

ESG POLICY

HIPOGES GROUP

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Approval

The present document, is approved by the General Manager.

1. Introduction

Hipoges was founded in 2008 and is one of the leading Asset Management platforms in Southern Europe for distressed assets with more than €50 billion assets under management.

With presence in Spain, Portugal, Greece and Italy and more than 1.800 employees, Hipoges works for some of the leading financial institutions and international investors specialized in the distressed assets sector.

Hipoges manages a very broad spectrum of assets and provides a variety of services that support the management of those assets, which include residential mortgages, hotels, corporate and SME loans, commercial real estate, unsecured loans, government & corporate receivables and REO portfolios.

The services are provided throughout the investment cycle: Due diligence & Pricing Advisory, Closing & Structuring of the transaction, Loan and Real Estate servicing, Reporting & Portfolio management, corporate services and Accounting.

Additional complementary services are offered by the group subsidiaries, such as facility and construction management, mortgage brokerage, alternative financing platform, Gestorías and mobilization and structuring of investment for hospitality and hotel management.

Hipoges group recognizes the importance of defining the Policy for identifying and disclosing sustainability risks in investment decisions (hereinafter, "Policy"), under the terms set out in Regulation (EU) No. 2019/2088 of the European Parliament and of the Council, 27 November 2019.

2. Objectives

Through this Policy, the group company aims to demonstrate its commitment to developing a sustainable business model that promotes environmentally and socially responsible practices.

This initiative seeks to

1. mitigate negative environmental impacts,
2. ensure ethical conduct in its operations, and
3. contribute to sustainable development.

The purpose of this Policy is to align the organization with broader sustainability objectives while reinforcing its dedication to sustainability and environmental, social, and governance (ESG) principles. By doing so, we aim to build trust among stakeholders, including customers, employees, investors, and regulators.

The main objectives that this Policy intends to promote are:

- **Integration of Sustainability:** We incorporate sustainability considerations into every aspect of our investment decision-making process.
- **Environmental Sustainability:** We prioritize investments in properties and projects that positively impact the environment and minimize negative effects. This includes efforts to reduce carbon emissions, protect and enhance biodiversity, decrease waste and pollution, and promote energy efficiency alongside the use of renewable energy sources.
- **Social Sustainability:** We focus on investments in properties and projects that enhance the well-being of communities and society. This encompasses social housing, social infrastructure, and the preservation of cultural heritage.
- **Economic Sustainability:** We prioritize investments that are economically viable and generate long-term value for our investors and stakeholders.
- **Monitoring and Improvement:** We commit to ongoing monitoring and continuous improvement of our performance, reflecting these efforts in the annual sustainability report.

3. Definitions

Corporate sustainability can be achieved by integrating ESG factors into the business framework.

- **Environmental factors (E)** encompass energy efficiency, climate change mitigation, CO2 emission reduction, and addressing water scarcity.
- **Social factors (S)** involve building community relationships, upholding human rights, and promoting gender diversity.
- **Governance factors (G)** relate to the composition of the Board, the implementation of whistleblower policies, lobbying practices, and anti-corruption measures, among others.

4. General references

This Policy draws inspiration from best practices outlined in international conventions, protocols, codes of conduct, and relevant guidelines. Regulation (EU) No. 2019/2088 of the European Parliament and of the Council, dated 27 November 2019, sets forth rules to establish a framework that promotes sustainable investment within the European Union.

The aim is to facilitate the transition to a low-carbon and climate-resilient economy by offering a comprehensive and transparent framework that enables investors to make informed decisions regarding sustainable investments. This includes the creation of a taxonomy for classifying economic activities based on their environmental sustainability and establishing disclosure requirements for specific types of financial products. This ensures that investors receive adequate, relevant, comparable, and reliable information about the environmental and social characteristics of these products.

The Taxonomy (Regulation (EU) 2020/852 of the European Parliament and of the Council, dated 18 June 2020) outlines criteria such as reducing greenhouse gas emissions, using renewable energy, and preserving biodiversity. By providing a common framework, the Green Taxonomy ensures that investments align with the transition to a more sustainable economy and that the financial sector actively contributes to combating climate change.

Additionally, other important documents relevant to defining the entity's sustainable objectives include the United Nations Sustainable Development Goals and the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).

5. Methodology and Strategy

Sustainability is a fundamental aspect of our business and investment strategy. We are dedicated to promoting and implementing sustainable practices across all our operations. By focusing on investments that yield a positive impact on the environment, communities, and society, we aim to create long-term value for our customers and stakeholders while contributing to a more sustainable future.

