<div></div> Circular Economy	<div>9</div> <div>11</div> <div>12</div> <div>13</div> <div>16</div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>
<div></div> Energy Efficiency and Decarbonisation	<div>7</div> <div>12</div> <div>13</div> <div>16</div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>
<div></div> Waste Management	<div>12</div> <div>13</div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>
<div></div> Well-being of Employees	<div>5</div> <div>8</div> <div>10</div> <div>16</div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>
<div></div> Community and Local Action	<div>11</div> <div>16</div> <div>17</div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>
<div></div> Training of Employees	<div>4</div> <div>5</div> <div>8</div> <div>10</div> <div>16</div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>
<div></div> Economic-Financial Performance	<div>8</div> <div>12</div> <div>16</div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>
<div></div> Quality Management and Responsible Procurement	<div>8</div> <div>12</div> <div>16</div> <div>17</div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>
<div></div> Reputation	<div>8</div> <div>9</div> <div>12</div> <div>16</div> <div>17</div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>
<div></div> Organisational Resilience and Flexibility	<div>8</div> <div>9</div> <div>16</div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>
<div></div> Cybersecurity	<div>8</div> <div>9</div> <div>16</div>	<div></div> <div></div> <div></div> <div></div>	<div></div> <div></div> <div></div> <div></div>

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GENDER EQUALITY
- 7

AFFORDABLE AND CLEAN ENERGY
- 8

DECENT WORK AND ECONOMIC GROWTH
- 9

INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10

REDUCED INEQUALITIES
- 11

SUSTAINABLE CITIES AND COMMUNITIES
- 12

RESPONSIBLE CONSUMPTION AND PRODUCTION
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PARTNERSHIPS FOR THE GOALS

3 GOVERNANCE

Economic-Financial Performance

Quality Management and Responsible Procurement

Reputation

Organisational Resilience and Flexibility

Cybersecurity



Economic-Financial Performance

VSME B1

Economic and financial management is essential to ensure stability and investment capacity of Lusocal. The company continuously monitors its key indicators, assessing the evolution of operating costs, process efficiency and market behaviour to adjust its strategy whenever necessary.

Between 2023 and 2024, there was a slight reduction in turnover, EBITDA and Gross Value Added (GVA). This variation is related to the sector context, marked by a general decrease in demand and an increase in operating costs throughout 2024. Lusocal closely monitored these challenges and sought to mitigate their impact by optimising resources, focusing on production efficiency and maintaining stable relationships with clients and suppliers.

Despite the fluctuations recorded, the company maintained conscious and balanced management, ensuring the continuity of strategic investments, particularly in energy efficiency, technological modernisation and improvement of work conditions. These areas are considered essential to strengthening competitiveness and creating a solid foundation for growth in the coming years.

In addition to financial indicators, **Lusocal acknowledges its broader economic contribution, namely through the creation of local jobs, relationships with local suppliers and compliance with fiscal responsibilities.** The company views economic performance as part of an integrated vision, where financial stability is aligned with ethical practices, social responsibility and environmentally responsible behaviour.

	2023	2024
TURNOVER	9 109 225 €	8 926 134 €
GVA	3 077 777 €	2 482 612 €
EBITDA	955 413 €	505 415 €



Quality Management and Responsible Procurement

To ensure efficient quality management, Lusocal adopts a careful selection process of its suppliers, based on proximity, trust and performance criteria. Choosing partners close to its production units allows for greater supply stability, shorter lead times and a more agile response to production needs. The company also prioritises suppliers committed to good environmental practices, such as its main raw material supplier, located in Italy, which holds ISO 9001, ISO 14001 and GRS certifications.

Every year, Lusocal conducts client and supplier satisfaction surveys, which are part of its Quality Certification requirements. These surveys help the company monitor compliance levels, identify opportunities for improvement and ensure suppliers meet the established criteria for raw materials, goods and services. Regarding environmental performance, in 2024, assessment surveys were sent to 32 suppliers, 6 of whom responded, an indicator the company intends to improve in the coming years.

The supply model of Lusocal combines international partners, responsible for strategic raw materials, with national and local suppliers who meet various operational needs, from energy to packaging, waste or maintenance.

For suppliers of strategic raw materials, no additional assessment criteria were defined, as there are long-term exclusive contracts supported by stable relationships and consistent quality of materials supplied. For other suppliers, including subsidiary materials, equipment, packaging, and other production support materials, criteria were defined giving preference to ISO 9001 or ISO 14001-certified supplies, geographic proximity to production units, and the capacity to introduce innovative solutions which optimise processes or improve efficiency.

Price remains a factor, yet always within the context which balances quality, reliability and responsibility.

Traceability and quality control throughout the supply chain remain priorities. **The company values stable relationships with trusted suppliers, which facilitates the tracking of materials from their origin.** Gradually, Lusocal has been strengthening its internal processes to improve supply chain visibility and ensure the defined criteria are consistently met.

IN 2024, 24% OF SERVICE AND CONSUMABLE SUPPLIERS WERE LOCAL. THIS CHOICE STRENGTHENS THE COMPANY'S CONNECTION TO THE REGION AND BOOSTS LOCAL ECONOMIC DYNAMISM

