

Nordea Execution Policy

November 2014

The President of Nordea Bank AB (publ) and Chief Executive Officer of the Nordea Group (CEO) in Group Executive Management have approved this policy, which was last updated on 17th November, 2014.

1 Scope of this policy

This Execution policy sets out Nordea's arrangements for complying with the overarching best execution obligation and the key steps it takes to implement these arrangements. The goal of the policy is to ensure the best possible result for the customer in the execution and transmission of customer orders in financial instruments. Nordea Bank Danmark A/S, Nordea Bank Finland Plc, Nordea Bank Norway ASA and Nordea Bank AB (publ) (together or each entity separate "Nordea") have adopted this policy.

This Execution policy describes Nordea's best execution arrangements for the execution and transmission of customer orders. It applies to customers classified by Nordea as non-professional customers and professional customers. When applicable, the policy makes the distinction between non-professional and professional customers; for example in order handling.

The Execution policy does not apply when dealing with counterparts classified as eligible counterparties. In these transactions, Nordea follows its code of conduct and standard market practices.

As a general rule, this Execution policy covers a large variety of financial instruments, i.e. shares, bonds, derivatives (options, futures and warrants), investment funds and structured products.

This Execution policy applies to transactions where Nordea executes orders on behalf of the customer. This is the most often used execution arrangement on shares, fund- units, derivatives and other financial instruments that are admitted to trading on a Regulated Market, Multilateral Trading Facility (MTF) or other organised trading venue.

This policy does not apply to transactions where Nordea is acting as customer's counterparty on a request for quote based on customer's request for its own account and risk. This is the most often used arrangement when dealing on, among others, bonds, notes and other fixed income instruments, FX-products and OTC-derivatives.

Nordea may be registered as a Systematic Internaliser (SI) to systematically offer quotes to customers.

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

1.1 Specific instructions

In cases where Nordea accepts specific instructions from a customer regarding how to execute a transaction, Nordea will follow these instructions. In these particular cases, customers should be aware that such instructions might prevent Nordea from following the steps set out in this policy to obtain the best possible result.

Furthermore, the trading rules for the relevant market may also constitute an obstacle to certain instructions given by the customer.

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

When Nordea receives specific instructions from a customer, Nordea will, as stated above, follow those instructions. This Execution policy will, however, still be applicable for the part of the execution that has not been superseded by those specific instructions.

2 Best Execution

When Nordea provides Best Execution it will take reasonable care to do so in accordance with this 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 venues for execution,
- Customer classification, more specifically non-professional or professional customer,
- Assessment on how the execution arrangements can be best utilised to fulfil the Best Execution and potential specific instructions for the order,
- Selection of suitable brokers.

2.1 Selection of suitable venues

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

Specific factors to be considered when selecting suitable trading venues are primarily the venue's liquidity (i.e. spreads, depth, market share etc.) and likelihood of both execution and settlement, but also any other circumstance that Nordea considers relevant to the selection.

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

Where Nordea Group does not have membership of the trading venue relevant for the order, such order will be transmitted on 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.

2.2 Customer classification

Customers to whom this Execution policy applies are classified either as non-professional customers

or as professional customers.

For the purposes of ensuring that Nordea obtains the best possible result for the customer when executing a non-professional customer order in the absence of specific client instructions, Nordea shall take into consideration all factors that will allow it to deliver the best possible result in terms of the total consideration, representing the price of the financial instrument and the costs related to execution.

When executing orders from non-professional customers, the orders are executed with the aim to obtain the best possible total consideration for the customer as stated above. Total consideration consists of the price of the instrument as well as any fees from trading venue, clearing and settlement. When customer commission is inclusive of these fees, the total consideration is the same as the executed price and Nordea aims to execute at the best possible price for the instrument.

When executing orders from professional customers, the instructions from 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 2.3 Assessment). For example, in case of larger orders that may have an impact on the price of the security, the order may be executed over a period of time instead of on one particular occasion.

2.3 Assessment

When choosing how to execute an order, Nordea takes into consideration among others (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 judgment on the order of priority of this list if a specific situation or circumstance is evaluated to require such.

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 in terms of the total consideration to the non-professional.

2.4 Brokers

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 policy. An updated list of brokers that Nordea uses for execution can be found at www.nordea.com/mifid.

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 be for example 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 venue.

3 Order Handling

3.1 Reception and transmission of orders

When Nordea accepts an order from a customer, it 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 in place to satisfy the requirements of the Best Execution. Subsequent to receiving an order to which this policy applies, Nordea will normally route the order directly to execution venue(s) which are chosen in accordance with this policy.

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

Nordea can route an order to a single 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 security, 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

Regarding subscription and redemption orders for collective investment undertakings received from customers, 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 investment fund rules or equivalent. In the case of fund units being admitted to trading on a regulated market or MTF, see “Best Execution” above.

5 Aggregation and allocation

Nordea may aggregate a customer order with another customer order or a transaction for 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 in its entirety will be allocated on the average price. Where an aggregated order has only been partly executed, the allocation will be proportionate to the average price. 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 recommended codes of conduct:

- Danish Securities Dealers Association
- Federation of Finnish Financial Services
- Norwegian Securities Dealers Association
- Swedish Securities Dealers Association

7 Policy review

To ensure the best possible result in execution and transmission, Nordea will review, on a

documented and regular basis, its strategy, execution policy and trading venues used for execution, as well as brokers to whom it 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 executions 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.

On a regular basis, the execution quality of the brokers will also be tested, 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. Changes and updates will hence 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, Nordea may execute orders at other trading venues or transmit orders to other brokers than those mentioned in the list published on www.nordea.com/mifid.

In case of exceptional circumstances such as previously outlined, 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 order in an alternative way and in the customer's best interest, under the best possible conditions for the customers.

9 Consent

In order for Nordea to provide execution services to customers, customers need to agree to this Execution policy. To the extent the Customer has not confirmed the Execution policy at an earlier stage, the Customer confirms agreement with the Execution policy by submitting an order for execution to Nordea.