

Order Execution Policy – financial instruments

Applicable from June 2020

This policy sets out the principles that the Bank follows when executing orders of retail and professional Clients in financial instruments to ensure that the Bank's Clients obtain best execution.

The financial instruments in scope are listed at the end of this policy.

1. Best execution – summary for retail Clients

Under the rules governing best execution (the so-called MiFID II rules), the Bank is required to provide its retail Clients (see section 2 below) with a summary of this policy:

The Bank is required to take **all sufficient steps** to obtain the best possible result for the Clients when executing their orders in financial instruments.

This is also known as the Bank's obligation to deliver **best execution**.

This policy explains the different criteria that the Bank will take into account when providing its Clients with best execution.

For **retail Clients** the best possible result shall be determined in terms of the **total consideration**, i.e. **the total price** when Clients buy or sell financial instruments.

Total consideration is the price of the financial instrument and the costs related to execution. The total consideration includes all expenses for the Bank's Clients that 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.

Specific instructions from a Client regarding an order may affect the Bank's obligation and possibility of delivering best execution and may prevent the Bank from taking the steps that the Bank would otherwise take to comply with this policy.

When executing a Client order, the Bank may act as **principal** by dealing on own account. The Client will then trade the financial instrument in question directly with the Bank.

The Bank may choose to fill the Client's order by transmitting the order to a **broker** who will then supply the financial instrument. When the Bank chooses its way ways of executing orders, the Bank's focus is on ensuring that the Client pays the lowest **total consideration**.

In order to make sure that the Bank can provide best execution on an ongoing basis, the Bank will continuously **monitor** its own performance and the performance of the broker that the Bank uses for executing orders. If the Bank finds that the performance is not satisfactory it will resolve this.

The Bank will publish **periodic reports** demonstrating how the Bank has complied with its obligation to provide best execution.

At the Client's request, the Bank will demonstrate that the Bank has executed its Client's order in accordance with this policy. The Bank may not have obtained the best possible result for a Client on a single specific occasion, but the Bank will demonstrate compliance with the policy at the different stages in the order execution process.

Please read the following for more details about how the Bank delivers best execution.

2. Scope – retail and professional Clients

The Bank is required to divide its Clients into three categories:

- **eligible counterparties** (banks, pension funds and insurance companies, etc.)
- **professional clients** (typically very large corporate clients)
- **retail clients** (all other clients)

This policy applies to retail and professional Clients.

The policy does not apply to Clients classified as an eligible counterparty. However, the Bank will act honestly, fairly and professionally when executing orders from Clients classified as eligible counterparties.

3. Best execution at the Bank

The Bank provides investment services to its Clients in two business areas where the Bank is subject to best execution obligations.

The two business areas are:

- Execution of orders on behalf of Clients and reception and transmission of Clients' orders. Here, the Bank executes orders that Clients place with the Bank. This service begins when the Client has decided to buy or sell a financial instrument.

(b) Portfolio management. Here, the Client has given the Bank a mandate to buy or sell financial instruments on the Client's behalf under a portfolio management agreement. The Bank is obliged both to make decisions to deal, which serve Clients' best interests, and to execute these decisions to deal in accordance with the best execution requirements.

These two business areas are handled separately by the Bank with full functional and structural separation.

Although the Bank's aim in both business areas is to provide the Client with the best result when the Bank executes orders, differences between the two areas exist.

The Bank has delegated the management of the Clients' portfolio to its mother company, Danske Bank A/S.

How Danske Bank A/S provides best execution within portfolio management is explained in the **portfolio management addendum** to this policy.

Exceptions – four-fold cumulative test

The requirement to provide best execution is subject to certain exceptions. These are situations where Clients do not **legitimately rely** on the Bank to provide best execution. This may in particular be the case in quote-driven markets as described below.