Reputation

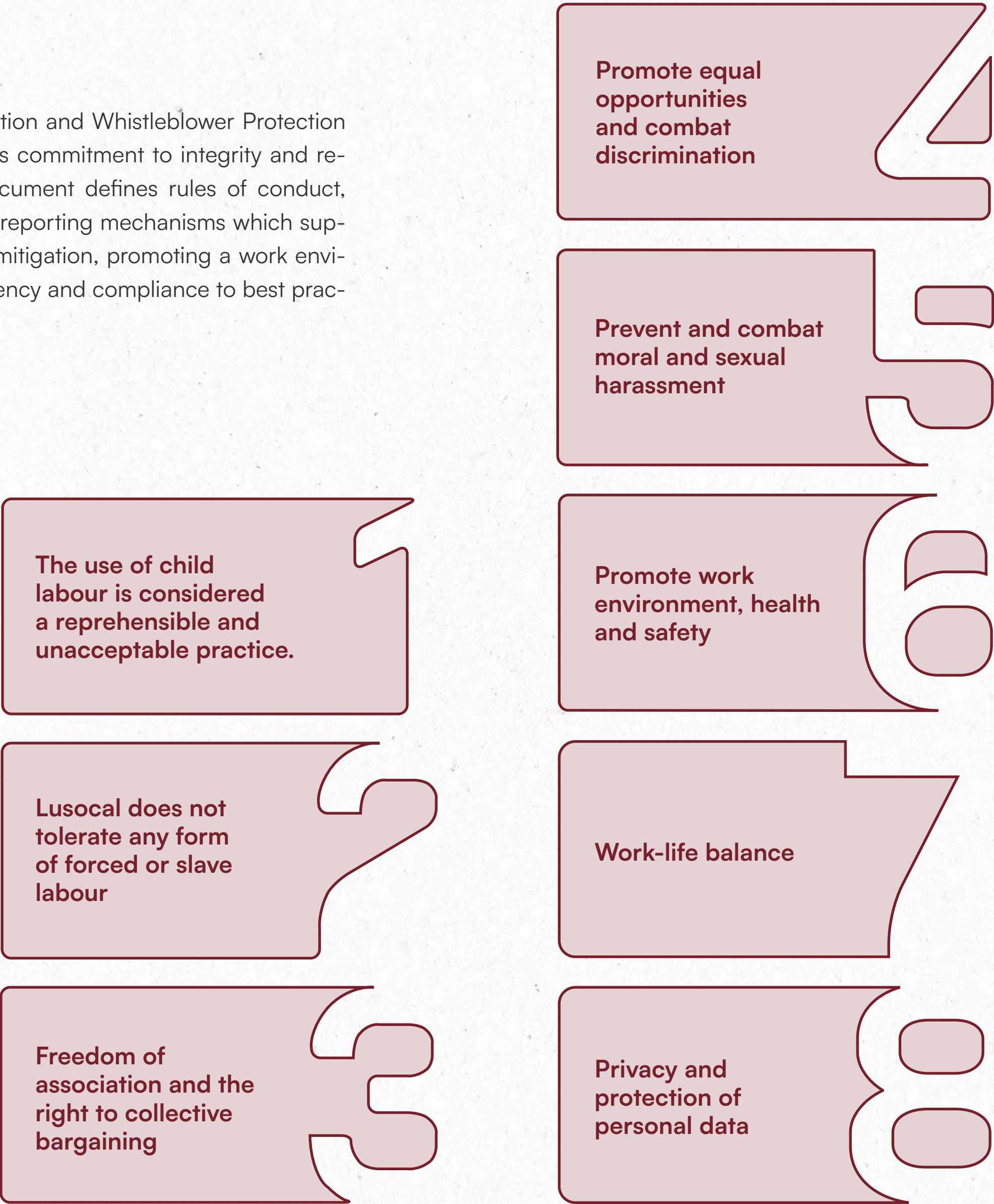
VSME C6

Reputation is one of the greatest assets of Lusocal and it stems from how, over the years, the company has cultivated relationships of trust with all its stakeholders. This trust is based on a consistent attitude of rigour, transparency and responsibility, reflected both in the way it conducts its business and in the way it fulfils its commitments.

One of the aspects most valued by Lusocal partners is its strict compliance to payment deadlines and contractual obligations. The company stands out for its solid track record of punctuality and reliability in its business relationships, contributing to a stable and predictable partnership environment. For clients and suppliers, this approach represents security, minimises risks and reinforces credibility of Lusocal in the sector.

The company's reputation is also linked to how it promotes a culture of ethics, integrity and responsible conduct. The Code of Ethics, updated and disseminated internally, establishes clear principles on behaviour, transparency, respect and responsibility in relationships with employees, clients, suppliers and other stakeholders. Its implementation is monitored by Management and the Human Resources department, reinforcing the commitment that all employees act in accordance with high ethical standards.

The Corruption Risk Prevention and Whistleblower Protection Plan further strengthens this commitment to integrity and responsible conduct. The document defines rules of conduct, prevention procedures and reporting mechanisms which support risk identification and mitigation, promoting a work environment based on transparency and compliance to best practices in business ethics.



Organisational Resilience and Flexibility

The ability to adapt and respond is one of the pillars which underpins the business stability and continuity of Lusocal. Over the years, the company has strengthened a management model based on resilience and organisational flexibility, ensuring stability even when facing external challenges or possible operational disruptions.

Having two production units, one in Romariz and the other in Felgueiras, Lusocal guarantees the continuity of production in the event of failure at one of the locations. This feature provides a competitive advantage and greater responsiveness, ensuring that commitments to clients are met regardless of circumstances.

Another essential factor is the versatility of the teams, a result of management which promotes knowledge sharing and the development of cross-functional skills. Several employees can perform different roles or support critical areas, reducing dependence on key personnel and strengthening the robustness of the organisational structure.

Lusocal also acknowledges the importance of succession management and leadership continuity, ensuring the experience and knowledge acquired over decades are passed on in a structured manner to future generations. Founded in 1987 by Arlindo Henriques, the company maintains the vision and

values which marked its origins, now shared by the new generation of Management. This natural and planned transition reflects a solid culture based on responsibility, experience and commitment to the future, ensuring stability and trust, not only internally, but also with clients, suppliers and partners.



Cybersecurity



In an increasingly digital business environment, cybersecurity plays a strategic role in the resilience and sustainability of Lusocal. Protecting information, systems and data of employees, clients and partners is essential to ensuring business continuity and trust in all interactions.

Lusocal recognises that digital security is a material issue directly linked to good governance and responsible risk management. It has therefore been strengthening the implementation of good practices of data protection and IT security, guaranteeing all critical systems are protected, updated and monitored on an ongoing basis.

In 2024, the company promoted specific internal training on cybersecurity and good digital practices, aimed at all employees with access to computer systems. These actions aimed to strengthen collective awareness of digital risks, promote the responsible use of technological resources and prevent incidents related to the misuse of information. At the same time, access control procedures were reviewed, corporate antivirus systems were reinforced, and automatic backups were implemented, with regular data recovery tests.

Lusocal sees cybersecurity as a shared responsibility and a critical factor for trust and innovation. More than a technological requirement, it represents an investment in the future of the company and the people who work there. Protecting information means protecting the ability to innovate, to serve clients with confidence and to ensure the continuity of a solid, responsible and future-ready business.

The commitment of Lusocal for the coming years is to continue strengthening employee development in these areas, promoting an increasingly aware, secure and participative digital culture, aligned with its sustainable growth strategy.



4 ENVIRONMENT

- Circular Economy
- Energy Efficiency and Decarbonisation
- Waste Management
- Biodiversity



Circular Economy

VSME B7

Circular economy is a principle which underpins the way Lusocal develops and supplies its products, prioritising materials with a lower environmental impact and solutions which promote the efficient use of resources. In 2024, the company continued to offer recycled, recyclable and biodegradable products, notably the BIOREL RANGE. The entire production process is free from the use of solvent-based products, thus avoiding the emission of Volatile Organic Compounds (VOCs).

