Best Execution and Financial Intermediaries

bpES | bp Energy Solutions, Sociedad de Valores, S.A.

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Introduction

In accordance with the provisions of Article 141 of Royal Decree 813/2023, of November 8, on the legal regime of investment services companies and other entities providing investment services (hereinafter, "**ESI RD**"), as well as Articles 64 et seq. of the Delegated Regulation (EU) 2017/565 on the organisational requirements and operating conditions of investment services companies (hereinafter, "**RTS MiFID II**"), BPES, S.V., S.A. (hereinafter, "**bpES**", "**SV**" or "**ESI**") must have an order execution policy (hereinafter, the "**Policy**" or the "**Best Execution Policy**") that will define the relative importance attributed to the price, to costs, to the speed and probability of execution and settlement, the volume, the nature of the operation and any other element that they deem relevant to the execution of the order.

In order to comply with this requirement, this document includes the Best Execution Policy of BPES, which aims to ensure the correct selection of financial intermediaries involved in the contracted transactions, taking into account the price, costs, speed and probability of execution and settlement, the volume, nature of the transaction and other relevant aspects related to execution

1 Scope of Application

1.1 Objective

This Policy applies, together with the SV, to its officers and employees. In particular, the areas of the ESI that are directly involved in making investment and divestiture decisions and the subsequent transfer of such orders to financial intermediaries for execution must pay special attention to it[1].

1.2 Subjective

This Policy applies to financial instruments, including exchange-traded and over-the-counter (OTC) derivatives, whether in cash or physically settled (including futures, options and swaps).

It also applies when an order is executed for a customer in relation to any financial instrument or a request for quote (RFQ) is responded to for a financial instrument and the customer relies on the SV to protect its interests

1.3 Definition of Client and Client Orders

For the purposes of this Policy, we shall mean the Client to any counterparty that, as a result of the Due Diligence process and under the Client Relations Policy, is classified as a Professional Client, has opted for such qualification, that is, an Eligible Counterparty. However, the classification as a result of the Due Diligence process should not be understood as the element that determines that an entity is considered a client or not, but rather the essential thing to understand that an entity is a Client is whether bpES is acting on its behalf or in any way acting under contractual or agency responsibilities to this entity (considered a Client).

In this context, this Policy applies only to Customers classified as Professionals for MiFID purposes. Consequently, it will not be applicable to Eligible Counterparties.

2 Selection and Authorization of Financial Intermediaries

In order for the SV to comply with its obligation to act in the best interest of its customers, it must take into account the following main criteria in the selection of intermediaries through which the transactions and orders transmitted by the ESI will be executed.

The relative importance of each of the following factors to obtain the best execution will be determined at the discretion of the SV, taking into account their knowledge and experience of the market and the execution centers, the type of order and the relevant information available at that time.

[1] As of the date of this Policy, bpES does not hold the status of a member of any trading centre

2.1 Quantitative Criteria

- Financial instrument price: monetary expression of the value that could be obtained by the negotiation of the financial instrument in the possible execution centers.
- Costs: monetary expression of the costs associated with the execution and/or settlement in the possible execution centers of the order and which are directly supported by the customers. This includes transaction and brokerage costs, execution centre expenses, settlement and clearing houses or entities or similar bodies that perform these functions, taxes or fees payable in certain jurisdictions, connection costs, etc.
- Speed: time required for the execution of the order at a specific execution center (measured from receipt of the order to confirmation of execution by it) of those available for the specific financial instrument in market standard circumstances when there is a counterparty for it.
- Probability and efficiency of execution, i.e. whether the order was executed in whole or in part or whether there were any failures or delays in settlement
- Clearing and settlement: in this regard for equity transactions, the entity acting as clearing member with the Central Counterparty Entity will be relevant.
- The incidents considered relevant for each asset class will be taken into account, in order to carry out their assessment and continuity in operations with bpES.
- Volume: supply and demand dimension for a specific financial instrument in the available execution centers.
- Nature of the order: type of order (order to market, perhaps limited order, etc.)
- Execution, clearing and settlement risk: credit risk and operational risk associated with the settlement and clearing of operations.
- Other relevant items: costs not directly associated with execution
    - Currency exchange fees: the application and collection to the client, if applicable, of a fee for the exchange of currency made in the case of transactions in a currency other than that of the client's reference (in which the transaction is to be settled to the client) when the same financial instrument can be negotiated in several of the available execution centers and in a different currency.
    - Custodial commissions: the repercussion to the client, after execution, compensation and settlement, of a different custody commission depending on where the financial instruments associated with the transaction are safeguarded.
    - Analysis services provided by the financial intermediary, especially relevant in the case of equities.

