

BEST EXECUTION POLICY

Valid from 22.12.2014 – 29.12.2015

1. INTRODUCTION

This document “Best Execution policy” (hereinafter the “Policy”) specifies the procedures, which AS SEB Pank (hereinafter SEB) will follow when executing or transmitting transaction orders (hereinafter the “Order”) in financial instruments in the name or on behalf of its retail and professional clients. SEB will take all reasonable steps in accordance with this Policy in order to execute the client’s Order in the best possible way. Please note that although the procedures set out in the Policy are generally expected to produce the best possible result for SEB’s clients, there is no guarantee that circumstances will enable this to be achieved in every single transaction.

By giving SEB an Order the client agrees to the transaction being executed in accordance with this Policy.

Where a client requests a quote (*request for quote - RQF*) and accepts it or where the terms (incl. the price) of a deal are otherwise specifically agreed between SEB and the client before execution of the transaction, the resultant transaction will for a retail client be considered to constitute Best Execution, and will for a professional client a RQF transaction executed on the client’s initiative be outside the terms of this Policy.

A single Order of a client can be executed in parts pursuant to rules specified in this Policy.

SEB may restrict trading with specific securities or certain types of securities or limit the types of Orders to be accepted.

SEB is not obliged to immediately disclose to other market participants the Order with the price set by the client in connection with a share accepted to the market for trading, which is not promptly executed on prevailing market conditions.

2. SPECIFIC CLIENT INSTRUCTION

Where a client gives SEB a specific instruction on how all or part of its Order should be executed, the relevant Order will be executed in accordance with such instructions. SEB would like to stress that providing specific instructions by the client may prevent SEB from implementing the measures and following the procedures set out in this Policy, which SEB has developed and introduced to obtain the best possible result.

3. THE RELATIVE IMPORTANCE OF DIFFERENT FACTORS IN EXECUTION

In executing a client’s Order SEB will take into account the following matters:

- the price at which it is likely to be executed and the costs which will be incurred;
- the speed and likelihood of both execution and settlement;
- the size and nature of the Order and its impact on the market; and
- any other factor which SEB considers to be relevant to the execution of the Order and in the best interest of the client.

At the time of execution SEB will weigh also such factors as client's classification, characteristics of the client and their Order, the financial instrument involved, characteristics of the execution venue, where the Order can be forwarded and the prevailing market conditions.

Unless special circumstances apply, SEB's priority in executing transactions will be to obtain the best possible result in terms of the total consideration to be paid or received by the client, including the price of the financial instrument and costs inherent in the execution (incl. service charges of the execution venue, settlement fees and other fees related to the execution of the Order). In certain cases, e.g. execution of a Order of a larger size, the speed and likelihood of execution may be more relevant factors than the total value of the transaction.

4. EXECUTION OF ORDERS IN FINANCIAL INSTRUMENTS REGULARLY TRADED ON EXTERNAL EXECUTION VENUES

This section applies to financial instruments traded with reasonable liquidity on a regulated market (e.g. stock exchange), on an MTF (e.g. First North) or on another execution venue (e.g. systematic internaliser of the client's Orders, provider of liquidity or SEB itself). Such financial instruments are *inter alia*:

- shares;
- bonds and other interest-bearing or discounted debt instruments, including index-linked bonds;
- standardised derivatives;
- covered warrants, fund units (ETF) and certificates (ETC) traded at the stock exchange, and
- other financial instruments traded on an external execution venue.