	2023	2024
RECYCLABLE FINAL PRODUCT	+65%	+63%
RECYCLED FINAL PRODUCT	+20%	+19%
BIODEGRADABLE FINAL PRODUCT	+1%	+0,1%

ALL BOXES FOR PACKAGING ARE MADE WITH **FSC & 100% RECYCLED** CARDBOARD

**RECYCLED AND GRS-CERTIFIED PRODUCTS**

RELION B, RELION S, RELION Z, RELION C

Up to **80%** of recycled material

AVANTGARDE, EXCEL, TADAS

Up to **27%** of recycled material

STRATOS

Up to **50%** of recycled material

TALYN

Up to **71%** of recycled material

TECNOPREN, LASER, ELASTENE, TECNOGIFLEX

Up to **24%** of recycled material

GUPER


Up to **83%** of recycled material

MICROFIBERS

Up to **50%** of recycled material

VELVET, FELTRINO

Up to **57%** of recycled material

**BIODEGRADABLE PRODUCTS**

BIOREL

95%

Biodegradable and environmentally friendly polymers

5%

Organic cotton

**PLANT-BASED PRODUCTS**

HELIOS

100%

Cotton and natural latex with adhesives from renewable sources

1040 M² OF CONSUMED **BIOREL** IN 2024

Energy Efficiency and Decarbonisation

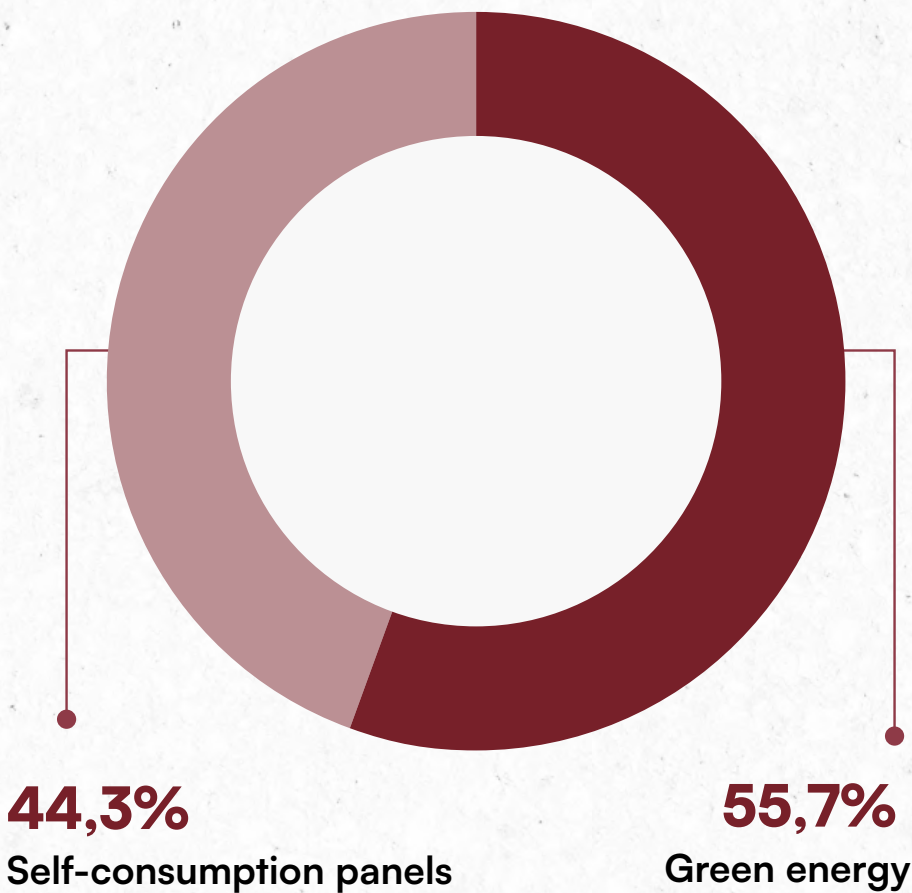
VSME B3

Energy

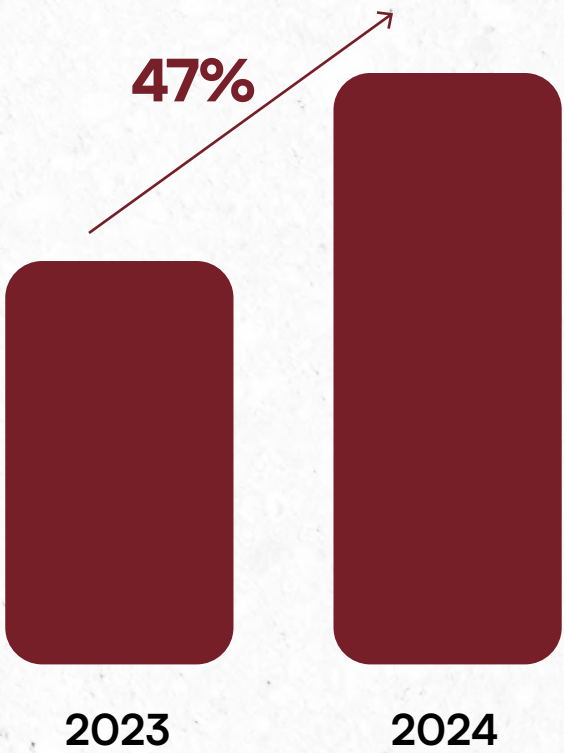
The industrial activity of Lusocal depends on the consumption of electricity. In line with its commitment to sustainability, Lusocal continues to monitor energy use and implement measures to increase the efficiency of its equipment and production processes. Last year, **Lusocal continued its energy transition process by enhancing its UPAC and installing batteries for energy storage.**

100% OF THE ELECTRICITY CONSUMED AT LUSOCAL COMES FROM RENEWABLE SOURCES, ENSURED THROUGH A COMBINATION OF SOLAR SELF-CONSUMPTION AND GREEN ENERGY CONTRACTS

Electricity consumption 2024



Renewable electricity (MWh)



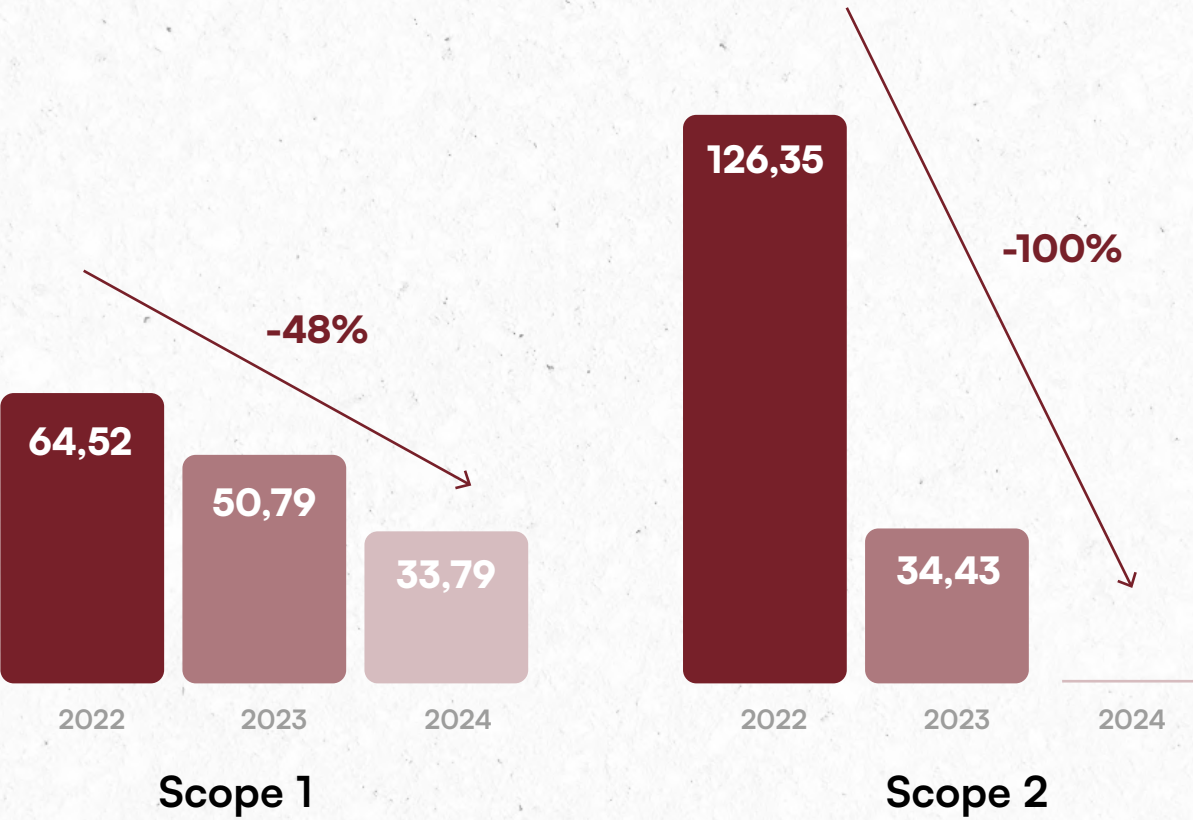
	2023	2024
ELECTRICITY		
GREEN ENERGY (MWH)	242,9	347,1
NON-RENEWABLE ENERGY (MWH)	200,5	0
SELF-CONSUMPTION PANELS (MWH)	182,3	276,1
TOTAL	625,6	623,3
FUELS		
DIESEL (L)	15 819	8 342
PETROL (L)	3 316	2 435
TOTAL	19 135	10 777

Greenhouse Gas Emissions

Direct and indirect greenhouse gas (GHG) emissions are calculated based on energy consumption, in accordance with internationally recognised methodologies. Lusocal continues to work on reducing these emissions, aligning with global climate goals as well as the requirements of clients and partners. This commitment involves increasing annual investment in cleaner and more sustainable solutions, promoting more responsible and resilient production.