2.2 Qualitative Criteria

- Prestigy and solvency. Only financial intermediaries of recognized prestige and solvency will be taken into account, disregarding those of recent constitution or those that manage a small number of transactions. The selection of financial intermediaries that are managed by a consolidated team of managers will generally be chosen. In general, each financial intermediary and its team are analyzed to select the type of asset in which it stands out (e.g., its level of implementation, those entities outstanding in risk management, the level of machining and automation thereof, experience, etc.).
- Provision of an order execution policy. Only intermediaries that have a formally established order execution policy that meets all the requirements established by the applicable regulations will be considered
- Access to Execution Centers. The intermediaries' access to the markets or execution centres that are considered relevant from time to time with respect to each instrument. This analysis takes into account:
    - That the execution centre is a regulated market, a multilateral trading system (MTF), a systematic internalizer (in the exclusive case of listed equity) or market creators or liquidity providers that perform a similar function;
    - The way in which the intermediary accesses them, either directly (by directly executing the orders) or indirectly (by in some cases using other intermediaries) by establishing the corresponding execution agreements;
    - That the specific financial instrument for which the intervention of the intermediary is required in order to execute the customer order is quoted in one or more markets.
- The costs and commissions that financial intermediaries pass on for the provision of their services.

Additionally, in determining the relative importance of the factors listed above, the SV will take into account other factors or considerations relevant to the execution of the order in order to obtain the best possible result for the customer. In particular, the ESI shall take into account, among others:

- The client's condition as a professional client.
- The characteristics of the order.
- The financial instrument in question.
- The fulfillment center where the order can be executed.

The selected intermediaries must include in their order execution policy the execution centers (and, where appropriate, the financial intermediaries) that are considered relevant for each type of financial instrument and justify how they access them and why they consider that one route or another is more appropriate.

- In relation to the evaluation of the execution centers, the following elements have been established:
  - Liquidity: Execution centers that provide significant and sufficient liquidity, measured on the basis of historical data of number of transactions and average volumes negotiated daily, are preferred to ensure that the execution of customer orders is carried out at the best available prices at all times.
  - Clearing and Settlement: The execution centers that perform the clearing and settlement of the operations executed in them through recognized central counterparty entities are preferred for the purposes of the rules of payment and settlement of securities or of compensation and settlement systems with high credit rating.
- Clearing and Settlement Agreements – The clearing entity with which the Intermediary has agreements to clear the transactions must be a member of the central counterparty entities or clearing and settlement systems of the selected execution centers. Likewise, said entity must have the solvency conditions and the technical means required for the performance of its functions.
- Practical execution of orders. The selected intermediary must be able to consistently and systematically obtain, in the relevant execution centers contemplated in its order execution policy, the best possible result for bpES orders, including the selection of the specific execution center from among the possible ones that allow obtaining the indicated result.

Of the factors to be considered and detailed above, the price will typically be of relative importance to obtain the best execution, but this will be modified, for example, when the size of the transaction is large compared to the liquidity of the market in question, or when the speed of execution becomes more important due to the nature and size of the customer order requirements.

Additionally, in determining the relative importance of the factors listed above, the SV will take into account other factors or considerations relevant to the execution of the order in order to obtain the best possible result for the customer. In particular, the ESI shall take into account, among others:

- The client's condition as a professional client
- The characteristics of the order.
- The financial instrument in question
- The fulfillment center where the order can be executed.

