



LX Capital Investments ESG Policy

This policy aims to strengthen LX Capital's compromise to sustainable development, establishing principles and guidelines for the execution of our activities, within the scope of investments, operations and relationship management of all interested parties.

We incorporate ESG factors in our investment decision making and management practices, in all stages of the project development cycle, from the acquisition due diligence and investments negotiations, passing through the architectural design and engineering projects, the preparation of the civil work, the construction of the buildings, until the final delivery of the homes.

We are committed to following, in our strategies and operations, universal principles in the areas of human rights, environment and anti-corruption, aligning our investment activities with the broader interests of society.

We believe that efficient energy and water management, promoting health, well-being and sustainable practices help preserve the environment for future generations, and increase the financial value and resilience of the assets we develop.

This policy's general objectives are the following:

- Introducing sustainability in LX Capital's business strategy and in the investment and operations management decisions.
- Establish LX Capital as a reference in the subject of sustainability in residential real estate and contribute in this manner to its credibility and good reputation.

Environment

Buildings are responsible for 28% of all global carbon emissions.

The civil construction industries are responsible for almost 40%.

Cement and steel production, each represent around 5%.

Waste from building construction and demolition represents around a third of the total waste produced in the European Union¹

The real estate developer assumes an important role in creating an environmentally more sustainable society.

Consciousness regarding the efficiency and level of sustainability of buildings must be seen as a natural obligation of the Developer to prolong and increase the efficiency of buildings and improve their comfort levels, with health benefits.

This concern cannot be limited to service buildings, equipment and commercial buildings. Residential buildings also account for an important slice of the problem, mainly, the tendency of increasing number of people working remotely, needing to have better conditions in their homes and consequentially increasing energy consumption. Global warming, in turn, means that, in Portugal, more and more homes will be equipped with cooling systems that are progressively used for more and longer periods of time.

On the other hand, the increasing concentration of people in large urban centres puts increasing pressure on cities potentializing the heat island effect, without ventilation corridors, shaded areas and vegetation. Lisbon, in particular, is one of the hottest European cities in the European Union (EU), therefore, the Developer is also obliged to present green

¹ According to The Economist



and airy spaces in its developments as a way of helping to combat heating and pollution in cities.

LX Capital's contribution in this regard begins, first and foremost, in the decision to prioritize urban rehabilitation projects in city centres, without prejudice to evaluating all necessary interventions and understanding whether, in terms of environmental impacts, it's worth rehabilitating or carrying out a new construction. With this option, we promote the reduction of the carbon footprint through (i) the recovery/transformation of sick and inefficient buildings, (ii) the reduction of construction materials used, provided by the use of existing structures, (iii) reuse and recycling of demolition materials and (iv) the promotion of housing in the city centre, close to workplaces and/or with access to efficient public transport, reducing home-to-work trips and the use of personal cars.

In addition to this strategic aspect, we incorporate environmental efficiency practices into our projects, from complying with all environmental legislation requirements, to the use and consumption of natural resources in the most sustainable way possible.

In the development of projects, we include solutions that aim to improve waste management and consumption of energy resources, initiating efforts to build NZEB (nearly zero energy building) residential buildings, which can generate more energy than they consume, with the aim of align with the legislation for new public and commercial buildings, which requires them to be NZEB from 2027 onwards.

To that end, at the Environmental level, we have established the following guidelines:

- Fulfill all environmental legal obligations.
- Make efforts to obtain environmental and energetic certification (LEED, BREEAM, or other) for all the buildings we promote;
- Certify our developments with AQUA+ certification that aims for the efficient use of water resources;
- Prioritize technological, architectural, and construction solutions that provide the most efficient use of natural resources;
- Promote efficiency in the consumption of natural resources, such as energy and water, especially during the construction phase;
- Select suppliers and service providers based on sustainability criteria aligned with the principles of this Policy, particularly the requirement for environmental certification of contractors;
- Implement the circular economy, extending the lifespan of materials through (i) selective demolitions allowing the reuse of materials for recycling and (ii) prioritizing the use of recycled materials;
- Incorporate energy-efficient solutions, including:
 - i. Efficient equipments;
 - ii. energy certification with a class higher than A;
 - iii. preference for natural cooling and air circulation solutions;
 - iv. building placement based on efficient solar exposure;
- Design focused on the quality of outdoor spaces and with flexible occupancy solutions for the use of divisions, allowing adaptation to various uses and generational flexibility;
- Homes prepared for the dynamic of remote work;
- Incorporation of green solutions in developments, such as communal gardens, community orchards, or aromatic gardens;
- Evaluate the situation of land and the environmental impact of projects, particularly in environmental risk areas such as floodplains or land with industrial history.