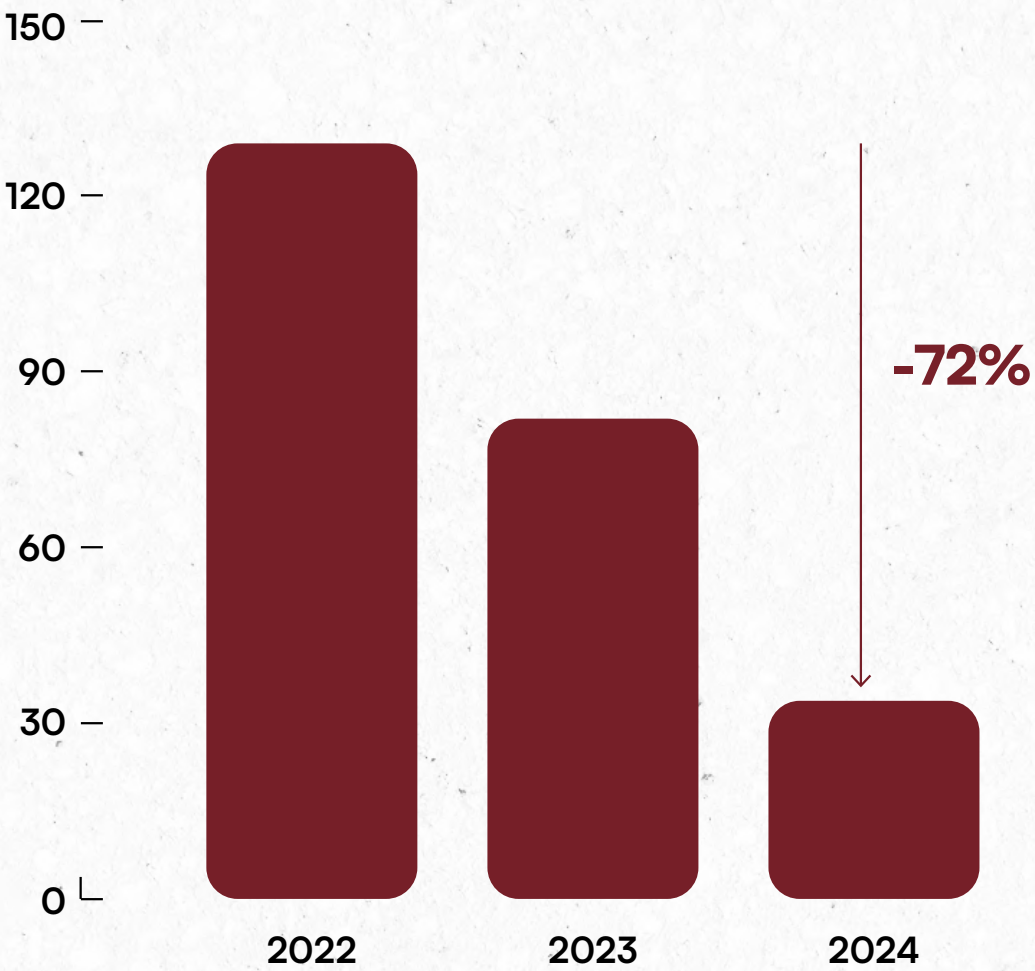
	2022 (ton CO ₂ eq/ano)	2023 (ton CO ₂ eq/ano)	2024 (ton CO ₂ eq/ano)
Direct Emissions: Mobile Combustion	64,4	50,3	28,2
Direct Emissions: Fugitive Emissions	0,13	0,45	5,6
Total Scope 1	64,52	50,79	33,79
Indirect Emissions: Electricity (market-based)	126,3	34,43	0,00
Indirect Emissions: Electricity (location-based)	54,69	35,72	27,97
GHG Scope 1 and 2 Emissions (market-based)	190,87	85,22	33,79
GHG Scope 1 and 2 Emissions (location-based)	119,21	86,51	61,76

Comparison of scope 1 and 2 emissions (market-based)



Compared to previous years, Lusocal has achieved neutrality in Scope 2 emissions (market-based methodology) related to electricity consumption, due to the transition to renewable sources. This strategy is reflected in **the significant growth in the rate of renewable energy use, which rose from 21% in 2022 to 86% in 2024.**

Evolution of scope 1 and 2 emissions



Lusocal remains aligned with the European "Fit for 55" package, which sets a target of a 55% reduction in emissions by 2030 and carbon neutrality by 2050. In this context, the results highlight the pace of the transition: taking 2022 as the base year, Lusocal has already reduced its Scope 1 and 2 emissions (market-based methodology) by 72%, demonstrating a significant acceleration towards its climate goals.

	2022	2023	2024
CARBON INTENSITY*	0,0170	0,0094	0,0038

* Total Emissions Scope 1 and 2 (market-based) / Turnover* (kg CO₂ eq/€)
Calculated in accordance with the VSME standard

Waste Management

VSME B7

Efficient waste management remains one of the pillars of the environmental strategy of Lusocal. At both production units, Lusocal adopts an approach of preventive and continuous improvement, focusing on reducing, reusing and recycling materials.

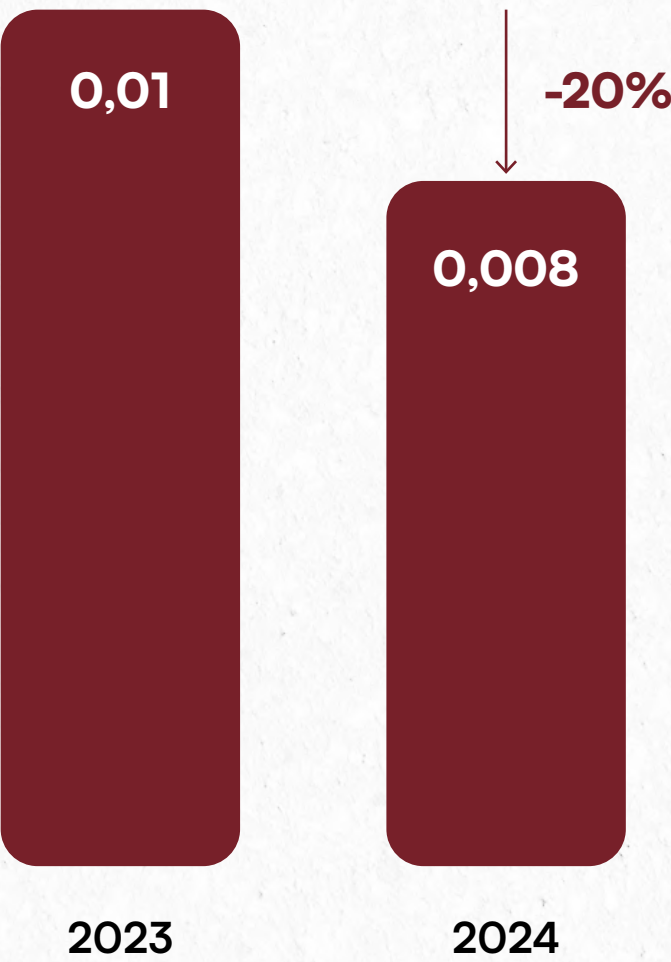
Managing industrial waste represents a significant environmental challenge. Overall, across both production units, around 80% of the generated waste is sent for recovery. In addition, Lusocal continuously raises employee awareness on proper waste sorting and ways to reduce generated waste.

