

Nordea Execution Policy

November 2015

The President of Nordea Bank AB (publ) and Chief Executive Officer (CEO) of the Nordea Group in Group Executive Management have approved this execution policy (“Execution Policy”), which was last updated on November 2015.

Nordea Bank Danmark A/S, Nordea Bank Finland Plc, Nordea Bank Norge ASA and Nordea Bank AB (publ) (together or each entity separately “Nordea”) have adopted this Execution Policy.

1 Scope of this Execution Policy

This Execution Policy sets out Nordea’s arrangements for complying with the overarching best execution obligation and describes the key steps it takes to implement these arrangements in order to ensure the best possible result for the customer in the execution and transmission of customer orders in financial instruments (“Best Execution”).

This Execution Policy applies to customers classified by Nordea as either (i) non-professional customers or (ii) professional customers as further described in clause 2.3 Customer classification below. When applicable, this Execution Policy makes the distinction between non-professional and professional customers; for example in order handling.

This Execution Policy does not apply when dealing with counterparties classified as eligible counterparties where Nordea follows its own code of conduct and standard market practices.

As a general rule, this Execution Policy covers a large variety of financial instruments, that is, shares, bonds, derivatives (options, futures and warrants), investment fund units and structured products.

1.1 Transactions scope

This Execution Policy applies to transactions where Nordea executes orders on behalf of its customers. This is the most often used execution arrangement for shares, fund units, derivatives and other financial instruments which are admitted to trading on a regulated market, multilateral trading facility (“MTF”) or any other organised trading venue.

In certain cases this policy does not apply or only applies partly (see clauses 1.1.1-1.1.3 below).

1.1.1 Specific instructions

In cases where Nordea receives specific instructions from a customer on how to execute an order relating to a financial instrument, Nordea will follow such specific instructions. In such particular circumstances, Nordea’s customers must take into consideration that such specific instructions might prevent Nordea from following the policies set out in this Execution Policy to obtain the best possible result for the customer.

Examples of specific instructions would be if a customer requests Nordea to execute an order at a specific trading venue or if a customer itself is using a direct market access (DMA) system which electronically sends executable orders to a specific trading venue or trading venues.

When Nordea receives specific instructions from a customer, Nordea will, as stated above, follow those specific instructions. This Execution Policy will, however, still be applicable for the part of the execution of the order which is not altered by those specific instructions.

Furthermore, the trading rules for the relevant market for such financial instrument may also constitute an obstacle to certain specific instructions given by Nordea’s customers that may prevent Nordea from following such specific instructions.

1.1.2 Customer’s own request for quotes and placement of orders with Nordea as principal

Best Execution does not apply to transactions where Nordea, at its own account and risk, is acting as the customer’s counterparty based on the customer’s request for a quote, or where an order is placed with Nordea acting as the customer’s counterparty on negotiated terms agreed with the customer (for example when a specific price is reached in the market).

This is most often used when dealing in, among others, bonds, notes and other fixed income instruments, FX products and OTC derivatives. By accepting such order, Nordea indicates its willingness to attempt to enter into a trade at the price requested by the customer; however, Nordea does not guarantee that the trade can be executed at the agreed price which for example depends on market conditions.

Nordea will decide whether such an order can be executed in full, in part or not at all, based on market prices and availability of liquidity observed and available for Nordea. When Nordea has agreed to execute such an order with a customer, the price may include a margin to reflect Nordea's cost and profitability for providing such services.

When Nordea acts as market maker and conducts activities with multiple customers, Nordea may trade prior to or alongside customers' orders to facilitate execution for other customers, manage risk or secure liquidity for other reasons. In such cases Nordea seeks to satisfy all such customer requests and have sufficient risk management procedures and controls in place to ensure the best price for the customer.

It is Nordea's sole discretion how such transactions are executed pursuant to the agreed terms with the customer, including execution, aggregation, priority and pricing; however, subject to Nordea's internal policies, high ethical standards and applicable regulation.

1.1.3 Systematic internalising

Nordea may be registered as a systematic internaliser to systematically offer quotes on financial instruments to its customers.