Social

The real estate market is an integral component of cities and communities, developing products that are used by a wide range of users. Since properties are essential for the economic health of a region and the productivity of all who use them, the real estate market has a profound social impact on the communities where it operates.

In this sense, we understand that we are an active and important part of the city, and therefore, we should contribute to its redevelopment, making it more accessible and inclusive, and overall, a better place to live in.

Health and well-being are incorporated into our considerations in the selection of projects and in the development of architecture and technical solutions, aiming to construct buildings that promote well-being and a healthy lifestyle. It is in this context that we initiated the WELL certification in our projects.

The WELL certification places people at the centre, focusing on assessing the impact of developments on their occupants and allowing spaces to be designed to promote health and well-being. WELL takes a holistic approach to elements of the built environment through seven concepts: Air, Water, Nutrition, Lighting, Fitness, Comfort, and Mind. WELL verifies and certifies over 100 features of the development, distributed across 10 core areas. Each one addresses the design and operation of buildings and how they impact and influence human behaviour related to health and well-being.

As a way of supporting communities and fostering positive relationships with the parties most affected by our projects, we maintain a strategy of engagement with the public around our developments, creating a close relationship, and ensuring compliance with all applicable legislation.

The following social guidelines should be followed in the development of our projects and in our management actions:

- For relations with all people, respect human rights, inclusion, diversity, mental health, and labor legislation;
- Do not tolerate any type of violation of ethical principles, integrity, and non-discrimination, within the company and among its suppliers;
- Ensure a healthy and protected work environment in the construction of our developments, complying with health and safety standards for everyone involved;
- Prevent potential adverse impacts of our developments on communities, acting with caution to reduce externalities generated by projects that may compromise well-being;
- Inform and communicate with the local population around our developments about the projects to be developed and the potential adverse impacts and constraints caused by the development of the projects;
- Promote the redevelopment of the city through the promotion and support of public and urban art interventions;
- Encourage the residents of our developments to follow sustainable and healthy practices;
- Obtain the WELL certification for all our developments.

Governance

The cornerstone of our Corporate Governance is alignment with good practices of the market, namely the Principles of the United Nations Global Compact and the PRI (Principles for Responsible Investment)², to ensure a diligent, transparent, and responsible behaviour with our shareholders, employees, clients, and third parties involved in our activities.

² The PRI is the world's leading advocate for responsible investment, aiming to make companies understand the investment implications of environmental, social, and governance (ESG) factors. It supports its international network of investor signatories in integrating these factors into investment and ownership decisions. The six Principles for Responsible Investment provide a menu of possible actions to incorporate ESG issues into investment practices.



In order to help ensure a thorough, supported, and impartial assessment, the Administration is advised by a Strategic Council in matters related to:

- i. strategic decisions;
- ii. investment decisions;
- iii. corporate governance;
- iv. sustainability in all its dimensions
- v. compliance.

The Council is composed of 3 (three) effective and independent members, elected through the General Assembly.

We maintain the functionality of a compliance system by contracting an external entity to verify the acceptance conditions of our clients and investors.

The Administration commits to keeping itself current and to disclosing relevant and quality economic, financial, and corporate information to shareholders, investors, and other stakeholder groups, guided by the following general principles:

- Maximization of information disclosed and disseminated to shareholders and investors;
- Transparency, objectivity, truthfulness, opportunity, and symmetry of information;
- Function, as far as possible and reasonable, by the legislation of listed companies;
- Comply with corporate governance standards.

The results of the projects and the financial statements of the company are periodically disclosed to shareholders through the sending of reports, and the results of the projects are monitored by an external entity. In addition, there is a direct channel between the CEO and investors.

In this regard, the disclosure of information should be facilitated, for which the Administration commits to keeping the Society's website updated as the main channel of general information and to maintain direct periodic communication with shareholders and investors through the sending of reports - monthly for shareholders and quarterly for investors - and through direct contact with the CEO.

Objectives, guidelines, and commitments related to Governance:

- Establish LX Capital as a reference of sustainability in residential real estate and therefore contribute to its credibility and good reputation;
- Implement a taxonomy system, through sustainability-focused accounting, by 2025;
- Annually produce a non-financial information report on environmental and social matters;
- Evaluate sustainability risk and compliance with ESG standards in investment processes through the implementation of ESG Due Diligence, examining environmental, archaeological, heritage, and social aspects.