If a **professional Client** trades based on a **quote** provided by the Bank, the initial assumption will be that the professional Client does not legitimately rely on the Bank to provide best execution. This assumption will be checked against the so called four-fold cumulative test, published by the European Commission to establish whether a Client may rely on the Bank to provide best execution. The four-fold cumulative test encompasses the following criteria:

- which party initiates the transaction. If the Client initiates a transaction it is less likely that the Client will be relying on the Bank to provide best execution.

- Questions of market practice and the existence of a convention to "shop around". In some markets, it is common practice that the Client solicits quotes from various sources and then bases its decision to deal on these quotes. Under these circumstances, the Client could not expect the dealer chosen to owe best execution.
- the relative levels of price transparency in a market. In markets where the Bank has ready access to prices in the relevant markets and the Client does not, the Client is more likely to rely on the Bank to provide best execution.
- the information provided by the Bank and any agreement reached between the Client and the Bank may impact on whether the Bank owes best execution.

For **retail clients**, the result of the four-fold cumulative test will normally be that the Client is entitled to best execution when the Client trades based on a quote provided by the Bank.

4. Factors affecting best execution

4.1 Factors

When the Bank chooses how to ensure best execution for the order, the following factors are taken into consideration:

- price
- costs
- speed
- likelihood of execution and settlement
- type and size of the order
- any other factor considered relevant to the execution of the order

In general, the Bank prioritises the factors on the basis of the following elements:

- the Client's situation and the objective of the order
- current market conditions
- the specific financial instrument that the order concerns
- relevant execution venues

By default, the Bank will consider the following factors to be the most important:

Price and costs: In most cases, the **price** of the financial instrument and the **costs**, including commissions and fees, related to the execution are the essential factors for ensuring best execution.

For retail **clients** the best possible result shall be determined in terms of the total consideration. **Total consideration** means the price of the financial instrument together with the costs related to execution, including all expenses incurred by the client that 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.

It is not always possible to execute Clients' orders at the best price, but the Bank will always strive to execute Clients' orders in accordance with the Bank's policy.

The Bank strives to execute purchase orders at the lowest sales price offered and to execute sales orders at the highest purchase price offered.

Certain financial instruments (**OTC instruments**) do not have what could be defined as an observable market price, either because they are not admitted to trading on any trading venue or because trading does not take place on the relevant trading venue(s). For such instruments, the Bank must check the fairness of the price by using relevant market data and also, where possible, by making a comparison with similar or comparable products.

Speed and likelihood of execution: Next to price and costs, the Bank considers, by default, speed and likelihood of execution to be the most important factors when ensuring best execution.

Speed is the rate at which the Bank progresses an order. If a Client provides no instructions regarding the speed at which the order should be carried out, the Bank will seek to achieve prompt execution of the entire order.

Likelihood of execution is the likelihood that the Bank will be able to fill a Client's order in full or at least a substantial part of it. This factor will be of particular relevance if, for instance, the financial instrument in question is illiquid or if the Client limits the price of the order at a price that does not correspond to the prevailing market price.

Market conditions for the relevant financial instrument may cause the Bank to prioritise the likelihood of execution. An order may therefore be executed at the execution venue(s) that have the necessary liquidity and depth of trading interests to ensure timely execution and the smallest possible effect on the price level.

Likelihood of settlement: Generally, the Bank expects Clients' orders that the Bank executes to be settled in a timely fashion. If a particular execution strategy may compromise the likelihood of settlement, then that strategy will not be pursued even if it would result in a better price.

Other relevant factors: While the Bank considers the abovementioned factors to be the predominant ones there may be situations where additional factors may influence the strategy to obtain best execution.

4. 2. Client instructions

If a Client provides the Bank with instructions regarding an order or any aspect of it, the Bank will execute the order in accordance with such instructions to the extent reasonably possible.

However, please note that these instructions may prevent the Bank from taking the steps that the Bank would otherwise take to comply with this policy. Therefore, the Bank may not be able to ensure best execution in respect of the aspect(s) of the trade where the Bank acts in accordance with such instructions.

If Clients' instructions only cover certain parts or aspects of the order, the Bank will endeavour to ensure best execution in respect of any other part or aspect of the Client's order.

If a Client does not provide any instructions, the Bank will exercise its own discretion regarding the order in accordance with this policy.

4.3 Market abuse or insider trading

If the Bank suspects market abuse or insider trading, the Bank has the right not to execute an order.

5. Order execution

5.1 Own account and brokers

When executing a Client's order, the Bank chooses the place of execution that, in the Bank's opinion, will provide the Client with the best result.

The Bank is a subsidiary of Danske Bank A/S and the Bank's Client orders are transmitted to Danske Bank A/S for execution. The orders are then executed subject to Danske Bank A/S' order execution policy. Danske Bank A/S' order execution policy is available at www.danskebank.lu/bestexecution.

The Bank may also act as principal by dealing on own account. Clients will then trade the financial instrument in question directly with the Bank. Such trades are carried out by the Bank with Danske Bank A/S on a back-to-back basis.

At the Client's request, the Bank can provide additional information about the consequences of trading outside trading venues.

The Bank may execute orders by combining Clients' trading interests (Clients' buy and sell orders). The Bank may do this outside a trading venue or by concluding the transaction under the rules of a trading venue.

The Bank executes orders promptly, fairly and expeditiously and in the sequence in which they are received.

5.2. List of brokers

The most recent list of major execution venues and brokers, per financial instrument for retail and professional clients is available at www.danskebank.lu/bestexecution.

As described in more detail in section 6 below, the Bank will continuously monitor the execution quality that the Bank delivers to its Clients. This includes monitoring the performance of Danske Bank A/S.

6. Monitoring, evaluation and changes

The Bank monitors and evaluates the effectiveness of this policy and the measures taken to comply with it.

The monitoring of the effectiveness of this policy takes place on a consistent basis by the trading desks directly responsible for delivering best execution as well as by internal control functions at the Bank that operate independently from the functions executing client orders.

The Bank assesses, on a regular basis and at least once a year, whether Danske Bank A/S meets the Bank's standards. If not, the Bank will make the necessary changes.

If the Bank finds that it does not fulfil its best execution obligations, the Bank will change its policy and relevant measures promptly and effectively.

The Bank monitors in accordance with this policy that Danske Bank A/S delivers best execution as part of the outsourced portfolio management.

The Bank has also established a **Best Execution Committee** for the purpose of ensuring that information about execution quality in the Bank is gathered and considered centrally.

7. Reporting

Once a year, the Bank will publish at www.danskebank.lu/bestexecution, information on the top five execution venues in terms of trading volumes, by class of financial instruments for all executed orders of retail and professional Clients.

As part of this report, the Bank will publish for each class of financial instruments, a summary of its analysis and conclusions based on the Bank's detailed monitoring of the quality of execution obtained by the Bank on the execution venues where the Bank executed all its Client orders. Please read the following for more details about how the Bank delivers best execution in the previous year.

The Bank will publish a similar report for its top five brokers.

8. Changes to the policy

Any changes to the Bank's order execution policy will be published on the Bank's website. All clients with whom the Bank has an ongoing client relationship will be informed of any material changes to the Bank's order execution arrangements or this order execution policy.

9. Further information

For further information the Bank refers to the General Terms and Conditions, General Investor Information, Risk Disclosure as well as specific trading arrangements between the Bank and the Client, if any.

By entering into the Bank's Terms of Business the Client expressly consents to that the Bank executes orders as described in this Policy including the possibility that trades might be done outside a regulated market or a multilateral trading facility (MTF)

Financial instruments covered by this policy, as defined by the MIFID II rules

- (1) Transferable securities;
- (2) Money-market instruments;
- (3) Units in collective investment undertakings;
- (4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- (5) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- (6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- (7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- (8) Derivative instruments for the transfer of credit risk;
- (9) Financial contracts for differences;

(10) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;

(1.1) Emission allowances

Portfolio Management Addendum

Addendum to Danske Bank A/S's Order Execution Policy

1. Purpose of this addendum

This addendum sets out the principles that Danske Bank A/S applies when executing decisions to deal on the best possible terms in connection with providing portfolio management services to you.

Portfolio management services are provided by Asset Management which is part of a separate Wealth Management business unit in Danske Bank A/S. Asset Management carries out its activities independently of the other activities of Danske Bank A/S.

The portfolio management investment service consists of managing your portfolio of financial instruments in accordance with the investment mandate we have agreed with you. When providing portfolio management, we act on a discretionary basis, which means that we make the decision when to buy or sell financial instruments on your behalf.

We have an obligation to act in your best interest when making decisions to deal. This means that we must aim at making investment decisions that are beneficial for you, that is, which financial instruments to buy or sell and when to carry out the investment decision.

The obligation to provide best execution begins once we have made the decision to initiate the purchase or sale of a particular financial instrument.

References in this addendum are made to the Order Execution Policy of Danske Bank A/S (hereinafter referred to as "OEP") where applicable to the portfolio management services.

2. Best execution obligation

"Best execution" means that we must take all sufficient steps to obtain the best possible results for you on a continuous basis when we execute decisions to deal. We are required to take into account the execution factors described in sections 4 and 5 and to determine their relative importance on the basis of the characteristics of your portfolio mandate.

It should be noted that the best execution requirement does not mean that we must obtain the best result for you on every single occasion. Rather, we monitor on an ongoing basis that the processes for providing you with best execution in accordance with this addendum work well when executing decisions to deal on your behalf.

3. Scope of customers

We provide best execution to all our portfolio management customers.

However, where we have agreed to specific terms in the portfolio management agreement or receive specific instructions from you, we execute the decisions to deal in accordance with those terms and instructions, collectively referred to as "Specific Conditions".

Specific Conditions have precedence over what is stated in this addendum. This means that Specific Conditions may prevent us from taking the steps that we would otherwise have taken to comply with this addendum. Therefore, we may not be able to ensure best execution in respect of the aspect(s) of the transaction where we are acting in accordance with Specific Conditions.

We always strive to ensure the best possible result for you within the framework of any Specific Conditions.

4. Selection and monitoring of financial intermediaries

Selection process

Our primary goal when selecting brokers, execution venues and counterparties, collectively referred to as "financial intermediaries", is to select the providers that enable us to provide best execution to you on a continuous basis, taking into account the execution factors described in sections 4 and 5.

We choose "financial intermediaries" in accordance with the same criteria as described sections 5.2.1 and 5.2.2 of the OEP.

In connection with the portfolio management services, we generally act in an agency capacity, meaning that we execute decisions to deal in our own name, but on your behalf, without realising any gain or loss on the transaction. When providing portfolio management services, we do not act as principal by dealing on own account.

In our selection of financial intermediaries, however, we may choose another unit of Danske Bank A/S to provide brokerage services. When we choose another unit of Danske Bank A/S, that unit may act as principal by dealing on own account in a transaction in accordance with the OEP.

We choose our financial intermediaries on the basis of an assessment of their capability to best carry out any given transaction in your best interest. This may lead to us selecting another unit of Danske Bank A/S to execute a transaction. Any dealing or relationship between units is conducted in accordance with Danske Bank A/S's Conflict of Interest policy.

A list of applicable financial intermediaries per class of financial instrument can be found here: www.danskebank.com/bestexecution.

Monitoring of selected financial intermediaries Regularly, and at least once a year, we assess our selected financial intermediaries on the basis of their ability to meet the set criteria and provide execution on a continuous basis in accordance with this addendum. The assessment will include evaluating and comparing published execution quality reports of the financial intermediaries to ensure that the selected providers meet their best execution obligations.

5. Executing decisions to deal

Aggregations and allocations

When providing portfolio management services, we act in your best interest, and we secure equal treatment of all our customers. We will therefore aggregate orders to be placed on the market for execution where we make a decision to deal the same financial instrument for several customers at the same time. Aggregation of orders is common practice.

Executed aggregated orders are allocated among the customer portfolios using the traded price. When orders are executed by multiple fills over the day, we allocate the financial instruments in question using a calculated average price. If the aggregated orders can be executed only partially, we allocate on a pro rata basis, which means that you will receive your proportion of the partially executed order taking into account the best possible final result for you, and the equal treatment of all customers. We may deviate from the pro rata allocation if we justifiably believe that the expected benefits of the executed aggregated order cannot be realised by receiving a pro rata allocation.

Placing orders on the market

Where our investment process results in taking decisions to deal on your behalf, we have different choices for execution:

1. We may execute the decision to deal on a trading venue, that is, a Regulated Market, Multilateral Trading Facility ("MTF") or Organised Trading Facility ("OTF"). When providing portfolio management services, we do not have direct access to any regulated market, but we can access them indirectly by placing an order through a broker, including a unit of Danske Bank A/S providing brokerage services, which is a member of the relevant regulated market.
2. We may also execute transactions outside trading venues (Over The Counter ("OTC")). The counterparty then acts as principal by dealing on own account. This includes situations where the counterparty, including a unit of Danske Bank A/S providing brokerage services, acts in its capacity as Systematic Internaliser ("SI") (see section 6 of the OEP).
3. We may take decisions to deal that result in buying a financial instrument on behalf of one customer portfolio mandate and selling the same financial instrument under another customer portfolio mandate. We normally execute such deals on a trading venue or via a broker, including a unit of Danske Bank A/S providing brokerage services. We execute such simultaneous crossing deals only when we believe it is in your best interest.

In certain market situations, such as where there is insufficient liquidity or where, due to the specific nature of the class of financial instrument, there may be only one appropriate

financial intermediary available or approaching multiple financial intermediaries for a competing quote would be likely to have an adverse effect on the price of the transaction because of possible information leakage, we will, to safeguard your best interest when executing a decision to deal, try to validate the price by all available means.

Under such circumstances, we may not, however, be able to obtain the same level of information for our assessment of the decision to deal as we would have had if the financial instrument had been available through multiple financial intermediaries or otherwise widely traded. We may also execute decisions to deal where offers are made to us without asking for quotes from other brokers if we believe this is in your best interest.

When we carry out a transaction under your ISDA Master Agreement or any other relevant agreement, for example a Global Master Repurchase Agreement, we are in some cases, particularly in relation to executing decisions to deal in financial derivatives instruments or securities financing transactions, constrained in the number of counterparties with whom we can enter into a transaction on your behalf. In these situations, our ability to deliver best execution is restricted, depending on the number of counterparties you have entered into agreements with and their suitability for the types of transactions we execute decisions to deal in. Such transactions are covered by the order execution policy of the counterparty.

Execution factors

Using our reasonable judgement, we weigh the execution factors at the time of execution in accordance with your portfolio mandate and any Special Conditions, the type of the deal, financial instrument involved and prevailing market conditions.

The execution factors are the price at which we can execute the decision to deal, the cost and the speed of execution, the likelihood of execution and settlement, the size and nature of the order to be placed on the market and any other consideration relevant to execution, such as the market impact. Obtaining the best price for the size of the aggregated order we place on the market while minimising the market impact are the key factors for all of our decisions to deal.

The likelihood of execution often depends on liquidity in the market or on whether a specific broker can or will provide the necessary liquidity to fill an order.

When taking all sufficient steps to obtain the best possible results for you, we apply different execution criteria depending on the class of financial instrument or the type of a transaction we execute on your behalf.

Criteria may include, but are not limited to

- whether or not the financial instrument is traded on a trading venue or OTC
- the size of the transaction relative to other transactions in the same class of financial instrument
- minimising the possible market impact
- access to liquidity
- your portfolio mandate and Special Conditions laid down by you
- commission rates and other costs
- characteristics of the financial intermediaries capable of executing the order

An overview of the key execution factors can be found on the last page of this addendum.

6. Monitoring and reporting

Monitoring

For monitoring and evaluation of the effectiveness of this addendum, see section 9 of the OEP (Monitoring, evaluation and changes).

Top five venues and brokers

For reporting about Danske Bank A/S's top-five venues and brokers, see section 10.2. of the OEP (Top five venues and brokers).

7. Changes to the addendum

Any changes to this addendum will be published on Danske Bank A/S's website.

All customers with whom we have an ongoing relationship are informed of any material changes to the execution arrangements or this addendum.

8. More information

For more information, please contact your account manager.

Class of financial instrument	Applicable venues	Description	Class of financial instrument
Equities, exchange-traded funds, depositary receipts	Regulated market, MTF, SI	<p>Executed through a broker on a regulated market or as SI or directly at a MTF.</p> <p>Market impact on the basis, for example, of illiquidity or the size of the order may mean that orders are executed more slowly than would normally be the case, or that orders are directed to a particular financial intermediary.</p>	<p>1. Price and cost</p> <p>2. Likelihood of execution (liquidity)</p> <p>3. Speed</p> <p>“Speed is mainly important if we expect that the market will move in a direction which will have a negative impact on the price.”</p>
Bonds	OTC, MTF, OTF, SI	<p>Request for quote (“RFQ”) from several counterparties either bilaterally or through a MTF or an OTF.</p> <p>If, on the basis, for example, of illiquidity or the size of the order, obtaining multiple quotes have an impact on the market price or an adverse impact on the obtainable price, the number of requested quotes can be limited to one.</p>	<p>1. Price and cost</p> <p>2. Likelihood of execution (liquidity)</p>
Money market instruments	OTC, MTF, OTF, SI	<p>Request for quote (“RFQ”) from several counterparties either bilaterally or through an MTF or an OTF.</p> <p>If, on the basis, for example, of illiquidity or the size of the order, obtaining multiple quotes may have an impact on the market price or an adverse impact on the obtainable price, the number of requested quotes can be limited to one</p>	<p>1. Price and cost</p> <p>2. Likelihood of execution (liquidity)</p>
Units in collective investment schemes	Transfer agent or other appointed distributor	<p>Normally executed via the transfer agent appointed by the fund management company in accordance with the prospectus or similar documentation. A transfer agent or another appointed distributor is normally the single execution venue to which the orders are directed for subscriptions or redemptions.</p>	<p>Timeliness of the placement of the order according to the rules set by the fund management company</p>
Exchange traded derivatives	Regulated market, MTF, SI	<p>Executed through a broker on a regulated market or as SI or directly at a MTF.</p> <p>Market impact on the basis, for example, of illiquidity or the size of the order may mean that orders are executed more slowly than would normally be the case, or that orders are directed to a particular financial intermediary.</p>	<p>1. Price and cost</p> <p>2. Likelihood of execution (liquidity)</p> <p>3. Speed</p>
OTC derivatives	OTC, MTF, OTF, SI	<p>Request for quote (“RFQ”) from several counterparties either bilaterally or through a MTF or an OTF.</p> <p>The number of counterparties we can ask for RFQ is restricted to the agreements made available for us to trade on behalf of.</p> <p>If, on the basis, for example, of illiquidity or the size of the order, obtaining multiple quotes may have an impact on the market price or an adverse impact on the obtainable price, the number of requested quotes can be limited to one.</p>	<p>1. Price and cost</p> <p>2. Likelihood of execution (liquidity)</p>