SEB will execute its client's Order in such financial instruments in the following way:

- The Order will normally be routed for execution to the execution venue SEB considers to provide the best combined result for the client taking into account the factors in clause 3.
- Where the Order is of a larger size, such that care is required in its execution in Order to minimize the adverse impact of the Order to the market, SEB will execute the Order at such times, and in such separate parts in the market, as appears in its reasonable judgement to be necessary to produce the best possible overall result for the client under the circumstances as they develop.
- Should circumstances permit it, and provided that it appears to SEB that it will not operate to the client's overall disadvantage, SEB may choose to execute all or part of the Order against either its own book or directly against the Order of another counterparty or another of its clients. However, SEB will only do this if it appears likely at the time of dealing that the result is at least as good for the client as would have been obtained on the regulated market.
- SEB may offer to take an Order of a larger size directly onto its own book at a price, which may be less advantageous than the price prevailing on the market for small volumes, but is not likely to be worse than the price that could have been obtained on the market for transactions equal to the size of the Order. Conditions related to such a transaction shall be agreed upon with the client before execution of the Order.
- Where a client requests SEB to make a quote for a transaction off its own books, SEB will take reasonable care to ensure that the price so quoted is fair in all the circumstances.

5. EXECUTION OF ORDERS IN FINANCIAL INSTRUMENTS NOT REGULARLY TRADED ON EXTERNAL EXECUTION VENUES

This section applies to financial instruments which are not traded with reasonable liquidity on a regulated market or on another execution venue. Such instruments include both standardised but non-exchange traded instruments and instruments created (whether by SEB or another intermediary) from one or more components, some of which may be listed or traded in their own right, for example in

order to provide an instrument designed to meet specific exposure requirement. Such financial instruments are *inter alia*:

- bonds and other interest-bearing or discounted debt instruments;
- OTC derivatives and contracts;
- financial instruments in which the return is linked to the performance of a specific index or reference rate;
- instruments based on or involving contracts for difference;
- shares, not traded on a regulated market, on an MTF or on other regulated market
- fund units (not ETF) and
- other financial instruments not regularly traded on a MTF or on a regulated market or other execution venue.

SEB will execute its client's Order in such a financial instrument in the following way:

- SEB may execute the Order against its own book, at a sound price. The pricing will take into account the prevailing market price available to SEB or level of the underlying asset, index or rate incorporated into the structure of the instrument, or other relevant market factors or events. The pricing will in addition take into account the risks and costs involved in SEB's business model for the instrument in question. These are costs inherent in execution of the client's Order on SEB's account, counterparty credit risk or risk position assumed in creating the instrument and making it available to clients – and SEB's reasonable profit margin in the light of these. Upon execution of Orders of financial instruments not regularly traded on the market, SEB proceeds from a principle that where a client requests a quote from SEB and accepts it or where the terms of a deal are otherwise specifically agreed between SEB and the client, the resultant transaction will for a client be considered to constitute Best Execution.
- To be able to provide execution in financial instruments for which there is no readily available market quote, SEB may execute the Order on account of a non-market counterparty or the Order of another of its clients.
- Specifically for fund units, SEB will execute its client's Order by transmitting it, directly or through an intermediary, to the fund management company (or equivalent) responsible for administering the fund in question.

6. SECURITIES LENDING AND PRIMARY MARKET TRANSACTIONS

SEB will execute securities lending transactions against SEB's own book at a fair price and in accordance with special terms agreed with the client. SEB may borrow free of charge the securities, held for the client in the nominee account or in another account opened for joint safekeeping of the clients' securities, above all for due fulfilment of settlements.

SEB will execute primary market transactions in financial instruments by transmitting the client Order to the issuer, or the agent of the issuer, in accordance with the client's instruction or marking the specific financial instrument on its own account, based on the Order given to SEB by the client. In both cases the terms and conditions of the specific issue must be followed.

7. EXECUTING TRANSACTIONS AGAINST THE BANK'S OWN BOOK

SEB shall not execute transactions against its own book at a price, which is equal or better than the price of the Orders received from the clients for the same security before SEB has executed all such Orders of the clients for executing transactions with the same security (except for normal activity within market-making, stabilisation or buy-back programme). Execution of transactions against its own book is prohibited also, if SEB is aware of the fact that its client wishes to present an Order for executing a transaction of the same nature or if this may be damaging to the client in any other way.