In general, managers will only contract transactions through financial intermediaries authorized by the Board of Directors and the head of the Investment Department.

If exceptional circumstances were to occur, different intermediaries could be approached in a timely and justified manner provided that, in their opinion, the best result can be obtained for the customers' operations

2.3 Block Trades

For block or Block Trades executed outside of the central order book (e.g. in ICE Futures Europe or ICE Endex), although price will remain the key execution factor, probability of execution and other considerations such as position confidentiality and implementation deficit against a known benchmark will also be important factors.

Since access to compensation is one of the key factors in selecting a fulfillment center for block operations, a customer may give specific instructions to use a specific fulfillment center, in which case the best execution obligation will be considered fulfilled.

When selecting the execution sites for the execution of block operations, the SV will take into account, among others, the following qualitative factors:

- Access to clearing agents

- Relevant block sizes
- Execution Site Block Negotiation Functionality
- Transparency (e.g., illuminated, dark) of the execution site
- Compensation Schemes
- Liquidity Analysis
- Market share
- Broadness of market coverage
- Reputation, financial strength and stability
- Ongoing Reliability
- General costs of an operation, including commissions
- Business anonymity
- License, as needed, to execute transaction type

In addition, relevant considerations about the specific instructions of the customer may be agreed upon in advance.

3 Best Execution

The responsibility for providing the best execution rests with the ESI Front Office staff. To ensure the best execution, the process that has been determined internally must be followed, which requires marketers and originators to record the prices obtained in the CRM system, along with the information that supports it, when applicable.

Customer orders that contain specific instructions regarding product specification, volume, price and other elements of the swap or instrument, and are maintained for a specified or specific time (e.g. valid until the end of the session), are considered to have obtained the best execution if you agree with such instructions.

In the event that the client provides specific instructions in relation to its order, these will prevail over the execution factors established in this Policy. However, where these instructions refer to only a portion of the order items, this Policy will apply in relation to all other items not affected by such specific instructions. In this regard, the client will be warned about the possibility that any specific instructions may prevent the measures that are envisaged and applied in the context of this Policy from being taken, in order to obtain the best possible result in the execution of its orders.

When executing orders in relation to OTC products, including custom products, or when responding to requests for quotes, bpES will ensure the best execution through justification of price equity by collecting market data used in estimating the price of such product and, where possible, by comparing with similar or comparable products (liquid instruments).

In the case of illiquid instruments, through the timely justification of the price construction policy, based on the observations of market variables associated with the instrument.

bpES, in turn, shall ensure that it has obtained the prior and express consent of the client to carry out these OTC transactions, either in general or for each transaction, and shall inform the client of the risks that this type of transaction entails, such as, among others, the counterparty risk in the derivatives transaction. Additional information on the consequences of this mode of execution may be obtained from the customer upon request.

Under the rules and Best Execution Policy, SV Originators are not required to anticipate or achieve a specific level of execution. It is not necessary that, according to the best execution rule, you can anticipate the market reaching a specific level or ensure the execution of a sales order.

The best enforcement rule does not limit or restrict the level of trade margin that can be applied in a given transaction (e.g., to reflect credit risk different from individual counterparties). It should be noted that the best overall execution requirement can still be met even if the best execution is not obtained for each individual component, when considered isolated.

4 Front Office Monitoring and Control

The Commercial Department, i.e. marketers and originators, shall be responsible for complying with the Best Execution Policy, and in particular, shall:

- Review customer transactions on an ongoing basis to ensure the best execution is being delivered on an ongoing basis and to identify and implement any appropriate improvements.

- Record the following details in CRM:
  - How the price provided to the customer by customer orders or RFQ represents the best execution according to the Best Execution process.
  - Any queries directed to the UK T&S Entities on quoted prices (including, where appropriate, what improvements were obtained or the reasons why the price was accepted);
  - Any review or inquiry that has been escalated to the manager in the UK T&S Entity and the outcome.

