BPI Investor's Manual

Table of Contents

i. BPI Investor's Manual 3

ii. Nature and Risk of Financial Instruments 3

iii. Criteria for Valuing Financial Instruments 26

i.v. Order Execution Policy 28

1 | INTRODUCTION 28

2 | SCOPE OF APPLICATION 28

3 | REGULATORY FRAMEWORK. REGULATION AND APPLICABLE LAW 31

4 | ORDER EXECUTION 31

5 | AGGREGATION AND ALLOCATION OF ORDERS 33

6 | CROSSING OF CLIENT ORDERS 34

7 | POLICY COMMUNICATION 34

8 | OBTAINING CLIENT CONSENT 34

9 | POLICY SUPERVISION 35

10 | EVIDENCE OF EXECUTION IN ACCORDANCE WITH THIS POLICY 35

11 | POLICY UPDATE 35

v. Policy on Conflicts of Interest in the Securities Markets 36

1 | INTRODUCTION 36

2. | GENERAL PRINCIPLES 37

3. | REGULATORY FRAMEWORK. APPLICABLE REGULATIONS AND LEGISLATION 37

4. | SCOPE OF APPLICATION OF THE POLICY ON CONFLICTS OF INTEREST IN THE SECURITIES MARKETS 38

5.| CONFLICTS OF INTEREST - IDENTIFICATION OF SITUATIONS OF POSSIBLE CONFLICT 38

6. | LIST OF POTENTIAL CONFLICTS OF INTEREST 39

7.| GENERAL MEASURES TO PREVENT AND MANAGE CONFLICTS OF INTEREST 43

8. | PROCEDURES FOR RESOLVING IDENTIFIED CONFLICTS OF INTEREST 46

9.| REGISTRATION PROCEDURE FOR SERVICES OR ACTIVITIES THAT MAY GIVE RISE TO CONFLICTS OF INTEREST 47

10. | CLIENT COMMUNICATIONS AND NOTICES ON CONFLICTS OF INTEREST 48

11.| TRAINING ON CONFLICTS OF INTEREST 48

12.| CONTROL FRAMEWORK 48

13.| GOVERNANCE FRAMEWORK 50

14| INFRINGEMENTS AND SANCTIONS 52

15| INFORMATION AND REPORTING STRUCTURE 52

16| POLICY UPDATE 52

17| SUPPORT - DEFINITIONS 53

18 | ANNEX I - NON-EXHAUSTIVE LIST OF POTENTIAL CONFLICTS OF INTEREST AND MITIGATION MEASURES FOR EACH INVESTMENT OR ANCILLARY SERVICE 54

19 | ANNEX II - NON-EXHAUSTIVE LIST OF NON-CASH BENEFITS THAT BPI MAY PROVIDE TO OR RECEIVE FROM THIRD PARTIES: 60

20 | SUPPORT - USEFUL LINKS 61

v.i. Policy on Safeguarding of Financial Instruments 61

1| INTRODUCTION 61

2| SCOPE OF APPLICATION 62

3| REGULATORY FRAMEWORK. REGULATION AND APPLICABLE LAW 62

4| GENERAL PRINCIPLES OF PROTECTION OF FINANCIAL INSTRUMENTS BELONGING TO CLIENTS 62

5| MANAGEMENT MODEL FOR SAFEGUARDING FINANCIAL INSTRUMENTS 63

6.| GOVERNANCE FRAMEWORK 67

7.| CONTROL FRAMEWORK 69

8. | INFORMATION AND REPORTING 70

9. | INVESTOR COMPENSATION SCHEME 70

10.| POLICY UPDATE 73

v.i.i. Handling Client Claims and Complaints 74

v.i.i. Financial Instruments Investment Services and Activities 77

i.x. Sustainability information 80

x. Additional Information 82

Annex I. List of trading platforms for shares (and other financial instruments tradable through BPI in addition to debt / bonds and derivatives), debt / bonds and derivatives 82

i. BPI Investor's Manual

BPI Investor's Manual is a document drawn up by Banco BPI, S.A. for all its current and potential Clients, aiming at the following:

a) Describing, in an accessible and summed manner, the nature, risks and complexity of the financial instruments that are negotiable through BPI.

b) Informing Clients of BPI's policies on the following matters:

- Order Execution on financial instruments
- Conflict of interests in the securities markets
- Safeguarding of financial instruments
- Handling Client Complaints
- Sustainability Policy

When investing in financial instruments, it is essential that investors are cautious and considerate. They must be informed about the nature of the financial instruments involved and the risks to which they are exposed, be able to, at any given time, assess correctly their investment and the value of the financial instrument and have the means and availability to keep abreast of developments in the variables that may affect its price.

The information contained in this document does not exempt investors from obtaining any other information that they consider relevant to assess and understand the specific risks and characteristics of the financial instrument that is the subject of the investment operation.

Banco BPI, S.A. is authorised by the Bank of Portugal, registered under no. 10, to carry out the financial intermediation activities included in its object (www.bportugal.pt) and is registered for this purpose under no. 300 with the Portuguese Securities Market Commission (www.cmvm.pt) (CMVM). It is also registered under no. 419527591 with the Insurance and Pension Funds Authority (www.asf.com.pt).

ii. Nature and Risk of Financial Instruments

According to the legislation in force, financial instruments are:

a) Securities.

b) Money market instruments, except for means of payment.

c) Derivatives for the transfer of credit risk.

d) Financial contracts for differences.

e) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to:

i. Securities, currencies, interest rates or yields, emission allowances or those relating to other derivative instruments, financial indexes or financial measures, with physical or financial settlement.

ii. Commodities, climatic variables, freight rates, inflation rates or any other official economic statistics, with financial settlement even at the option of one of the parties.

iii. Commodities, which can be physically settled, provided that they are traded on a regulated market or in multilateral or organised trading facilities, except for wholesale energy products traded in an organised trading facility which can only be settled physically, as defined in the regulations and delegated acts of Directive 2014/65/EU of the European Parliament and of

the Council of May 15, 2014, or, if they are not intended for commercial purposes, have characteristics similar to those of other financial derivatives in accordance with said regulations and delegated acts.

f) Any other derivative contracts, namely those relating to any of the elements indicated in regulations and delegated acts of Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014, provided they have characteristics like those of other derivative financial instruments under the terms defined in said regulations and delegated acts.

g) Emission allowances, pursuant to and for the purposes of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, Regulation (EU) No 1031/2010 of the Commission of November 12, 2010, and Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014.

The content of each financial instrument may be subject to adjustment due to certain events, including corporate actions, mergers and acquisitions, suspension of trading, interruption of the price source, material changes to the formula and/or content of the indexes and changes to the relevant tax system.

For the purposes of assessing the suitability of the transaction requested by the Client, Financial Instruments can be classified as complex or non-complex (acc. article 314-D of the Securities Code).

A new regulatory framework for packaged retail and insurance-based investment products (PRIIPs) came into force on January 1, 2018. This legal framework consists of the following legislation: (i) legal framework for packaged retail and insurance-based investment products (Annex II to Law 35/2018 of July 20), (ii) Regulation (EU) No 1286/2014 of the European Parliament and of the Council of November 26, 2014 on key information documents for PRIIPs (PRIIPs Regulation), and (iii) Commission Delegated Regulation (EU) 2017/653 of March 8, 2017, supplementing Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for PRIIPs (Delegated Regulation), making the production and marketing of PRIIPs, classified as such by the Regulation, subject to additional reporting requirements.

In December 2018, the CMVM published CMVM Regulation No. 8/2018 on information and marketing obligations in relation to PRIIPs, which came into force in January 2019 and repealed CMVM Regulation No. 2/2012 and CMVM Instruction No. 3/2013, although they remain in force and apply to complex financial products marketed exclusively under this Regulation before January 1, 2018.

The PRIIPs Regulation sets out common rules on the format and content of the Key Information Document ("KID") to be produced, for which PRIIPs manufacturers are fully responsible, and on the availability of the KID to retail investors by PRIIPs distributors selling or advising on these products.

The KID introduces a common standard for the presentation of information to retail investors across a wide range of PRIIPs to enable them to understand and compare the key features, risks, potential future performance and costs of PRIIPs so that they can make informed investment decisions.

It is the responsibility of PRIIPs manufacturers and entities that market or provide investment advice on PRIIPs to retail investors to assess which products need to comply with the provisions of the Regulation. This assessment must particularly consider the economic characteristics and specific contractual terms of each product.

The identification of the product as a PRIIP for the purposes of the Regulation will be included in the KID and, where applicable, in the marketing documents, namely promotional material, made available to the retail investor prior to subscription to the PRIIP.

CMVM Regulation No 8/2018 sets out additional information requirements, such as the obligation for retail Clients to handwrite certain statements in the PRIIP subscription document.

On January 19, 2023, the CMVM issued Circular 017/2023 on disclosure requirements for financial instruments, which stipulates that, regarding the disclosure of PRIIPs, the information presented must

be consistent with the indicators, simulations or data used in the legal and regulatory documents of the PRIIP.

The following sections sum up some of the most popular types of securities and derivatives, as well as other financial products that may be marketed by BPI.

1. Securities

For the purposes of the Securities Code, the following are securities:

- Shares.
- Bonds.
- Equity securities.
- Units in collective investment undertakings.
- Autonomous warrants.
- Rights detached from these securities, provided that the detachable comprehends the entire issue or series and is provided for in the deed of issue.
- Certificates.
- Credit securitisation units.
- Mandatory convertible securities.
- Reverse Convertibles.
- Credit Linked Notes.
- Other documents representing homogeneous legal situations, provided they can be transferred on the market.

The most popular securities are described below:

a) Shares

Shares are securities issued by public limited liability companies and represent part of their share capital.

Shares give their holders (shareholders) several rights of a patrimonial and social nature, namely the right to vote at General Meetings and the right to share in the company's profits and dividends. When investing in shares, investors should be aware of the following risks:

- Systematic risk that affects all companies equally. Events such as inflation, interest rate flotations or GDP growth rates affect the economy as a whole and not just a specific company. It should be noted that portfolio diversification (i.e. spreading the investment across shares issued by different companies) does not eliminate this type of risk.
- Non-systematic risk is specific to each company and includes the risk of the business in which it operates and financial risk. It includes events such as strikes, natural disasters, bankruptcy or sales failure. Portfolio diversification helps to minimise this type of risk.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purpose of assessing the suitability of the transaction requested by the Client), shares admitted to trading on a regulated market or an equivalent market or on a multilateral trading system, with the exception of shares in

non-harmonised collective investment undertakings and shares containing derivatives, are non-complex financial instruments.

b) Bonds

Bonds are securities issued to represent the rights of investors arising from the granting of a loan to the issuer. Bonds confer on their holder (the bondholder) a series of credit rights that are expressed in cash instalments: (i) the right to repayment of the fixed amount (usually the nominal value of the bond (the principal loaned), if repaid at par value) on the date or dates specified in the conditions of issue; (ii) to the extent stated in the conditions of issue, the right to periodic interest payments during the useful life of the loan or the right to a remuneration fixed in accordance with the conditions of issue.

There are several types of bonds:

- With additional interest or repayment premium, fixed or dependent on the company's profits.
- With interest and repayment plan, dependent and variable on profits.
- Convertible into ordinary or preference shares, with or without voting rights, or into other securities, where the conversion of the bond may be mandatory.
- With the right to subscribe for one or more ordinary or preference shares, with or without voting rights (also called warrant bonds).
- With zero coupon. These do not pay periodic interest and are purchased/subscribed at a price below par (below the nominal value), so that investors receive a return on this difference.
- With issue premium.
- Structured. They combine a bond with a derivative instrument under which the yield of the bond and/or the possibility of early redemption depends, in its existence and/or its amount, on the performance of another asset, instrument, financial contract or index (underlying asset or index) and which may enhance, leverage or limit that yield.
- Covered. These are issued by credit institutions and guaranteed by a limited set of assets to which the bondholders have direct recourse as privileged creditors.
- Senior. These give the issuer credit rights that are senior to those of lower parity and are repayable on a parity basis with the issuer's other senior (unsecured) creditors.
- Subordinated. These provide the issuer with credit rights that are subordinated to the issuer's guaranteed and ordinary (senior) debt and are repayable only after full payment of the senior debt.
- Perpetual subordinated. These give the issuer credit rights that are less senior than the issuer's guaranteed, senior and subordinated debt and are only repayable after the more senior debt has been repaid in full. There is no maturity date, i.e. there is no fixed date on which the loan matures, although there is usually an option for the issuer to repay the loan early.

The conditions of the bond issue include, among other details, information on:

- The issue price.
- The respective nominal value.

- The redemption value, which usually corresponds to (i) the nominal value in the case of unstructured bonds, (ii) the nominal value or the value determined in accordance with the issue terms in the case of structured bonds, to be paid on the relevant redemption date(s).
- The respective term.
- The existence and frequency of interest payments.
- The applicable interest rate (fixed or floating) in the case of unstructured bonds.
- The way in which the remuneration is calculated (and the underlying, in the case of structured bonds).

When investing in bonds, the investor should bear in mind that such an investment involves credit risk and that, if the financial situation of the issuer deteriorates, the investor may not get back the amount invested and/or interest.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purpose of assessing the suitability of the transaction requested by the Client), bonds or other forms of securitised debt admitted to trading on a regulated market or an equivalent market or a multilateral trading facility, excluding those that incorporate derivatives or a structure that makes it difficult to understand the risks involved, are considered non-complex financial instruments, and the rest are considered complex financial instruments.

c) Equity securities

Equity securities are securities that entitle the holder the right to receive a fixed and a variable payment depending on the performance of the issuer's business indicators. Both the fixed and variable remuneration are determined by a percentage of the nominal value of the equity security.

Equity securities may be issued by public companies and public limited liability companies that are majority-owned by the State. They have the characteristic of being redeemable only in the event of liquidation of the company or, if the company so decides, after at least 10 years from the date of issue.

Equity securities risk falls between that of shares and bonds.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purposes of assessing the suitability of the transaction requested by the Client), equity securities are a complex instrument.

d) Investment Units

An investment unit (IU) represents ownership of a portion of an investment fund's assets, with no nominal value.

Investment funds are collective investment undertakings that pool the savings of several investors to form an autonomous pool of assets that are invested in a diversified and professional manner.

The assets of the investment funds are represented by investment units (IUs) which are identical in content and guarantee their holders equal rights, without prejudice to the possibility of creating different categories. Holders of units in the same category are therefore guaranteed the same rights.

The value of an IU is calculated by dividing the total value of the fund's assets (calculated, where possible, at market prices) by the number of units in circulation and is published by

the fund management company (available from the fund management company, the distributors and on the CMVM's website (www.cmvm.pt)).

This instrument is usually considered to have a lower risk than the assets that are part of its patrimony because the diversity of investment funds mitigates non-systematic risk (risk specific to each company/issuer).

Investment funds can be distinguished according to several criteria. These include:

- Open-ended funds and closed-ended funds:

  Open-ended funds - The number of units in the fund varies according to market demand, i.e. each subscription increases the number of units, and each redemption reduces the number of units.

  In this case, the IU has a frequently updated rate (it is common to have a daily rate).

  Closed-ended funds - The number of units is fixed at the time of issue and may only be increased or reduced in accordance with the conditions laid down in the fund's management regulations. Once established, investment or disinvestment in the fund is made through the purchase or sale of units.

- Harmonised and alternative funds:

  Harmonised funds: funds set up under national legislation (Asset Management Scheme and CMVM Regulation no. 7/2023) and subject to the rules defined in Directive no. 2009/65/EC of July 13.

  Alternative Funds: all non-harmonised funds (regulated by the Asset Management Scheme and CMVM Regulation no. 7/2023). For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purpose of assessing the suitability of the transaction requested by the Client), in most cases, units in harmonised funds are a non-complex financial instrument and units in alternative funds are a complex financial instrument.

e) Autonomous warrants

Autonomous warrants are securities that give the holder a right to another security or financial asset (the underlying asset). The rights conferred by warrants have an exercise period defined in the terms of issue, at the end of which they expire.

These are derivatives, i.e. instruments whose value is derived from another instrument (the underlying or reference asset) and which give the holder the right, but not the obligation, to:

i. Buy (call warrant) or sell (put warrant) a certain asset (warrants with physical settlement), at a predetermined price (exercise price), on or before a predetermined date (maturity date), or

ii. Demand the difference, in cash (cash-settled warrants), between the exercise price and the market price of the underlying asset, in the case of a put warrant; or between the market price and the exercise price, in the case of a call warrant, on or before a predetermined date (maturity date).

An autonomous warrant gives its holder a right, but not an obligation.

Warrants can be of the European type, where the right can only be exercised on the maturity date, or of the American type, where the same right can be exercised at any time up to and including the maturity date.

Failure to exercise the right conferred by the warrants will result in their cancellation and, consequently, in the total loss of the amount invested, i.e. the price paid to acquire them.

The valuation of warrants depends on various parameters, some of which can be quite unstable, such as:

- The value of the underlying asset.
- Volatility of the underlying asset.
- Interest rate.
- Period to maturity.
- Expected dividends.

The high degree of complexity and risk involved in investing in this type of security is reflected in the dependence of the value of the warrant on the several parameters listed.

Warrants offer a very significant leverage effect, as they allow you to acquire a certain exposure to an asset by spending only the price of the warrant (which is lower than the investment in the underlying asset). This aspect, which can lead to greater gains, also increases the possibility of losing the amount invested (which can be total) and involves additional risks compared to investing in the underlying asset.

Before investing in warrants, investors should determine the amount of exposure that each warrant gives them and compare it to the amount they would be willing to invest if they chose to buy (or sell in the case of put warrants) the underlying asset directly.

Like other securities, autonomous warrants can be bought and sold by their holders at any time (subject to supply and demand in the market) and until maturity.

Investors should always consult the prospectus of the issue or admission of the autonomous warrants in which they intend to invest.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purposes of assessing the suitability of the transaction requested by the Client), autonomous warrants are complex financial instruments.

f) Structured Warrants

Structured Warrants, also known as Turbo Warrants (TW) or Knock-Out/In Warrants, are a specific category of autonomous warrants.

This is a new generation of warrants. They are designed to behave like future contracts (described in point 2 a)), in that the changes in the price of the underlying asset are almost entirely tracked by the TWs. The big difference is that TWs (like autonomous warrants) allow you to limit your maximum loss to the capital you originally invested (unlike futures where the potential loss can be unlimited).

The big difference with the autonomous warrants described above is that TWs are issued with a "knock-out" or "knock-in" barrier. If the price of the underlying asset reaches or exceeds this barrier at any time during the life of the TW, the warrant expires with no value and the investor loses the entire amount invested.

There are two types of TWs:

- Turbo Bull (Call Warrant) - benefits from rises in the price of the underlying asset; however, if the price of the underlying asset falls below or up to the "knock-out" barrier, the TW expires with no value and the investor loses the entire amount invested.
- Turbo Bear (Put Warrant) - benefits from falls in the price of the underlying asset; however, if the price of the underlying asset rises above or up to the "knock-out"

barrier, the TW expires, without any value, and the investor loses the entire amount invested.

Investing in warrants involves a high degree of leverage, as positive or negative changes in the value of the underlying assets will affect the value of the warrants. To this extent, variations in the value of the underlying asset will result in a gain or loss greater than that which would be obtained with a similar investment in the underlying asset and may therefore result in large losses (including the entire amount invested).

Investors should always consult the prospectus for the issue or admission of the structured warrants in which they intend to invest.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purposes of assessing the suitability of the transaction requested by the Client), structured warrants are complex financial instruments.

g) Detachable Rights to securities

Certain types of securities confer rights which, under certain circumstances, can be detached and traded separately. These detached rights are short-dated securities that always have an underlying option (right) that the investor can exercise.

These are detachable rights, such as the right to subscribe for new shares in a capital increase or incorporation rights (which may also be negotiated independently in certain situations).

i. Subscription Rights

Shareholders are generally granted pre-emptive rights to subscribe for new shares whenever the company decides to increase its share capital.

When this happens, new securities are created and detached - subscription rights - which can be exercised by shareholders wishing to subscribe to shares in the capital increase or sold, namely on the stock exchange. If the subscription rights granted are not exercised or sold, investors lose the value corresponding to these rights.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purposes of assessing the suitability of the transaction requested by the Client), subscription rights are complex financial instruments.

ii. Incorporation Rights

Companies may also choose to incorporate reserves into the share capital, thereby increasing the value of the share capital and allotting new shares to shareholders free of charge. The legal position of shareholders resulting from this allotment is called incorporation right.

In certain situations, incorporation rights can be negotiated autonomously.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purposes of assessing the suitability of the transaction requested by the Client), incorporation rights are complex financial instruments.

h) Certificates

Certificates are securities of limited term that give investors the right to receive the value of an underlying asset in cash on a specified date.

The issuer of these securities may:

- Set a maximum limit on the profits that each investor can make.
- Guarantee the receipt of a minimum amount, i.e. each investor will always receive a certain fixed amount, which may be equal to, lower or higher than the amount originally invested.
- Establish that the value of the underlying asset is not calculated at one single point in time, but at different points in time.

The amount received by the investor will depend on the value of the underlying asset and the investor will also need to monitor its performance to make investment decisions.

At maturity, the investor may get back less than the amount originally invested, which could be a total loss.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purposes of assessing the suitability of the transaction requested by the Client), certificates are complex financial instruments.

i) Credit securitisation units

Securitisation units represent a portion of the value of a securitisation fund, the nominal value of which is defined in the fund's management regulations. It represents each investor's share of the fund's portfolio.

Credit securitisation funds are collective investment undertakings that pool the savings of several investors and whose assets consist of loans.

There may be securitisation units of different classes (which confer equal rights on each other but differ from others), for example according to the degree of priority in the payment of periodic income or in the repayment the nominal value, and which usually have different ratings.

