MARCH 2026

ARC RATINGS, S.A.
2025 TRANSPARENCY REPORT

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DISCLAIMERS

As required in Part III, Section E of Annex I to Regulation (EC) No. 1060/2009 of the European Parliament and of the Council, of 16 September 2009 (Regulation), ARC Ratings, S.A (ARC Ratings)'s Board of Directors hereby discloses ARC Ratings' 2025 Transparency Report.

This report covers the period of 1st January 2025 to 31st December 2025.

I. LEGAL STRUCTURE AND OWNERSHIP OF ARC RATINGS, S.A.

ARC Ratings, S.A. results from the redenomination on 7 October 2013 of Companhia Portuguesa de Rating, S.A. (CPR), a company formed in 1988 as a public limited company.

As at 31 December 2025, ARC Ratings, S.A's sole shareholder is ARC Ratings Holdings Limited in Cyprus. A list of shareholders owning more than 5% of ARC Ratings Holdings Limited's share capital is as follows:

- The Regal Trust (88.5%);
- Cedar Tree Global (11.5%).

II. DESCRIPTION OF THE INTERNAL CONTROL MECHANISMS INTENDED TO ENSURE THE QUALITY OF THE RISK RATING ACTIVITIES

GOVERNANCE AND ADMINISTRATION BOARD

ARC Ratings, S.A's. Board of Directors is responsible for setting the standards, processes and structures necessary for implementing internal controls across ARC Ratings. The governance structure ensures that ARC Ratings' credit rating activities are conducted in compliance with CRA Regulations, applicable laws, ARC Ratings' Manual of Organisation and Procedures (Manual) and ARC Ratings' Code of Conduct.

The Board, which includes Independent Non-Executive Directors, is responsible for monitoring the compliance of ARC Ratings' internal controls and functions in line with CRA regulation.

INTERNAL RATINGS AUDITOR

The Internal Ratings Auditor (IRA) is independent from both the ARC Ratings' Analytical department and the ARC Ratings Commercial department. The Internal Ratings Auditor works alongside the Compliance Department, but is focused on the technical ratings aspects (as opposed to the Compliance Department's focus on regulatory aspects).

The role of the Internal Ratings Auditor is to provide the Board and Management with independent feedback regarding whether the technical quality of ARC Ratings' ratings analysis is in line with best international standards.

The IRA chairs the Methodology Review and Approval Committee (MRAC), which approves the proposals for all new or existing methodologies, models and key rating assumptions that are used in the credit rating process. These are also presented to the Methodology Oversight Board (MOB).

THE METHODOLOGY OVERSIGHT BOARD

The Methodology Oversight Board (MOB) includes the Independent Directors from all ARC Ratings (UK) Limited and ARC Ratings S.A., along with the ARC Ratings' Internal Ratings Auditor and ARC Ratings' Head of Methodology. The MOB has oversight responsibility for all new and existing ARC Ratings' methodologies.

The MOB provides oversight on the overall process followed by ARC on new or revised methodologies approved by the MRAC and reviewed whether the MRAC and Methodology department followed all relevant policies and procedures.

METHODOLOGY REVIEW PROCESS

ARC Ratings' Head of Methodology delivers an annual methodology programme at the start of the year, which is presented to the MRAC for review.

The development of new methodologies and review/amendments of existing methodologies is the responsibility of the Methodology Department, and is subject to approval by the MRAC, which follows the procedures set out within the ARC Ratings' Manual of Organisation and Procedures and Code of Conduct.

ARC Ratings' Methodologies are publicly available on the ARC Ratings website. ARC conducts an annual review of all methodologies.

The Methodology Department takes on an Internal Review Function, in accordance with Point 9 Annex I of the Regulation, as it is "responsible for periodically reviewing its methodologies, models and key rating assumptions, such as mathematical or correlation assumptions, and any significant changes or modifications thereto as well as the appropriateness of those methodologies, models and key rating assumptions where they are used or intended to be used for the assessment of new financial instruments".

COMPLIANCE

The Compliance Department's main role is to ensure that ARC Ratings complies with all the regulatory and legal requirements of the jurisdiction in which it operates. It provides training for all staff on any new and existing regulatory updates, as well as the Manual and Code of Conduct, so as to ensure adherence to the written policies and procedures.

The Compliance Department supervises the current activity of ARC Ratings in all its various aspects, through the implementation of a "Compliance Work Plan" which enables the monitoring of analytical process, reporting of breaches, monitoring adherence to all other internal policies and where necessary updating upon regulatory changes.

Compliance oversees that all endorsed ratings are compliant with ARC Ratings' internal processes and procedures.

CONFLICTS OF INTEREST

ARC Ratings, S.A. has strong internal policies in place to eliminate conflicts of interest. Inter alia, each year all staff members sign Declaration of Interests forms, whereby compliance holds a centralised list and will cross reference to new and existing transactions. All staff adhere to the rules set out within the Code of Conduct, ARC Ratings' Independence and the avoidance of Conflicts of Interest.

RISK MANAGEMENT AND REPORTING

It is the responsibility of the ARC Ratings' Risk Committee to report on risk strategy, including the oversight of current and anticipated risk exposures within ARC Ratings, and to understand, question and measure the full spectrum of risks faced, be they operational, methodological, reputational or financial. In addition, the ARC Ratings' Risk Committee is responsible for monitoring the execution of timely action plans to eliminate or manage such risks as and when they occur, as well as to create an effective risk management framework with the aim of embedding a risk-focused culture across the whole of the organisation. This plan and execution are also reported to the Board.

CREDIT RATING PROCESS

ARC Ratings' credit rating activities are conducted in compliance with the CRA Regulation and applicable laws. They follow the procedures set out within the Manual and Code of Conduct, whereby rules are defined on the rating panel composition, approval processes and the level of documentation required to conduct a credit rating.

ARC RATINGS' CODE OF CONDUCT

ARC Ratings' Code of Conduct reflects the measures, procedures and guiding principles followed by Ratings (UK) Limited and ARC Ratings S.A. that assign credit ratings under the brand name "ARC Ratings".

This Code of Conduct applies to ARC Ratings, to all employees, and to all persons and entities that provide services to ARC Ratings and which, by reason of that provision of services, may have access to confidential information held by ARC Ratings, S.A..

The Code of Conduct reflects the Code of Conduct Fundamentals for Credit Rating Agencies issued in December 2004 by the International Organization of Securities Commissions (IOSCO) and its subsequent reviews, and the requirements of Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (Regulation 1060/2009), as amended.

The Manual and Code of Conduct is reviewed at least annually and whenever significant changes occur which impact the rating process or where there have been regulatory amendments.

All ARC Ratings' employees sign an attestation to confirm adherence to the Manual and Code of Conduct.

III. STATISTICS ON STAFF ALLOCATION TO NEW CREDIT RATINGS, CREDIT RATING REVIEWS, METHODOLOGY OR MODEL APPRAISAL AND MANAGEMENT

In 2025, ARC Ratings, S.A. had on average of twenty six employees at its service, with all staff being hired on a permanent basis ("open-ended employment contracts"). Ten were in management/commercial positions, four in compliance, nine in rating analyst positions (being five who work in structured finance and four who work in corporate), two in methodology development and review and the remaining one in support/secretariat functions.

IV. DESCRIPTION OF THE RECORD KEEPING POLICY

With regard to the record keeping and confidential information policy implemented at ARC Ratings, S.A., in 2025 all employees followed the principles set out below, which are included in the Manual and are either established or arise from ARC Ratings' Code of Conduct:

- To maintain records of the elements indicated below for at least five years after the maturity of the financial commitment being rated or after the date when the rating ceased to be valid (withdrawn), whichever comes first, and for a further period of three years if ARC Ratings' registration has been revoked:
  - the records documenting the methodologies and procedures used by ARC Ratings to assign each rating;
  - the internal records and files, including confidential information, work papers, and draft reports for discussion (confidential), used as the basis for the assignment of each rating;
  - copies of the internal and external communications, including electronic communications, received and sent by ARC Ratings and employees in connection to rating activities;
- To take all measures to ensure that the confidential information made available to ARC Ratings by the entities whose financial commitments are being rated as well as information related to the rating processes is adequately kept and cannot be used unduly or in a fraudulent manner;
- not to share ARC Ratings' subsidiary confidential information with employees of companies under a group relationship with ARC Ratings' subsidiary, and only share this information among themselves to the extent necessary for the assignment of ratings;
- forbid the access of the Commercial Department to confidential information received for the analytical process.

For all entities whose financial commitments are rated by ARC Ratings, S.A., confidentiality is guaranteed through Confidentiality Agreements signed within ARC Ratings' employees' employment contracts. Employees are bound to maintain strict and permanent confidentiality under the law about

any information to which they may have access in the course of their activity with regard to any company and shall not use such information to their own advantage or that of others.

V. OUTCOME OF THE ANNUAL INTERNAL REVIEW OF THE INDEPENDENT COMPLIANCE FUNCTION

The Compliance Function within ARC Ratings, S.A. is independent and reports its findings to the ARC Ratings Board of Directors, which also includes Independent Non-Executive Directors (INEDs).

The Compliance Function monitors adherence to compliance by ARC Ratings, S.A. and its employees to regulatory requirements, policies and procedures governing the issuance of credit ratings set out within the Manual and Code of Conduct and in line with regulatory requirements.

ARC Ratings, S.A. has a positive Compliance culture and carries out regular monitoring and surveillance of credit rating activities, identifying risks and potential non-compliance. All potential non-compliance, issues raised during the reporting period followed ARC Ratings' internal reporting structure and where necessary ad hoc reporting was provided to regulators.

ARC Ratings operates within two jurisdictions ARC Ratings, S.A. covering EU operations and ARC Ratings (UK) Limited covering UK operations. ARC Ratings' operating structure (with certain functions operating across both jurisdictions) shares the global ARC Ratings' Manual and Code of Conduct. This alignment ensures that our internal processes are mirrored in each jurisdiction and adhere to the CRA Regulation, with minimal variation in policies and controls.

The Compliance Department monitors the endorsed ratings from each subsidiary to ensure consistency with rating processes as part of the annual Workplan, with the assistance of the Internal Ratings Auditor.

Compliance met regularly with ARC Ratings' Independent Non-Executive Directors throughout 2025 to provide updates on control functions, progress against the compliance workplan and developments in CRA regulation. Where regulatory changes required amendments to internal policies and procedures, these were made promptly and communicated appropriately. In parallel, the Internal Ratings Auditor also joined these meetings with the INEDs, offering insights into internal processes, audit workplans and credit rating activities. Together, Compliance and Internal Audit implemented remedial actions where necessary to strengthen processes, enhance governance, and ensure ongoing alignment with regulatory expectations.

Focus areas in 2025 included (with further details on each in section below):

- Code of Conduct
- Manual of Organisation
- Training Processes
- Digital Operational Resilience Act (DORA)

Annually, all employees comply with manual attestations. These attestations confirm their oversight and understanding of ARC's internal processes and procedures. Additionally, employees complete a Declaration of Interest, providing information to manage any potential conflicts of interest.

In 2025, ARC Ratings implemented a series of significant updates to the Code of Conduct and ARC Ratings Manual of Organisation to strengthen transparency, accountability, and operational effectiveness across the Group. These updates focused on enhancing ARC's Management and Organisation Model and clarifying the distribution of key functions across each ARC Ratings Group entity. Further improvements were made to the structure and scope of internal committees, the responsibilities of the Company Secretary, the Endorsement framework, and the firm's Business Continuity and Operational Resilience arrangements. All revisions followed formal governance protocols and were reviewed and approved by the relevant internal committees and, where required, by the Board.