SEB may execute the Orders of different clients against its own book only, if such execution is in the best interests of each client and ensures Best Execution of the Order presented by the same pursuant to the Best Execution Policy.

If SEB decides to take a position for its own account (except for if this done to facilitate the execution of the client's Order), the time of the respective decision must be recorded, and SEB may take a position for its own account only, after all clients' Orders received up to the moment of making the decision to execute a transaction against SEB's own books have been executed.

8. EXECUTION VENUES USED BY SEB

SEB participates in a variety of different regulated markets and MTF and may transmit Orders and execute transactions in the name of SEB with the purpose of market making on the Nasdaq OMX Baltic Stock Exchanges. In addition, SEB has direct access to a number of other execution venues, chosen in each case (in addition to other reasons) proceeding from the fact that use of a specific execution venue must help execution of Orders to the best advantage of its clients, considering relative importance of execution factors.

For a list of execution venues frequently used by SEB, please refer to www.seb.ee/investorkaitse.

Note, however, that SEB may execute client Orders on venues other than those on the list when it considers that this is appropriate in the light of the circumstances at the time and unlikely to produce a worse overall result for the client.

9. PLACING AND TRANSMISSION OF ORDERS TO THIRD PARTY BROKERS

When providing portfolio management services and/or transmitting its clients' Orders, SEB will handle the placing of Orders in the way it regards at the time as being in the best interest of the client, and, where it deems it appropriate, may use the services of a third party intermediary (broker).

SEB will make a careful assessment of any third party broker it uses and will establish a relationship with it. When establishing a business relationship with a third party broker through which or by which client Orders are executed, SEB will consider factors such as price, costs, speed and likelihood of both execution and settlement, as well as other factors that might be significant at the time of placement and transmission of Orders and in the best interest of the client. The list of third party brokers used by SEB can be found on website www.seb.ee/investorkaitse.

10. EXECUTION OUTSIDE A REGULATED MARKET OR MTF

SEB may execute client Orders outside a regulated market or an MTF (Multilateral Trading Facility) upon consent of the client. This applies primarily to non-exchange traded financial instruments, but could also be the case for exchange-traded financial instruments.

11. CLIENT ORDER HANDLING

SEB will execute each client's Orders in a prompt, fair and expeditious manner and will generally seek to execute comparable Orders in the sequence in which they are received, unless for example the characteristics of the Order or prevailing market conditions make this impracticable and this exception is justified and in the best interest of the client.

SEB will execute the client's Order promptly after receipt hereof, whereas the time sequence in receiving the Orders may depend on the channel through which the Order was presented. If the

client's Order is received immediately before closure of the respective execution venue, SEB may start to execute the Order on the next trading day.

12. AGGREGATION OF ORDERS AND ALLOCATION OF TRADES

Provided that it is unlikely to work to the overall disadvantage of its clients concerned, SEB may aggregate its client's Orders with the Orders of other clients, or with Orders that SEB is presenting for its own account.

The purpose of such aggregation is to achieve the best possible result for the client through facilitating the handling of Order volumes and/or obtaining the best conditions on the market, however it does not give any guarantee that on certain occasions the aggregation may not work to the client's disadvantage in relation to a particular Order.

SEB may execute the client's Order or an Order presented against SEB's own book aggregated with the Order of another client only, if the following conditions have been met:

- a) It is unlikely that aggregation of the Orders and transactions is to the disadvantage of the client, for whom the Order is aggregated, and
- b) It has been disclosed to each client, whose Order is being aggregated that the impact of aggregation may operate to the client's disadvantage in relation to the particular Order.

If SEB has aggregated Orders presented against SEB's own book with the Order of one or more clients, the related trades may not be allocated in a manner that would work to the client's disadvantage. The client and the bank will receive the same price when allocating an aggregated order, unless this is not possible due to specific conditions given by the client as regards the price.

If SEB aggregates a client's Order with an Order presented for SEB's own account and the aggregated Order is executed partially, the related trades must be allocated first to the client and only then to SEB.