It is important to note that this product incorporates the risk associated with the underlying loan portfolio.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purposes of assessing the suitability of the transaction requested by the Client), credit securitisation units are complex financial instruments.

j) Mandatory Convertible Securities

Mandatory Convertible Securities (MCS) may be issued by Banks, Caixa Económica Montepio Geral, Caixa Central de Crédito Agrícola Mútuo and other entities that provide adequate guarantees. MCSs have a limited life and oblige the company that issues them to deliver a certain number of shares or bonds to the investor on a certain date, and the MCSs are extinguished upon delivery.

The securities to be delivered to the investor are issued by the same company that issues the mandatory convertible security or by another company within its group.

The value of the shares or bonds delivered by the issuer may be lower than the amount invested, which may result in the total loss of the amount invested.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purposes of assessing the suitability of the transaction requested by the Client), mandatory convertible securities are a complex financial instrument.

k) Reverse Convertibles

Reverse convertibles may be issued by Banks, Caixa Económica Montepio Geral, Caixa Central de Crédito Agrícola Mútuo and other entities that provide adequate guarantees. These financial instruments are of limited duration and give the issuing company the option to

- deliver to the investor a specified amount of money equal to the nominal value of the security; or
- deliver to the investor a specified number of shares or bonds or their cash equivalent on the delivery date.

Shares or bonds can only be delivered to the investor if the value of the underlying asset is lower than the reference value set at the time of issue.

Even if the investor can only receive shares or bonds, the underlying of the convertible securities may, at the option of the issuer, consist of shares and bonds (those that can be delivered or others), securities indexes, indexes of indexes or baskets of securities. Investors will therefore need to monitor the performance of both the underlying and the deliverable asset to make their investment decisions.

The value of the shares or bonds delivered by the issuer may be less than the amount invested and may result in the total loss of the amount invested.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purposes of assessing the suitability of the transaction requested by the Client), reverse convertibles are complex financial instruments.

l) Credit Linked Notes

Credit linked notes may be issued by banks, Caixa Económica Montepio Geral, Caixa Central de Crédito Agrícola Mútuo and other entities that provide adequate guarantees. These financial instruments are of limited duration and grant credit rights to investors, the existence and/or amount of which depend on the occurrence of a specific credit event defined in the issuing decision.

The credit events to be considered are defined in the issue conditions (e.g. failure of a company to meet its payment obligations under bonds, loans or certain contracts).

The credit event can determine:

- the non-payment or the reduction or increase in the amount of money to be repaid to the investor by way of principal or interest; or
- the delivery of other securities representing a company's debt.

Securities representing the debt of an entity other than the issuer of the credit linked notes may be delivered to the investor provided they are traded on a regulated market or an equivalent market. The conditions on which the delivery of such securities depends must be expressly stated in the issue decision.

If the credit-linked notes do not guarantee the investor a cash repayment of the amount initially invested, their nominal value must be at least €25,000, although there is a risk that the amount repaid will be less than the amount invested and may even imply a total loss.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purposes of assessing the suitability of the transaction requested by the Client), credit linked notes are complex financial instruments.

2. Derivatives

Derivatives are financial instruments whose value is calculated based on the value of another instrument/asset (known as the underlying asset).

In derivatives, the reference amount that corresponds to the nominal value of the underlying asset or on which the future payments due between the parties are calculated is called the notional amount.

These instruments can be used to hedge against financial risks or to speculate on the future price of interest rates, foreign exchange rates, commodities, equities or financial indexes. Derivatives provide investment leverage, i.e. risk exposure for a given notional amount with fewer resources than would be required to invest in the underlying asset.

The risk of a derivative corresponds to the risk of the underlying asset, increased by the leverage effect.

The Summary Risk Indicator, which can be found in the product's Key Information Document ("KID"), is a guide to the level of risk of the product in question compared to other products. It indicates the likelihood of future financial losses due to market flotations and the possible inability of the derivative manufacturer to meet its obligations to the Client.

Derivatives have been classified by BPI, as issuer, in category 7 on a scale of 1-7, where 7 is the highest risk category, indicating very high potential losses from future performance.

In the case of derivatives whose underlying asset is the exchange rate, particular attention should be paid to the exchange rate risk. As payments are received in another currency, the return obtained depends on the exchange rate between the two currencies. Note that this risk is not included in the summary risk indicator mentioned in the previous paragraph.

The risk of market flotations (exchange rate and interest rate changes) may affect BPI's ability to meet its obligations due to lack of liquidity or other factors, as BPI acts as the Client's counterparty when concluding derivative transactions.

Derivatives are not covered by the Deposit Guarantee Fund or any other compensation or guarantee scheme that may mitigate all or part of any potential loss.

Derivatives are traded on specialised derivatives markets - futures markets or Futures and Options Exchanges - and can also be traded over the counter.

For the purposes of Article 314-D of the Securities Code (which distinguishes between complex and non-complex financial instruments for the purposes of assessing the suitability of the transaction requested by the Client), derivatives are complex financial instruments.

a) Futures

Futures contracts are standardised forward purchase and sale contracts in which two parties, the buyer and the seller, agree to buy and sell a particular commodity at a future date, fixing the price at the outset.

These financial instruments allow investors to

- hedge risk by guaranteeing the future price of an asset; and
- benefit from a forecast of the price of the underlying asset.

When investing in futures, the investor must deposit a certain amount - the initial margin. Maintaining open positions in futures contracts also requires, in addition to a minimum margin, the existence of a maintenance margin per contract (whenever the funds available in the margin account are less than the maintenance margin, the investor must replenish the account with liquidity or close some or all the open positions).

Futures contracts are traded on a derivatives exchange.

The risk associated with futures depends on the risk inherent in the underlying asset, increased by the leverage effect.

b) Options

Options are contracts between two parties under which one of the parties (usually identified as the buyer) acquires, in exchange for a premium, the right but not the obligation to buy or sell an asset at a price fixed when the contract is concluded.

Depending on when the holder can exercise the right, options are divided into the following:

- American option that allows the holder of the option to exercise the right at any time (on any working day during the period between the contract date and its expiry date).
- Bermuda Option which has different exercise dates previously agreed between the parties; and
- European Option which can only be exercised on maturity.

The exercise of the option may be (i) Automatic on the exercise date of the Option, which occurs whenever the exercise price of the Option is higher than the reference price of the Option in the case of a Put Option, or lower than the reference price of the Option in the case of a Call Option, without the need for express notification by the buyer to exercise it, or (ii) Non-automatic, whenever the buyer must notify the seller of the intention to exercise the Option, with the right to exercise expiring after the exercise date of the Option.

The Exercise Date of an Option, in relation to an Option whose exercise is Non-automatic, is the date and time on which the Buyer must notify the Seller of the exercise of the Option and, in relation to European Style and Bermudan Options, is also the date and time on which the Reference Price of the Option is determined.

In the case of a Knock-Out/In Option, the exercise of the Option depends on whether the reference price of the Option reaches the price, interest rate or exchange rate of the Barrier defined by the parties. If the Barrier is of the Knock-Out type, the Option lapses and the purchaser's right to exercise it expires when the specified Barrier level is reached. If the Barrier is of the Knock-In type, the likelihood that the option will or will not be exercised depends on the Barrier being reached, as defined by the parties. The Barrier may occur (i) on any date during the exercise period of the Option (American Style); or (ii) only on potential exercise dates of the Option previously determined (Bermudan Style); or (iii) only on a specified future date corresponding to the expiry of the Option (European Style).

The Interest Rate Options may be in the form of a "Cap", which allows the Buyer, in return for a Premium, to set an upper limit (the Interest Rate of the Option) to the flotation of the Interest Rate, and/or a "Floor", which allows the Buyer, in return for a Premium, to set a lower limit (the Interest Rate of the Option) to the flotation of the Interest Rate.

For currency options:

- If the market rate is less than or equal to the contracted rate (currency appreciation), the buyer can exercise the right to buy and will buy the currency at the contracted rate.

- Conversely, if the market rate is higher than the contracted rate (currency depreciation), the buyer will not exercise his right to buy and will lose the amount of the premium paid.

Foreign exchange options are settled as follows:

i. by delivery - the Client receives/pays the amount in the agreed currency by debiting/crediting the equivalent amount in Euros to the Client's account,

ii. by difference - the Client's account is debited or credited with the amount in Euros resulting from the application to the agreed amount of the difference between the contracted exchange rate and the market exchange rate of the currency.

The main difference between futures and options contracts is whether they create a binding relationship for both parties:

i. In futures, the buyer and seller of the contract assume the obligation to buy or sell the underlying asset (e.g. shares, interest rates or exchange rates) at a future date at a price established in the present and are therefore both committed; and

ii. In the case of options, the buyer of the contract (who pays the premium) assumes no obligation but only the right to buy or sell the underlying asset.

Only the seller of the option contract, who receives the premium, is committed and is subject to the exercise or non-exercise of the option as decided by the buyer (to buy or sell).

The buyer of the option runs the risk of losing the value of the premium paid to acquire the right.

The seller of the option is exposed to the market price risk of the underlying asset.

c) Swaps

Swaps are contracts in which one party agrees to exchange (swap) financial flows with another party. The underlying assets of swaps can be securities, loans, currencies, interest rates or commodities.

They are classified as financial instruments and are usually concluded based on standardised contracts drawn up by the International Swaps and Derivatives Associations (ISDA).

i. Interest Rate Swap

These are contracts in which the parties agree to exchange interest payments at specified intervals, with both flows indexed to different interest rates over the life of the contract and calculated on the notional principal amount. This instrument is typically used to swap between floating and fixed interest rates. The purpose of the contract is to hedge the risk of changes in the interest rate index.

There is therefore no exchange of capital, but only interest flows calculated based on the notional amount. These two interest flows are in the same currency.

The risk of this instrument is linked to the evolution of the interest rate indexes specific to the contract.

Typically, the Client is required to pay a fixed interest rate in exchange for a floating interest rate, and the Client's objective in concluding this type of derivative financial instrument is to reduce or eliminate the possible risk of the floating rate rising above the fixed rate, in exchange for not benefiting from possible falls in the floating rate below the fixed rate.

The initial notional amount and the schedule of notional amounts for each interest calculation period, the fixed rate, the index for the floating rate, the dates for setting the

floating rate for each period and the settlement dates are agreed at the time of contracting.

The most common floating interest rate index for operations in euros is Euribor; for a currency other than the euro, the index used is the one that is customary on the market for that currency.

The derivative concluded by the Client may or may not be linked to a financing contract concluded by the Client. Used as a hedge, it allows the Client to convert the variable rate associated with a financing contract into a fixed rate in a hedging operation.

The financing that the Client may have contracted and the Interest Rate Swap contract are independent and autonomous contracts, and the settlement of their financial flows is made separately.

Regarding the settlement of the interest rate swap:

- The Client will pay/receive interest calculated at the fixed rate (if it is positive, he/she will pay and if it is negative, he/she will receive) and will receive interest calculated at the floating rate if the floating rate index is positive on the date it is fixed.
- If the floating rate index is negative, the Client will also pay the floating rate.
- The fixed interest rate mentioned above may have more than one value (staggered interest rate swap). The fixed interest rate is different for each period, i.e. the periods are divided into several instalments, each with a fixed interest rate.

The operation will be settled by the difference if the same dates are set for the settlement of the fixed and floating rates.

The Client assumes the risk of having negative settlements on this Product resulting from the floating rate being lower than the established fixed rate.

ii. Staggered Interest Rate Swap

In the staggered interest rate swap, the fixed interest rate mentioned above (Interest Rate Swap) can have more than one value. The fixed interest rate is different for each period, i.e. the periods are divided into several instalments, each with a fixed interest rate.

In everything else, this product behaves like the previous one (Interest Rate Swap).

iii. Interest Rate Swap with Floor Purchase

The derivative Interest Rate Swap (Client to Fixed Rate) with Floor purchase is a financial instrument whereby the Client undertakes to pay a fixed interest rate in exchange for receiving a floating interest rate but limited to a certain level (exercise price or Floor level).

With the purchase of a Floor option, the Client acquires the right to limit the fall in the floating rate index to a certain level (Floor level or exercise price) in exchange for a premium paid at the time of the contract. As an alternative to this payment, the value of

the premium can be passed on in the fixed interest rate payable by the Client, resulting in a fixed interest rate higher than that of the interest rate swap without the purchase of the Floor.

By contracting this derivative, the Client aims to reduce or eliminate the risk of the floating rate rising above the fixed rate, in exchange for not benefiting from the floating rate falling below the fixed rate, while limiting negative settlements when the floating rate index is below the contracted minimum exercise price.

Negative settlements occur when the Floating Rate Index is negative and lower than the Floor Exercise Price (Floor less than 0).

The following are agreed at the time of contracting: (i) the initial notional amount and the schedule of notional amounts in each interest calculation period, (ii) the Floor exercise price (Floor level), (iii) the fixed rate, (iv) the index for the floating rate, (v) the dates for setting the floating rate for each period and (vi) the settlement dates.

The most common variable interest rate index is Euribor for transactions in Euros and, for a currency other than the Euro, the index that applies will be the one customary on the market for that currency.

The derivative concluded by the Client may or may not be explicitly linked to a financing contract concluded by the Client. Used as a hedge, it allows the Client to convert the floating rate associated with a financing contract concluded by the Client into a fixed rate. This financing and the Interest Rate Swap contract with Floor purchase are independent and autonomous contracts and their financial flows are settled separately.

As regards settlement:

- The Client will pay/receive interest calculated at the fixed rate (if it is positive, the Client will pay and if it is negative, the Client will receive) and will receive interest calculated at the floating rate up to the Floor level if the floating rate index is positive on the date on which it is determined.
- If the floating rate index is negative, the Client also pays the floating rate up to the Floor level.

iv. Staggered Interest Rate Swap with Floor Purchase

In the staggered interest rate swap with Floor purchase, the fixed interest rate referred to above (Interest Rate Swap) can have more than one value. The fixed interest rate will be different for each period, i.e. the periods are grouped into several instalments, each with a fixed rate.

In everything else, this product behaves like the previous one (Interest Rate Swap with Floor Purchase).

v. Currency Swap

These are contracts where you agree to exchange two currencies on one value date (spot exchange) and to reverse that exchange on a later value date (forward exchange), where the amount in one or both currencies may be different between the spot and forward exchange.

The risk of the Currency Swap depends on the exchange rate and interest rates of each currency for the specific period of the contract.

vi. Currency and Interest Rate Swap

These are contracts under which a party, usually a Bank, and a Client agree to exchange cash flows and a notional amount in different currencies for a specified period.

The cash flows to be exchanged correspond to the payment of periodic interest - at a specified frequency - expressed in two different currencies and indexed to different interest rates (both at a floating rate or at a fixed rate, or one at a floating rate and the other at a fixed rate) over the life of the contract.

The two interest payment flows are calculated based on the notional amount, which is exchanged on the start date of the operation and exchanged inversely on the maturity date.

This operation therefore corresponds to an exchange (swap) of assets/liabilities at a fixed/floating rate in one currency for liabilities/assets at a floating/fixed rate in another currency.

The risk of the Currency and Interest Rate Swap depends on the exchange rate and interest rates in each of the currencies for the specific period of the contract.

vii. Equity Swap

These are contracts in which the parties agree to exchange financial flows, with one party paying flows based on equities, baskets of equities or indexes and the other party paying a fixed or floating interest rate.

As such, it is a financial instrument that gives one of the parties (which is, in principle, different from the holder of the equity in a legal sense) the benefits of holding the equity.

d) *Forwards*

These are contracts under which the parties agree to buy or sell an amount in one currency for an equivalent amount in another currency, at an agreed exchange rate and on a specified date, with the Client's counterparty being BPI itself.

The following are agreed at the time of contracting: (i) the amount, (ii) the exchange rate, (iii) the currency, and (iv) the maturity date of the operation.

The Forward may have negative settlements resulting from unfavourable exchange rate trends for the Client.

Settlements occur as follows:

i. by delivery - the Client sells or buys the amount in the agreed currency by crediting or debiting the equivalent amount in Euros to or from the account,

ii. by difference - the Client's account is debited or credited with the amount in Euros resulting from applying the difference between the contracted exchange rate and the market exchange rate of the currency to the agreed amount.

The forward exchange rate contracted depends on the spot exchange rate and interest rates in each currency up to the future delivery date.

In the Flexible Forward, BPI and the Client agree on a "use period" during which the Client can buy or sell the currency at the contracted exchange rate, which may be more unfavourable than the Simple Forward Rate.

In the European Forward Plus type, the amount, the exchange rate, the currency, the time of setting the market exchange rate, the level and the time of observing the barrier and the maturity date of the operation are agreed at the time of contracting.

The purchase of the currency at the agreed exchange rate will take place on the maturity date if, alternatively:

- The market exchange rate at the time of setting is lower than the contracted exchange rate (currency appreciation). In this case, the Client buys the currency at a more favourable rate; or
- The market exchange rate has reached the barrier level at the time of observation. In this case, the Client buys the currency at a less favourable exchange rate.

The currency is not purchased at the contracted exchange rate if, at the time of observation, the market exchange rate is higher than the contracted exchange rate (currency depreciation) but lower than the barrier level.

The sale of the currency at the agreed exchange rate takes place on the maturity date if, alternatively:

- The market exchange rate at the time of setting is higher than the contracted exchange rate (currency depreciation). In this case, the Client sells the currency at a more favourable rate; or
- The market exchange rate has reached the barrier level at the time of observation. In this case, the Client sells the currency at a less favourable exchange rate.

The currency is not sold at the contracted exchange rate if, at the time of observation, it is lower than the contracted exchange rate (currency appreciation) but higher than the barrier.

In the American Forward Plus type, the following are agreed at the time of contracting: (i) the amount, (ii) the exchange rate, (iii) the currency, (iv) the time of fixing the market exchange rate, (v) the level and observation period of the barrier, and (vi) the maturity date of the operation.

The purchase of the currency at the agreed exchange rate takes place on the maturity date if, alternatively:

- The market exchange rate at the time of fixing is lower than the contracted exchange rate (currency appreciation). In this case, the Client buys the currency at a more favourable exchange rate; or
- The market exchange rate has reached the barrier level at any time during the observation period. In this case, the Client buys the currency at a less favourable exchange rate.

The currency will not be purchased at the contracted exchange rate if, at the time of observation, the market exchange rate is higher than the contracted exchange rate (currency depreciation) and if, at any time, the barrier has not been reached.

The sale of the currency at the agreed exchange rate takes place on the maturity date if, alternatively:

- The market rate at the time of fixing is higher than the contracted rate (currency depreciation). In this case, the Client sells the currency at a more favourable rate; or
- The market rate has reached the barrier level at any time during the observation period. In this case, the Client sells the currency at a less favourable exchange rate.

The currency will not be sold at the contracted rate if the barrier has not been reached at any time during the observation period and if the market rate at the time of fixing is lower than the contracted rate (currency appreciation).

Used as a hedging instrument, the product allows you to know in advance the minimum exchange rate to be received for selling the currency at a future date.

In the European Forward Knock-Out type, the following are agreed at the time of contracting: (i) the amount, (ii) the exchange rate, (iii) the currency, (iv) the time of setting the market exchange rate, (v) the level and time of observation of the Knock-Out barrier, and (vi) the maturity date of the operation.

The purchase of the currency at the agreed exchange rate takes place on the maturity date if, alternatively:

- The market exchange rate at the time of fixing is higher than the contracted exchange rate (currency depreciation). In this case, the Client buys the currency at a less favourable exchange rate; or
- The market exchange rate at the time of fixing is lower than the contracted rate (currency appreciation) and has not reached the KNOCK-OUT barrier level at the time of observation. In this case, the Client buys the currency at a more favourable rate.

The currency is not purchased at the contracted exchange rate if, at the time of fixing, the market exchange rate is lower than the contracted exchange rate (currency appreciation) and, at the time of observation, the KNOCK-OUT barrier level has been reached.

If the KNOCK-OUT barrier level is reached at the time of observation, the Client loses protection against currency appreciation.

The currency is sold at the agreed exchange rate on the maturity date if, alternatively

- The market rate at the time of fixing is higher than the contracted rate (currency depreciation) and the KNOCK-OUT barrier has not been reached at the time of observation. In this case, the Client sells the currency at a more favourable rate; or
- The market rate at the time of fixing is lower than the contracted rate (currency appreciation). In this case, the Client sells the currency at a less favourable rate.

The currency is not sold at the contracted rate if the market rate at the time of fixing is higher than the contracted rate (currency depreciation) and the KNOCK-OUT barrier level is reached at the time of observation.

If the KNOCK-OUT barrier level is reached at the time of observation, the Client loses protection against currency depreciation.

e) FRAs (Forward Rate Agreements)

These are forward interest rate agreements in which the interest rate to be paid or received on a specified amount for a predetermined future period is fixed on the date the agreement is concluded.

The agreed future interest rate depends on the relevant interest rate curve for the period in question.

f) Tunnel Option / Range Forward

It is a derivative product under which the Client undertakes to buy or sell a foreign currency amount against a euro equivalent at a maximum or minimum exchange rate on a specified maturity date, depending on exchange rate conditions.

The following are agreed at the time of contracting: (i) the maximum exchange rate, (ii) the minimum exchange rate, (iii) the amount, (iv) the currency, (v) when the market exchange rate is fixed, and (vi) the maturity date of the operation.

The currency is purchased at the agreed exchange rate on the maturity date if, alternatively

- The market exchange rate at the time of fixing is lower than the minimum contracted exchange rate (currency appreciation). In this case, the Client buys the currency at the minimum contracted exchange rate; or
- The market exchange rate at the time of fixing is higher than the maximum contracted exchange rate (currency depreciation). In this case, the Client buys the currency at the maximum contracted exchange rate.

The currency will not be purchased if the market exchange rate at the time of observation is above the minimum exchange rate or below the maximum exchange rate.

The sale of the currency at the agreed exchange rate takes place on the maturity date if, alternatively:

- The market exchange rate at the time of fixing is lower than the minimum contracted exchange rate (currency appreciation). In this case, the Client sells the currency at the minimum contracted exchange rate; or
- The market exchange rate at the time of fixing is higher than the maximum contracted exchange rate (currency depreciation). In this case, the Client sells the currency at the maximum contracted exchange rate.