The pricing of such quoted transactions will be based on the market value, on the value of the underlying assets and/or other relevant market factors. The pricing of such quotes will also take into account the cost and risk of Nordea's business model in relation to the financial instrument, counterparty credit risks and operational risks as well as the utilisation of Nordea's own capital to support dealings with its customers. This Execution Policy does not apply in these cases; however, Nordea follows its own code of conduct and standard market practices as well as the requirement to treat customers fairly.

2 Best Execution

When Best Execution applies, Nordea will take reasonable care to do so in accordance with this Execution Policy and as regulated by the relevant rules and regulations.

Nordea has such processes and procedures in place that can reasonably be expected to lead to Best Execution and it takes reasonable steps to follow these processes and

procedures.

Nordea does not guarantee that it will always be able to provide Best Execution on each and every transaction.

Nordea's arrangements for seeking Best Execution are based on:

- selection of suitable trading venues for execution,
- selection of suitable brokers,
- customer classification, more specifically as non-professional or professional customers, and
- assessment on how the execution arrangements can be best utilised to fulfil the Best Execution and potential specific instructions for the order,

as further described in clauses 2.1-2.4 below.

2.1 Selection of suitable trading venues

When selecting suitable trading venues for execution of orders, Nordea will take reasonable efforts to select trading venues that consistently allow the best result to be achieved.

Nordea takes the following specific factors into consideration when selecting suitable trading venues, including primarily such trading venues' liquidity (that is, spreads, depth, market share etc) and likelihood of both execution and settlement, but also any other circumstance that Nordea considers relevant to the selection of such trading venues.

An updated list of trading venues that Nordea uses for execution of orders can be found at www.nordea.com/mifid.

2.2 Brokers

Where Nordea does not have membership of the trading venue relevant for the order, such order will be transmitted to a broker. The broker will execute the order on such trading venue, or alternatively transmit the order on to another third party. Typically the broker is a credit institution, investment firm or similar intermediary.

Brokers to whom Nordea transmits orders are carefully chosen. Selection is carried out via regular reviews of the brokers' ability to provide Best Execution and their ability to enable Nordea to fulfil its obligations under relevant legislation, regulations and this Execution Policy.

When choosing the broker, Nordea will, in addition to the above-mentioned factors,

consider factors that Nordea deems important from time to time. Such a factor could for example be Nordea's general assessment of and confidence in the broker, but also which trading venues the broker has access to.

Nordea may at its own discretion provide specific instructions to a broker, for example to execute the trade at a specific trading venue in order to achieve Best Execution.

2.3 Customer classification

Customers to whom this Execution Policy applies are classified by Nordea either as (i) non-professional customers or (ii) as professional customers.

For the purposes of ensuring that Nordea obtains the best possible result for the customer when executing an order from a non-professional customer in the absence of specific instructions from such customers, Nordea will take into consideration all factors that will allow it to deliver the best possible result for the customer in terms of the total consideration to be paid by the customer.

Total consideration is the price of the financial instrument and the costs related to execution, including all expenses incurred by the customer which are directly related to the execution of the order, such as execution venue fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order.

When customer commission is inclusive of these fees, the total consideration is the same as the executed price.

When executing orders from professional customers, the instructions from such professional customers tend to be more complex. As a result, a further assessment is made in order to seek the best possible result for the customer (see clause 2.4 Assessment). For example, in case of a large order that may have an impact on the price of the financial instrument, the order may be executed over a period of time instead of on one particular occasion.

2.4 Assessment

When choosing how to execute an order, Nordea takes into consideration among others the following factors (in addition to customer classification):

- the specific instructions from the customer,
- the size and nature of an order,
- the price at which it is likely to be executed,
- the speed and likelihood of both execution and settlement, and
- any other circumstance which, in Nordea's opinion, is relevant to the execution of a particular order.

Nordea reserves the right to use its own judgment on the order of priority of the above list of factors if a specific situation or circumstance is evaluated to require such change of order of priorities.

Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result for Nordea's non-professional customers in terms of the total consideration (price) for executing such order.

3 Order handling, reception and transmission of orders

When Nordea accepts an order from a customer, Nordea may at its own discretion execute the order itself or transmit the order to another Nordea entity or to another broker/financial institution for execution.

When transmitting orders for execution, Nordea will use brokers possessing specific and adequate arrangements to satisfy the requirements of the Best Execution. Subsequent to receiving an order to which this Execution Policy applies, Nordea will normally route the order directly to execution venues which are chosen in accordance with this Execution Policy.

The decision on how orders are routed to potentially multiple trading venues is dependent on multiple factors, such as the relevant order type or other instructions in place as well as the trading venue's suitability for that order or the availability of the relevant order type.

Nordea may route an order to a single trading venue or broker or choose to use automated order routing systems or algorithmic order execution solutions depending on the characteristics of the order.

When using automated order routing and/or algorithmic order execution solutions, the weights how orders are routed to various venues are dynamic and may depend on several variables such as the type of financial instrument, order instructions and market conditions. Orders may be dynamically amended during their life cycle, for example by changing the allocation of volume across trading venues, in case this is considered desirable for the best execution purpose.

4 Investment funds

When Nordea receives subscription and redemption orders from its customers with respect to units/shares in investment funds, Nordea will execute or transmit such orders by placing the order with the fund management company or equivalent or with a broker or other intermediary for execution in accordance with relevant investment fund rules or

equivalent rules. In the case of fund units which are admitted to trading on a regulated market or MTF, see clause 2 Best Execution above.

5 Aggregation and allocation of orders

Nordea may aggregate a customer order with another customer order or a transaction for Nordea's own account if it is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any customer whose order is to be aggregated. The aggregation could be disadvantageous in relation to a specific order.

An aggregated order that has been executed will be allocated on the average price. Where an aggregated order has only been partly executed, the share allocation will be proportionate to the relative size of the order. Where a customer order has been aggregated with a transaction for Nordea's own account and the aggregated order is only partially executed, the allocation will normally give priority to the customer.

6 Code of conduct

Nordea is a member of the following organisations and complies with all of their recommended codes of conduct:

- the Danish Securities Dealers Association,
- the Federation of Finnish Financial Services,
- the Norwegian Securities Dealers Association, and
- the Swedish Securities Dealers Association.

7 Policy review

To ensure the best possible result in execution and transmission of customer orders, Nordea will review, on a documented and regular basis, its strategy, the Execution Policy and the trading venues used for execution of orders, as well as brokers to whom Nordea transmits orders for execution, at least annually or any time a material change occurs that affects Nordea's ability to obtain the best possible result in execution and transmission of orders.

Nordea will further monitor and review, on a documented and regular basis, the appropriateness and effectiveness of its execution arrangements and procedures.

The execution quality of the brokers will also be tested on a regular basis, and where appropriate, any deficiencies will be promptly and duly corrected.

7.1 Policy updates

Easy access for customers to the Execution Policy and its appendices will be provided at all times by Nordea. Changes and updates to the Execution Policy will be published on

Nordea's website, www.nordea.com/mifid. Such changes and updates will come into effect from the day that they are published on the website.

8 Reservations and matters beyond Nordea's reasonable control

In the event of system disruption, irregularities, breakdown or exceptional market conditions beyond Nordea's reasonable control, Nordea may execute orders at other trading venues than those mentioned in the list of trading venues published on www.nordea.com/mifid.

In such exceptional circumstances, Nordea may also execute or transmit orders subject to other considerations than set forth in this Execution Policy. In such cases, Nordea will, with all possible means, execute the customer's orders in an alternative way and in the customer's best interest, under the best possible conditions for the customers given the relevant circumstances.

9 Consent

In order for Nordea to provide execution services to its customers, Nordea's customers are required to accept this Execution Policy. Where the customer has not previously accepted this Execution Policy, the customer accepts this Execution Policy by submitting an order for execution to Nordea.

For further information please contact your customer relationship manager at Nordea.