Throughout 2025, ARC Ratings continued its ongoing review of the Digital Operational Resilience Act (DORA), by actively assessing its systems, governance and operational resilience arrangements against these evolving standards. This work ensures the firm remains aligned with regulatory expectations and maintains strong digital operational resilience.

During 2025, Compliance delivered firm wide compliance training to reinforce staff awareness of regulatory requirements, internal policies and conduct expectations. ARC Ratings also introduced a new training platform in 2025 to improve accessibility, automate tracking of completion and enhance the overall effectiveness of compliance learning across the organisation. This initiative will support consistent knowledge standards, strengthens governance and ensures that compliance training remains central to the firm's culture and operational framework.

VI. MANAGEMENT AND ANALYST ROTATION POLICY

Given its size, ARC Ratings, S.A. was granted an exemption from the requirements established in Article 7 (4) of the Regulation concerning the rotation or risk rating analysts.

Concerning the management structure of ARC Ratings, S.A. credit risk rating analysts in 2025, please see point 3) above.

VII. FINANCIAL INFORMATION ON THE REVENUE OF ARC RATINGS, S.A., DIVIDED INTO FEES FROM CREDIT RATING AND NON-CREDIT RATING SERVICES AND OTHER ACTIVITIES

For the financial year ended 31 December 2025, ARC Ratings, S.A. turnover was €2.4m, all in respect of credit rating and credit assessment activities. The breakdown of turnover is reflected in the table below:

2025 Revenue Split - ARC Ratings, S.A.	
By Region	
EU	78%
Other	22%

By Activity	
Rating Activities	100%
Ancillary Services	0%

VIII. GOVERNANCE STATEMENT WITHIN THE MEANING OF ARTICLE 46-A OF COUNCIL DIRECTIVE 78/660/EEC OF 25 JULY, CONCERNING THE ANNUAL ACCOUNTS

ARC Ratings S.A. is governed by Portuguese Law and the Articles of Association. None of the Company's shares confer special control rights and there are no restrictions to voting rights. The auditor for ARC Ratings, S.A. during 2025 was Moore Stephens.

ARC Ratings S.A. Board meetings are held on a quarterly basis and the composition of the Board in 2025 was as follows:

- Andrew Cunningham, Independent Non-Executive Director, who was appointed to the Board of Directors 1 June 2022, appointed Chair of the Board 16 June 2023
- Anne Le Hénaff, Independent Non-Executive Director, who was appointed to the Board of Directors 1 July 2023
- David King, Executive Director, who was appointed onto the Board of Directors on 29 July 2015
- Oliver Howard, Executive Director, who was appointed onto the Board of Directors on 31 March 2021
- Alex Cataldo – Co-Deputy Chief Executive Officer, who was appointed to the Board of Directors on 20 May 2025

The Board members shall be elected at a General Meeting for a mandate of a minimum of three years and a maximum of five years. Each Board member's term, other than the Independent members, can be renewed or extended. The Independent members of the Board of Directors Terms of Engagement shall be governed by and subject to all the terms and conditions specified in applicable regulations, including Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (Regulation 1060/2009), as amended.

The skill set of the Independent Non-Executive Directors provides sufficient expertise in financial services and governance and risk and have in-depth knowledge and experience at a senior level of the markets in structured finance instruments.

DISCLAIMERS

ARC Ratings, S.A. is registered as a Credit Rating Agency with the European Securities and Markets Authority (ESMA), within the scope of the Regulation (EC) N° 1060/2009 of the European Parliament and of the Council, of 16 September, and recognised as an External Credit Assessment Institution (ECAI).
ARC Ratings (UK) Limited is registered as a Credit Rating Agency with the United Kingdom Financial Conduct Authority, within the scope of the Statutory Instrument N° 266/2019, of 13 February, and recognised as an ECAI.

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