The currency is not sold if the market rate at the time of observation is above the minimum rate or below the maximum rate.

g) CAP and COLLAR

These are forward contracts in which the underlying asset is the interest rate, and which give one of the parties the right to receive the difference between the reference interest rate and a maximum or minimum fixed in advance by paying a premium.

An interest rate CAP is a financial instrument that gives the Client the right (but not the obligation) to limit the increase of a floating rate index to a certain level (strike, CAP level or exercise price) in exchange for a premium paid at the time of the contract.

Used as a hedge, the aim of the product is to limit the risk of the variable interest rate contracted on a loan rising above the CAP level, and to benefit from falls in this rate.

At inception, the following are agreed upon: (i) the initial notional amount and the notional amounts for each interest calculation period, (ii) the exercise price (CAP level), (iii) the premium to be paid, (iv) the reference index for the floating rate, (v) the index determination dates for each period and (vi) the settlement dates.

For each calculation period, settlement will be processed as follows:

- If the floating rate index is higher than the exercise price (CAP level), the Bank will pay the Client an amount equal to the difference between the two, applied to the notional amount agreed for that period.
- Conversely, if the floating rate index is lower than the exercise price (CAP level), there is no settlement at all.

The Client assumes the risk of not being able to benefit from the acquired right and of losing the premium if the floating index remains below the contracted CAP level throughout the life of the operation.

A CAP with a graduated premium is a financial instrument in which the Client acquires the right (but not the obligation) to limit the increase of a floating rate index to a certain level (strike, CAP level or exercise price) in exchange for the payment of a premium which is paid according to a pre-agreed schedule which, by default, coincides with each of the interest payment dates.

Used as a hedge, the aim of the product is to limit the risk of the floating interest rate contracted on a loan rising above the CAP level, making it possible to benefit from falls in this rate.

The following will be agreed upon at the inception: (i) the initial notional amount and the notional amounts for the different interest calculation periods, (ii) the exercise price (CAP level), (iii) the premium to be paid in each of the pre-agreed calendar periods, (iv) the floating reference index, (v) the index determination dates for each period and the settlement dates. The total amount of the premiums paid in instalments will be higher than the amount the Client would pay if he/she opted to pay the premium in one lump sum at the start of the Product.

For each calculation period, settlement will be processed as follows:

- If the floating rate index is higher than the exercise price (CAP level), the Bank will pay the Client the amount corresponding to the difference between the two, applied to the notional amount agreed for that period; or
- Conversely, if the floating rate index is lower than the exercise price (CAP level), there will be no settlement.

The Client assumes the risk of not being able to benefit from the acquired right and of losing the premium if the floating rate index remains below the contracted CAP level throughout the life of the operation.

A COLLAR is a financial instrument used to hedge the interest rate risk of a floating rate loan by limiting the flotation of that rate between a higher value, the Cap, and a lower value, the Floor.

Used as a hedge, the COLLAR aims to reduce or eliminate the risk of a rise in the floating rate of a loan above the Cap level, while not benefiting from a fall in the floating rate of the loan below the Floor level. Depending on the interest rate levels set for the Cap and Floor, the Client may or may not receive or pay a premium. The amount of the loan, the repayment schedule, the CAP and floor exercise levels, the fixing and settlement dates, the maturity of the operation, the reference index for the floating rate and the premium, if any, are agreed in advance.

The most used floating rate index is Euribor for operations in Euro and for a currency other than Euro, the index customary in the market for that currency will be applied. For each calculation period, the settlement is carried out as follows:

- If the floating rate is higher than the CAP interest rate, the Client will receive from BPI an amount equal to the difference between the above interest rates applied to the notional amount for that period.
- If the floating rate is less than or equal to the CAP level and greater than or equal to the Floor level, there will be no settlement.
- Finally, if the floating rate is lower than the Floor rate, the Client will pay to BPI an amount equal to the difference between the above interest rates applied to the notional amount for that period.

The Client assumes the risk of not benefiting from the right acquired and of losing the premium, if any, if the floating interest rate remains below the contracted CAP level throughout the life of the operation. The Client also assumes the risk of settlements in which the Client must pay BPI due to the floating interest rate falling below the Floor level.

3. Other financial products

Other types of financial products that are more widely known include:

a) Dual Products

Dual products are products that involve the combined marketing of (i) two or more financial instruments, or (ii) bank deposits and financial instruments, resulting in the combination of products with specific names and characteristics that are not predictable in relation to their constituent elements.

b) Insurance-based investment product, comprising two types of insurance

Insurance-based investment products are those in which the redemption value of the Insurance is fully exposed, directly or indirectly, to market flotations, and those in which this is only partially the case, as the amount invested is always guaranteed by the insurance company or on the date specified in the product conditions, notwithstanding the redemption fee due in this case. At BPI, Capitalisation Insurance includes these two types of insurance.

c) Unit Linked Insurance

Unit-linked Insurance is a life insurance contract linked to an investment fund, the policy value of which is expressed in units of account, which are autonomous funds made up of the assets of the insurer or of units of one or more investment funds, and the profitability of which is therefore dependent on changes in the value of these assets.

d) Retirement Saving Schemes

Retirement saving schemes are products that benefit from a tax regime that favours capitalisation in the accumulation phase and does not penalise it in the repayment phase. In return for this tax regime, specific repayment conditions have been established, which provide for penalties if repayment is not based on the legally prescribed reasons, thus encouraging medium and long-term savings. Retirement saving schemes can take the form of an Investment Fund, an Insurance-based Investment Product or a Pension Fund and are therefore subject to their respective legal regimes.

e) Structured Deposits

Structured Deposits are products that combine a time deposit with a derivative instrument where the return on the deposit and/or the early redemption (also known as automatic early redemption) depends, in its existence and/or in its amount, on the performance of another asset, instrument, financial contract or indexes (underlying asset or index), and which may enhance, leverage or limit that return and/or shorten the term of the deposit. These deposits cannot be withdrawn in advance. These deposits are classified as PRIIPs.

f) Securities Depositary Receipts/ADR

These types of certificates are negotiable financial instruments representing other securities traded on a regulated market and issued by a foreign issuer. They are designed to facilitate the trading of securities (usually shares) in countries other than the country of the issuer, provided they permit such trading without requiring the transfer of the securities underlying the depositary receipt. The value of such a certificate is in principle identical to the value of

the instrument represented and will normally grant similar rights. For this purpose, the securities represented are immobilised in a depository so as not to increase the number of securities in circulation. Within this group, the best-known certificates are ADRs (American Depositary Receipts), which are deposited with US banks and can be Sponsored or Unsponsored.

Sponsored ADRs are created by a US investment bank or brokerage firm that purchases the shares in the country where the company's shares are traded and deposits them with a local bank (depositary bank). The foreign shares held at the depositary bank are called American Depositary Shares (ADSs), although this term is sometimes used interchangeably with ADRs. Usually, the company sponsors the creation of its own ADRs.

Unsponsored ADRs are issued without the contractual involvement of the foreign company. These ADRs cannot be traded on the main US stock exchanges as they are not registered with the SEC (Securities and Exchange Commission) and their issuance is becoming increasingly rare.

Within Sponsored ADRs there are 3 levels of requirements.

Sponsored Level 1 ADRs are created by a company to extend the market for its securities to the US, but without the need to register with the SEC or in accordance with Generally Accepted Accounting Principles (GAAP). These ADRs are riskier, and it is more difficult to compare a Level 1 ADR with other investments due to accounting differences. As a result, these ADRs can only be traded on the OTC Bulletin Board or Pink Sheets trading systems, usually by institutional investors.

Only Sponsored Level 2 and 3 ADRs can be traded on the NYSE, the NYSE American or the NASDAQ. These types of ADRs are registered with the SEC and their financial statements are reconciled to the GAAP.

Foreign companies issuing Sponsored Level 2 ADRs must comply with all SEC registration and disclosure requirements. Thus, these Sponsored Level 2 ADRs provide the issuing foreign company with greater exposure in the US without the need to conduct a public offering in this country.

Level 3 is the highest level of an ADR programme. It requires the issuing company to follow even stricter disclosure rules, such as those followed by US companies. With a Level 3 programme, companies can issue shares to increase their capital, rather than simply listing existing shares on a US exchange. For example, Level 3 is required when the ADR is an Initial Public Offering and is used to increase the company's capital.

The price of ADRs on the secondary market is determined by supply and demand, but the price is not very different from the price of the underlying share. If the ADR trades at a higher price than the equivalent foreign shares of the company, more of the company's shares will be bought and held by the depositary bank and more ADRs will be created. If the ADR trades below the equivalent price, some ADRs will be cancelled, and the corresponding shares will be released by the depositary bank. This maintains parity between the price of the ADR and the foreign shares (after considering the exchange rate effect).

g) REIT (Real Estate Investment Trust)

A REIT is a publicly traded real estate investment company that owns, manages or finances real estate or real estate assets. In Portugal, REITs are known as *Sociedades de Investimento e Gestão Imobiliária* (SIGIs, Real Estate Investment and Management Companies) and may

acquire rights to rental properties, acquire interests in other SIGIs, provided they comply with the applicable legal requirements, and acquire shares or units in real estate investment companies or real estate investment funds for residential rental, also in compliance with the applicable requirements.

Being quoted on a stock exchange means that anyone can invest in a REIT, just like buying shares in a company.

Like Real Estate Investment Funds, REITs raise capital from a variety of investors, allowing them to receive dividends from investments in the real estate market without having to acquire, manage or finance individual properties.

As they are listed on the stock exchange, REITs are subject to market flotations, although the liquidity risk is lower than is the case with direct real estate investments.

There are several ways of classifying REITs. The most common is by the type of asset in which it invests. In this way, REITs can be divided into three types:

- A REIT that invests in property, also known as an Equity REIT. This is the most traditional model, which is basically dedicated to buying and managing income-producing properties. That doesn't mean they can't sell some of these properties and make a profit, but that's not their main purpose. These properties can be of all types, from residential to shopping centres, hotels, industrial land, etc. This is the most common type of REIT in Europe.
- Mortgage REITs i.e. specialised in financing. This type of vehicle doesn't own any real estate, but only aims to grant loans for the purchase of real estate using instruments such as mortgage-backed securities. Their income comes from the interest generated by these mortgage loans.
- Mixed REITs, which combine the two previous strategies.

REITs therefore have the following characteristics:

- Diversification: a single REIT can achieve better diversification by property type and geography.
- Easy to follow stock market trends.
- Interest rate risk: a rise in interest rates could have a negative impact on REIT prices.

4. Packaged retail and insurance-based investment products (PRIIPs)

Article 4 of Regulation (EU) No 1286/2014 defines the products that should be considered as falling within its scope, and Article 2 defines the products that are excluded from its scope.

An exhaustive list of products covered by Regulation (EU) No 1286/2014 has not been defined, and it is up to manufacturers of packaged retail and insurance-based investment products (PRIIPs) and entities that market such products or provide investment advice in relation to them to retail investors to assess which products they consider complying with the provisions of Regulation (EU) No 1286/2014. This assessment must particularly account for the economic characteristics and specific contractual conditions of each product.

Without prejudice to the foregoing, BPI currently considers that the following products fall within the scope of Regulation (EU) No 1286/2014:

a) Collective investment undertakings.

b) Credit securitisation funds.

c) Securitised bonds.

d) Derivatives.

e) Securities with a derivative structure.

f) Other debt securities with the possibility of repayment below nominal value due to their association with another product or event, namely, Notes.

g) Dual products.

h) Structured deposits.

i) Unit-linked insurance

j) Life insurance products with financial participation in profits (excluding participation in profits strictly linked to the management of biometric risks or to the non-financial management of the insurance company) and other life insurance products, except those where the benefits provided for in the contract are paid solely in the event of death or disability due to accident, sickness or invalidity.

iii. Criteria for Valuing Financial Instruments

BPI's valuation criteria for financial instruments are as follows.

The main objectives in defining these criteria are to:

- Provide the Client, particularly in the statement of assets and liabilities, with information on the value attributed to financial instruments to comply with the Bank's legal obligation to provide information on these assets, opting, whenever possible, to value the assets based on their probable realisation value.
- Establish a benchmark for the calculation of commissions due whenever they are calculated based on a portfolio of financial instruments.

The following table shows the criteria used by BPI to value financial instruments:

1. **Financial instruments admitted to trading on the market:**
   i. Prices/quotes practised in the markets in which the values are accepted
   ii. If admitted to more than one market, the price/quote obtained on the market with the greatest liquidity, frequency and regularity of transactions

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2. **Debt instruments (when market prices are not representative) and financial instruments not admitted to trading or unlisted for more than 15 days:**

   Sequential criteria:

   i. Value of firm purchase offers
   ii. Average value of offers to buy and sell disseminated by specialised entities (indicative prices)
   iii. Valuation models used and generally accepted in the financial markets.

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3. **Financial instruments in the process of being admitted to trading:**
    - Value attributed to the financial instrument of the same category issued by the same issuer and admitted to trading, if any

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4. **Financial instruments for which it is not possible to obtain a valuation based on the above criteria:**
    i. Variable-income financial instruments:
        - Acquisition value or, in the absence or inaccuracy thereof, nominal value (if any)
    ii. Units in collective investment undertakings:
        - Asset value
    iii. Shares with no par value not admitted to trading:
        - Acquisition cost or, in the absence of cost, book value or, in the absence of book value, indication of value not available
    iv. Other financial instruments:
        - Nominal value or book value

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5. **Issuers declared bankrupt (for which there is no market price) and ex-ultramarine issuers:**
    - Value equal to zero

The relevant time for determining the valuation of financial instruments corresponds, for the markets of Europe, Africa, Asia and Oceania, to the price/quote verified at 17.00 GMT, except for units in Third Party Funds, which correspond to the last price published by the management company up to 22.00 GMT.

For markets in the American continent, the relevant time for determining the valuation of equities, warrants and derivatives is the price/quote at 22.00 GMT, for Third Party Fund units it is the last price published by the management company up to 22.00 GMT and for bonds and derivatives based on bonds it is the price/quote at 17.00 GMT.

In the case of unlisted bonds issued by BPI, except for structured products, the value indicated corresponds to the nominal value guaranteed at maturity plus accrued interest.

The values shown reflect the valuation determined on the relevant date, except where this is not possible, in which case the valuation published on the immediately preceding working day is used.

BPI does not guarantee that the value resulting from the application of the valuation criteria to the financial instruments corresponds to the value that may be obtained from their sale. The information provided is for the purpose of fulfilling BPI's legal obligation to provide information about the Client's assets. It is not intended to be used for the purpose of making investment or disinvestment decisions with respect to such assets and does not constitute a commitment on the part of BPI to buy or sell such assets or a guarantee by BPI that the assets have the value stated.

i.v. Order Execution Policy

1 | INTRODUCTION

1.1 Background

- The transposition of Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments ("MiFID II") revised the discipline introduced by Directive 2004/39/EC of April 21, 2004 ("MiFID I") (and both together ("MiFID")) to meet the objectives of enhanced investor protection and transparency, determining that firms providing investment services, when executing Client orders, should take measures sufficient to obtain the best possible result for their Clients considering different variables such as price, costs, speed, likelihood of execution and settlement, size, nature or any other factor relevant to the execution of the order.
- In this context, BPI revised, among other aspects, its Best Execution Policy, and the basic principle remains the development of BPI's best efforts so that the orders received from Clients are executed under the best conditions, keeping in view the variables described above.
- Any specific instructions as to the treatment to be given to the presented order transmitted by the Client may prevent BPI from obtaining the best possible result, in accordance with said execution policy.
- BPI has contracted the service of execution of its Clients' orders for securities (hereinafter referred to as "securities"), with CaixaBank, S.A. - Portuguese Branch.
- Delegated Regulation 2017/565/EU also introduced the obligation for BPI to provide Clients with information concerning the quality of execution and related execution measures and to publish, annually, for each class of financial instruments, appropriate information on the top five entities to which orders were transmitted or placed.

1.2 Objectives

- This document describes BPI's Best Execution Policy (hereinafter the "Execution Policy" or "Policy") in the provision of the services of reception and transmission of orders and execution of orders on behalf of its Clients in financial instruments.
- This Policy is subject to the applicable legal provisions in force at any given time.
- The Execution Policy will be permanently updated and is available for consultation at any BPI branch and on BPI's website.
- The content of this Policy comprehends:

  - General principles governing the circuits of orders in financial instruments at BPI.

  - Policy Update.

TABLE OF CONTENTS

2 | SCOPE OF APPLICATION

Clients

- This Execution Policy applies to the relationship between BPI and its respective Clients (Clients).

- BPI's Execution Policy applies to Clients classified by BPI as "Retail" Clients and "Professional" Clients, considering for this purpose the definition established in the Securities Code.
- This Execution Policy does not apply to Clients classified by BPI as "Eligible Counterparties".

Services

- This Policy applies to the service of reception, transmission and execution of orders provided by BPI regarding financial instruments, which occurs when:

  i. BPI receives orders transmitted by its Clients and retransmits them to third parties for execution; or

  ii. BPI receives orders transmitted by its Clients and executes them against its portfolio, being the Client's counterparty.

- In the case referred to in (i), BPI has subcontracted the services of CaixaBank, S.A. – Portuguese Branch, an entity qualified to provide order execution services, to which it retransmits the orders referred to therein.

Financial Instruments

- The Execution Policy applies to financial instruments identified as such in MiFID II ("Financial Instruments") and in respect of which BPI is qualified to provide and provides the services referred to in this Policy.
- BPI may not provide its Clients with the service of receiving, transmitting and executing orders in all financial instruments, and its execution policy will only apply to those financial instruments for which BPI provides this service at any given time.
- In the case of orders concerning securities (shares, bonds, equities, units in collective investment undertakings, autonomous warrants, detached rights, exchange trade funds ("ETPs") and others classified as such), hereinafter referred to as "securities", the Bank retransmits the orders to CaixaBank, S.A. – Portuguese Branch.
- In the case of orders concerning financial derivative instruments traded on a forward basis (such as options, futures, swaps, forward rate agreements, and any other forward derivative contracts), hereinafter referred to as "derivatives", BPI executes them against its portfolio.

Channels for Receiving Client Orders

- BPI offers its Clients in general the following channels for the reception of orders relative to the Financial Instruments covered by this Policy:

  - Face-to-face channels of the BPI network (Private Banking and Business Centres).

  - BPI's electronic channels (BPINet or any other electronic platform provided by BPI).

  - BPI's telephone channels integrated with voice recording systems.

  - Other means with recording systems, if specifically agreed with the Client, such as e-mail or specific financial chat (Bloomberg, Reuters, etc).

- The use of the above channels will depend on the type of Financial Instrument to which the order relates and the typology of the Client.
- The use of telephone channels implies that the Client consents to the recording of the conversation. If the Client does not agree to the recording, BPI will not be able to accept orders via this channel and the Client must choose to transmit the relevant instruction via any other available channel.

Client-specific Instructions

- A Client "specific instruction" will be any specific instruction given by the Client relating to the order that the latter wishes to transmit, namely, an indication of the trading structure to which the Client wishes the order to be sent, the execution method, the characteristics relating to price/quote and the time of execution of the order on the market.
- Where the Client issues specific instructions to BPI, BPI will use its best endeavours to execute the order as transmitted and obtain the best possible result for the Client, provided that such instructions are compatible with the characteristics of the service provided by BPI and with applicable legislation, where compliance with such instructions may result in the Client not obtaining the best possible result as regards the elements affected by that instruction.
- As mentioned above, the transmission of specific instructions in relation to an order may limit the application of this Execution Policy regarding that order. Notwithstanding where the specific instructions refer only to a part of the elements of an order, the Execution Policy will apply to the remaining elements of the order which are not affected by those specific instructions.
- For illustrative purposes only, specific indications will be considered:
  - The express indication by the Client of the trading structure to which he/she wishes the order to be sent.
  - The indication expressed by the Client of the currency of the order, in the case of financial instruments quoted in different currencies.
  - Certain types of instructions, such as "stop-loss" instructions, which are executed in accordance with the evolution of the price of the asset in a market.
  - Any type of execution strategy followed by the Client, including the deadline set by the Client for execution of the order, the volume or percentage of volume to be executed in each session or the price to be obtained on execution.
- BPI will seek to obtain the best possible result for the Client in orders with specific indications, in strict compliance with applicable legislation and, particularly, the corresponding market regulations and applying, to the extent possible, the Policy for the order in question as regards the remaining characteristics not specified by the Client.
- BPI reserves the right not to accept orders with specific indications.

Record keeping

- BPI records and archives (i) all electronic communications and/or telephone calls exchanged within the scope of the service of reception, transmission, and execution of orders, as well as (ii) the relevant electronic communications and/or telephone calls which result, or are intended to result, in transactions, under the terms established by law and resulting from the provisions of the Client Order Reception Channels.
- The data collected will be archived in accordance with the legal retention periods, i.e., for a minimum period of five years (extendable for seven years when requested by the competent authority) and will be available to the Client on prior written request to BPI.

3 | REGULATORY FRAMEWORK. REGULATION AND APPLICABLE LAW

- This Policy is subject to the applicable legislation and regulations in force, as well as any updates or repeals that may occur in the future. The following is a non-exhaustive list of the legislation and/or other documents that constitute the regulatory context of this Policy:
- Securities Code, approved by Decree-Law 486/99, of November 13, as amended by Law 23-A/2022, of December 9.
- Delegated Regulation 2017/565/EU of the Commission of April 25, 2016, supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and the concepts defined for the purposes of that Directive.

TABLE OF CONTENTS

4 | ORDER EXECUTION

Execution under the best conditions

Spot Financial Instruments

For the execution of orders on securities, Caixabank, S.A., through its branch in Portugal was the entity chosen by BPI, considering that it is an entity also subject to compliance with best execution policies, within the scope of MiFID II. An analysis of this policy shows that it combines the necessary measures to ensure the best execution conditions for BPI Clients. The policy and the selection of the main execution venues and financial intermediaries can be consulted at: https://www.caixabank.es/particular/inversion/mifid.html.