As an asset management servicer, the Hipoges group is committed to integrating sustainable practices in all its operations. Sustainability can influence the sectors in which the Hipoges group operate, particularly in real estate and investment, in several significant ways:

- **Increased Demand for Sustainable Buildings:** Growing awareness and concern for environmental issues are driving demand for energy-efficient buildings that utilize sustainable materials and maintain a low carbon footprint.
- **Stricter Building Regulations:** Governments are implementing more rigorous building codes and regulations to promote sustainability, impacting the design, construction, and operation of buildings.
- **Cost Savings Through Energy Efficiency:** Sustainable buildings can reduce operating costs by incorporating energy-efficient features such as solar panels, smart lighting systems, and efficient HVAC systems.

Higher Property Valuations: Sustainable buildings are often regarded as more desirable and may command higher property valuations, especially in areas where sustainability is prioritized.

Enhanced Reputation: Real estate companies that emphasize sustainability can improve their reputation and attract socially conscious tenants and investors.

Excluded activities/sectors:

As a minimum ESG standard, we seek to invest in businesses that do not conduct their principal activities in, or provide services or financing to other businesses directly involved in:

- a) Manufacturing and trading of all weapons
- b) Fur production
- c) Tobacco production
- d) Adult entertainment
- e) Exploration of Oil and/or Gas

6. Commitments

With the Planet

We are committed to adopting best practices for environmental protection, which include preventing pollution through the efficient use of resources, reducing energy consumption and associated emissions, implementing effective sustainable mobility practices, managing waste properly, and protecting biodiversity and ecosystems. These efforts aim to minimize our ecological footprint.

Additionally, we strive to combat climate change through both mitigation and adaptation measures, while promoting circularity by reusing, reselling, or recycling internal equipment, thereby positively influencing the value chain.

With our People

Hipoges has established a Diversity, Equity, and Inclusion (DE&I) Taskforce dedicated to implementing and enhancing diversity and inclusion policies and protocols. This includes engaging staff, providing training, refining recruitment practices, tracking key metrics, and investing in new community partnerships.

Our recruitment strategy incorporates diversity and retention initiatives, offering staff training opportunities to develop their unique skill sets. The DE&I strategy aims to further increase diversity and encourage a more equitable and inclusive workplace. We believe that diverse teams make better decisions, foster innovation, and ultimately lead to improved performance, giving us a competitive edge and supporting our sustainability goals.

The three pillars of Diversity, Equity, and Inclusion are central to our strategy. Hipoges recognizes that a workforce with varied backgrounds, perspectives, and experiences enhances our team and enriches our investment lifecycle, especially when facing challenges. Cultivating a culture of equity and inclusion helps us retain this talent.

A diverse workforce, along with a varied pool of advisers and counterparties, is essential for ensuring thoroughness, analytical depth, and creativity in identifying, conducting due diligence, negotiating, and executing new opportunities.

Hipoges is committed to forging partnerships with organizations that are at the forefront of improving access for individuals with disabilities and those from underrepresented and vulnerable backgrounds to academic and professional opportunities.

We also assume some public commitments, such as Diversity Charter signature since 2017; Women Empowerment Principles signature; GRACE in Portugal – Responsible Organizations affiliation and ILGA also in Portugal – Lesbian, Gay, Bisexual, Trans and Intersex Intervention affiliation

With the Responsible Ethic Management

Transparency and Accountability with Customers, Debtors, and Tenants

- Treat customers with professionalism, respect, and loyalty, providing them with excellent services.
- Provide customers with the necessary information for informed decision-making and ensure strict compliance with the agreed conditions.

- Ensure the necessary conditions for the secure use of our services, guaranteeing availability, integrity, confidentiality, and privacy.
- Treat debtors and tenants in accordance with the Fair Treatment of Debtors and Tenants Policy set by the Hipoges group.

Responsible Business Conduct

- Ensure that the principles and rules of an ethical and deontological nature that should guide the behavior of our people, suppliers, and business partners are applied and adhered to.
- Comply with applicable legal requirements and continuously improve economic, ethical, environmental, and social performance.
- Select suppliers based on clear and impartial criteria, following the group's internal supplier approval protocol, treating them with respect, particularly by honoring commitments made to them.
- Develop proximity strategy with stakeholders, build trustful relationships and drive value creation through regular dialogue and consultation mechanisms on ethical, environmental, and social issues, enabling us to identify their key concerns and expectations.
- Implement and maintain the sustainability strategy, ensuring systematic monitoring and evaluation of its performance, promoting continuous improvement, and regular reporting to management, including top management.

