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## 1 PURPOSE AND SCOPE

SFE is a **non-independent small investment firm** that provides bespoke investment services related to energy derivatives (such as financially or physically settled electricity transactions, environmental benefits and related physical energy services). The purpose of the services is to help clients achieve desired hedges related to the price of their electricity consumption. SFE doesn't provide services to retail clients.

This document (the "Requirement") specifies the procedures which Statkraft Financial Energy AB (SFE) follows when executing orders in financial or physical instruments on behalf of its clients to ensure, on an overall ongoing basis, the best possible results.


Capitalised terms used in this document shall have the same meaning as defined under EU financial regulation (MIFID II Directive 2014/65 and Commission Delegated Regulation 2017/565).

## 2 ORDER EXECUTION POLICY

### 2.1 Scope of Best execution

#### 2.1.1 What is best execution?

When executing or transmitting orders in financial or physical instruments on behalf of its clients SFE is required to take all sufficient steps in order to obtain the best possible result for their clients. These orders pertain to financially or physically settled electricity transactions, environmental benefits and related physical energy services.

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When aiming at best execution, SFE shall take into account – as applicable - the price, cost, market impact, speed, likelihood of execution, order size, nature, and any other factor relevant for the execution of the order. SFE endeavours to take all sufficient steps in accordance with this Requirement in order to obtain the best possible result for its clients ensuring that the intended outcome can be successfully achieved on an ongoing basis. This overarching requirement does nevertheless not mean that SFE must obtain the best possible results on every single occasion, only on an overall ongoing basis.

When requesting SFE to carry out portfolio management or by asking SFE to enter into a transaction on its behalf, the client agrees to the order and transaction being executed in accordance with this Requirement. The same order can be executed in parts using more than one of the methods described in this Requirement.

Terms used in this Requirement have the same meaning as defined under EU financial regulation.

### 2.1.2 Client instruction

Where a client gives SFE a specific instruction on how or when all or part of its order should be executed, the relevant execution will be effected in accordance with such instructions.

The client acknowledges that providing specific instructions may prevent SFE from following the procedures set out in this Requirement, which are considered likely to obtain the best possible result for the client. Where a client requests a quote and accepts it, or where the terms (including price) of a deal are otherwise specifically agreed between SFE and the client prior to execution, the resulting transaction will be considered to be outside the terms of this Requirement.

Instructions may pertain to sustainability preferences, where relevant, determined by quantitative and qualitative elements set by the client. Regarding the instruments offered by SFE AB, sustainability preferences mean the choices expressed by the client for financial instruments to consider principal adverse impacts on sustainability factors.

SFE will not recommend or trade in any financial instrument which doesn't meet a client's sustainability preferences (where relevant) and will explain and document the reasons for not doing so.

In such case and where the client decides to adapt his or her sustainability preferences, SFE AB shall keep records of this decision, including the reasons therefore.

## 2.2 Execution factors and their relative importance

### 2.2.1 Execution factors


The purpose of the investment services of SFE is to help its professional clients achieve desired hedges related to the price of the electricity consumption which is linked to their real economy activity. The instruments offered to SFE's clients are tailor-made, specific and generally only traded in the OTC market. To the contrary of the products tradable in the securities markets, only few selected instruments usually meet the client's needs. SFE's choice of the most appropriate instrument for a client is hence constrained by the nature of the financial electricity markets, the non-standardized nature of the products, the transactional framework of each client and its settlement abilities.

#### A. Bilateral execution of orders in illiquid instruments

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Among the general execution factors (Price, cost, Market impact, Speed of execution, Likelihood for execution and settlement, Size, Type of order and other relevant factors), taking into account the characteristics of its clients and their orders (including the nature of the financial instruments involved) SFE has determined that the following factors shall be at the center of its considerations for best execution:

- