



# Remuneration Policy

bpES | bp Energy Solutions, Sociedad de Valores, SA

Date:	March 2023
Version number:	1.0
Owner:	bpES Compliance Unit

## Contents

1	Scope of Application .....	4
2	bpES Departments intervening in the application of the Policy.....	4
2.1	Board of Directors .....	4
2.2	Compliance Department.....	4
2.3	Internal Audit Department .....	5
2.4	Remuneration Committee.....	5
3	General Principles .....	5
4	Remuneration Components.....	6
5	Remuneration Schemes according to Personnel Categories.....	6
5.1	Remuneration for the Identified Collective .....	6
5.2	Remuneration for Relevant Personnel.....	8
5.3	Remuneration for Internal Control Functions .....	8
6	Website Publication .....	9
7	Review, modification and Approval of the Policy .....	9
7.1	Document information.....	9
7.2	Version control and history .....	9

## Introduction

In accordance with the provisions of Royal Legislative Decree 4/2015, of October 23, approving the consolidated text of the Securities Market Act (hereinafter "TRLMV"), Royal Decree 217/2008, of February 15, of the legal regime of investment services companies and of the other entities that provide investment services (hereinafter "RD ESI"), Commission Delegated Regulation (EU) 2017/565, of April 25, 2016, by which Directive 2014/65/EU of the European Parliament and of the Council is completed with regard to the organisational requirements and operating conditions of investment service companies and terms defined for the purposes of such Directive (hereinafter "Delegated Regulation 2017/565") and the ESMA Guidelines on MiFID remuneration policies and practices of 3 June 2013 (hereinafter "ESMA Guidelines"), Directive (EU) 2019/2034, of November 27, 2019, of prudential oversight of investment services firms, and amending Directives 2002/87/EC, 2009/65/CE, 2011/61/U, 2013/36/U, 2014/59/EU and 2014/65/EU (hereinafter: "IFD") **not yet transposed to the Spanish Regulation**, Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment services companies, and amending Regulations (EU) No. 1093/2010, (EU) No. 575/2013, (EU) No. 600/2014 and (EU) No. 806/2014 (hereinafter, "IFR"), Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the disclosure of sustainability information in the financial services sector (hereinafter, "SFDR") and the EBA IFD Compensation Guidelines (hereinafter, "EBA Guidelines"), companies that provide investment services must have, under conditions provided to the character, scale and complexity of your activities, of a remuneration policy consistent with promoting sound and effective risk management, non-discriminatory between men and women, aimed at incentivizing responsible business conduct, fair treatment of clients and to avoid conflicts of interest in relation to them and in line with the business strategy, to the objectives of the entity and to take into account the long-term effects of investment decisions made.

In this regard, BPES, S.V., S.A. (hereinafter, "bpES", the "Entity", the "SV" or the "ESI") has approved this Compensation Policy (hereinafter, the "Policy") which aims to establish the models and remuneration schemes of all employees of the SV, including those who perform functions or activities with a significant impact on the Entity's risk profile and those who directly or indirectly affect the provision of investment and ancillary services to clients.

## 1 Scope of Application

The Policy applies, in general, to all persons who carry out their activity in the internal structure of the Entity and, in particular, to personnel whose professional activities significantly affect the risk profile of the Entity (hereinafter, the "Identified Collective"), as well as to personnel directly or indirectly involved in the provision of investment services (hereinafter, the "Relevant Personnel")

The **identified collective** will be formed by:

- Members of the Entity's Senior Management.
- Employees who take risks to the SV.
- Employees exercising SV control functions.
- Any employee of the SV who receives global remuneration that includes them in the same compensation scale as the previous ones, whose professional activities have a significant impact on the Entity's risk profile.

The principle of proportionality does not allow exclusions to be made on the people who are part of the Identified Collective. Therefore, this exclusion must be made under the following conditions: (i) based on objective conditions that demonstrate that such persons do not in fact have a significant impact on the Entity's risk profile, (ii) approved by the Board of Directors on an annual basis, and (iii) notified and approved by the National Securities Market Commission (hereinafter, the "CNMV"), within six (6) months following the end of the previous fiscal year. The CNMV will evaluate the request and approve or reject it, to the extent possible, within three (3) months of receiving the complete documentation.

Relevant Personnel include personnel who may have a significant effect on the service provided to the client or the corporate conduct of the Entity and, in particular, personnel who carry out the public service, sales personnel and other personnel who are indirectly involved in the provision of investment services, including also agents (if any).

## 2 bpES Departments intervening in the application of the Policy

Without prejudice to the details of point 2 above, the personnel and departments of the Entity involved in the application of the Policy are the following:

### 2.1 Board of Directors

The Board of Directors of the Entity shall be responsible for:

- Approve this Policy, with the approval of the Regulatory Compliance Department, its content and its subsequent modifications.
- Guarantee its application, adopting or urging to adopt the measures it deems appropriate, at the proposal of Regulatory Compliance or on its own initiative.
- Approve the remuneration scheme of the senior managers in charge of risk management.
- Approve the content that, in relation to this Policy and other matters related to the remuneration of directors and employees of the SV, must be incorporated in the annual report, in the solvency report or that for any other circumstance should be made public.

### 2.2 Compliance Department

Compliance Unit will be responsible for performing the following tasks:

- Verify that the principles established in the Policy are met and propose, where appropriate, to the Board of Directors, measures that it deems appropriate to ensure the correct and appropriate application of said Policy.

- Annually review the Policy and verify that it complies with current regulations. If applicable, propose modifications to the Board of Directors.

### 2.3 Internal Audit Department

Internal Audit will be responsible for verifying the supervision duties carried out by the Compliance Department, in order to evaluate the adequacy and effectiveness of the Entity's internal control systems and procedures.

### 2.4 Remuneration Committee

The Entity, given its activity, is not obliged to establish the Remuneration and Risk Committees referred to in Article 188 of the TRLMV, since in accordance with the parameters established in Article 6 of the ESI RD it is not classified as a significant entity. In the event that the entity is required to constitute such Committees, it shall be made and included as an additional point to this Policy.

## 3 General Principles

The Policy supports appropriate and effective management of financial and extra-financial risk, including sustainability risks. Promotes this type of management and does not offer incentives to assume risks that exceed the level of risk tolerated by the Entity. It is also consistent with your business strategy, long-term goals, values, and interests and avoids potential conflicts of interest that may be detrimental to customers.

This Policy shall be applied following below listed principles:

- is based on role / position and incorporates measures aimed at avoiding conflicts of interest that may arise in each of them;
- considers merit, technical knowledge, professional skills and performance;
- guarantees equality, without meeting the criteria of sex, race and ideology;
- gender neutrality and non-discrimination, in particular staff, regardless of gender, must be compensated for work of equal value, and must be able to access the same opportunities in terms of salary increases and career progression;
- transparency, which must be known by all its recipients;
- incorporates quantitative and qualitative components;
- the principle of proportionality when applying the Policy, taking into account the internal organization of the Entity, as well as the nature, volume and complexity of the risks inherent in its activity;
- flexibility in structure and adaptability to different groups and circumstances; and
- market competitiveness.

The SV guarantees **gender neutrality** in the application of this Policy, since it considers the following criteria when determining the remuneration of personnel:

- the educational, professional and training requirements, the skills, effort and responsibility, the work performed and the nature of the tasks involved;
- the workplace and cost of living;
- the hierarchical level of personnel and whether they have management responsibilities;
- the shortage of personnel available in the labor market for specialized positions;
- the nature of the employment contract, including whether it is temporary or indefinite;
- the duration of the professional experience of the staff;
- the professional certifications of the staff; and
- appropriate benefits, including payment of family and child supplements to staff with spouses and dependents

## 4 Remuneration Components

The remuneration will have a fixed base component and, additionally, may have a variable component, in which case both components would be based and distributed as follows:

- Fixed component: based on professional experience, responsibility in the organization and functions. This compensation will be permanent, default, non-discretionary and non-revocable.
- Variable component: based on sustainable and risk-adapted performance, as well as excellence in the performance of their functions (performance above that required to adequately fulfill their functions).

Variable remuneration will be set based on the assessment of your personal performance and the evolution of area results or overall ESI results. The evaluation of the employee's performance will take into account both quantitative and qualitative criteria. In addition, the performance appraisal used as the basis for the calculation of the variable remuneration components will take into account all current and future risk types and the cost of capital and liquidity required.

Regarding quantitative and qualitative criteria, the following will be taken into account, among others:

- Quantitative criteria: results obtained by the individual (based on both financial and non-financial criteria), the affected business unit and the Entity as a whole.
- Qualitative criteria: may be analysed for each individual, depending on whether it belongs to the Identified Group, Relevant Personnel, Internal Control functions or other areas or departments of the SV, and will reflect compliance with the external and internal standards that are applicable to it, the quality of the services provided and, where appropriate, fair treatment of customers.

In addition, there will be an adequate proportion between fixed and variable components of remuneration, in which the achievement of short-term quantitative objectives on sustainable performance and the best interest of the customer in the long term does not prevail. In particular, the fixed component shall constitute a sufficiently high portion of the total remuneration in a way that allows a fully flexible policy with respect to the variable component, even considering the possibility of not paying any variable remuneration at all. The remuneration scheme must therefore not encourage in any case an excessive assumption of sustainability risks and, in no case, that these exceed the tolerance levels established by the SV

## 5 Remuneration Schemes according to Personnel Categories

### 5.1 Remuneration for the Identified Collective

In determining the remuneration of the Identified Collective, the principles established EBA Guidelines<sup>1</sup> must be considered as follows:

- The SV must establish maximum ratios between fixed and variable remuneration, and the variable remuneration will not exceed one hundred percent (100%) of the fixed component of the total remuneration of each individual. However, the SV General Shareholders' Meeting may approve a higher level, provided that it does not exceed two hundred percent (200%) of the fixed component of total remuneration and a number of requirements are met:
  - The General Meeting of Shareholders will make its decision based on a detailed recommendation of the Board of Directors that states the reasons and scope of the decision and includes the number of persons affected and their positions, as well as the expected effect on the maintenance of a solid capital base.

<sup>1</sup> In the future, the transposition of Directives 2002/87/EC, 2009/65/CE, 2011/61/U, 2013/36/U, 2014/59/EU and 2014/65/EU (together referred as IFD)

- The General Meeting of Shareholders shall adopt its decision by a majority of at least two-thirds, provided that at least half of the shares or equivalent rights entitled to vote are present or represented in the vote. If the above quorum is not possible, the agreement shall be adopted by a majority of at least three quarters of the present or represented voting capital stock.
- The Board of Directors shall notify all shareholders sufficiently in advance of the matter to be submitted for approval.
- The Board of Directors shall immediately communicate to the competent authority the recommendation addressed to the General Shareholders' Meeting, including the highest level of the variable component of the proposed remuneration and its justification, and shall prove that this level does not affect the obligations of the SV provided for in the solvency regulations.
- The Board of Directors shall immediately inform the competent authority of the decision adopted in this regard by the General Shareholders' Meeting, including the highest maximum percentage of the variable component of the approved remuneration.
- If applicable, personnel directly affected by the application of higher maximum levels of variable remuneration may not exercise, either directly or indirectly, the voting rights that they may have as a shareholder of the entity, and their shares will be deducted from the share capital for the calculation of the majority of votes that in each case is necessary in the agreements referring to the application of higher maximum levels of variable remuneration.
- The total variable remuneration will not limit the entity's ability to strengthen its capital base.
- When variable compensation is linked to performance, its total amount is based on a combined assessment of the individual's performance of the affected business unit and the Entity's overall results.
- When evaluating the person's performance, both financial and non-financial criteria are considered.
- Performance evaluation is based on a multi-year period, taking into account the Entity's business cycle and its business risks.
- Performance appraisal used as the basis for the calculation of the variable remuneration component groups takes into account all current and future types of risks and the capital cost and liquidity required.
- The guaranteed variable remuneration will be exceptional and will only be made when new personnel are hired and bpES has a healthy and solid capital base, limited to the first year of employment.
- Payments for early termination of a contract will be based on results obtained over time and will not reward poor results or misconduct.
- Compensation packages related to compensation or payments for abandonment of previous employment contracts will be adapted to the long-term interests of the entity, for which they will include provisions regarding withholding, deferment, performance and recoveries.
- At least fifty percent (50%) of the variable remuneration consists of equivalent shares or property titles, instruments linked to the shares and other equivalent non-monetary instruments and, where possible, other instruments that can be converted in their entirety into ordinary level 1 capital instruments, or capable of absorbing losses, that adequately reflect the Entity's credit rating.
- These instruments will be subject to a retention policy in line with the long-term interests of the Entity. If the Entity does not issue any of the above instruments, the CNMV may approve the use of alternative solutions that meet the same objectives.
- Deferral of variable remuneration:

- That at least 40% of the variable remuneration is deferred over a period of three (3) to five (5) years, depending on the business cycle of the Entity, the nature of its activity, its risks, and the activities of the person in question.
- In the case of a variable remuneration of a particularly high amount, the deferred percentage of the variable remuneration will be at least 60%.
- Deferred variable compensation will not be payable more quickly than proportionally.
- The total variable remuneration will be reduced considerably when the Entity obtains unclear or negative financial results, considering both the current remuneration and reductions in payments of amounts previously accrued, if applicable, through clauses of reduction of remuneration or recovery of remuneration already paid (malus and claw back). One hundred percent (100%) of the total variable remuneration will be subject to such clauses.
- Personal coverage or insurance strategies related to compensation may not be used.
- Variable remuneration will not be paid by means of instruments or methods that facilitate non-compliance with applicable regulations.

The limitation of the maximum ratio between fixed and variable remuneration components shall apply to all members of the identified collective of the Entity.

The remuneration of senior executives will be directly supervised by the Board of Directors. The remuneration of the members of the Board of Directors will be approved by the Sole Shareholder.

## 5.2 Remuneration for Relevant Personnel

The following criteria must be considered when determining the remuneration of Relevant Personnel:

- A balance between the fixed and variable components of the remuneration will be always maintained, so that the remuneration structure does not favour the interests of the Entity or the employees to the detriment of the interests of the client.
- Compensation may not be linked to the sale of certain financial instruments, or a particular category of financial instruments. The remuneration scheme must not favour the distribution of some financial instruments versus others and will not include "accelerators"
- Remuneration will not be based solely or primarily on quantitative business criteria and will fully consider appropriate qualitative criteria that reflect compliance with applicable standards, fair treatment of customers and the quality of services provided to customers.
- When evaluating performance for the purposes of variable determination, not only sales volumes should be considered, as this translates into conflicts of interest that, ultimately, may result in the detriment of the customer, nor the result of their activities.

## 5.3 Remuneration for Internal Control Functions

Personnel who exercise internal control functions in the entity will be compensated in accordance with the achievement of the objectives related to their functions, regardless of the results of the business areas they control, in order to guarantee their independence.

bpES will compensate internal control functions according to the following criteria:

- The fixed component of the remuneration must constitute most of the remuneration.
- If there is variable remuneration, this could be linked to the achievement of objectives set by the Board of Directors.



## 6 Website Publication

The website will include compensation policy information, under a section identified as “Corporate Governance and Compensation Policy”. It will also not require the consultant’s identification or log in.

Additionally, in relation to the identified group, the SV will publish additional information including aspects related to non-discrimination between women and men and the gender salary gap. This information may be included in the Annual Solvency Report that bpES must publish on the website as well.

## 7 Review, modification and Approval of the Policy

The approval of this Policy corresponds to the Board of Directors of bpES, as well as the approval of any/all subsequent modifications.

This Policy will be reviewed annually. The review will include an analysis to determine if the policy is gender neutral. If significant differences are detected between the average remuneration of male and female staff or male and female members of the Board of Directors, the SV shall document the main reasons, take appropriate measures where appropriate or demonstrate that the difference is not due to a remuneration policy that is not gender neutral. Notwithstanding the foregoing, it may be updated and/or modified, at least, in the following cases:

- When legal or regulatory changes occur that affect the Policy.
- When, at the proposal of the competent body of the Entity, the inclusion of new procedures is approved, or the existing ones are modified.
- At the request of the supervisory bodies.

### 7.1 Document information

File name	
File path (master version)	
Version number	
Date	

### 7.2 Version control and history

Version number	Author (name and role)	Comments	Date