7. The future of sustainable finance

The upcoming steps toward sustainable finance are expected to involve further development and refinement of the tools and frameworks used to assess and categorize financial products based on their environmental impact. Additionally, there will likely be an ongoing emphasis on integrating sustainability considerations into all aspects of financial decision-making, including investment analysis, risk management, and reporting.

Some specific next steps for sustainable finance include:

- Enhanced Transparency and Standardization: There is a pressing need for improved transparency and standardization in the disclosure of

environmental, social, and governance (ESG) data by companies, enabling investors to make more informed decisions.

- Integration of ESG Factors into Investment Processes: Investors should prioritize ESG factors in their investment processes by establishing sustainability goals, incorporating ESG data into investment analysis, and utilizing tools like Green Taxonomy to evaluate the sustainability of financial products.
- Regulatory Support: Governments and regulators play a crucial role in advancing sustainable finance by setting standards, providing incentives, and creating a supportive regulatory environment.
- Financial Innovation: The financial sector must continue to innovate and develop new financial products and solutions that facilitate the transition to a sustainable, low-carbon economy. This may include the creation of new green bonds, sustainability-linked lending, and impact investing products.
- Collaboration: Collaboration among stakeholders—governments, regulators, investors, issuers, and civil societies is essential for promoting the growth of sustainable finance and ensuring that it contributes to a more sustainable future.

Overall, Hipoges group is committed with the next steps toward sustainable finance and real estate development, which will require ongoing efforts to integrate sustainability considerations into financial decision-making, enhance transparency and standardization, and foster innovation and collaboration.

8. Communication and Reporting

The sustainability policy and ESG criteria are available on the Hipoges website. It is also accessible to employees on the corporate intranet.

Reporting on the group's performance regarding sustainability and ESG criteria is subject to regular monitoring and oversight, and will be included in the sustainability report, which the group will be required to produce from 2025 onwards. This report will be prepared, validated, and published annually.

9. Scope

The policy is implemented and reviewed every three years, applying to all companies within the group, while respecting the autonomy of local management bodies and ensuring compliance with the applicable regulatory framework in the countries where it operates.

10. Governance and Supervision Model

Hipoges group has designated a group ESG Strategy Responsible, reporting to the executive committee, responsible for discussing and monitoring the implementation of the corporate sustainability strategy, which includes economic, social, environmental, and climate change dimensions.

The main functions of this role are:

- To support the integration of sustainability principles and ESG criteria into decision-making and management processes.
- To analyze and approve the necessary initiatives for implementing the actions advocated for the current sustainability strategy, as well as any changes or adaptations needed to meet the final objectives.
- To monitor and track the progress of approved initiatives, ensuring compliance with deadlines and budgets, and evaluating the results achieved alongside key performance indicators for ESG criteria.

Anexo:

Listing of All Corporate Policies and Guiding Principles of the Group

Policy Name	Description
Code of Ethics	Lines and principles all employees and providers must follow to act according to the limits established by the Company based on internal and external regulation.
Conflicts of Interest - Employee, Portfolio and Supplier Management	Description of all situations in which employees must avoid certain activities so they do not incur a situation of conflict of interest, that could lead to sanctions.
Prevention of Fraud, Bribery and Corruption	Reinforce Hipoges' ethical code, in compliance with applicable law
Criminal Risk Prevention Protocol	Description of all crimes committed by employees that could lead to criminal liability and subsequent sanctions for the Company and its administrators.
Sanctioning Code	The sanctions code to apply when trespassing the internal regulation described in the document. Based on local regulations to comply with the law.
Internal Supplier Approval Policy	Workflow, rules and documents to homologate internal providers.
External Supplier Approval Policy .pdf	Workflow, rules and documents to homologate external providers.
Whistleblowing Channel General Policy - Hipoges Group.pdf	Establishes the general guidelines applicable to all communications received through the Whistleblowing Channel
Acceptance and offering of presents.pdf	Rules on how the acceptance of gifts and presents must work, including amount limits and a specific workflow.
Protocol for the Prevention of Terrorism Financing	Prevent that Hipoges, as a bound subject in Due Diligence measures, commits or is part of a terrorist financing crime, and on the other hand, to be able to demonstrate to the competent authorities that measures have been adopted with an adequate scope in view of the financing risk of the terrorism.
Harassment Prevention Protocol	Policy to describe the regulation over anti-harassment conducts by employees. Operational controls: Compliance Committee, whistleblowing channel
Fair Treatment of Debtors	Policy to describe best practices to comply with when dealing with borrower's files and communicating with them. It also includes best practices and rules to apply when managing evictions.
Policy and Purchases Process	Guidelines to describe how the procurement and purchase process actually works in the Company. The scope includes all purchases and contracts Hipoges will arrange with providers (does not include providers working for Portfolios).
Expenses Management team Policy	Establish an action protocol regarding per diems for Group Management staff.
Expenses and travel Policy	Establish the guidelines regarding corporate traveling, in terms of transportation and housing, meal allowances, vehicles and expense presentation
Vacation and Leave Protocol	Define the rules followed by Hipoges' employees regarding vacations - scheduling, approval circuits, preferential periods and general rules
Information Security Policy	Define the guidelines that must be followed in Hipoges to guarantee the safety of information through the use of the corporate information systems, minimizing the risks and ensuring the achievement of business objectives at all times
Terms of Use of the Systems	Establish the basic guidelines that must be followed to guarantee that the IT systems of the company will be able to be adequately exploited by users, guaranteeing their performance, safety and efficiency of the work for which they are intended
Business Continuity Policy	Established according to the ISO 22301:2019, this policy details the fundamentals to establish, manage and maintain Hipoges' business continuity