- BPI will periodically evaluate the entity selected for the execution of orders, to ensure that this entity guarantees compliance with the obligations to which it is bound, guarantees the quality of the execution under the best conditions and, if necessary, corrects the deficiencies found.
- BPI has considered, and will continue to consider, the following factors in this selection and in its periodic evaluation of that selection:
  - Coverage and access to a multiplicity of relevant markets.
  - Reputation and professionalism: market presence, order execution capability, speed of processing and incident resolution capacity.
  - Alignment of the selected entity's execution policy with the BPI Bank's Best Execution Policy.
  - Quality of execution, clearing and settlement of operations.
  - Access to information on executed orders: details and quality of information that trading platforms can provide on executed orders.
  - Costs, commissions and/or fees applied.
- At least once a year, BPI will review the selected financial intermediary/intermediaries.
- In any case, if circumstances are identified that are or may be impeding compliance with the established selection criteria, an immediate review will be conducted.

- The purpose of the review, regardless of when it takes place, will be to verify compliance with said selection criteria to ensure compliance with the Policy.
- The change or selection of new financial intermediaries will be disclosed to Clients through any durable medium or by publishing the updated list on the website www.bancobpi.pt.
- By accepting this Execution Policy, the Client gives express consent for the orders to be executed outside the trading venues (i.e., outside organised markets, multilateral trading facilities and organised trading venues), in accordance with BPI's choice of trading venues, and provided that, in accordance with the selection criteria indicated above, such circumstance is recommended to obtain the best result for the Client.

Derivatives

- In the execution of orders relating to derivatives and given that they are executed with BPI's intermediation, BPI monitors, through the appropriate tools, the prices which other financial intermediaries are quoting for the same operations, so that the operations which BPI executes with its Clients are executed in the best conditions for them.

Execution interposed by BPI

- BPI can act as the Client's counterparty, intervening in the negotiation between the Client and the trading structure, the financial intermediary or the counterparty to the order or even being the Client's final counterparty. The main types of orders that can be transmitted with BPI's intervention are described below:

  a) Back-to-back execution

  - BPI acts as a mere intermediary, acting simultaneously on both sides of the operation, acting as a mirror of each party (in accordance with the definition of the term "back-to-back" provided by the European Securities and Markets Authority ("ESMA")).

  b) Execution outside trading venues

  - BPI may execute orders off trading venues / Over the Counter ("OTC"), acting as the Client's counterparty. This type of execution applies in the case of derivatives, where the order execution process begins with a prior request for quote by the Client, in accordance with the Request for Quotation / Advance Pricing.

Request for quotation / advance pricing

- The Client may request for quotation / advance pricing from BPI for a specific financial instrument prior to taking a decision and transmitting the order instruction (Quote Request).
- In these cases, the Execution Policy will be deemed to have been complied with to the extent that BPI executes the order on the terms previously agreed with the Client. Such agreement may relate to:

  - The moment and form of the request for Advance Pricing.

  - The number of counterparties or trading platforms for which it has requested Advance Pricing.

  - The determination of specific counterparties or trading platforms.
- BPI will demonstrate consistency in the formation of the Advance Pricing requested ("price fairness") at the request of the Client or regulatory authority.
- In the case of orders to be executed with Advance Pricing, BPI must verify whether the Advance Pricing presented to the Client is appropriate ("price fairness") considering the market data which have been applied to estimate the referred Advance Pricing, namely:

- In the case of sufficiently liquid instruments, compared with the quote/price offered by other counterparties in the market and/or with the price of similar or comparable instruments.

- In the case of illiquid instruments, by means of the timely justification of the calculation of the fair price, based on the observance of market variables associated to the financial instrument in question.

Conflicts of Interest

- In certain circumstances, there may be a conflict of interest between obtaining the best possible result for Clients and for BPI, in which case the best possible result for the Client shall have priority.

Order management

- When BPI executes or transmits orders received from Clients, it shall ensure that the following requirements are met:

  - Identifying the holder of the order, and where a third party or representative transmits the order on behalf of the holder identifying that third party or representative; and

  - That the investment decision has been taken before the order is transmitted and, consequently, before the result of the operation is known.

- BPI is obliged to ensure the correct formation of prices on the markets, whereby there may be delays in sending certain orders for execution when their volume or price limit may affect the integrity of the market, in which case the order will lose its execution priority in the order book.

Prioritising the execution of orders

- In general, the following priority rules apply when executing Client orders:

  - Under equal conditions of price and characteristics of the orders, the first order received shall have priority.

  - Orders received from Clients shall have priority over orders for BPI's own account.

  - Regarding orders for BPI's own account, and to ensure the safeguarding of Clients' interests, the investment decision of BPI entities will be taken by a distinct area, independent from the trading rooms which receive orders from Clients, applying the provisions of the previous paragraph.

5 | AGGREGATION AND ALLOCATION OF ORDERS

- As a general rule, Banco BPI does not aggregate Client orders, nor does it aggregate Client orders with Banco BPI orders.
- In exceptional cases, when receiving and transmitting orders on behalf of others, Banco BPI may aggregate Client orders, including with Banco BPI's own portfolio orders, for execution, provided that the following conditions are met:

  - it is clearly necessary for the Client's order to be executed more quickly and in the Client's

interest, or when this is determined by the managing entity of the trading structure to which the order is to be directed;

- the aggregation is not, overall, detrimental to any Client;

- Clients whose orders are aggregated have been informed of the possibility that the effect of aggregation may be detrimental to a specific order;

- the Client does not object to the aggregation of their order (consent given by telephone recording shall be considered valid).

Whenever Banco BPI aggregates a Client order with an order from its own portfolio and the aggregated order is partially executed, it allocates the corresponding transactions to the Client on a priority basis. Without prejudice to the foregoing, Banco BPI may allocate the transaction proportionally if it can demonstrate that, without the aggregation of the order, it would not have been able to execute it or would not have been able to execute it on such advantageous terms.

When aggregating orders transmitted by several Clients, Banco BPI allocates the corresponding transactions proportionally to each of the Clients, i.e., at the weighted average price apportioned according to the volume of the order transmitted.

TABLE OF CONTENTS

6 | CROSSING OF CLIENT ORDERS

- BPI will not cross Client orders internally, or Client orders with its own orders, except in cases where the regulations of the corresponding trading structure so permit (such as, for example, block transactions), and where the Client's prior consent or instruction has been obtained.

7 | POLICY COMMUNICATION

- Clients who conclude a contract with BPI for the provision of financial intermediation services will have at their disposal the updated version of the Execution Policy in the "BPI Investor Manual", which is available at the Bank's branches and at www.bancobpi.pt. A paper copy can also be requested.
- In addition, BPI provides information on the best execution in the "BPI Investor Manual".

TABLE OF CONTENTS

8 | OBTAINING CLIENT CONSENT

- BPI shall obtain its Clients acceptance to the Execution Policy upon the Client's signature of the Products and Services Subscription or prior to the provision of the order reception and transmission and execution service. The Client expressly acknowledges that the request for the execution of the first order after the Client's signature of the Products and Services Subscription or the first order after any amendment to BPI's Execution Policy shall be deemed as acceptance of BPI's Execution Policy.

TABLE OF CONTENTS

9 | POLICY SUPERVISION

- In accordance with the Securities Code, BPI must periodically verify compliance with the policy adopted and, particularly, the quality of execution of the entities covered by said policy.
- The Policy will be reviewed at least once a year, without prejudice to its revision whenever there is a significant change that affects BPI's capacity to offer its Clients the best possible result in accordance with the terms contained in this Policy.
- Annually, BPI will disclose the five financial intermediaries most frequently used to execute Client orders in terms of volume of transactions in the previous year, for each category of financial instrument, as well as information on the quality of execution of orders obtained. Such information will be disclosed on the website (www.bancobpi.pt).
- Supervision and control will be ensured through the following procedures:

Evaluation of the Order Execution Policy

- BPI assesses its execution policy by considering the need to change or include factors that determine execution under the best conditions.

Verification of Compliance with the Order Execution Policy

- Compliance with this Policy will be verified by reviewing the compliance of internal processes, as well as the controls associated with them.
- This verification shall not consist of checking each order individually, but of verifying that there is a process subject to periodic review that demonstrates that controls are functioning correctly.

TABLE OF CONTENTS

10 | EVIDENCE OF EXECUTION IN ACCORDANCE WITH THIS POLICY

- Should Clients so request, BPI shall demonstrate that the orders subject to this Execution Policy transmitted by it have been executed in accordance with this Policy.

TABLE OF CONTENTS

11 | POLICY UPDATE

- BPI's Best Execution Policy is updated and/or amended at least in the following cases:

  - Legal or regulatory changes affecting the policy.

  - By approving the inclusion of new procedures or changes to existing ones, at the proposal of the Board of Directors or the corresponding delegated body.

  - At the proposal of the auditors and control bodies.

  - Whenever there is an opportunity for improvement in the selection of execution platforms or financial intermediaries.

  - In any case, at least once a year.

TABLE OF CONTENTS

v. Policy on Conflicts of Interest in the Securities Markets

1 | INTRODUCTION

- Banco BPI SA, as a credit institution authorised to provide investment services, must pay particular attention to reporting and investment advisory activities, proprietary trading, portfolio management and the provision of financial services to companies, including underwriting or selling securities and advising on mergers and acquisitions. Thus, this Policy on conflicts of interest in the Securities Markets identifies the circumstances that may give rise to actual or potential conflicts of interest in the provision of corporate and investment banking services and the procedures that must be followed for their proper management.
- In accordance with the regulatory framework introduced by the Markets in Financial Instruments Directive (hereinafter "MiFID II") and its transposition, through Law no. 35/2018 of July 20, of Directive 2014/65/EC of May 15, the requirements established by MiFID I (collectively referred to as "MiFID") have been extended to meet the objectives of Client protection and transparency.
- In accordance with the above legislation, the timely identification of any conflict or potential conflict of interest arising in connection with BPI's activities is essential and will ideally be avoided or, at the very least, appropriately managed if it proves impossible to eliminate such a conflict.
- In compliance with the legislative requirements referred to above, BPI has developed, in alignment with the corporate guidelines and principles established for the CaixaBank Group, this Policy on Conflicts of Interest in the Securities Markets, which seeks to regulate the criteria and general measures for the adequate management of this type of conflict of interest.
- Accordingly, this Policy identifies, with respect to the investment activities and ancillary services provided by or on behalf of BPI, the circumstances that may give rise to actual or potential conflicts of interest and the procedures to be followed for their appropriate management.
- All necessary measures are taken to act in the best interests of our Clients and to provide them with maximum protection. The structure of the policy can be summarised as follows:
  - Identification of conflicts.
  - Prevention.
  - Management.
  - Registration.
  - Elimination of existing, potential, and future conflicts of interest; and
  - Communication and information to the Client, when necessary.
- It should be noted that this Policy on Conflicts of Interest is supplemented by other internal policies and procedures which contain rules for more specific areas. As such, it provides only a general framework for the identification, prevention and management of conflicts of interest in connection with the provision of investment and ancillary services.

2. | GENERAL PRINCIPLES

- Subject Persons, without prejudice to the specific duties and obligations stipulated throughout this Policy, must provide services, and perform their activities in accordance with the governing and guiding principles contained in "BPI's Code of Ethics and Operating Principles". Consequently, and in compliance with their duty of loyalty, they must, in all their professional activity, place the interests of Clients, BPI and its Shareholders above their own personal interests.

  Furthermore, they should assume the following general principles of action:

  - Independence: Subject Persons must always act with freedom of judgement, in good faith and with loyalty to the Client, BPI and its Shareholders, regardless of their own interests, the interests of persons related to them or other persons who, in the specific case, may be related to the Subject Person.

  - Abstention: Subject Persons must abstain from intervening or influencing the decision-making process that may involve themselves, Investors and/or Clients with whom there is a conflict, as well as from accessing relevant or privileged information that may be relevant to such conflict.

  - Communication: Subject Persons must disclose potential conflicts of interest in the securities market resulting from their activities outside BPI, their family relationships, personal assets or for any other reason. Potential conflicts of interest must be communicated through the communication channels established by BPI, as swiftly as possible and, in any case, before any decision/action is taken which could be affected by the potential conflict of interest.

  - Transparency: Subject Persons shall provide accurate, truthful, and understandable information regarding the identified conflict of interest so that the Subject Person and/or the Client can make an informed and knowledgeable decision on whether to continue or not the activity or service in question.

- Any questions about a potential conflict of interest should be clarified with the Compliance Department.

3. | REGULATORY FRAMEWORK. APPLICABLE REGULATIONS AND LEGISLATION

This policy is governed by the Delegated Regulation (EU) 2017/565 of the Commission of 25 April 2016, which supplements Directive 2014/65/EU of 15 May 2014 of the European Parliament and of the Council (hereinafter, "MiFID II") with regard to the organisational requirements and operating conditions of investment firms and its transposition through Law 35/2018 of 20 July on securities markets and investment services on the legal regime for investment firms and other entities providing investment services that are required to adopt effective measures to ensure the protection of their Clients. Directive 2014/65/EC on markets in financial instruments extended the requirements established by MiFID I (both referred to collectively as "MiFID") to meet the objectives of Client protection and transparency. It is essential that any conflict or potential conflict of interest arising in relation to the activities of Banco BPI is detected and avoided or, at least, managed appropriately if it is impossible to eliminate such conflict.

Both the evolution of the aforementioned regulatory framework and the services provided by the Entity itself make it advisable to collect and update the criteria and general measures for the proper management of this type of conflict of interest in a specific Policy; all without prejudice and in light of the provisions of BPI's Code of Ethics, Banco BPI's General Policy on Conflicts of Interest and the Internal Code of Conduct in the Securities Markets currently in force.

4. | SCOPE OF APPLICATION OF THE POLICY ON CONFLICTS OF INTEREST IN THE SECURITIES MARKETS

4.1 Objective scope of application

- The Policy will apply to all BPI's services, activities, departments, or areas related with the provision of investment services and activities. Particularly, all departments, areas or work groups are covered which, due to the services and activities they perform, have the status of a separate area, as defined in the Internal Code of Conduct for Securities Markets.

4.2 Subjective scope of application

- The Policy shall apply to all Subject Persons, as defined in the Definitions section.

5.| CONFLICTS OF INTEREST - IDENTIFICATION OF SITUATIONS OF POSSIBLE CONFLICT

- This Policy covers all categories of actual or potential conflicts that may adversely affect the interests of BPI's Clients. We can identify the following main categories of conflicts:

  - Conflicts between BPI's interests and those of its Clients, i.e. situations in which the Bank, for commercial reasons, puts its own interests before those of its Clients, for example by receiving incentives that distort the investment advice it gives.

  - Conflicts between the interests of BPI's Employees and the interests of its Clients, i.e. situations caused by the receipt of incentives from third parties or the firm's own remuneration structure which do not encourage acting in the Client's best interests, e.g. remuneration policies which, because of the targets set, entail the risk of poor sales, or where, when faced with a good investment opportunity, the manager first conducts personal transactions to take advantage of this opportunity and only then conducts transactions on behalf of the Client.

  - Conflicts between the interests of two or more BPI Clients: the interests of one Client may occasionally conflict with those of another Client, for example in situations where the Bank can disadvantage one Client in relation to another (allocation of orders to several Client accounts during a high potential but limited investment opportunity).

  - Conflicts between different entities of the BPI Group, where BPI is included: that is, situations in which the interests of other entities of the BPI Group may influence the provision of investment services to BPI Clients, by overlapping with their interests, or vice-versa.

  - Conflicts between different areas, departments or working groups of BPI: i.e. situations within the Bank where, due to the different activities carried out by each area, conflicts may arise which result in a particular area not acting in an objective manner.

  - Conflicts between BPI and other investment companies: that is, situations in which agreements or relationships with other investment services companies may influence the provision of investment services to Clients, by overriding the interests of the latter.

- To identify the types of conflicts of interest that may arise in the course of providing investment or ancillary services, or a combination of the two, and the existence of which may be detrimental

to a Client's interests, consideration shall be given, as a minimum, to whether BPI or any person within the scope of the Policy is in any of the following situations as a result of the provision of investment or ancillary services, investment activities or otherwise:

- The Bank or the Subject Person may obtain a financial gain or avoid a financial loss, at the expense of the Client.

- The Bank or the Subject Person has an interest in the results arising from a service provided to the Client or a transaction carried out on behalf of the Client, which does not match the Client's interest in those results.

- The Bank or the Subject Person has a financial or other incentive to favour the interests of another Client or group of Clients over those of the Client concerned.

- The Bank or the Subject Person carries out the same activities as the Client.

- The Bank or the Subject Person receives or will receive from a person other than the Client, an incentive in connection with a service provided to the Client, in the form of cash, goods or services, in addition to the normal commission or remuneration for that service.

- For these purposes, it is not considered sufficient to obtain a benefit or avoid a loss, if this does not result in a possible loss for a Client.
- It is not essential that the risk of harm to one or more Clients materialises. The mere existence of a situation involving a risk of damage to the interests of Clients requires the application of this Policy.

6. | LIST OF POTENTIAL CONFLICTS OF INTEREST

- In identifying a conflict of interest, BPI considers the circumstances that may be associated with the various investment services provided, the persons involved and the existence of possible scenarios that may give rise to situations that could be detrimental to the Client's interests.
- In this respect, and by way of example only, the following circumstances have been identified as potentially giving rise to conflicts of interest with a risk of harming the interests of one or more Clients:

Main operations

- A financial intermediary of the BPI Group may be involved in an operation in which it has a controlling interest and in which it also acts as an analyst, lender, etc., creating an incentive to put its interests ahead of those of its Clients.

Loans to investors

- The Company may offer loans to investors at below market rates, on condition that the funds are used to subscribe to the securities issued, to ensure the success of an issue.

Spinning

- Allocation of financial instruments to senior executives or managers of a Client, actual or potential issuer, in exchange for future or past provision of services. This practice transfers wealth to these individuals at the expense of other investors.

Front running

- The front running conflict refers to the ability of the Entity to execute with advantage transactions in its own portfolio, at the expense of those made by Clients that potentially have an impact on the market.

Reverse front running

- The conflict of reverse front running arises when the firm executes transactions for the benefit of one Client to the detriment of those of other Clients that may have an impact on the market.

Own-account operations

- This conflict arises when the entity uses its position to guarantee contracts or transactions with its own Clients. This situation would arise if, on the one hand, the entity manages a Client's assets and, on the other hand, acts as a counterparty to the Client.

Incompatibilities of interests among Clients

- The Entity may have relationships with two or more Clients between whom there is a conflict of interest.

Tied sale or involuntary cross-sale

- This situation occurs when a Client is forced to purchase additional products or services to access a specific financial contract or service.

Misleading information

- The Entity may be reluctant to provide information (especially if it is not positive) about, among other things, its management, if this could jeopardise the generation of business. Similarly, this conflict may arise when the Entity limits the information it provides to its Clients on certain aspects that may be detrimental to them or more beneficial to the Entity (e.g., limiting the information provided on other possible alternative financing options in the context of advising on corporate finance strategies where underwriting and placing of financial instruments is provided in parallel and the option of issuing securities is proposed as an alternative).

Biased investment advice

- Refers to the firm's ability to steer the destination of its Clients' investments, directing them to alternatives that reward the firm's interests rather than those that best meet the investors' needs.

Excessive brokerage

- This conflict occurs when the Entity artificially increases transactions associated with Client portfolios to increase commission income.

Failure to execute orders

- The Entity may not execute a Client order if by doing so it is benefiting itself. It may also do so to delay a payment to increase liquidity.

Loans for inadequate investments

- Clients may be tempted to leverage their investments through loans granted by the Entity itself, exposing them to market risk and high credit costs.

Inadequate recommendations

- This type of conflict of interest arises when the Entity offers its Clients certain financial products or provides them with a certain service, which may represent a good investment

option, but which, however, are not the best suited to their needs.

Biased portfolio management

- This conflict may arise in the following situations: (i) the Entity has participated in a public offering and, having failed to place all the securities, may be tempted to allocate unsubscribed securities to portfolios over which it has absolute discretionary powers; (ii) when among the products to be offered, priority is given to the Group's own products or those of Group entities, rather than to the products of third parties that may provide a greater margin or profit; (iii) when issuing optimistic/pessimistic recommendations in situations where a Group entity coordinates, directs or underwrites a particular issue, as compared to its own issue; among others.

Privileged Clients

- Important Clients tend to receive better services than others (both in the financial services sector and in other sectors). When such discrimination significantly harms the interests of one Client segment to the benefit of another segment, a conflict of interest exists. This privilege has recently manifested itself in practices known as "market timing" and "late trading".

Transfer of credit risk to investors

- This conflict may arise in case the Entity has a high exposure to a company whose credit risk has increased. In that event, the Entity may be tempted to support the company in issuing instruments, transferring the Entity's credit risk to investors.

Scaling

- It occurs when the Entity tries to encourage its Clients to acquire shares in a public offering in the first days of trading by promising them preferential treatment. The conflict arises because the real interest is to ensure the success of the operation.

Misuse of inside information

- This type of conflict arises when the Entity obtains relevant information not disclosed to the market regarding its Client and uses it for its own benefit or for the benefit of other Clients. This can happen, for example, when the Entity, as a lender, obtains certain private information from the Client that can be used in a way that may harm its interests ("misuse of private information").

Biased allocation of operations

- This type of conflict arises when the Entity invests a certain amount jointly with its Clients. In this situation, the Entity may benefit in the acquisition, maintenance and liquidation of an investment, to the detriment of its Clients.

Use of securities under custody with the Client's authorisation

- This conflict refers to the use of securities belonging to a Client which remain in the custody of the Entity and which are used to carry out transactions on behalf of the Entity, or on behalf of other Clients.