ABOUT 80% OF
WASTE IS SENT
FOR RECOVERY

21%

Hazardous
waste

Generated waste per pair (kg waste/pair)



Biodiversity

VSME B5

The assessment of the potential impact of the activities of Lusocal on biodiversity indicates that, due to the industrial nature of the business and the location of its facilities, the company does not exert significant pressure on natural habitats or protected species. According to information from the Institute for Nature Conservation and Forests (ICNF), consulted through the Geocatalogue of Classified Areas, the Romariz and Felgueiras units are neither located in protected areas, nor in areas classified by the National Network of Protected Areas or the Natura 2000 Network.

Although there is no significant direct impact on biodiversity, Lusocal integrates this issue into its environmental management, monitoring resource consumption, particularly energy and raw materials, and ensuring the proper management of waste generated by its operations. Controlling these aspects allows activities to be carried out safely and prevents additional pressure on the surrounding environment.

Moreover, **Lusocal has developed initiatives which strengthen its positive connection with the local environment and promote the appreciation of nature within its facilities.** One example is the shared vegetable garden at the Romariz unit, a space created for the common use by employees and designed to promote well-being, social interaction and contact with nature. This area has fruit trees, such as apple, pear, fig and plum trees, and a wide variety of vegetables are grown, including lettuce, chard, tomatoes, peppers, courgettes, potatoes, carrots and onions.

In 2024, new fruit trees were planted and chickens introduced, thus expanding the dynamics of the space and creating opportunities for employee participation. This initiative contributes to strengthening the sense of internal community, encourages practices of contact with the land, and values small local ecosystems within the industrial perimeter.

The shared garden encourages employees to connect with nature in their work environment, thus promoting sharing, well-being and small interactions which add meaning to the company's daily life.

LOCATION	AREA	AREA NEAR A BIODIVERSITY-SENSITIVE AREA
ROMARIZ, SANTA MARIA DA FEIRA	4710 m ²	0 m ²
MARGARIDE, FELGUEIRAS	7940 m ²	



5 SOCIAL

Lusocal team

Well-being of Employees

Training of Employees

Community and Local Action



Lusocal team

VSME B8, B10, C5

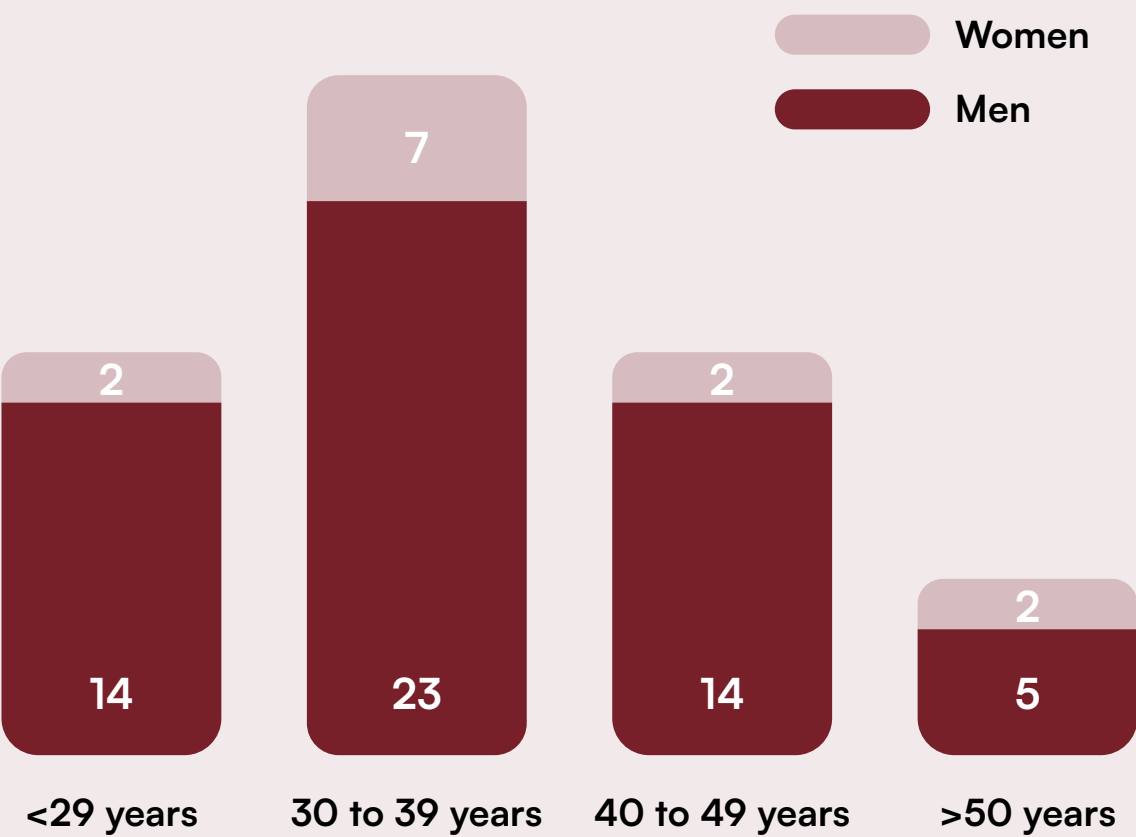
Employee development is also one of the fundamental pillars of the sustainability of the organisation. Lusocal recognises that success depends directly on the commitment, talent and well-being of its employees. Therefore, the company promotes a work environment based on equal opportunities, respect, inclusion and continuous development.

In 2024, Lusocal had a total of 69 employees across the two production units and different functional areas. The change in the total number of employees compared to the previous year is due to a strategic decision to outsource some support services, allowing for an adjustment to the internal structure. Regardless of these changes, job stability continues to be guaranteed: all employees have permanent contracts and are covered by the collective labour agreement for the footwear sector.