Exceptional cases are the ones, where it is evident that without aggregating the clients' Orders and Orders presented for SEB's own account, it would not have been possible to execute the clients' Orders on such favourable terms or it wouldn't have been possible to execute the Orders at all. In this case SEB involves the trade executed for SEB's own account in the allocation on a *pro rata* basis.

Where the bank aggregates a client's order with other client orders, the combined trades will be allocated fairly between that client and the other parties whose interests have been aggregated. When allocating the combined trades of an aggregated order, clients will receive the same price, unless this is not possible due to specific conditions given by a client as regards the price. For aggregated orders that have only partially been filled, the combined trades will be allocated on *pro rata* basis between the clients.

If a decision concerning aggregation or allocation of a trade is not in line with the rules stipulated in this Policy, the SEB Compliance Officer shall be notified thereof.

Before completion, all transactions in the SEB systems must always be associated with the underlying decisions or Orders of the transaction.

A transaction shall not be executed, if it is not clear on whose behalf the transaction is made. What matters is not whether the transacting person is aware of the persons benefiting from the transaction, but rather that these persons can be identified, if necessary. Disclosure of the data of these clients only after execution of the transaction by the management company (either within SEB or as an SEB client) is not considered a violation.

Orders of a larger size may be aggregated with other Orders (incl. with the Orders of other clients or Orders given for SEB's own account) only, if at the given moment it is clear that such aggregation is

not to the disadvantage of any relevant client, i.e. the client's interests are not damaged by the time spent on the execution of their Order, completion of the transaction, achieved price or inherent costs.

SEB shall forward a limit Order of the client in ordinary volume (an Order, the execution price of which for the securities transaction to be concluded on the basis thereof must not be higher or lower than the price established by the Order) for securities, which are traded on a regulated market or on another execution venue, to the regulated market or execution venue without aggregation.

In case of aggregation decisions of Orders (incl. decisions on Orders presented for SEB's own account) the time of the decision and details of the Orders to be aggregated shall be recorded.

If the decision on aggregating the client's Order with other Orders has already been made, the aggregated Orders may not be separated anymore, except for, if this is clearly for the client's benefit.

SEB commission fees may not be structured, grouped or their payment requested in a manner that would cause unequal situation between the execution venues.

The bank shall register and allocate orders that are executed on behalf of clients in a correct and timely manner.

13. TRADING SUSPENSION AND SYSTEM FAILURES

In certain cases, whether as a result of trading suspensions, cancellation of transactions by the execution venue, disrupted markets, system failures or otherwise, SEB may decide that it is in a client's best interests to execute or transmit its Order using means different to that normally used for the Order in question. In such cases, SEB will take all reasonable steps to achieve the best possible overall result for the client under the prevailing circumstances.

If the events referred to above result in suspension of trading, SEB will make reasonable efforts to contact the clients whose Orders have not yet been executed in Order to obtain additional instructions. If SEB is unable to obtain such instructions, it will take all actions that are to be in the best interest of the client, and the client will be bound by the result.

Where a market operator cancels or amends trades executed on its market, SEB and its clients will be bound by such steps, even if SEB has in the meantime confirmed that the transaction has been executed. SEB will take all actions to inform the client immediately of such circumstances, except if the circumstances do not permit such notification of the client.

14. OFF PREMISES TRADING

SEB does not take any orders, does not submit them for execution or execute any orders off the premises of SEB.

15. CHANGES AND UPDATES TO THIS POLICY

This Policy is subject to change. The Policy, the execution venues, third party brokers and execution arrangements referred to therein, as well as the results they produce, will be reviewed periodically in order to ensure that they are likely to provide the best possible result for SEB's clients. This will be done as circumstances dictate, and at least annually. Any changes to the Policy will be published on SEB's website on www.seb.ee/investorkaitse. Such changes and updates will take effect from the day following the day they are published on the website.