Transactions at non-market prices

- This conflict arises when the Entity has the capacity to simultaneously manage two or more portfolios, carrying out between them operations outside market prices to favour its own position or benefiting certain Clients at the expense of others.

Sales in markets with low liquidity

- Selling securities on behalf of Clients on execution venues with poor liquidity or lack of transparency, thereby obtaining a benefit for itself or another Client.

Incentives

- The Entity and/or its Employees may receive incentives, understood as any type of fees, commissions or non-monetary benefits paid or received by the Entity when providing an investment or ancillary service to a Client or the marketing and/or sale of financial instruments. By way of example, this type of conflict may arise in the following circumstances: (i) when the Entity offers its Clients the financial instruments from which it obtains the greatest economic benefit (for example, because they have higher commissions), there is an implicit incentive to sell or recommend products without considering the interests of its Clients, but rather its own interest; (ii) when agreements with third parties concluded by the Entity may induce or favour the marketing of a certain financial instrument or the provision of an investment service.

Issues at non-market prices

- This type of conflict occurs when the Entity recommends to the Client to fix the price of an issue above or below the market price, with the aim of favouring its own interests or those of other Clients, to the detriment of the interests of the issuer.

Laddering

- Entities participating in an issue, including the Entity itself, may place financial instruments with the objective of encouraging the payment of disproportionately large commissions for services that are unrelated to the service to be provided by the Entity.

Own issues, placings and/or underwritings

- This type of conflict occurs when the Entity markets to its Clients financial instruments issued, placed and/or underwritten by itself, without taking into consideration the interests of its Clients, but only its own interests.

Loans to issuers

- This type of conflict occurs when an issuing Client maintains a loan with the Entity, which will be repaid through the proceeds of an issue contracted with the Entity.

Difference between similar Products

- This type of conflict can occur when executing orders or taking the decision to deal in over-the-counter products, including customised products, without verifying the fairness of the price proposed to the Client by collecting the market data used in estimating the price of that product and without, to the extent possible, comparing them with similar or comparable products.

Direct or indirect investments

- This conflict occurs when the financial instrument invests in or is related, directly or indirectly, to any financial instrument issued by a Group Entity.

Influence between areas

- This conflict refers to the ability of certain areas of the Entity to influence decision-making by

another area.

- The Business Control areas of the areas that provide investment services, or participate in activities related to the securities market, shall identify relevant scenarios of potential conflict of interest and inform the Compliance Department on the adequacy of the measures adopted to manage conflicts of interest that may occur in these scenarios.
- Any doubts about a potential conflict of interest should be clarified with the Compliance Department, through the Enquiries and Complaints Channel.
- The occurrences detected by the Compliance Department within the scope of its activity must be included in the periodic report sent to the management bodies, in accordance with the provisions of the Internal Code of Conduct for Securities Markets.
- Similarly, failure to comply with the procedures contained in this Policy may constitute the commission of unlawful acts of a criminal nature. To prevent the commission of criminal offences with implications for BPI's legal sphere, please refer to the Bank's Criminal Compliance Policy.

7.| GENERAL MEASURES TO PREVENT AND MANAGE CONFLICTS OF INTEREST

- Once the circumstances that may give rise to potential conflicts of interest have been identified, the measures that BPI has put in place to manage these potential conflicts in order to avoid harming the interests of its Clients are as follows.
- It should be noted that the Bank has developed internal policies, manuals and/or procedures that set out measures to prevent and/or manage conflicts of interest (for example, the Code of Ethics and Operating Principles, the Internal Code of Conduct for Securities Markets or the Procedures for Identifying and Managing Conflicts of Interest).
- Notwithstanding the above, the main measures seen as fundamental to prevent and manage conflicts of interest are outlined below.
- These measures will be complemented by other measures that the Bank considers necessary at any time to manage potential new conflicts identified in the activity of providing investment services.
- The measures for managing conflicts of interest can be grouped into the following categories, depending on the issues involved. It should also be noted that some will apply to several categories:

7.1 Between BPI and its Clients

1. Control of own account transactions: Own account transactions carried out by Banco BPI on financial instruments must be conducted in a separate area, avoiding possible conflicts in the provision of services to third parties.

2. Areas that could potentially generate conflicts have internal procedures with a specific chapter to avoid incentives in the provision of investment services and/or the marketing of financial instruments.

7.2 Between different BPI Clients

Priority for Client operations:

- In accordance with the provisions of applicable regulations, the Bank has a Policy for Executing Orders in Financial Instruments, designed to obtain the best possible result for the Client in the service of receiving and transmitting orders and in the service of executing orders.

- BPI's Policy for Executing Orders in Financial Instruments establishes, amongst others, the priority criteria for Client orders to prevent potential conflicts of interest.

7.3 Between the different entities of the BPI Group

Priority for Client operations:

- In accordance with the provisions of applicable regulations, BPI has a Policy for Executing Orders in Financial Instruments, designed to obtain the best possible result for the Client in the service of reception and transmission of orders and in the order execution service.
- BPI and the other BPI Group entities are treated in the same way as any Client, always applying the principles established in the Policy for Executing Orders in Financial Instruments concerning the priority of requests.
- Additionally, with the aim of avoiding such conflicts of interest, BPI has developed several policies, manuals and/or internal procedures which contain specific measures to ensure the adequate prevention and management of conflicts of interest which may arise.

7.4 Between different areas, departments or working groups of BPI

Definition of separate areas:

- To prevent or control the exchange of information between Subject Persons participating in activities that pose a risk of conflict of interest to the Bank or its Clients, as well as to prevent the circulation of privileged information, the following have been established as segregated areas within Banco BPI, both in relation to the rest of the organisation and in relation to each other departments or working groups that include a single work centre or are part of one, and that carry out self-account trading, portfolio management on behalf of others, advisory services, investment banking, securities and financial instruments brokerage, market analysis and any other areas with regular access to privileged information are considered segregated areas).
- BPI Group companies which provide investment services or perform investment activities also have separate areas, both between themselves and with the BPI departments which provide this type of service or activity.

Separate supervision of Subject Persons:

- Subject Persons whose duties involve carrying out investment activities or providing investment services on behalf of or in the name of Clients, who are part of segregated areas and are therefore subject to the CIC. In circumstances where interests are opposed, or where there are potentially conflicting interests, including the interests of Banco BPI, they are subject to supervision by the First Line of Defence (1LoD) and Second Line of Defence (2LoD) provided for in this Policy, as well as by the Head of the area.

Exerting undue influence:

- The Bank shall establish specific sanctions designed to prevent any person from exerting undue influence over the way in which a Subject Person carries out investment or ancillary services or activities.

Simultaneous involvement in different activities and services:

- For the purpose of avoiding the simultaneous or consecutive participation of a Subject Person in different services or activities, whenever this participation may impair the adequate management of conflicts of interest, the Compliance Department will identify the tasks performed by the Subject Persons covered by the objective scope of application of this Policy, will analyse the possible incompatibilities that may arise and will report its conclusions to the competent decision-making body.

Investment recommendations:

- Disclosure of investment recommendations prepared by third parties:

  When disclosing investment recommendations prepared by third parties to the public or to Clients, it shall not be necessary to comply with specific measures to mitigate conflicts of interest if the following requirements are met:

  i. The person who prepared the investment recommendations and provided them to BPI is not part of the BPI Group.
  ii. The Bank has not changed the recommendations included in the investment recommendations.
  iii. The Bank does not present the investment recommendation as having been prepared by the Entity itself.
  iv. The author of investment recommendations is subject to the requirements of prevention of conflicts of interest, in accordance with the provisions of the applicable regulations at any given time.

7.5 Between Banco BPI Employees and their Clients

Situations caused by the receipt of incentives from third parties or by the company's own remuneration structure, in which performance is not incentivised in the best interests of Clients, such as, for example, remuneration policies that are inappropriate due to the objectives under which they were structured, or when faced with a good investment opportunity, the manager first carries out personal transactions on that opportunity and then transactions on behalf of their Client.

7.6 Between different Group Entities

Situations in which the interests of other CaixaBank Group Entities may influence the provision of investment services to Clients, putting their interests first.

7.7 Between Banco BPI SA and other Investment Companies

Situations in agreements or relationships with other investment services companies that may influence the provision of investment services to Clients, putting their own interests first.

7.8 Others

Remuneration Policies:

- The remuneration system for persons associated with the marketing of financial products, investment advice, discretionary portfolio management or, in general, the provision of any

investment or ancillary service, may under no circumstances be associated with the sale of certain products or the performance of certain investment banking operations carried out by BPI, or any legal entity connected to the Bank.

- Similarly, remuneration schemes that establish a direct relationship between the remuneration of different Subject Persons who perform different activities, or between the income generated by these persons, may not be adopted when a conflict of interest arises related to the activities they perform.
- The Compliance Department, pursuant to the rules in force, shall periodically review the established remuneration systems to ensure that they comply with the established principles and limits.

Incentives allowed:

- BPI will provide investment services and activities with honesty, impartiality and professionalism, always with the best interests of its Clients in mind.
- The Bank may pay to a third party or receive from a third party or person acting on behalf of such third party, fees, commissions or non-monetary benefits with respect to the provision of an investment or ancillary service to the Client, providing that such payment enhances the quality of the service provided to the Client and does not conflict with the Bank's obligation to act in the best interests of the Client and such fees, commissions or non-monetary benefits are clearly disclosed. In such cases, before providing the investment or ancillary service concerned, the Bank shall make available to the Client, in a complete, accurate and comprehensible manner, information on the existence, amount and nature of fees, commissions or benefits offered by the Bank or the third party, or, if the amount cannot be ascertained, the method of calculation to determine it.
- Remuneration which enables or is necessary for the provision of investment services, such as custody costs, settlement and exchange fees, compulsory charges or legal fees, and which, by its nature, is not likely to give rise to conflicts with the Bank's duty to act honestly, impartially and professionally and in the best interests of its Clients, is not included in the reporting obligation established in the preceding section.
- Subject Persons may not accept - for themselves or for Related Persons to them - gifts, tokens or gratuities or other benefits, in relation to the work they perform at the Bank, except in circumstances permitted under BPI's Anti-Corruption Policy.
- To facilitate the identification of potential conflicts of interest that may arise in the provision of investment and ancillary services, on Annex I is stated a non-exhaustive list of potential conflicts of interest, the services potentially affected and possible management actions. It should also be noted that, during its activities, BPI may provide or receive non-monetary benefits from third parties, namely those included in the non-exhaustive list set out in Annex II.

8. | PROCEDURES FOR RESOLVING IDENTIFIED CONFLICTS OF INTEREST

- Conflicts of interest are resolved by the person responsible for the area or department concerned and the Compliance Department is informed. If they involve more than one area, they must be resolved by the Compliance Department.
- In resolving conflicts of interest, the following rules should be followed:

- In the event of a conflict between BPI and a Client, the Client's interests must be protected.

- In the event of a conflict between Clients:

  (i) Favouring one of them should be avoided.

  (ii) It is not permitted, under any circumstances, to reveal to certain Clients the operations carried out by other Clients.

  (iii) It is not permitted to encourage a Client to carry out an operation with the aim of benefiting another Client.

- If the measures taken by the Bank are not sufficient to ensure, with reasonable certainty, that the risks of prejudice to the interests of the Clients are avoided, the entity shall inform the parties concerned of the nature and origin of the conflict and the services or operations in respect of which the conflict is manifested may only be carried out if the Clients so agree. If there is no feasible measure to manage the conflict and the Clients are not informed of this fact, the operation may not be carried out.
- The decision on the conflict and its possible consequences will be communicated to the Compliance Department.
- Subject Persons must disclose potential conflicts of interest resulting from their activities outside BPI, their family relationships, their personal assets or for any other reason, and must act in accordance with the internal procedures governing BPI's General Policy on Conflicts of Interest.
- Any doubts about a potential conflict of interest should be clarified with the Compliance Department, through the Enquiries and Complaints Channel.

9.| REGISTRATION PROCEDURE FOR SERVICES OR ACTIVITIES THAT MAY GIVE RISE TO CONFLICTS OF INTEREST

- Conflicts that arise and are not identified as potential conflicts in the scenarios analysed by the business units, or that are managed differently than originally foreseen in the respective internal procedures, are reported to the Compliance Department, which will analyse the management and resolution proposal and include them in the Conflicts of Interest Register. In addition, the business units will include these new conflicts in their procedures as potential conflicts.
- The Compliance Department will maintain an up-to-date record of the types of investment or ancillary services, or investment activities carried out by or on behalf of BPI in which a conflict of interest has arisen that has created a significant risk of prejudice to the interests of one or more Clients or, in the case of ongoing services or activities, those in which such a conflict may arise.
- In a clear, tamper-proof and consecutively numbered format, this register must contain the following information:

  - Identity of the Subject Persons who have been exposed to a conflict of interest.

  - Date on which the conflict emerged.

  - Instruments or services that gave rise to the conflict.

  - Reason for the occurrence of the conflict and detailed description of the situation.

  - Description of the process for managing, mitigating or, where appropriate, resolving the situation.

- The identification of any personal (employee-specific) conflict of interest, including its management and resolution, must be registered by the Employee in accordance with the Procedures for Identifying and Managing Conflicts of Interest.

10. | CLIENT COMMUNICATIONS AND NOTICES ON CONFLICTS OF INTEREST

- Units responsible for providing investment services must provide Clients to whom they offer investment services or activities related to financial instruments with the following information prior to the conclusion of the contract:

  - A summary version of BPI's general policy on conflicts of interest, which shall include the general procedures and measures established to minimise and manage conflicts of interest.

  - The full version of this Policy will be available to Clients on the Bank's corporate website. The Client may request a copy of this Policy on a durable medium at any time.

- If the measures taken by the Bank are not sufficient to ensure, with a reasonable degree of certainty, that the risks of damage to the Client's interests arising from a conflict of interest are avoided, the Bank shall, before acting on behalf of the Client, inform the Client, on a durable medium, of the nature and origin of the conflict, including the following information, in order to enable the Client to make an informed decision:

  - The existence of the conflict.

  - The general nature or origin of the conflict.

  - The possible impacts it could have on the scope of providing the service or carrying out the corresponding investment activity.

  - The measures adopted to mitigate the conflict of interest.

- Disclosure to the Client of the existence of a conflict of interest should be considered as a last resort, to be used only when the organisational and administrative mechanisms put in place to prevent or manage the conflict are not sufficient to ensure that the risks of damage to the interests of its Clients are avoided.

11.| TRAINING ON CONFLICTS OF INTEREST

- All Subject Persons, including those who have just joined BPI's service, must receive general training on the contents of this Policy and, particularly, on the specific contents which concern them. Training update activities will be carried out in case of changes in the established requirements and procedures, either because of new legislation that may affect them, or to identify, prevent and manage conflicts of interest more effectively.

12.| CONTROL FRAMEWORK

CONTROL FRAMEWORK

Banco BPI's internal control framework is structured according to the Three Lines of Defence model, which ensures strict segregation of duties and the existence of several independent levels of control.

The first line of defence (1LoD) consists of the Business Areas, Business Support and Central Services, which are responsible for:

- Applying the regulations in force, including this Policy, as well as any manuals on specific operating procedures for the activity;

- Establishing procedures and proactively implementing measures to identify, mitigate and manage compliance risks relating to conflicts of interest in the Securities Markets;

- Establishing and applying appropriate controls to ensure compliance with obligations relating to conflicts of interest in the Securities Markets;

- Maintain a centralised and up-to-date record of conflicts of interest within the Securities Markets relating to their areas of responsibility;

- Ensure the use of training courses on conflicts of interest in the Securities Markets;

- Inform the Compliance Department of Banco BPI or the person designated for this purpose of any relevant situations relating to compliance with the regulations in force on conflicts of interest in the Securities Markets;

- Assume any other function specifically assigned to them related to their role as the first line of defence against potential conflicts of interest in the Securities Markets.

The Compliance Department, as the second line of defence (2LoD) against the risk of conflicts of interest in the Securities Markets, performs the following functions:

- Promote the approval of the Policy by the Management Body, as well as any substantial changes thereto, in line with the Policy defined by CaixaBank;

- Review the satisfactory compliance and effectiveness of the measures adopted by Banco BPI, within the scope of the general procedures for dealing with conflicts of interest in the Securities Markets described in this Policy;

- Review and evaluate the Policy every three years or less frequently if the situation so requires, considering any changes in CaixaBank's Corporate Policy, applicable regulations and internal procedures;

- Issue recommendations regarding the improvement or adoption of additional measures relating to general procedures in this area, as a result of the above-mentioned review procedure;

- Prepare an annual report assessing compliance with the Policy for submission to the Audit Committee, which shall also consider any guidelines issued by supervisory and regulatory bodies;

- Inform the Management Body in a timely manner of any relevant event or occurrence relating to potential conflicts of interest in the securities markets;

- Manage the centralised register of conflicts of interest identified within the Securities Markets, in accordance with the provisions of the Corporate Channel;

- Clarify any doubts about the Policy that may arise during its application by Banco BPI;

- Ensure adequate dissemination and awareness of the Policy through awareness campaigns and training programmes.

The Internal Audit Department acts as the third line of defence (3LoD), with the mission of supervising the performance of the first and second lines of defence. It is an independent and objective function, which ensures the following functions:

- Including in audit plans reviews of the effectiveness of management, control and governance procedures in matters of conflicts of interest within the scope of the Securities Markets at Banco BPI;

- Issue relevant recommendations and monitor their proper implementation to ensure the pursuit of strategic objectives and the improvement of the control environment;

- Inform, among other areas, the Compliance Department of any risks of non-compliance or other potential conflicts of interest in the Securities Markets that it detects throughout its activities.

The Internal Audit Department also contributes to assessing and improving risk management processes and internal governance controls through a systematic and disciplined approach.

Banco BPI must ensure that internal controls and procedures are in place to ensure the proper application of the general principles set out in this Policy.

13.| GOVERNANCE FRAMEWORK

The governance structure for managing risks arising from potential conflicts of interest at Banco BPI is based on the following pillars:

- Compliance with the principles contained in this Policy by CaixaBank Group entities;

- Corporate supervision of Banco BPI by the CaixaBank Group;

- Alignment of strategies between CaixaBank Group companies and, in turn, alignment with best practices, supervisory expectations and current regulations;

- Maximum involvement of the Governing and Management Bodies;

- Internal control framework based on the Three Lines of Defence model, which ensures strict segregation of duties and the existence of several layers of independent control.

1. Banco BPI Board of Directors

- The Banco BPI Board of Directors is ultimately responsible for compliance with the provisions of this Policy and, consequently, for managing compliance risk in relation to conflicts of interest in the securities markets.
- It is responsible by law for determining BPI Bank's management policies and strategies. In the context of preventing and managing conflicts of interest in the securities markets, it is responsible, particularly, for:

- The definition of a governance system that ensures sound and prudent management of Banco BPI, including an appropriate distribution of functions within the organisation and the prevention of conflicts of interest in the securities markets, monitoring the implementation of the system and periodically reviewing and evaluating its effectiveness, taking appropriate measures to resolve any disputes where necessary;

- The establishment of general principles of action, supervision and communication in matters of conflicts of interest that serve as a reference to enable BPI Bank to develop the necessary organisational measures and procedures.

- Periodically receives the Activity Report of the Internal Code of Conduct (ICC) within the scope of the Securities Markets.

- Ensures the effective implementation of an ongoing training and information policy for all Employees and, particularly, for those who act on behalf of the Entity and hold positions that may involve operations in which conflicts of interest may arise in the context of the Securities Markets.

The Board of Directors may delegate any of the above functions to the Audit Committee, Risk Committee or other internal bodies, if it considers this appropriate for their better performance, with the exception of the approval of this Policy and its respective updates.

2. Risk Commission

- In performing its duties as an advisory and support body to the Board of Directors, the Risk Committee is responsible, in particular, for advising the Board of Directors and the Audit Committee on the Company's risk policy and, in this context, on the Bank's current and future risk appetite and overall risk strategy, and for assisting the Board of Directors in supervising the implementation of the Bank's risk strategy by the Executive Committee.
- In the context of risk management in relation to conflicts of interest in the securities markets, the Risk Committee:

- Proposes the approval of this Policy to the Board of Directors;

- Monitors the degree of adequacy of the risk assumed to the previously decided profile and ensures that the Bank's actions are consistent with the established tolerance levels;

- Determines, together with the Board of Directors, the information that these bodies should receive, so that knowledge about exposure to this risk is sufficient for decision-making purposes;

- Assesses the risk of compliance with applicable legislation and/or regulations in force in this area of action and decision-making, detecting any risk of non-compliance and monitoring and analysing any deficiencies in accordance with ethical or deontological principles;

- Verifies that Banco BPI has the means, systems, structures and resources in accordance with best practices that enable it to implement its strategy for managing the risk of conflicts of interest in the securities markets.

3. Audit Commission

- The Audit Commission supervises the effectiveness of the internal control system, ensuring that the established policies and systems are applied effectively, and assesses the effectiveness of financial and non-financial risk management systems, with the aim of exercising its functions as a management body in its supervisory role, within the scope of the Policy on conflicts of interest in the Securities Markets, namely by proposing the approval of this Policy to the Board of Directors.

4. Executive Commission of the Board of Directors

- The Executive Commission of the Board of Directors is responsible for approving the procedures necessary for the implementation of this Policy, as well as for the decisions to be taken in the context of risk management in relation to conflicts of interest in the Securities Markets.

5. Global Risk Committee

- Banco BPI's Global Risk Committee is the body under the Risk Committee responsible for managing, controlling and monitoring, in a comprehensive manner, the risk resulting from possible conflicts of interest in the securities markets.
- ▪ To this end, it shall analyse the Bank's overall position in relation to this risk, establishing, directly and/or through its Delegated Commissions, the policies and/or procedures that optimise its management, monitoring and control, in line with Banco BPI's strategic objectives.
- ▪ In this context, the specific objective of this Committee is to adapt the strategy in this area to what is established by the Board of Directors in terms of risk appetite, coordinate measures to mitigate non-compliance and respond to early warnings, keeping the Board of Directors informed, through reporting to the Risk Commission, on the main lines of action and their status at BPI.

14| INFRINGEMENTS AND SANCTIONS

- Failure to comply with the provisions of this Policy, particularly by Subject Persons providing services in the securities market, shall be considered a serious or very serious offence under the terms established by the applicable legislation.
- Violation of the rules set forth in this Code may constitute a disciplinary offence punishable in accordance with the law and the collective bargaining agreement applicable to the employment relationship, without prejudice to any criminal, civil and/or administrative liability that may exist under the applicable laws and/or regulations.

15| INFORMATION AND REPORTING STRUCTURE

- The establishment of an adequate information framework is fundamental to the management of risk resulting from potential conflicts of interest in the securities markets.
- The main objectives of the information structure are:

- Provide the relevant corporate bodies and the heads of each department, whenever necessary and in a timely manner, with accurate, clear and sufficient information to facilitate decision-making and verify that Banco BPI is operating within the stipulated risk tolerance.

- Satisfy any information requirements of Supervisors/Regulators.

- Keep the Sole Shareholder informed, as well as the stakeholders of the Caixabank Group, regarding Conflicts of Interest in the Securities Markets.

- Provide those responsible for the different areas, especially management and control, with the data necessary to monitor compliance with the strategy defined for Banco BPI in relation to conflicts of interest in the securities markets.

16| POLICY UPDATE

- The Compliance Department supervises compliance with the Policy and prepares a report to the administrative bodies every six months.
- This Policy will be submitted to the BoD for review every two years. Notwithstanding, BPI's Compliance Department, as the body responsible for this Policy, must review its content annually and, if deemed necessary, propose changes to be submitted for the approval of the BoD.
- Additionally, the update of the Policy may be initiated, at any time and at the request of any of those involved in compliance risk management who have identified the need for its amendment, due to:

  - Changes in the regulatory framework.

  - Changes in BPI's objectives and strategy.

  - Changes in management processes.

  - Modifications derived from results obtained in the monitoring and control activities.

  - New policies or changes to existing policies that affect the content of this Policy.

  - Changes in organisational structure entailing a shift of functions in compliance risk management.

- If changes are introduced outside the defined period (biennial), they may be approved by the Global Risk Committee if they are minor. For this purpose, minor changes are understood to be those resulting from adjustments to the organisational structure with no impact on the compliance risk management functions, mere typographical corrections or due to updating documents referred to in the Policy. In this case, the Risk Committee will always be informed of the changes approved by the Global Risk Committee. If the Risk Committee deems it appropriate, it will submit these amendments to the BoD.
- The Compliance Department will be responsible for the archiving and accessibility of this Policy and will also be responsible for ensuring the correct functioning of the archiving, disclosure and, where appropriate, publication processes. Access to this Policy will be limited to those persons identified by the Compliance Department.

17| SUPPORT - DEFINITIONS

- **"Policy"** means the Policy on Conflicts of Interest within the scope of BPI's Securities Markets.
- **"Group"** refers to the BPI Group, comprising Banco BPI, S.A. and companies controlled, directly or indirectly, by Banco BPI, S.A
- **"Bank"/ "Entity"** refers to BPI.
- **"Subject Persons"** refers to all BPI Employees and members of the governing bodies.
- **"Related Persons"** refers to the following persons:

  - Persons related to a Subject Person by blood or affinity (ascendants, descendants, siblings and spouses or persons linked by a relationship of equivalent effect) up to the second degree, in accordance with the provisions of the legislation in force, as well as the dependent children of the spouse or de facto partner of the Subject Person.

  - Any legal person, trust or association in which the Subject person or persons referred to in the previous sub-paragraph occupy a leading position, or with which they have a close relationship, or which has been set up for their benefit, or whose economic interests are substantially like those of that person.
- A close relationship is understood to exist when there is:

  i. A direct or indirect holding of not less than 20% of the share capital or voting rights; or

  ii. A control relationship; or

  iii. A lasting connection to the same third party through a control relationship.
- A "control relationship" exists when any of the following occurs:

  i. Holding majority of the voting rights.

  ii. Right to appoint or remove more than half of the members of the management body or of the supervisory body.

  iii. Being able to exercise a dominant influence over the company, by virtue of a contract or clause in the articles of association.

  iv. Being a company shareholder and controlling alone, by virtue of an agreement concluded with other company shareholders, majority of the voting rights.

  v. Being able to exercise, or effectively exercising, dominant influence or control over the company.

- The legal entities with whom the persons affected by the Conflicts of Interest or any of the persons identified in paragraphs a) and b) have an economic link through direct or indirect ownership of more than 5% of the share capital or in which they hold a management position.

18 | ANNEX I - NON-EXHAUSTIVE LIST OF POTENTIAL CONFLICTS OF INTEREST AND MITIGATION MEASURES FOR EACH INVESTMENT OR ANCILLARY SERVICE

POTENTIAL CONFLICT OF INTEREST	POTENTIALLY AFFECTED SERVICES	MANAGEMENT MEASURES
Main Operations	- Reception and transmission of orders on behalf of third parties - Independent investment advice - Lending, including the lending of securities, for the purpose of carrying out transactions in FIs in which the lender has an interest - Preparation of investment research, financial analysis or other general recommendations in relation to transactions in FIs	- Definition of separate areas - Physical measures of separation - Best Execution Policy for Financial Instruments - Remuneration policy - Client communications and notices - Training and other internal policies and procedures
Loans to Investors	- Lending of credit, including the lending of Securities, for the purposes of carrying out operations in FIs in which the credit grantor is involved - Underwriting and placing on a firm commitment basis - Placing without a firm commitment basis	- Definition of separate areas - Remuneration policy - Client communications and notices - Training and other internal policies and procedures
Spinning	- Underwriting and placing on a firm commitment basis - Placing without a firm commitment basis - Preparation of investment research, financial analysis or other generic recommendations related to transactions in financial instruments	- Definition of separate areas - General obligations concerning inside information - Client communications and notices - Internal manuals and procedures for the provision of underwriting and placing services - Training and other internal policies and procedures
Front Running	- Reception and transmission of orders on behalf of third parties	- Definition of separate areas - Best Execution Policy for Financial Instruments

	- Execution of orders on behalf of third parties - Dealing on own account	- Client communications and notices - Training and other internal policies and procedures
Reverse Front Running	- Reception and transmission of orders on behalf of Clients - Execution of orders on behalf of third parties	- Definition of separate areas - Best Execution Policy for Financial Instruments - Client communications and notices - Training and other internal policies and procedures
Own-account Operations	- Dealing on own account - Portfolio management for third parties - Investment advice	- Definition of separate areas - Client communications and notices - Training and other internal policies and procedures
Incompatibilities of interests among Clients	- Reception and transmission of orders on behalf of third parties - Execution of orders on behalf of third parties - Investment advice - Advice on capital structure, industrial strategy, and related questions and on mergers and the purchase of undertakings - Discretionary portfolio management on behalf of third parties	- Definition of separate areas - Client communications and notices - Training and other internal policies and procedures
Tied sale or involuntary cross-sale	- Reception and transmission of orders on behalf of third parties - Execution of orders on behalf of third parties - Investment advice - Advice on capital structure, industrial strategy, and related questions and on mergers and the purchase of undertakings - Lending of credit, including the lending of Securities, for the purposes of carrying out transactions in FIs in which the credit grantor is involved - Portfolio management for third parties	- Definition of separate areas - Remuneration policy - Client communications and notices - Training and other internal policies and procedures
Misleading Information	- Reception and transmission of orders on behalf of third parties - Execution of orders on behalf of third parties - Discretionary portfolio management	- Definition of separate areas - Training and other internal policies and procedures

	- Underwriting and placing on a firm commitment basis - Placing without a firm commitment basis - Preparation of investment research, financial analysis or other generic recommendations related to transactions in financial instruments	
Biased Advice	- Investment advice - Preparation of investment research, financial analysis or other generic recommendations related to transactions in financial instruments - Discretionary portfolio management - Execution of orders on behalf of third parties	- Definition of separate areas - Best Execution Policy for Financial Instruments - Client communications and notices - Training and other internal policies and procedures
Excessive brokerage	- Reception and transmission of orders on behalf of third parties - Execution of orders on behalf of third parties	- Definition of separate areas - Best Execution Policy for Financial Instruments - Remuneration policy - Client communications and notices - Training and other internal policies and procedures
Failure to execute orders	- Reception and transmission of orders on behalf of third parties - Execution of orders on behalf of third parties - Discretionary portfolio management - Dealing on own account	- Definition of separate areas - Best Execution Policy for Financial Instruments - Client communications and notices - Training and other internal policies and procedures
Loans for Inadequate Investments	- Lending of credit, including the lending of Securities, for the purposes of carrying out transactions in FIs in which the credit grantor is involved - Placing	- Definition of separate areas - Remuneration policy - Client communications and notices - Training and other internal policies and procedures
Conflicting Analysis and Advice	- Investment analysis - Underwriting - Placing - Reception and transmission of orders on behalf of	- Definition of separate areas - Physical measures of separation - Best Execution Policy for Financial Instruments

	third parties - Execution of orders on behalf of third parties	- Client communications and notices - Training and other internal policies and procedures
Inadequate Recommendations	- Investment advice - Preparation of investment research, financial analysis or other generic recommendations related to transactions in financial instruments - Discretionary portfolio management - Underwriting and placing on a firm commitment basis - Placing	- Definition of separate areas - Hierarchy levels covered by the delineation of separate areas - Physical measures of separation - Duties of loyalty, impartiality, abstention, and information - Client communications and notices - Training and other internal policies and procedures
Biased Portfolio Management	- Discretionary portfolio management - Dealing on own account - Underwriting - Placing	- Definition of separate areas - Client communications and notices - Training and other internal policies and procedures
Privileged Clients	- Investment advice - Preparation of investment research, financial analysis or other generic recommendations related to transactions in financial instruments - Discretionary portfolio management - Placing	- Definition of separate areas - Client communications and notices - Training and other internal policies and procedures
Transfer of Credit Risk to Investors	- Preparation of investment research, financial analysis or other generic recommendations related to transactions in financial instruments - Dealing on own account - Placing	- Definition of separate areas - General obligations concerning inside information - Client communications and notices - Training and other internal policies and procedures
Scaling	- Reception and transmission of orders - Order execution - Investment advice - Preparation of investment research, financial analysis or other generic recommendations related to transactions in financial instruments	- Client communications and notices - Training and other internal policies and procedures

	- Underwriting - Placing	
Misuse of inside information	- Affects all investment and ancillary services	- Definition of separate areas - Physical measures of separation - General obligations concerning inside information - Training and other internal policies and procedures
Biased Allocation of Operations	- Discretionary portfolio management - Dealing on own account - Order execution from Clients	- Definition of separate areas - Best Execution Policy for Financial Instruments - Client communications and notices - Training and other internal policies and procedures
Use of Securities under Custody with the Client's Authorisation	- Dealing on own account - Portfolio management for third parties - Securities Custody and Management	- Definition of separate areas - Client communications and notices - Training and other internal policies and procedures
Transactions at non-market prices	- Portfolio management for a third party - Dealing on own account - Order execution from Clients	- Definition of separate areas - Best Execution Policy for Financial Instruments - Client communications and notices - Training and other internal policies and procedures
Sales in markets with low liquidity	- Reception and transmission of orders from Clients - Order execution from Clients - Portfolio management for a third party	- Definition of separate areas - Best Execution Policy for Financial Instruments - Client communications and notices - Training and other internal policies and procedures

Incentives	- Affects all investment and ancillary services	- Remuneration policy - Allowed incentives - Client communications and notices - Training and other internal policies and procedures
Issues at non-market prices	- Preparation of investment research, financial analysis or other generic recommendations related to transactions in financial instruments	- Definition of separate areas - Physical measures of separation - Client communications and notices - Training and other internal policies and procedures
Laddering	- Preparation of investment research, financial analysis or other generic recommendations related to transactions in financial instruments - Placing	- Definition of separate areas - Physical measures of separation - Allowed incentives - Client communications and notices - Training and other internal policies and procedures
Own issues, placings and/or underwritings	- Underwriting - Placing - Preparation of investment research, financial analysis or other generic recommendations related to transactions in financial instruments - Placing - Reception and transmission of orders from Clients - Investment advice - Discretionary portfolio management	- Client communications and notices - Training and other internal policies and procedures
Loans to Issuers	- Granting of loans - Preparation of investment research, financial analysis or other generic recommendations related to transactions in financial instruments - Underwriting	- Definition of separate areas - Physical measures of separation - Client communications and notices - Training and other internal policies and procedures

Difference between similar products	- Underwriting - Placing - Preparation of investment research, financial analysis or other generic recommendations related to transactions in financial instruments - Placing - Reception and transmission of orders from Clients - Investment advice - Discretionary portfolio management	- Client communications and notices - Training and other internal policies and procedures
Direct or Indirect Investments	- Affects all investment and ancillary services	- Client communications and notices - Training and other internal policies and procedures
Influence between areas	- Affects all investment and ancillary services	- Definition of separate areas - Client communications and notices - Training and other internal policies and procedures

19 | ANNEX II - NON-EXHAUSTIVE LIST OF NON-CASH BENEFITS THAT BPI MAY PROVIDE TO OR RECEIVE FROM THIRD PARTIES:

- Information or documentation relating to a financial instrument or investment service, whether generic or customised to the circumstances of an individual Client.
- Written material from a third party that an issuer or potential issuer has engaged and paid the firm to produce in relation to a new issue, or where the third party firm is engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that it is made available at the same time to any investment firm requesting it or to the general public.
- Participation in conferences, seminars or other training on the benefits and features of a particular financial instrument or investment service.
- Hospitality of a reasonable minimum value, such as food and refreshments during a business meeting or conference, seminar or other training course as referred to in c); and
- Other minor non-monetary benefits which are considered to enhance the quality of service provided to a Client and which, considering the overall level of benefits provided by a firm or group of firms, are of a scale and nature unlikely to compromise compliance with the investment firm's duty to act in the Client's best interests.

20 | SUPPORT - USEFUL LINKS

- General Policy on Conflicts of Interest
- Procedures for Identifying and Managing Conflicts of Interest
- FAQs | Conflicts of Interest
- Internal Code of Conduct for Securities (ICC)
- Code of Ethics and Operating Principles

v.i. Policy on Safeguarding of Financial Instruments

1| INTRODUCTION

1.1 Background

- In order for Banco BPI, S.A. (hereinafter "BPI" or "the Company") to comply with the objectives of Client protection set out in Section 4 " General Principles of Protection of Financial Instruments Belonging to Clients" of this document, which are established by legislation/regulation at both national and European level, BPI has established the Policy on Safeguarding of Financial Instruments (hereinafter "the Policy"), which is detailed below.
- The purpose of this Policy is to establish the principles underlying the Safeguarding of Client Assets, in the context of financial intermediation activities, in alignment with Caixabank, while respecting BPI's own specific characteristics.

1.2 Scope

- Entities providing investment services should take appropriate measures to safeguard the property rights of Clients, particularly in the event of the insolvency of the entity, and should regulate, where appropriate and in accordance with applicable law, the use of financial instruments belonging to Clients for their own account.
- In line with BPI's concern for the protection of its Clients and the safeguarding of their assets, a Policy has been established and, in accordance with Article 306-G of the Securities Code, a person responsible for the safeguarding of Clients' assets has been appointed - a role that falls to the Head of Operations, who is endowed with sufficient competence and authority to carry out the duties effectively and smoothly. The exercise of its functions entails, among other things, the obligation to periodically inform the management and the supervisory bodies, through communications to the Transparency Committee, a body that reports directly to the Executive Commission of the Board of Directors (CECA), on the supervision and its effectiveness regarding compliance with the requirements for the protection of Client assets.

1.3 Objective

- The purpose of this policy is to collect the principles and assumptions that determine the general principles of protection of financial instruments belonging to Clients.

- The contents of this Policy include:
  - General principles for distinguishing between own assets and assets belonging to Clients, as well as mechanisms for reconciling accounts, safeguarding Clients' funds or the possible use of their financial instruments.
  - Governance Framework.
  - Control Framework.
  - Information and Reporting.
  - Policy Update.

2| SCOPE OF APPLICATION

- This Policy is considered an individual policy of BPI.

3| REGULATORY FRAMEWORK. REGULATION AND APPLICABLE LAW

- This Policy is subject to the provisions of the applicable regulations currently in effect, as well as those that may be amended or replaced in the future. Specifically, at the time it was drafted, the following regulations applied to BPI:
  - Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014, on markets in financial instruments (MiFID II).
  - Commission Delegated Directive (EU) 2017/593 of April 7, 2016, supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards the protection of financial instruments and Client funds.
  - Commission Delegated Regulation (EU) 2017/565 of April 25, 2016, supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined concepts for the purposes of that Directive.
  - Directive 2013/36/EU of the European Parliament and of the Council of June 26, 2013, on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.
  - Decree-Law 486/99, of November 13, as amended (Securities Code), namely Articles 306 to 306-G and 312/1/g).
  - Decree-Law No. 298/92, of December 31, as amended (General Regime of Credit Institutions and Financial Companies).

4| GENERAL PRINCIPLES OF PROTECTION OF FINANCIAL INSTRUMENTS BELONGING TO CLIENTS

- As established by the applicable regulations detailed above, entities providing investment services shall take appropriate measures to safeguard the ownership rights of Clients, especially in cases

of insolvency of the Entity, and regulate, when appropriate and in compliance with the provisions of the applicable legislation, the use of financial instruments belonging to Clients for their own account.

5| MANAGEMENT MODEL FOR SAFEGUARDING FINANCIAL INSTRUMENTS

5.1 Distinction between own assets and Client assets

- BPI has established a structure of registration and deposit accounts that enables it to differentiate its own financial instruments from financial instruments belonging to Clients and, within these, to always identify the assets held by each of them.
- On the domestic market, BPI, in accordance with the regulations in force, maintains the following account structure:
  - BPI's own portfolio account.
  - BPI Client accounts opened with the Central Securities Depository (INTERBOLSA / Euronext Securities Porto), as a participating entity.
- On the International Markets, BPI resorts to the following entities for the custody and settlement of financial instruments representing capital and debt, as well as investment fund units:
  - EUROCLEAR BANK.
  - BNP PARIBAS, LUXEMBURGO, for the distribution of BPI GA Funds marketed in Luxembourg.
  - CITIBANK.
  - CLEARSTREAM.
  - ALLFUNDS BANK INTERNATIONAL.
  - FUNDSETTLE, and
  - CECABANK.
- In addition to these entities, BPI also uses BANCO SANTANDER S.A. as an intermediary for the clearing and settlement of financial derivatives (hereinafter, these entities will be referred to as "Sub-custodians").

  The account structure in these entities is divided into:
  - Own Portfolio Account, and
  - BPI Client accounts
- Sub-custodians that are not direct members of the Central Securities Depository of the market they serve may, in turn, request a third-party sub-custodian for the custody and settlement of securities.

5.2 Account reconciliation

- BPI maintains the necessary records, reconciliation procedures and accounts to ensure that a Client's assets can always be promptly distinguished from those of other Clients and from those of BPI itself. Internal records and open accounts ensure the accuracy of the data they contain and their correspondence with the Client's financial instruments. The following reconciliation procedures are carried out:

Domestic Market

- Instruments representing capital and debt - daily reconciliation of the balances of accounts held at the Central Securities Depository (INTERBOLSA / Euronext Securities Porto).
- Issues registered in the Issuing Entities or their Registration Agents - monthly reconciliation of the global balances registered in the entities that hold the book-entry registers. Annually, a reconciliation is performed of the ownership by Client of the positions.
- Physical securities held in vaults: sample reconciliation at least annually.

International Markets

- Instruments representing capital and debt: fortnightly reconciliations of balances held in Sub-custodians,
- Derivatives contracted on organised markets: BPI carries out a daily reconciliation of the balances of accounts held with BANCO SANTANDER SA, the entity providing BPI with clearing and settlement services for ETD derivatives,
- Foreign collective investment undertakings: fortnightly reconciliations of balances held with Sub-custodians, an entity with which BPI has contracted custody and settlement services.

- The discrepancies identified in the reconciliation processes are analysed and managed for resolution. In addition to the reconciliation processes described above, BPI, through its Internal Audit Department, conducts internal and periodic reviews, including the annual External Audit, of the process for Safeguarding Client Assets.

5.3 Issues to consider when delegating custody

- Article 306-A of the Securities Code allows financial institutions to hold on behalf of their Clients financial instruments registered in accounts opened with third parties, provided that the financial institutions act with due skill, care and diligence in the selection, designation and periodic evaluation of that third party, considering its technical capacity and reputation in the market.
- BPI's custody and sub-custody scheme is set out below:

Domestic Market

- BPI is a member of the Portuguese Central Securities Register - INTERBOLSA (Euronext Securities Porto) - responsible for the settlement and custody platform for national equity and debt instruments.
- Consequently, the registration of the financial instruments of BPI Clients is not delegated to third parties.

International Markets

- BPI resorts to Global and/or Local Sub-custodians to perform settlement and custody operations on the various international markets where its Clients carry out operations.
- BPI has a procedure in place detailing the criteria for the selection, appointment and review of sub-custodians to ensure compliance with market requirements and practices for holding assets in the various markets in which they provide coverage.

- For the purposes of selecting Sub-custodians, BPI considers various aspects, including the technical competence, experience and reputation in the market of the selected Sub-custodians, market coverage in the activity of settlement and custody of financial instruments, the specialisation of the entity in the securities field, the soundness of the business continuity systems

and other aspects such as the quality of the information for monitoring custody activity and the frequency of access to positions held at each moment.

MARKET PRESENCE REQUIREMENTS	
Market and Instrument Coverage for Settlement and Custody	The coverage of the settlement and custody service will be assessed for the intended markets and financial instruments
Criteria for selection and review of the Sub-custodian network	The procedure for selecting and reviewing the entities used as Sub-custodians will be considered
Reputation, experience, and expertise	BPI only uses entities with renowned reputation.
Pricing	Competitive pricing, in line with similar entities, is required

OPERATIONAL REQUIREMENTS	
Operational Services and Support and Communication Systems	The reliability of operational procedures, the level of automation, the quality of information and the agility of technical and operational support will be valued.
Business Continuity Systems	The business continuity plans will be verified, and the alternatives presented will be assessed in terms of the speed of their adoption and estimated level of disruption

- For the exercise of custody activity, the designated entities enjoy world-wide recognised prestige, technical competence, experience, and solvency.
- BPI has contracted the services with some Sub-custodians located in countries of the European Union which have specific regulation and supervision regarding the holding and custody of financial instruments, and the Sub-custodians are subject to said regulation and supervision.
- In cases of deposit of financial instruments issued in non-EU countries, the designated Sub-custodians may, in turn, require the use of local Sub-custodians or central depositaries subject to regulation and supervision in those non-EU countries. In this case, Clients are informed that their rights over such instruments may be different than if they were subject to the law of a member state.
- Financial instruments held by Clients may have been issued under legislation other than Portuguese law, and Client rights in the event of insolvency of the issuer may differ from those provided for under Portuguese law.
- Notwithstanding, BPI may only deposit or register the financial instruments belonging to its Clients with a third party domiciled in a State not subject to regulation and supervision of the custody of financial instruments on behalf of others, only where, by the nature of the financial instruments

or services relating to those instruments, it is required that the custody is performed with a third party in that State.

5.3.1 Operational Processes

- For the communication with its Sub-custodians, BPI has established real-time connection mechanisms which permit immediate and constant access to information on the accounts, especially that corresponding to assets in custody, settlement operations and corporate events occurring on Clients' positions.
- The reconciliation processes have been detailed in section 5 "Management Model for the Safeguarding of Financial Instruments - "Account Reconciliation" of this document.

5.4 Outsourcing Agreements

- Based on BPI's structure, in terms of custody of financial instruments, it can be concluded that BPI does not currently have any outsourcing contract, since:
  - **In the Domestic Market**: BPI is a direct participant in the Portuguese Central Securities Register.
  - **In International Markets**: BPI uses an international Sub-custodian scheme, considered normal market practice. This type of support does not imply that BPI has outsourced the international custody and settlement functions of financial instruments to the various Sub-custodians, but rather that these entities are service providers.

5.5 Aspects to consider concerning the safeguarding of Client assets

- Based on BPI's structure, in terms of custody of financial instruments, it can be concluded that BPI does not currently have any outsourcing contract, since:
  - **In the Domestic Market**: BPI is a direct participant in the Portuguese Central Securities Register.
  - **In International Markets:** BPI uses an international Sub-custodian scheme, considered normal market practice. This type of support does not imply that BPI has outsourced the international custody and settlement functions of financial instruments to the various Sub-custodians, but rather that these entities are service providers.

5.6 Use of financial instruments belonging to Clients

- BPI, as a financial institution duly authorised by the Bank of Portugal and an Entity authorised in accordance with Directive 2013/36/EU of the European Parliament and of the Council of June 26, 2013 relating to the access to the activity of credit institutions and to the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, acts directly as depositary for the current accounts of its Clients.

5.6.1 Control to ensure that financial instruments are not used

- Compliance with this Policy is monitored by the means detailed below:

- Record-keeping of orders and operations, including the details of instructions communicated by Clients.
- Reconciliation of own account and Client account balances, as detailed in the "Account Reconciliation" section of this document.
- Sending confirmations to Clients for each movement made in the account, detailing the specific details of the operation and its overall position.

5.6.2 Possible future use of financial instruments belonging to Clients

- BPI may only conclude financing contracts relating to financial instruments belonging to its Clients, or use them in any other way, either for its own account or on behalf of another Client, in accordance with the following requirements:
  - i. The Client must give express consent prior to the use of the financial instruments. In case of retail investors, it will be necessary for such consent to be transmitted through a written document, with the signature of the Client or any equivalent alternative mechanism.
  - ii. The use of financial instruments will be adjusted to the conditions specified and accepted by the Client.

    In addition to the provisions of the previous section, when the financial instruments, over which the Client authorises their use, are registered in an omnibus account, where permitted by applicable regulations, the following requirements must also be met:
  - iii. The need for express, prior, and individual consent of Clients whose instruments are registered in an omnibus account.
  - iv. The need for BPI to have systems and controls in place to guarantee the use of the instruments, in the exclusive case that the Client has given express consent.
  - v. The need to keep a record of such operations, including:
    - a. Information on Clients who have transmitted instructions on the use of their financial instruments.
    - b. Number of financial instruments used, belonging to each Client who has given consent (to correctly allocate possible losses).

6.| GOVERNANCE FRAMEWORK

The governance structure at BPI, as regards the safeguarding of financial instruments, is as follows:

6.1 Board of Directors

- BPI's Board of Directors is ultimately responsible for compliance with the provisions of this Policy and consequently for the management of conduct risk in respect of the safeguarding of financial instruments.
- It is responsible by law for determining BPI's management policies and strategies. Within the framework of conduct risk management as regards the safeguarding of financial instruments, it is particularly responsible for:

- Defining a system of governance that ensures the sound and prudent management of BPI, including an appropriate division of functions in the organisation and prevention of conduct risk regarding the safeguarding of financial instruments, the monitoring of the implementation of the system and the periodic review and evaluation of its effectiveness, and, where necessary, the adoption of appropriate measures to deal with any disputes that may arise.

- Establishing the general principles of action, supervision, and communication of conduct risk in matters of safeguarding of financial instruments which will serve as a reference to enable BPI to develop the necessary organisational measures and procedures.

6.2 Risk Commission

- In fulfilling its role as an advisory and support body to the Board, the Risk Commission is responsible for advising the Board and the Audit Commission on the Company's risk Policy and, within that framework, on BPI's overall, current and future risk appetite and strategy, and for assisting the Board in overseeing the implementation of BPI's risk strategy by the Executive Commission.
- In the context of conduct risk management for safeguarding financial instruments, the Risk Commission:

  - Proposes approval of this Policy to the Board of Directors.

  - Monitors the degree of adequacy of the risk assumed to the previously decided profile and ensures that the Bank's actions are consistent with the tolerance levels established.

  - Determines, in collaboration with the Board of Directors, the information that these bodies must receive, so that knowledge of exposure to this risk is sufficient for decision-making purposes.

  - Assesses the risk of compliance with applicable legislation and/or regulations in force in this sphere of action and decision, detecting any risk of non-compliance and monitoring and analysing any shortcomings in accordance with ethical or deontological principles.

  - Verifies whether BPI has the means, systems, structures, and resources in accordance with the best practices that allow it to implement its conduct risk management strategy as regards safeguarding of financial instruments.

6.3 Audit Commission

- The Audit Commission supervises the effectiveness of the internal control system, ensuring that the established Policies and Systems are effectively applied, and assesses the effectiveness of the financial and non-financial risk management systems, aiming at exercising its supervisory function as a Governing Body, within the scope of the Policy on Safeguarding of Financial Instruments, namely proposing to the Board of Directors the approval of this Policy.

6.4 Executive Commission of the Board of Directors

- The Executive Commission of the Board of Directors is responsible for approving the procedures necessary for the implementation of this Policy, as well as the decisions to be adopted in the context of the management of conduct risk about the safeguarding of financial instruments.

6.5 Global Risk Committee

- BPI's Global Risk Committee is a body that reports to the Risk Commission and is responsible for the overall management, control and monitoring of the risk arising from, among other things, possible non-compliance with the safeguarding of financial instruments, and for assessing the impact of this on liquidity management, solvency levels and the use of regulatory and economic capital.
- To this end, it must analyse the Bank's overall position in relation to this risk and establish, directly and/or through any Delegated Commissions, the policies and/or procedures that will optimise its management, monitoring and control, in line with BPI's strategic objectives.
- Accordingly, the specific objective of this Committee is to align the strategy in this area with that set by the Board of Directors within the framework of the risk appetite, to coordinate measures to mitigate non-compliance and the response to early warnings, and to keep the Board of Directors informed of the main lines of action and their status at BPI through reports to the Risk Commission.

6.6 Transparency Committee

- The Transparency Committee is a body that reports to the Executive Commission of the Board of Directors and is primarily responsible for reviewing and approving the Policy on Safeguarding of Financial Instruments.

7.| CONTROL FRAMEWORK

- BPI promotes a risk culture that is conducive to risk control and compliance, as well as the establishment of a robust internal control framework that encompasses the entire organisation and enables fully informed risk decisions to be made.
- BPI's internal control framework is structured according to the Three Lines of Defence model, which ensures a strict division of functions and the existence of several independent levels of control:
- The **first line of defence** comprises the business areas, business support and central services, and is responsible for:

  - Applying the regulations in force, including this Policy, as well as any manuals on specific operating procedures for the activity.
  - Establishing procedures and proactively implementing measures to identify, mitigate and manage conduct risk in safeguarding of financial instruments.
  - Setting up and implementing adequate controls to ensure compliance with obligations regarding the safeguarding of financial instruments.

- The Compliance Department, as the **second line of defence** for conduct risk in matters of safeguarding of financial instruments, has the following functions:

  - Promoting the approval of the Policy by the Board of Directors, as well as any substantial change thereto.

  - Reviewing the satisfactory compliance and effectiveness of the measures adopted by BPI, within the scope of the general procedures for action in matters of safeguarding financial instruments described in this Policy.

  - Revising and evaluating the Policy every three years or less if the situation so requires, considering possible changes in the applicable regulations and internal procedures.

- Issuing recommendations regarding the improvement or adoption of additional measures concerning the general procedures for action on safeguarding of financial instruments, resulting from the abovementioned review procedure.

- Timely informing the Governing Body of any relevant event or occurrence with respect to possible non-compliance with safeguarding of financial instruments.

- Clarifying any doubts about the Policy that may arise during its application by BPI.

- Ensuring adequate communication and awareness of the Policy, through campaigns, awareness-raising actions, and training programmes.

- The Internal Audit Department acts as the **third line of defence**, and its mission is to supervise the performance of the first and second lines of defence. It is an independent and objective function, which ensures the following functions:

  - Including in the audit plans reviews of the effectiveness of management, control and governance procedures relating to the safeguarding of financial instruments at BPI.

  - Issuing relevant recommendations and monitoring their proper implementation to ensure the achievement of strategic objectives and the improvement of the control environment.

  - Informing, among other areas, the Compliance Department of the risks of non-compliance in matters of safeguarding of financial instruments that it detects during its activity.

8. | INFORMATION AND REPORTING

- Achieving an appropriate reporting structure is key to managing conduct risk in safeguarding financial instruments.
- The main reporting objectives are the following:
  - Providing the Governing Bodies, whenever necessary and in a timely manner, with accurate, clear, and sufficient information to facilitate decision-making and to verify whether BPI is acting in accordance with the legal and regulatory provisions in force, as well as in compliance with the applicable internal rules.
  - Satisfying the information requirements of Supervisors/Regulators.
  - Keeping the sole shareholder and BPI's stakeholders informed of the principles of action for safeguarding financial instruments.
  - Providing the heads of the different areas, especially the management and control areas, with the necessary data to monitor compliance with the strategy defined for BPI in matters of safeguarding of financial instruments.
- Additionally, BPI provides information on the safeguarding of financial instruments in the "BPI Investor Manual".

9. | INVESTOR COMPENSATION SCHEME

- BPI is a participant in the Investor Compensation Scheme which ensures the protection of investors in the event of the financial incapacity of financial intermediaries authorised to operate in Portugal.

- The Scheme was created by Decree-Law no. 222/99, of June 22, amended by Decree-Law no. 252/2003, of October 17 and by Decree-Law no. 162/2009, of July 20.
- BPI understands that Decree-Law 162/2009, of July 20, which amends Decree-Law 222/99, of June 22, suffers, as the latter, from organic unconstitutionality by violation of the reserve relating to the legislative powers of the Assembly of the Republic, to the extent that, as the contributions of the institutions to the Investor Compensation Scheme are, in substantial terms, of a tax nature, those laws should have been preceded by the competent legislative authorisation, which did not occur.
- BPI also considers that the coverage of warrant credits introduced by Decree-Law No 162/2009 of 20 July is unconstitutional in substance, as it violates the principle of proportionality. Without prejudice to the above-mentioned organic and material unconstitutionality, BPI also considers that the provisions of Legislative Decree No. 162/2009 of July 20, 2009, which extend the scope of application of the Investor Compensation Scheme mentioned below (for example in the sense of covering credits deriving from investment operations whose contractual terms provide for a guarantee of repayment of fixed or determinable amounts), if applied to situations of financial insolvency of financial intermediaries that occurred before the date of entry into force of the same Decree (July 21, 2009), are materially unconstitutional for violation of the constitutional prohibition of retroactive tax laws.
- The purpose of the Investor Compensation Scheme is to protect small investors (Retail Investors) in the event of the financial inability of participating financial intermediaries to repay or return money or financial instruments belonging to them, by guaranteeing the coverage of amounts due to investors in respect of financial instruments and money expressly earmarked for their purchase, namely:

  - The financial instruments (namely shares, bonds, equity securities, units in investment funds, commercial paper, treasury bills, futures, and options on financial instruments, FRAs) deposited by or managed on behalf of Clients.

  - Money deposited by Clients for the express purpose of investing in financial instruments.
- Under the terms foreseen in the original wording of Article 3 of Decree-Law no. 222/99, of June 22, and in the current paragraph 1 of the referred Article "the Scheme provides coverage for claims against a Participating Entity arising from its financial inability to repay or return to investors, in accordance with applicable legal and contractual terms, funds due to or belonging to them which are specifically earmarked for, or held, administered or managed on their behalf in connection with, investment transactions".
- As amended by Decree-Law 162/2009, of July 20, Article 3(2) now states that "the funds due to investors and specifically allocated to investment operations include claims they have on an entity participating in the Scheme arising from investment operations where the contractual terms provide for a guarantee of repayment of fixed or determinable amounts".
- As mentioned above, BPI understands that the extension of coverage resulting from this legislative amendment will only apply to situations of asset impairment of financial intermediaries participating in the scheme that occur after July 21, 2009, the date of entry into force of Legislative Decree 162/2009 of July 20, 2009.
- As provided for in Article 9 of said law, the following are excluded from coverage by the Scheme:

  a) credits arising from investment operations held by qualified investors referred to in Article 30(1) of the Portuguese Securities Code, whether acting in their own name or on behalf of Clients, or public administrative sector entities.

  b) credits arising from investment operations in which an investor, other person or party has been the subject of a final criminal conviction for money laundering offences.

  c) credits arising from investment operations carried out or provided by entities not authorised for that purpose.

d) credits arising from investment operations carried out directly outside Portugal or other member states of the European Community, namely in offshore jurisdictions, unless the investor was unaware of the destination of such investment.

e) credits arising from investment operations carried out in the name and on behalf of members of the management or supervisory bodies of the participating entity, shareholders with a direct or indirect holding of not less than 2% of its share capital, statutory auditors at their service, external auditors providing audit services, or investors with similar status in other companies that are in a controlling or group relationship with the participating entity.

f) credits arising from investment operations carried out in the name or on behalf of the persons or entities that have performed the functions, held the shareholdings or provided the services referred to in the preceding subparagraph in the four years preceding the date of activation of the Scheme, or of the adoption by the Bank of Portugal of recovery and reorganisation measures, under the terms of the law, and whose action or omission has been at the origin of the financial difficulties of the participating entity or has contributed to the worsening of such situation;

g) credits arising from investment operations carried out in the name and on behalf of the spouse, first-degree relatives, or kin or third parties acting on behalf of the investors referred to in the preceding subparagraph.

h) credits arising from investment operations carried out in the name and for the account of undertakings which are in a controlling or group relationship with the participating entity.

i) credits arising from investment operations held by investors who are responsible for facts related to the participating entity, or who have benefited from them, either directly or through an intermediary, and who are at the origin of the financial difficulties or have contributed, through action or omission in the scope of their responsibilities, to the worsening of such situation.

j) credits resulting from guarantees of profitability, as well as guarantees of reimbursement of funds allocated to investment operations, improperly agreed between investors and participating entities or granted by the latter, such guarantees being deemed to have been established from the third month preceding the date on which the system was activated or the Bank of Portugal adopted recovery and reorganisation measures under the terms of the law.

k) credits arising from investment operations carried out by investors acting on behalf of any persons or entities referred to in the foregoing subparagraphs.

- The Investor Compensation Scheme guarantees reimbursement up to a limit of 25,000 euros per investor. This limit is established per investor and not per account.
- The amount of compensation due to each investor will be calculated on the date of activation of the Investor Compensation Scheme based on the value of the cash and financial instruments registered in the name of the investor with the financial intermediary that initiated the activation of the Scheme, considering the limits established by law.
- The Investor Compensation Scheme is activated:

  a) If, for reasons directly related to its financial situation, the financial intermediary participating in the scheme is unable to meet its obligations arising from the investors' credits and the Bank of Portugal has verified, after consulting the Portuguese Securities Market Commission (CMVM), that the financial intermediary does not appear to be able to do so soon.

  b) If the Bank of Portugal publishes the decision by which it withdraws the authorisation of the financial intermediary, if such publication takes place before the review referred to in the previous paragraph.

c) In the case of credits arising from investment operations carried out in Portugal by branches of investment firms and credit institutions established in another Member State of the European Union, upon receipt of a declaration from the home supervisory authority that the exercise of the rights of investors to recover their credits from that entity is suspended.

- The Investor Compensation Scheme shall publish the activation and all other elements that may be necessary for the protection of the interests of investors:
  - At its registered office.
  - At the CMVM registered office.
  - At the branches and agencies of the financial intermediary that originated the activation.
  - In a mass-circulation newspaper.
  - On the Investor Compensation Scheme website.
  - On the CMVM website.
  - In other places or by other means it considers convenient.
- In addition to this publication, the Investor Compensation Scheme will notify each investor of the calculated amount of compensation, the method of calculation and the procedures necessary for its payment.
- Investors have 30 days from the notification of the Investor Compensation Scheme to submit the Identification Form, available on the Investor Compensation Scheme page of the CMVM website (www.cmvm.pt) and at the offices of the CMVM, containing their personal and contact details, the company name of the financial intermediary, the payment option and, if they choose to receive the compensation by bank transfer, the IBAN of the account to which the amount of the compensation is to be credited. If the investor disagrees with the value calculated by the Investor Compensation Scheme, he/she should fill in the complaint form, which is also available at the above-mentioned locations.
- As described in the CMVM's "Contingency Plan" document, available at www.cmvm.pt, "the Investor Compensation Scheme will notify each investor, by registered letter with acknowledgement of receipt, of the amount to be received and the form and date of payment or, in the case of investors who have opted to receive payment by cheque, the place and date from which the cheque may be cashed and the documentation required for that purpose".
- For further information, please contact a BPI branch or consult the CMVM website (www.cmvm.pt).

10.| POLICY UPDATE

- This Policy will be submitted to the Board of Directors for review every three years.
- The Operations Department, as the body responsible for the Policy, must review its content and, whenever it deems pertinent, may propose modifications which will be submitted for approval by the Board of Directors, after hearing the Risk Commission and the Audit Commission.
- Additionally, the Policy may be updated at any time, when the DO has identified the need for change for the following reasons:
  - Changes in legislation and/or regulations.
  - Changes in business objectives and strategy.
  - Changes in management processes.

- Changes deriving from results obtained in monitoring and control activities.
- New Policies or modifications to existing ones, which affect the content of this Policy.
- Modification of the organisational structure entailing a change of the functions of conduct risk management regarding safeguarding financial instruments.

- As a review procedure, the responsible body of the Policy should:
  - Share the result of the analysis carried out with the other BPI structures involved in the management of conduct risk regarding the safeguarding of financial instruments and introduce any necessary changes to the Policy.
  - Submit a proposal for revision of the Policy which will include a summary of the review conducted in the "Amendments to the Latest Version" section at the beginning of this Policy.
  - Propose to the Global Risk Committee, to submit the revision of this Policy to the Risk Commission and to the Audit Commission, which will analyse its conformity prior to consideration by the Board of Directors.
- In situations where updates are made outside of the specified period (triennial review), they may be approved by the Global Risk Committee if they are immaterial. For these purposes, immaterial updates are those resulting from organisational changes that have no impact on the conduct risk management functions in terms of financial safeguards, typographical corrections, or resulting from updating documents referenced in this policy. The Risk Commission and the Audit Commission will always be informed of updates approved by the Global Risk Committee. These Commissions will in turn decide whether to inform the Board of Directors of these updates.
- The Organisation and Presidency Department is responsible for the record-keeping and accessibility of this Policy, ensuring the correct functioning of the processes of archiving, distribution and, where appropriate, publication.
- This Policy will be integrated in the "BPI Investor Manual", available on BPI's public website.

v.i.i. Handling Client Claims and Complaints

The characteristics and operation of the BPI's Investor Complaint Handling Service are described below.

1. **The importance of Claims and Complaints at BPI**

   BPI views any claim or complaint as an opportunity to improve the quality of the service provided and thus strengthen the relationship with each of its Clients. Resolving Client problems, complaints, claims or dissatisfaction is therefore fundamental to the continuous improvement of the service provided.

2. **BPI department responsible for receiving and analysing claims and complaints**

   The BPI department in charge of receiving claims and complaints from investors regarding investment services or ancillary investment services is the Quality Department - Claims. This department has a team specialised in the handling of complaints and claims (Complaints Area), which monitors each claim and complaint from its submission to BPI until the final response is sent to the investor.

   The priorities of this Area are the following:

i) A high-quality response to claims and complaints, particularly in terms of content and response time.

ii) That the claim or complaint will be dealt with by a different body or employee from the one who carried out the acts complained of, but that this body will be assured of its opinion to ensure that the claim or complaint is dealt with quickly and effectively.

iii) Follow-up of the procedure until the claim or complaint is effectively resolved.