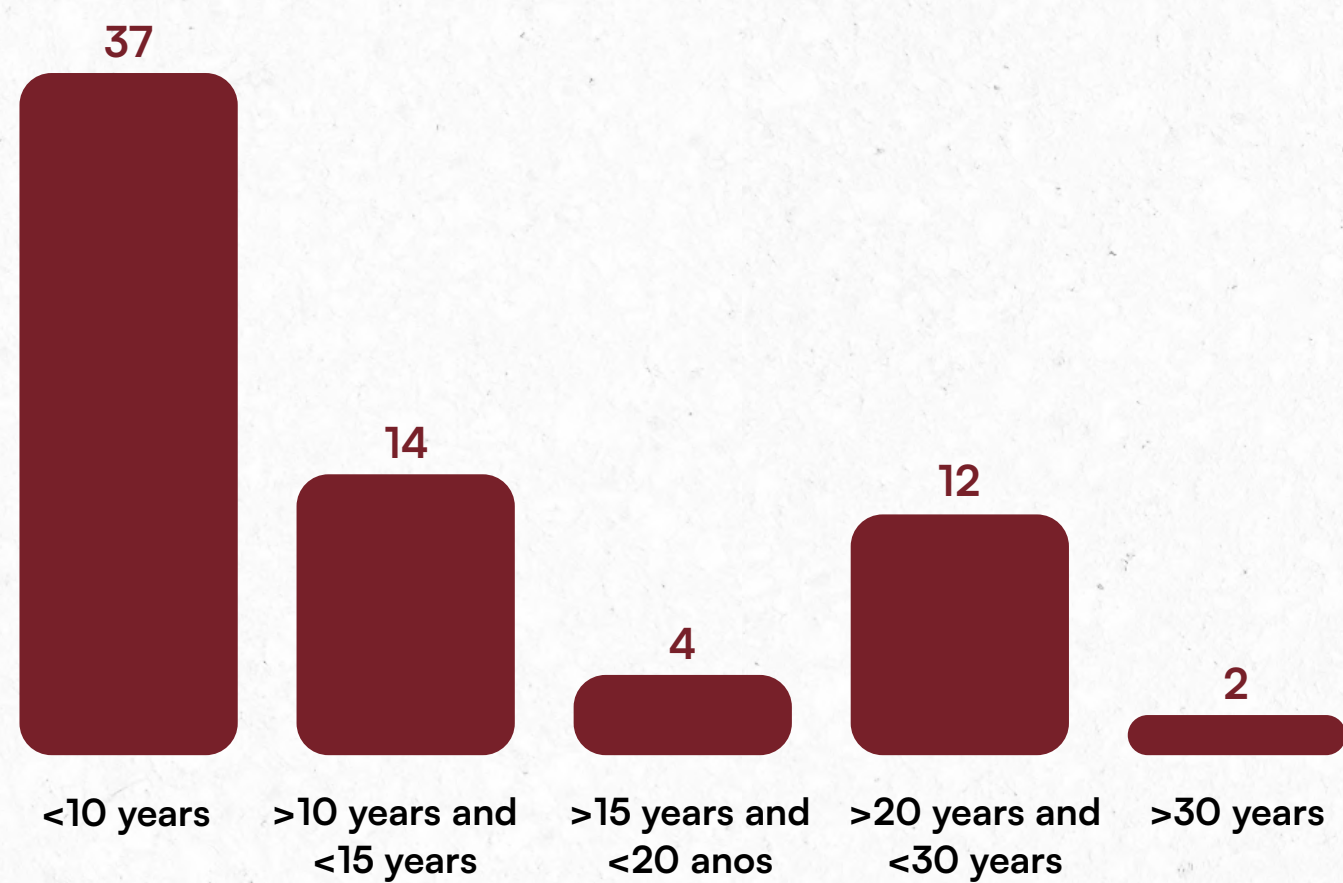


Currently, 19% of the team is female and 81% male. This distribution mainly reflects the historical reality of the footwear components industry, where production roles have traditionally been performed by men. However, Lusocal is actively working to change this paradigm. The company remains committed to eliminating any barriers and, in 2024, it took another important step in this direction by hiring female employees for the production area, thereby reinforcing equal access to all roles within the organisation.

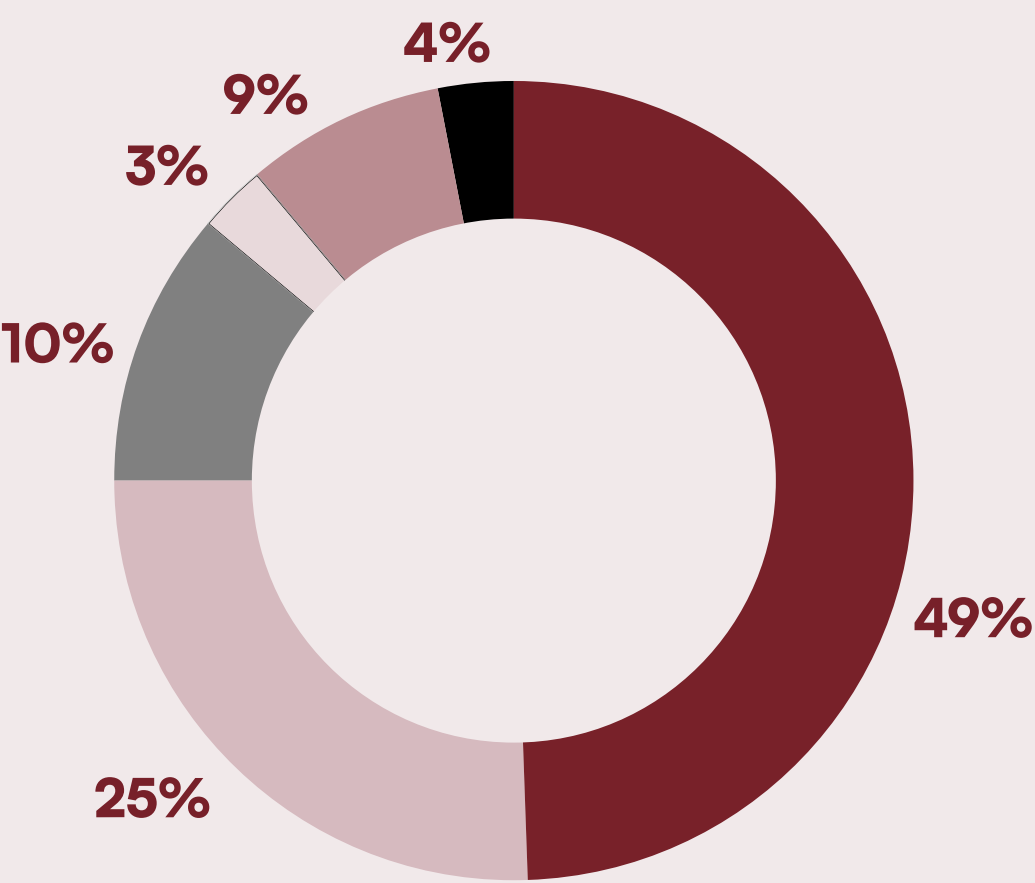
Age range of employees



Seniority of employees



Academic Qualification



- Middle School (year 6) or lower
- Middle School (year 9)
- Secondary School (year 12)
- Secondary education obtained through dual certification courses or with professional internship
- Bachelor's degree
- Master's degree

Well-being of Employees

VSME B10

Remuneration and Benefits

The remuneration policy of Lusocal is based on principles of transparency, internal equity and competitiveness. The company believes valuing talent requires fair conditions, reason why it ensures a salary structure aligned with the responsibility of each role and individual merit. This commitment to equality is reflected in a highly positive adjusted Gender Pay Gap (GPG), demonstrating the absence of unjustified gender pay disparities within the organisation.

As a fundamental management principle, Lusocal values the contribution of each employee from day one, providing a fair and competitive base remuneration. In addition, the salary is complemented by a benefits package designed to support the well-being of teams, which includes health insurance, maximum legal meal allowance via card, and an annual performance bonus, according to individual assessment.

Lusocal believes investing in its employees is the foundation for a sustainable and responsible growth. Thus, the company maintains an open dialogue with its teams, listening to their needs and fostering a safe, inclusive and motivating work environment.

2,1%

Adjusted GPG*
(Lusocal)

17,5%

Adjusted GPG*
(Industry Average)

1 690 €

Average
female salary

1 216 €

Average
male salary

*Calculation carried out by the Strategy and Planning Office, based on data from the Single Report, considering earned remuneration (base salary plus other supplements)

Health and Safety at Work

VSME B9

Promoting safe and healthy work conditions is a priority for Lusocal and is fully integrated in its daily management of operations. The company ensures all employees have the necessary means to perform their duties safely, adopting preventive measures and internal procedures to identify risks, minimise incidents and ensure appropriate actions in emergency situations.

The internal health and safety system includes teams dedicated to first aid, safety and firefighting, ensuring the capacity to respond effectively in different situations. A fire drill is conducted annually to test procedures, assess the effectiveness of internal teams and reinforce emergency response routines.

Employees are informed about the specific risks associated with their roles and have access to appropriate personal protective equipment, the use of which is monitored on a regular basis. Lusocal also maintains procedures for the inspection, cleaning and maintenance of equipment and machinery, reinforcing the importance of upkeep for a safe work environment.

Lusocal complies with legal occupational health requirements, ensuring regular health monitoring of employees. Furthermore, it provides health insurance which can be extended to family members, further supporting the protection and well-being of its teams.