Supplier Management	Define the basic guidelines to assess the security risks of information, business continuity and privacy in the providers that provide services to Hipoges.
Supplier Risk Assessment	Define the guidelines to assess the security risks of IT information and privacy, as well as business continuity in the providers that render services to Hipoges. Trainings: annual - Cyber
Legal & Regulatory Compliance	Procedure that allows the identification, revision and fulfillment of mandatory requirements regarding legislation, contractual requirements established with the customer, intellectual property, data protection and others
HR Security	Ensure that the Human Resources of Hipoges are properly managed. The scope of this policy comprises not only the internal employees, but also external staff, as well as the actions taken aiming at training, educating and raising awareness
Information Classification and Asset Management	Establish the guidelines for the management, classification, marking and use of both information and the media in which it is stored. This document is aligned with the established in matters of asset classification and management in the MS-02 Information Security Policy.
Physical Security of the Environment	Compile the basic regulations to be followed in Hipoges regarding ISMS, to prevent unauthorized access to facilities, as well as damage and interruptions to assets, physical and intellectual property of the organization.
Security Breaches Policy	Action plan to be followed by all Hipoges employees in case of a security breach, comprising material, professional and territorial scope
Business Impact Analysis Methodology	Detail the process by which potential impacts that may cause interruptions to company activities are analyzed. This document is applicable to the services or activities within the scope of the Integrated Management System (IMS).
Organizational Context, Risks and Opportunities	Define and establish the methodology to follow to identify the context where the IMS of Hipoges operates. The document details the risks or opportunities in relationship with said systems, that might affect the ability to manage and achieve the objectives its objectives.
Communication Procedure	Define the internal and external communication systems in regard to Hipoges' IMS
Procedure and protocol for exercising GDPR rights	All data protection related topics and measures to comply with by all employees of Hipoges Iberia, according to the European Regulation.
Impact Assessment Procedure	Define the procedure to conduct Impact Evaluations, identifying possible existing risks and create traceability on how those risks have been eliminated, mitigated or managed in regard to the protection of personal data of employees, clients, providers, etc.
Business Process Governance	Formalization of the process methodology used in the company, identifying responsibilities, roles and deadlines
Reputational Risk Management	Framework that allows us to manage any incident considered as reputational - how it is reported, registered, managed, documented and monitored
Risk Governance Model	Defines the functions of the Risk and Internal Control area, within the corporate and criminal risk framework. Explaining the risk management methodology, the document details the three lines of defense and the relationship and delimitation of functions with IT and Compliance
Backup	Backup policy aims to define technical and organizational measures to protect Hipoges' critical and sensitive information. Key points include backup management, compliance with legal standards, roles and responsibilities, and disaster recovery
Systems Terms of Use	Ensures the proper use and security of Hipoges' IT and telecommunications systems. Key points include roles and responsibilities, legal compliance, physical security of devices, access control, and information protection measures [
Information Security Policy	This policy aims to ensure the integrity, confidentiality, and availability of Hipoges' information systems. Key points include risk management, compliance with legal standards, roles and responsibilities, and the implementation of technical and administrative controls
Deletion of Information	Aims to ensure the secure deletion of information on IT devices at Hipoges. Key points include the procedures for deleting data from corporate devices, third-party deletion processes, roles and responsibilities, and compliance with legal standards