

**ARES LUSITANI STC, S.A.**

**SUSTAINABILITY POLICY**

UPDATED FEBRUARY 2024

## **I. Introduction**

Ares Lusitani – STC, S.A. (“Ares Lusitani”) is a credit securitization company established for an indefinite period, authorized and registered to carry out credit securitization activities since February 2018, under registration number 9210 with the Portuguese Securities Market Commission (“CMVM”).

Ares Lusitani is headquartered at Avenida do Colégio Militar, Edifício Colombo, Torre Oriente, 37 F – 4th Floor, 1500-180 Lisbon, and is registered with the Commercial Registry under the unique registration and corporate number 514657790.

The company’s activity consists of conducting credit securitization operations through the acquisition and transfer of credits and the issuance of securitized bonds to pay for the acquired credits, in accordance with its corporate purpose defined under the legal framework for credit securitization, approved by Law No. 453/99 of November 5, as amended (“RJTC”).

Ares Lusitani recognizes the importance of integrating environmental, social and governance (ESG) factors into its business operations. With this Sustainability Policy, we aim to make clear our commitment to implementing a sustainable development model.

## **II. Purpose**

At the European level, there has been growing concern from the European Commission in developing a political agenda on sustainable finance. The Commission has introduced legislative changes to establish a taxonomy for sustainable finance, create European labels for green financial products, incorporate sustainability into prudential requirements, and strengthen transparency in corporate disclosures.

The purpose of this Policy is to ensure that Ares Lusitani aligns with broader sustainability objectives and promotes organizational commitment to ESG factors, helping build trust among stakeholders such as clients, employees, investors, and regulators.

By investing in sustainable products, investors contribute to the transition to a greener economy.

The Board of Directors, supported by the Compliance Officer, is responsible for monitoring compliance with this Policy and ensuring its adequacy and effectiveness.

## **III. Scope**

All employees, service providers, and corporate bodies of Ares Lusitani are responsible for contributing to the implementation of this Policy.

This Policy applies to two groups:

- (a) Internal group: all employees and members of corporate bodies. Their decisions and actions will be guided by the principles set out in this Policy;
- (b) External group: all entities that have economic, institutional, or social relations with Ares Lusitani, including investors, business partners, and service providers. These entities are required to respect and comply with the principles established herein, to the extent applicable.

#### **IV. Green Securitization**

The Green Bond Principles, together with the Social Bond Principles, Sustainability Bond Guidelines, and Sustainability – Linked Bond Principles, aim to promote the role that global debt markets can play in financing activities that contribute to environmental and social sustainability.

Additionally, the International Capital Market Association (ICMA) has provided new guidance on green securitization to foster the growth of sustainable capital markets.

With the updated Green Bond Principles, we can now distinguish between secured green bonds, which may include asset-backed securities (ABS), asset-backed commercial paper (ABCP), or covered bonds, and standard secured green bonds, where proceeds from the sale of unsecured green debt must be used exclusively for climate-friendly projects.

Green bonds are defined as fixed-income securities where proceeds are applied exclusively to finance or refinance, in whole or in part, new and/or existing green projects, such as:

- (i) Renewable energy;
- (ii) Energy efficiency;
- (iii) Pollution prevention and control;
- (iv) Environmentally sustainable management of natural resources and land use;
- (v) Conservation of terrestrial and aquatic biodiversity;
- (vi) Clean transportation;
- (vii) Sustainable water and wastewater management;
- (viii) Climate change adaptation;
- (ix) Products, technologies, and production processes aligned with the circular economy;
- (x) Green buildings.

The adoption of Regulation (EU) No. 2023/2631 of November 22, 2023, on European Green Bonds and optional disclosure of information regarding bonds marketed as environmentally sustainable and sustainability-linked bonds, allows for greater harmonization of criteria for bond issuance. It establishes uniform requirements for bonds designated as European Green Bonds (EuGB), creating a voluntary EU-level standard for sustainable bonds, as well as a registration and supervision system for external EuGB verifiers and optional disclosure models.

## **V. Methodology and Strategy**

Ares Lusitani aims to be recognized as a lending entity in sustainability within the national market. To achieve this goal, it has committed to:

- Integrating sustainability into its securitization operations;
- Training and empowering employees on the importance of sustainability;
- Promoting sustainability awareness among employees, corporate bodies, and investors;
- Prioritizing investments in portfolios and projects that have a positive environmental impact and minimize negative impacts, such as projects that mitigate climate change, promote climate adaptation, sustainable water management, marine resource protection, wastewater treatment, transition to a circular economy, pollution prevention and control, reduction of green house gas emissions, carbon footprint reduction, and biodiversity and ecosystem protection;
- Publishing updated policies on integrating sustainability risks into decision-making processes on its website;
- Maintaining high ethical standards and complying with all applicable regulations to ensure transparency and accountability in operations and reporting, with robust internal controls for risk management;
- Implementing an environmental management system to efficiently control resources in daily office operations, such as replacing plastic packaging with less contaminating or recyclable materials, introducing new recycling points, and other initiatives;
- Continuing efforts to launch the first issuance of green securitized bonds in the national market;
- Promoting diversity, equality, and inclusion in the workplace to ensure employees are treated with fairness dignity, and respect;
- Engaging with clients and stakeholders to understand and address their social and environmental concerns, contributing to local social and economic development;
- Strengthening gender balance requirements.