The company follows self-protection measures applicable to its facilities, including safety records, preventive maintenance of machinery and equipment, identification of internal response structures, and training in Fire Safety in Buildings (SCIE). These procedures ensure safety conditions are maintained and employees receive the necessary training to respond appropriately.



Training of Employees

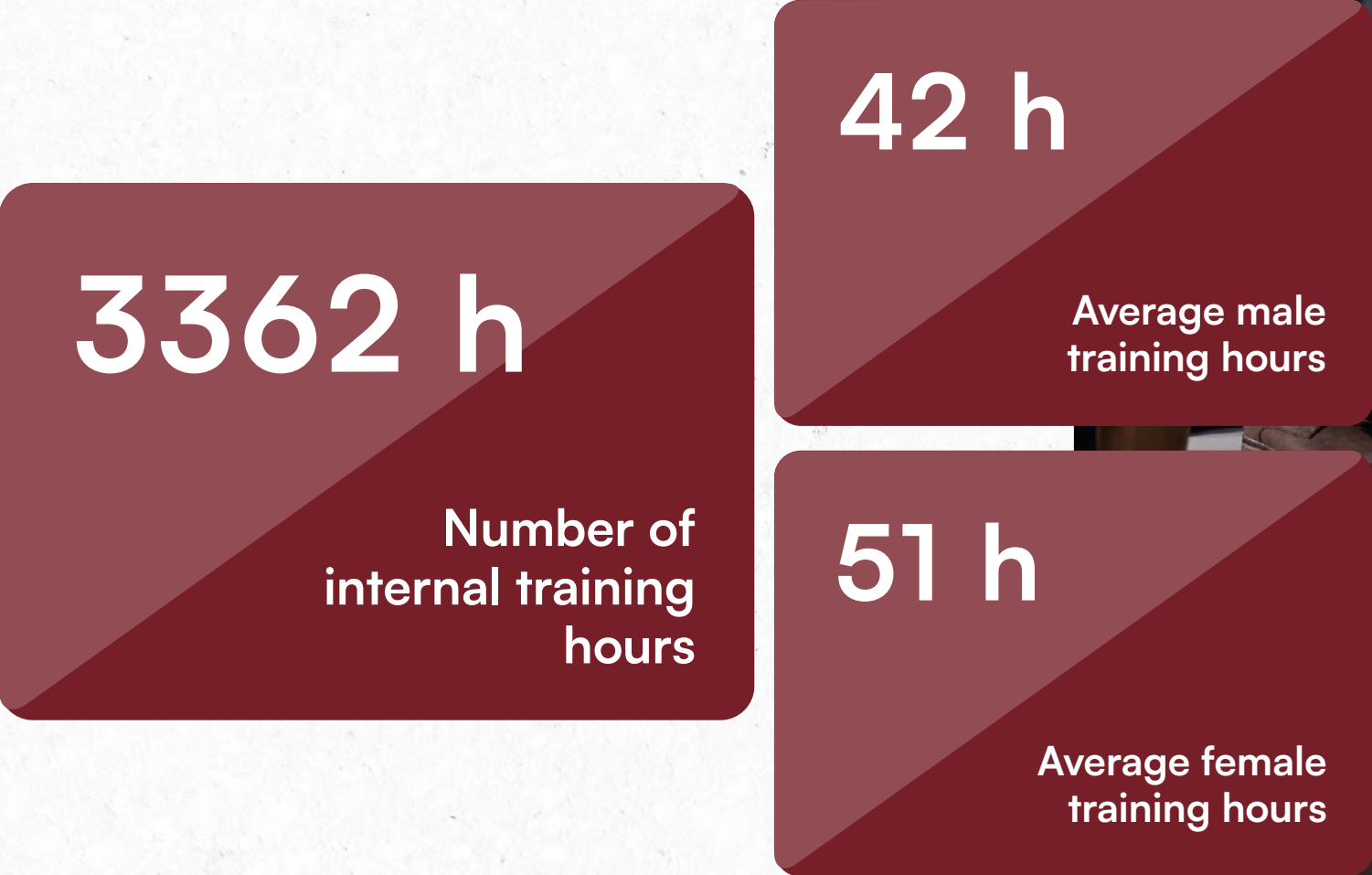
VSME B10

Training plays a key role in the development of teams at Lusocal and evolves alongside changes in processes, technologies and industry requirements. Every year, the company identifies training needs by analysing roles and responsibilities of each area and operational challenges which daily basis, ensuring the content is relevant and applicable to real work context.

Based on this information, an annual training programme was developed covering technical, operational and cross-cutting topics. In 2024, particular emphasis was placed on actions related to organisational framework, occupational health and safety, digital skills and technical expertise in the footwear industry. This type of training is particularly relevant in a sector undergoing constant transformation, characterised by the introduction of new materials, quality requirements and client specifications.

Investing in these areas not only contributes to the autonomy of employees in adapting to new equipment and internal processes, but also to strengthening a culture of safety and efficiency.

The diversity of actions has made it possible to cover different professional profiles, ensuring each employee has access to content tailored to the reality of their work. This comprehensive approach reflects the commitment of Lusocal to promoting the professional and technical growth of its workforce.



Community and Local Action

The connection of Lusocal to the local community is part of the company's identity. Over the years, its proximity to the populations of Romariz and Felgueiras has been reflected not only in the creation of local jobs, but also in its contribution to the economic and social development of these regions. Most employees live in the areas surrounding the production units, highlighting the role of Lusocal as an agent of local dynamism and stability.

The company seeks to maintain trusting relationships with local entities and keep abreast of the community's needs. Whenever possible, Lusocal supports social institutions, associations and local initiatives through donations or material contributions, responding to specific requests or collaborating in actions which promote the well-being of individuals and families. Such support includes, for example, charitable institutions, schools, cultural or sports associations and social support initiatives.











Beyond its direct economic impact, Lusocal values close community engagement, fostering relationships based on respect, transparency and positive contributions to the community hosting its activities. Job creation, preference for local suppliers and involvement in local initiatives reflect how the company seeks to contribute to the sustainable development of the region.

+7400€

Donations to local institutions and projects

6 COMMITMENTS



<div><div>Completed</div></div>	Installation of battery systems for energy storage	<div><div>Ongoing</div></div>	Ongoing employee training and development programme	<div><div>Annual</div></div>	Annual fire and emergency drills
<div><div>Completed</div></div>	Renewal of GRS, ISO 9001 and ISO 14001 certifications	<div><div>Ongoing</div></div>	Digitisation of processes to reduce environmental impact and improve the well-being of teams	<div><div>Planned</div></div>	Renewal of the visual and graphic identity of the brand
<div><div>In progress</div></div>	Creation of batches for traceability	<div><div>Ongoing</div></div>	Maintenance of economic and financial stability in the current context	<div><div>Ongoing</div></div>	Maintenance of precise and timely payments to partners
<div><div>In progress</div></div>	Optimisation of production plans to maximise raw material efficiency	<div><div>In progress</div></div>	Increase in the share of electric vehicles in the fleet to over 60%	<div><div>Planned</div></div>	Development of skills in the Design and Communication team
<div>● Digitisation of procedures</div>					

7 ANNEXES



Annex 1 — Calculation assumptions for corporate GHG emissions (scope 1 and 2)

SCOPE 1	For fuel consumption, the calculation factors used to estimate GHG emissions for the different emission streams are those included in NIR and are based on the conversion factors provided by the Directorate-General for Energy and Geology (DGEG, 2022).
	For the calculation of emissions associated with solvent consumption, the methodology used is the one included in NIR (defined in tonnes of CO ₂ eq. per kg of solvent consumed).
	For the calculation of emissions associated with refrigerant fluid consumption (i.e., fluorinated gas emissions), the GWP values used are those published in AR5. If there is no refrigerant fluid consumption, and this is duly indicated, no associated emissions are considered.
SCOPE 2	For electricity consumption, the emission factors used are those published by the APA in the report “Greenhouse Gas Emission Factors for Electricity Produced in Portugal” (APA, 2025), calculated annually based on the GHG emissions (CO ₂ , CH ₄ and N ₂ O) estimated in NIR.
	The quantification of Scope 2 emissions is presented according to the two methods, “location-based” and “market-based”, in accordance with the GHG Protocol recommendations. The calculation using the “market-based” method was carried out using Green Energy Contracts and monthly invoices from the energy supplier.