The Complaints Department has the following responsibilities:

i) Receive and register in its own application the claims and complaints submitted by investors.

ii) Act promptly to promote the resolution of the claims or complaints received and the drafting of the corresponding replies, contacting the appropriate departments of BPI structure in each case.

iii) Ensure that a response is provided to the investor within a timeframe appropriate to the nature of the claim or complaint and in any event no later than 15 working days from the date of receipt of the claim or complaint.

iv) Maintain complete records of investor claims and complaints for at least 5 years.

Information on investor claims and complaints is included in the reports sent to the competent Supervisory Entities.

3. How to make a claim

Written claims or complaints should be presented in a clear and concise manner, stating the full name and account number in the case of Clients, and the number of an identification document (citizen card, identity card or tax identification number) in the case of persons who do not have such status, and should be accompanied, if necessary, by other documentation deemed relevant, namely correspondence previously exchanged with BPI.

Claims or complaints can be made free of charge and responses to claims can also be accessed free of charge through the following channels.

Distribution Network

You can submit your claim or complaint directly to one of our branches and your matter can be resolved immediately.

Letter

Banco BPI – Gestão de Reclamações (Complaints Management)

Apartado 2231

1106 – 805 Lisboa

Portugal

Online Form

By completing the form available in the "Contact Us" section of any BPI website.

E-mail

gestao.reclamacoes@Bancobpi.pt

Complaints Book

Available at all BPI branches.

Through the online Complaints Book available at **https://www.livroreclamacoes.pt**.

Investors may also submit their claim or complaint anonymously or with their identity disclosed to the:

Audit Commission

Av. da Boavista 1117

4100-129 Porto

Investors may also address their claims or complaints to:

- In the case of Financial Instruments:

  Portuguese Securities Market Commission

  Behavioural and Investor Supervision Department

  Rua Laura Alves, n.º 4, Apartado 14258, 1064-003 Lisboa or via the website **www.cmvm.pt**

  - In the case of Investment Products based on insurance or Pension Funds:

  Insurance and Pension Funds Supervisory Authority

  Via the website **www.asf.com.pt**

Out-of-court dispute resolution

To ensure the out-of-court settlement of consumer disputes where the amount involved is less than the jurisdiction of the court of first instance (except for mortgage loans and consumer credit agreements where the amount involved is unlimited), the Bank guarantees that the Client will be able to have recourse to the following alternative dispute resolution bodies:

- Lisbon Consumer Conflict Arbitration Centre (**www.centroarbitragemlisboa.pt**);
- Porto Consumer Information and Arbitration Centre (**www.cicap.pt**).

The submission of a complaint or claim to Banco BPI or to the Supervisory Authorities in no way limits the right to submit it to alternative dispute resolution (ADR) entities or to resort to legal means.

BPI accepts recourse to ADR mechanisms, provided that the dispute relates to financial intermediation activities and the amount in dispute does not exceed €15,000, if the claim of the Client (as a retail investor) has not been satisfied in a previous complaint to BPI and the CMVM. In these cases, you can go to the Porto Consumer Information and Arbitration Centre (CICAP), the Lisbon Consumer Disputes Arbitration Centre (CACCL), the Coimbra Region Consumer Disputes

Arbitration Centre (CACRC), Consumer Conflict Arbitration Centre of Ave, Tâmega and Sousa (TRIAVE), or the Consumer Information, Mediation and Arbitration Centre (Consumer Arbitration Court) (CIAB), or the Algarve Information, Mediation and Arbitration Centre (CIMAAL), or the National Centre for Information and Arbitration in Consumer Disputes (CNIACC). For more information, visit the CMVM website at **www.cmvm.pt** and the Consumer Portal at (**www.consumidor.pt**).

v.i.i. Financial Instruments Investment Services and Activities

The following is a general description of the investment services and activities in financial instruments to be provided by BPI to current or prospective Clients who may be interested in financial instruments that may be traded through BPI at any time:

1. Receive and transmit orders on behalf of others.
2. Execute orders on behalf of others.
3. Portfolio management on behalf of others, subject to the prior conclusion of a specific agreement.
4. Non-independent investment advice.
5. Independent investment advice.
6. Self-employed trade

BPI may also provide investment services in financial instruments related to underwriting and placement, with or without guarantee, in a public offering. The following are also investment services in financial instruments that may be provided by BPI and/or Caixabank, S.A. - Branch in Portugal: (i) advice on capital structure, industrial strategy and related issues, as well as on mergers and acquisitions of companies; and (ii) assistance in a public offering of securities.

BPI may also provide services ancillary to the investment services and activities described above in relation to (i) the registration and deposit of Financial Instruments, as well as services related to their safekeeping in the Deposit Account for Financial Instruments opened with BPI; (ii) the granting of credit, including the lending of securities, for the execution of transactions involving Financial Instruments, subject to the prior approval of BPI and/or Caixabank, S.A. - Branch in Portugal; (iii) the preparation of investment research, financial analysis or other general recommendations in connection with transactions in financial instruments; and (iv) foreign exchange services and the rental of safes in connection with the provision of investment services.

BPI may also provide, as an ancillary service, the services and activities listed in paragraphs 1 to 5 above if they relate to the underlying assets:

- Commodities, climate variables, freight rates, emission allowances, inflation rates or any other official economic statistics, with financial settlement also at the option of one of the parties.
- Commodities with physical settlement, provided they are traded on a regulated market or a multilateral trading venue or, if they are not intended for commercial purposes, they have characteristics like other financial derivative instruments as defined in Article 38 of Commission Regulation (EC) No 1287/2006 of August 10, 2006.
- Any other derivative contracts, particularly those relating to any of the elements listed in Article 39 of Commission Regulation (EC) No 1287/2006 of August 10, 2006, provided they have characteristics like those of other derivatives within the meaning of Article 38 of the same Regulation.

When providing order reception and transmission and/or execution services for financial instruments that are considered simple or non-complex and when the initiative comes from the Client, the Bank is not

obliged to determine whether the transactions are suitable, considering the Client's knowledge and experience of the type of financial instrument and the type of order reception and transmission and/or execution service in question, to understand the risks involved.

Nevertheless, the Bank subjects the provision of the abovementioned service of receiving and transmitting and/or executing orders involving complex financial instruments and/or structured deposits to the prior completion by Clients of a test of knowledge and experience in investing in financial instruments and/or structured deposits. The Bank may also make the provision of the abovementioned service of receiving and transmitting and/or executing orders relating to non-complex financial instruments subject to Clients first taking a test of their knowledge and experience in investing in financial instruments.

In this case, the Bank may:

a) Refuse to provide the service if the Client i) refuses to provide the information requested by the Bank, ii) does not provide sufficient information for the above test to be carried out, or iii) if the test result is negative; or alternatively,

b) Provide this service by informing the Client that: i) the test could not be carried out due to a lack of or insufficient information; or ii) the result was negative, and the Bank therefore considers that the Client does not have sufficient knowledge and experience of the financial instruments that are the subject of the requested operation, in which cases the Client must confirm that they wish to proceed with the order.

The assessment of the suitability of transactions carried out within the scope of the reception and transmission and/or execution of orders involves analysing them in the light of the following parametres: (i) the investor's knowledge and experience in investment matters, and (ii) the investor's investment objectives and financial situation. The analysis is carried out based on the information provided to Banco BPI on these parametres, which the investor was asked about at the time of the assessment (or, in the case of knowledge and experience, in the context of a previous suitability test that may have been carried out) and which the Bank assumes to be true and correct.

Investment advice means the provision of personalised advice by the Bank to Clients in their capacity as actual or potential investors, either at their request or at the Bank's initiative, regarding transactions involving securities or other financial instruments.

Investment advice can be categorised as either independent or non-independent. The provision of either of these services by the Bank to the Client is subject to the conclusion of a specific written agreement between the two parties. In the case of independent investment advice, this agreement is included in the BPI Wealth service subscription agreement.

In both modalities, the Bank is obliged to make available and base its personalised recommendations on a sufficiently broad and representative range of financial instruments on the markets in terms of type and issuer or distributor, and to use an objective procedure or model for selecting these instruments that ensures the predominance of the Client's interests.

In the case of independent investment advice, the Bank is subject to additional duties of information and balance when providing and recommending financial assets issued and/or managed by the intermediary itself. These duties are set out in Article 53 of the European Commission's Delegated Regulation 565/2017. In addition, in the case of independent investment advice, the Bank is prohibited from accepting and maintaining incentives, namely any remuneration from third parties related to the service or the financial assets recommended.

In the case of non-independent investment advice, the Bank may receive incentives from third parties, namely the issuers, distributors and/or managers of the financial assets recommended by the Bank, in relation to the service provided, in the form of monetary or non-monetary benefits or services, and/or it may include in its investment recommendations financial assets issued and/or managed by the Bank itself and/or by companies belonging to the BPI Group and/or the CaixaBank Group.

Within the framework of the independent and non-independent advisory service, the Bank may recommend, in addition to financial instruments, (i) insurance-based investment products, including

pension schemes in the form of insurance, where this recommendation constitutes a sale with advice in accordance with Article 41 of the Legal Framework for the Distribution of Insurance and Reinsurance, approved by Law 7/2019 of January 16; (ii) Structured deposits, with this recommendation consisting of advice on structured deposits, under the terms of the legal framework for the design, marketing and provision of advisory services in relation to structured deposits, provided for and regulated in Annex I of Law 35/2018 of July 20, and (iii) other types of deposits.

In addition, Banco BPI has a marketing model for BPI Investment funds[1], BPI Capitalisation Insurance[2] and BPI Retirement Savings' Plans ('BPI Products'), exclusively through the BPI Poupar e Investir Service when the marketing of these financial assets is not carried out within the scope of the contracted Independent or Non-Independent advisory service.

This marketing model is a service that allows Clients to determine the allocation of their financial resources to their day-to-day needs, peace of mind, retirement and investment, for possible application in products made available by the Bank, as it is an order reception and transmission service.

Under the terms of the BPI Poupar e Investir Advisory Sales Service, before subscribing to any of the BPI products identified above, the Client must take a test to assess whether this transaction is appropriate for the Client's situation as an investor. Taking the test requires answering the necessary questionnaires in force at the Bank at any given time. Regarding the transaction in question, the Client's investment objectives, knowledge and experience in investment matters, and financial situation are analysed. Sustainability preferences will be considered when presenting the offer to the Client.

For accounts with more than one holder, the default 'Save and Invest decision maker' for account transactions is the Client who most recently completed the "Needs" questionnaire. The 'Save and Invest decision maker' can be changed at any time by any other account holder. To do so, the Client who wishes to become the 'Savings and Investment Decision Maker' must answer or review the 'Needs' questionnaire.

Orders given by any account holder will be considered under the following terms: (i) if the account holder giving the order is the 'Save and Invest decision maker', regardless of the account holder for whom the order is given, the investment profile considered will always be that of the 'Save and Invest decision maker'; (ii) if the account holder giving the order is not the 'Save and Invest decision maker', the profile of the 'Save and Invest decision maker' will always be considered, except in cases where the account holder is giving the order for oneself, in which case one's own investment profile will be considered.

From the date of entry into force of the new marketing model, subscription to the BPI products covered and identified above will no longer be possible as part of the Advised sale's service, now taking place exclusively in accordance with the above model. Exceptions to this rule are subscriptions from investors classified as eligible counterparties, or those made under portfolio management and recurring investment advisory accounts.

This marketing model (BPI Poupar e Investir Service) is a service for receiving and transmitting orders.

The assessment of the suitability of BPI Fund subscription transactions carried out under the BPI Poupar e Investir service involves, for each transaction, analysing it in the light of the following parametres: (i) the investor's knowledge and experience in investment matters (or, if different from the 'Saving and Investing decision-maker'), and (ii) the investor's investment objectives and financial situation. The analysis is carried out based on the information provided to Banco BPI on these parametres, about which the investor, or another person other than the Poupar e Investir decision-maker, was questioned at the time of the assessment (or, in the case of knowledge and experience, in the context of a previous suitability test that may have been carried out) and which the Bank assumes to be true and correct..

1 Funds managed by companies belonging to the Bank (BPI Gestão de Ativos and CaixaBank Asset Management Luxembourg, S.A.) and the Imopoupança Real Estate Fund.
2 An insurance-based investment product that includes two types of insurance: (i) those in which the redemption value of the insurance is fully exposed, directly or indirectly, to market fluctuations; and (ii) those in which this is only partially the case, since, without prejudice to the redemption commission due in this case, the amount invested is guaranteed by the insurance company at all times or on the date specified in the product terms and conditions, as applicable.

The analysis carried out includes:

a) determining, based on the information provided to BPI, the investor's level of risk and, therefore, the estimated maximum potential loss that BPI considers the investor may incur by investing in the relevant investment, and comparing this estimated maximum potential loss with the estimated maximum potential loss of the relevant financial instrument; and

b) determining, based on the information provided to BPI, the investor's financial capacity and, in this way, the estimated maximum potential loss that Banco BPI considers the investor may incur in the relevant financial instruments, and comparing this estimated maximum potential loss with the estimated maximum potential loss of the Investor's book, already considering the subscription whose adequacy is being assessed.

In the case of Insurance, the analysis carried out as part of the suitability assessment of each operation includes:

a) A comparison between the maximum potential loss that the investors have indicated they are willing to accept under the relevant BPI insurance and the maximum potential loss estimated by BPI in relation to the relevant BPI insurance; and

b) Determining, based on the information provided by the investor, the investor's financial capacity to invest in the BPI insurance in question.

Regarding BPI Capitalisation Insurance, BPI acts as an intermediary on an exclusive basis, distributing only BPI Vida e Pensões insurance, and its activity as an insurance intermediary is limited to intervening until the insurance contract is signed, without assuming any responsibility for the risks covered by the insurance contract. BPI also has a shareholding of more than 10% in Companhia de Seguros Allianz Portugal, S.A.

In return for its distribution activity, BPI is remunerated for its insurance distribution activity by an amount corresponding to a percentage of the management commission charged by BPI Vida e Pensões, and the Client may ask BPI for further information on this remuneration. BPI is not authorised to receive premiums or conclude contracts on behalf of BPI Vida e Pensões.

Complaints against Banco BPI, SA may be submitted to the Insurance and Pension Funds Supervisory Authority. Without prejudice to the possibility of having recourse to the courts, in the event of a dispute arising from the insurance mediation activity carried out in Portuguese territory, Clients may have recourse to the out-of-court dispute resolution bodies that may be set up for this purpose.

i.x. Sustainability information

Notwithstanding its core business of marketing banking products and services with a low environmental impact, BPI is aware of its environmental responsibilities. It recognises that, together with other financial institutions, it has an opportunity and a key role to play in pursuing a long-term vision, given its ability to influence the integration of environmental, social and governance (ESG) criteria into the Bank's operations and business, through the development of internal initiatives and the alignment of capital flows, through financing and investment, towards activities that do not jeopardise the environmental balance or harm the community in which it operates. As such, the Bank is committed to a sustainable banking model that aims to contribute to the financial well-being of its Clients and the sustainable progress of society as a whole and promotes the integration of ESG issues into its strategy, management model and practices, thereby creating value for the Bank and its stakeholders.

The Bank has integrated Sustainability into its corporate strategy and has defined a governance model that covers the entire Bank, from top management to each department.

As a signatory to the UN Global Compact, the Bank is committed to applying and promoting the UN initiative's 10 principles in the areas of human rights, labour practices, the environment and anti-corruption, and to contributing to the Sustainable Development Goals of the 2030 Agenda. To achieve this, the social and environmental dimension and commitment of BPI's activities, actions and alliances are transversally aligned with the 17 Sustainable Development Goals and the Bank's commitment to people, society and the environment. Specifically, the Bank's Sustainability Master Plan prioritises seven Sustainable Development Goals: (i) Goal 1 - Eradicate poverty; (ii) Goal 5 - Gender equality; (iii) Goal 8 - Decent work and economic growth; (iv) Goal 10 - Reduce inequalities; (v) Goal 13 - Climate action; (vi) Goal 16 - Peace, justice and effective institutions; and (vii) Goal 17 - Partnerships for implementation.

As part of the Bank's commitment and alignment with sustainability concerns, the Bank has adopted a set of sustainability policies and information, which can be consulted at https://www.bancobpi.pt/sustentabilidade:

- In accordance with the guidelines established for the Group by CaixaBank, S.A. ("CaixaBank"), the Bank integrates environmental, social and governance criteria into its business decisions, with the aim of mitigating risks and supporting business projects that are in line with its corporate values. To this end, the Bank has adopted the Sustainability Risk Management Policy/ESG.
- As respect for human rights is an integral part of the Bank's values and a minimum standard of conduct for the legitimate conduct of its business, the Bank also believes that the protection of human rights is primarily the responsibility of governments and that companies have a responsibility to promote and respect human rights within their sphere of activity. To this end, the Bank has established Principles of Action to guide BPI's relationships with its employees, Clients, shareholders, suppliers, partners and the communities in which it operates.
- In accordance with the transparency obligations set out in Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 (SFDR Regulation), the Bank provides sustainability information on the following issues:
  - The way it integrates the consideration of sustainability risks into its decision-making process regarding (i) the investment recommendations it makes as part of its investment advisory activity and (ii) the investment decisions it takes for portfolios it manages under portfolio management contracts as defined in Article 3 of the SFDR Regulation.
  - Consideration of the main negative impacts of investment recommendations and decisions on sustainability factors in accordance with Article 4 of the SFDR Regulation.
  - Integration and reflection of sustainability risks in its remuneration policies, in line with Article 5 of the SFDR Regulation.
- Given the Bank's commitment to sustainable operations aimed at creating value for its stakeholders, the Bank's management is based on responsible action and economic efficiency, with a focus on the sustainable socio-economic development of people and the country. To this end, the Bank has adopted the Sustainability Policy, which defines and establishes the general principles of action and the main commitments to stakeholders that BPI must follow regarding sustainability, in accordance with applicable legislation.
- As the Bank is firmly committed to contributing to a sustainable economy in which long-term profitability is reconciled with the protection of the environment and the promotion of social justice, it has developed an Engagement Policy setting out the principles of engagement in the decisions of the companies and issuers in which it invests, considering environmental, social and governance criteria. The Bank's Engagement Policy aims to define the general principles, criteria and procedures relating to engagement and applicable to the discretionary mandates entrusted to BPI by its Clients, in accordance with the provisions of Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017, on the promotion of long-term shareholder engagement. The Engagement Policy applies to the Discretionary Investment Portfolio Management service, a service through which Clients give a mandate to the company to manage their portfolios. The Bank has delegated the provision of this service to BPI Gestão de Ativos.

In this context, the Bank is committed to supporting the sustainable transition of its Clients and society at large and recognises the strategic role of financial institutions in redirecting capital flows to projects and companies that are aligned with the objective of reducing greenhouse gas emissions. The Bank is therefore committed to sustainable financing to support the transition of the most affected sectors, to integrate sustainability into the financing strategy of companies seeking more sustainable models, and to develop a consolidated and segmented offer for individuals that promotes sustainable consumption patterns and is more inclusive.

To this end, it intervenes in the following main areas:

- Developing financial solutions that integrate sustainability criteria, with a focus on energy efficiency, renewable energy, mobility and sustainable housing, to encourage the adoption of greener consumption patterns.
- Offering financial products with special conditions that promote the social and financial inclusion of the most vulnerable groups in society.

x. Additional Information

Annex I. **List of trading platforms for shares** (and other financial instruments tradable through BPI in addition to debt / bonds and derivatives), **debt / bonds and derivatives**

- **Shares** (and other financial instruments tradable through BPI in addition to Debt / Bonds and Derivatives)

Trading Venues

Bolsa de Barcelona (XBAR, XMCE)

Bolsa de Madrid (XMAD, XMCE)

Bolsa de Bilbao (XBIL, XMCE)

Bolsa de Valencia (XVAL, XMCE)

Mercado Alternativo Bursátil (MABX)

Euronext Amsterdam (XAMS)

Euronext Brussels (XBRU, ALXB, ENXB, MLXB, TNLB, VPXB)

Euronext Lisbon (XLIS, ALXL, ENXL)

Euronext Paris (XPAR, ALXP, ENLX)

Wiener Borse (WBAH, WBGF, WBDM)

Deutsche Borse (XETR, XFRA)

Borsa Italiana (MTAA, ETFP, XAIM,MTAH)

London Stock Exchange (LSE, XLON)

Irish Stock Exchange (XDUB, XASM, XEYE, XESM, XATL)

Nasdaq OMX (HelsinKnock In, Stockholm and Copenhagen) (NURO, XCSE, XHEL, XSTO)

Oslo Bors (XOSL, XOAS, XOSC)

SIX Swiss Exchange (XSWX, XVTX)

Athens Stock Exchange (XATH, ENAX)

Canada (XTSE, NEOE, PURE, XATS, XCX2, LYNX, OMGA, XTNX)

United States (XNYS, XNAS, AMEX, BATS, BATY, ARCX, EDGA, EDGX, IEXG, XASE, XBOS, XCHI, XPSX)

Turquoise (TRQX)

BATS (BATE)

Chi-x (CHIX, CHIC)

Aquis (AQXE)

Equiduct (EQTA, EQTB)

UBS MTF

Financial Intermediaries

CaixaBank

- **Debt / Bonds**

Financial Intermediaries

CaixaBank

- **Derivatives**

Trading Venues

Execute-JPM

BARX -BARCLAYS

BLOOMBERG- Platform

ICE- UK

CORTEX-BNP

REUTERS- Transation Services

PRIMETRADE

MTS-REPOS

VELOCITY-CITI

MARQUEE –GS

Financial Intermediaries

BNP-PARIBAS

CAIXBANK, S.A.

SOCIETE GENERALE

RBS

COMMERZBANK

JP-MORGAN

MORGAN STANLEY

BARCLAYS CAPITAL

GOLDMAN SACHS

V. 2025/08/11