Marketers and originators should review at least quarterly why RFQs were unsuccessful, including evaluating customer feedback on lost RFQs and executed operations. The result of these reviews will be shared with the Compliance Unit.

As mentioned above, in order to operate with a financial intermediary, it must be on the list of intermediaries authorized by the Board of Directors, listed as Annex I of this Manual.

The Managing Director of bpES may authorize (enough by e-mail) the use of a certain financial intermediary outside the prepared list, provided that the conditions of execution of the negotiated asset justify its use and it is settled through the delivery system against payment.

Any dispute with a broker must be communicated as soon as possible in order to resolve the incident, and after assessment of its action by the Commercial Department, in order to maintain the commercial relationship with it.

5 Duties of the relevant Control Units

The Compliance Unit will sample monitor customer orders and RFQ data in CRM to ensure Best Execution rules are followed. This check-up will take place on a monthly basis.

In addition, the Compliance Unit shall inform the Board, at least annually, whether the process is working effectively and whether marketers and creators are taking all necessary steps to achieve the best possible results for the customer. Likewise, the Regulatory Compliance Unit will supervise compliance with this Policy by the SV.

The Risk Control Unit will carry out the following actions, within its Annual Work Plan:

- Analysis of the volume of transactions contracted through the different intermediaries and the commissions charged by it.
- Follow-up of transactions, whose commissions must not exceed those agreed with the intermediary.
- Supervision of the list of financial intermediaries approved by the Board of Directors and verification that the operations were carried out through the intermediaries selected in each case.
- Review of the transactions that would have occurred with Financial Intermediaries not included in the list to verify the existence in the hands of the manager of documentary evidence justifying the exception.

The review carried out by the Risk Control Unit will support the Regulatory Compliance Unit for the checks it will carry out on the procedures for processing and better execution of orders.

For its part, the Internal Audit Unit will carry out the following checks:

- Oversee compliance with the authorization procedure for new financial intermediaries.
- Supervision of the list of authorized financial intermediaries.
- Supervision that transactions have been conducted through authorized financial intermediaries or justification for specific exceptions.
- Supervise the control carried out by the Risk Unit on quality in the execution of the operations ordered through the financial intermediaries

6 Policy Disclosures

bpES makes its Best Execution Policy available to its customers through the corporate website.

As part of the Due Diligence process and at the time of entering into the contractual relationship, customers are informed of the need to know this Policy and accept the criteria and factors that make up this Policy.

For these purposes, the client is obliged to give prior and express consent to the Best Execution Policy, in the event that it wishes to operate with types of financial instruments that are negotiated outside of regulated markets (OTC). In this case, bpES warns the client that this type of execution may involve risks, such as counterparty risks.

The Company undertakes to provide its customers, upon request, with reasonable and proportionate information on the mechanisms and controls by which it is verified that the execution of the orders has taken place in accordance with the criteria of the bpES Best Execution Policy.

Finally, it is reported that since September 29, 2025, bpES has ceased to be obliged to publish the periodic report on the five main financial intermediaries to whom it has transmitted customer orders for execution during the preceding year.

7 Policy Review, Modification and Approval

The approval of this Policy corresponds to the Board of Directors of bpES, as well as subsequent modifications that occur. The Policy will be reviewed on an annual basis and updated and/or modified, at least, in the following cases:

- When legal or regulatory changes occur that affect the Policy.
- When new services are included in the schedule of activities that require it.
- At the proposal of the Regulatory Compliance and Risk Control Unit when it understands that there are aspects susceptible to improvement to achieve the proposed objectives or to adapt appropriately to the characteristics of the services offered by bpES at any given time, especially when this could affect obtaining the best possible results for customers.

7.1 Version and historical control

Version	Author (Name, Role)	Comments	Date
1.0.	Graciela Gonzalez, Compliance Officer	Initial Policy	2023
1.1.	Graciela Gonzalez, Compliance Officer	Update references and regulatory requirements	2026