Annex 2 — Breakdown of emissions by GHG type - 2024

		CO ₂ (tonnes)	CH ₄ (tonnes)	N ₂ O (tonnes)	HFC (tonnes)	PFC (tonnes)	SF ₆ (tonnes)	COVNM (tonnes)	TOTAL (tonnes CO ₂ e)
SCOPE 1	Mobile combustion	27,58	0,003	0,00					28,15
	Fugitive emissions				5,64				5,64
TOTAL									33,79

Annex 3 — Waste production and destination (operation) 2024

	FELGUEIRAS		ROMARIZ	
LER	QUANTITY (KG)	OPERATION	QUANTITY (KG)	OPERATION
04 02 09	37060	R12	36260	R12
12 01 09*	12098	D15	8733	D15
15 01 01	560	R12	1800	R12
15 01 02	490	R12	880	R12
15 01 10*	107	R13	154	R13
15 02 02*	75	D15	124	D15
20 01 01	360	R12		
20 01 39	220	R12		
12 01 20*			26	D15
16 02 14			86,5	R12
16 02 16			250,7	R13
16 06 01*			14,7	R13
TOTAL	50970		48329	
	99299			

Annex 4 - Actions for transitioning towards a more sustainable economy - VSME B2 and C2*

VSME TOPIC	ACTIONS	MATERIAL TOPIC OF LUSOCAL
CLIMATE CHANGE	<p>Climate change mitigation: energy efficiency</p> <ul style="list-style-type: none">• Installation of LED lighting, including areas with motion sensors• Acquisition of new, more efficient equipment and machinery• Continuous awareness-raising among employees regarding the responsible use of this resource <p>Climate change mitigation: renewable energy</p> <ul style="list-style-type: none">• Lusocal intends to maintain its commitment to renewable energy sources through UPAC (energy production for self-consumption) and the procurement of green energy• Storing surplus energy produced in batteries <p>Climate change mitigation — low-carbon products or processes: Prioritise recycled, recyclable, biodegradable or low-carbon alternatives</p> <p>Low-carbon transport: Optimise delivery routes of the final product to clients and logistics operations to reduce fossil fuel consumption and prioritise deliveries using electric vehicles of the fleet</p>	<i>Energy efficiency and decarbonisation</i>
POLLUTION	<p>Pollution monitoring and management:</p> <ul style="list-style-type: none">• Continuously monitor indicators defined within the Environmental Management System related to energy and fuel consumption, waste generation, among others• Monitor fluorinated gas refills in refrigeration equipment	<i>Waste Management</i>
CIRCULAR ECONOMY	<p>Circular economy:</p> <ul style="list-style-type: none">• Promote raw material recycling strategies• Manufacture products using recycled, recyclable and biodegradable components <p>Resource efficiency</p> <ul style="list-style-type: none">• Use FSC-certified packaging made from 100% recycled cardboard <p>General actions:</p> <ul style="list-style-type: none">• Raise awareness and train employees in waste separation, circular practices and material efficiency	<i>Circular Economy</i>

* B2 - Practices, policies and future initiatives for transitioning towards a more sustainable economy
C2 - Description of practices, policies and future initiatives for transitioning towards a more sustainable economy
Identification based on the EFRAG Guide: C2 Supporting Guide - Excel - Examples and case studies

VSME TOPIC	ACTIONS	MATERIAL TOPIC OF LUSOCAL
OWN WORKFORCE	<p>Health and safety:</p> <ul style="list-style-type: none">• Provide Personal Protective Equipment to employees• Implement self-protection measures applicable to facilities, including safety records, preventive maintenance of machinery and equipment• Train employees for emergency situations: conduct annual fire drills <p>Collective bargaining: Cover all employees under the collective labour agreement</p> <p>Diversity, gender equality and non-discrimination: Maintain gender impartiality in performance assessment</p> <p>Gender equality and appropriate salaries:</p> <ul style="list-style-type: none">• Develop a remuneration structure with clear and transparent salary scales and promotion criteria• Communicate remuneration to employees <p>Training and development of skills: Promote training for employees in all professional categories by developing an annual training programme</p>	<p><i>Economic-Financial Performance</i></p> <p><i>Training of Employees</i></p> <p><i>Community and Local Action</i></p>
WORKERS IN THE VALUE CHAIN	<p>Working conditions and labour rights:</p> <ul style="list-style-type: none">• Ensure the development and dissemination of corruption prevention policies and procedures, as identified in the Code of Ethics, which defines clear principles on behaviour, transparency, respect and responsibility in relationships with employees, clients, suppliers and other stakeholders• Prioritise local suppliers with fair labour practices	<p><i>Well-being of Employees</i></p>
BUSINESS CONDUCT	<p>Corporate culture:</p> <ul style="list-style-type: none">• Clearly state the mission and values of the company, as well as its principles regarding business conduct• Promote social and well-being activities among employees <p>Management of relationships with suppliers:</p> <ul style="list-style-type: none">• Choose suppliers aligned with sustainability• Verify that suppliers have social and environmental certifications and/or labels, giving preference to local suppliers	<p><i>Reputation</i></p> <p><i>Quality Management and Responsible Procurement</i></p> <p><i>Cybersecurity</i></p> <p><i>Organisational Resilience and Flexibility</i></p> <p><i>Community and Local Action</i></p>

* B2 - Practices, policies and future initiatives for transitioning towards a more sustainable economy
C2 - Description of practices, policies and future initiatives for transitioning towards a more sustainable economy
Identification based on the EFRAG Guide: C2 Supporting Guide - Excel - Examples and case studies

Annex 5 — VSME Contents

TOPIC	PAGE IN THE REPORT
B1 - Basis for preparation	5, 6, 18
B2 - Practices, policies and future initiatives for transitioning towards a more sustainable economy	Annexes 4, 11
B3 - Energy and greenhouse gas emissions	25
B4 - Pollution of air, water and soil	-
B5 - Biodiversity	29
B6 - Water	-
B7 - Resource use, circular economy and waste management	24, 28
B8 - Workforce: General characteristics	31
B9 - Workforce: Health and safety	34
B10 - Workforce: Remuneration, collective bargaining and training	31, 33, 35
B11 - Convictions and fines for corruption and bribery	-

TOPIC	PAGE IN THE REPORT
C1 - Strategy: Business Model and Sustainability — Related Initiatives	9
C2 - Description of practices, policies and future initiatives for transitioning towards a more sustainable economy	Annex 4
C3 - GHG reduction targets and climate transition	-
C4 - Climate risks	-
C5 - Additional (general) workforce characteristics	31
C6 - Additional own workforce information - Human rights policies and processes	20
C7 - Severe negative human rights incidents	-
C8 - Revenues from certain sectors and exclusion from EU reference benchmarks	-
C9 - Gender diversity ratio in the governance body	10

SUSTAINABILITY REPORT 2024

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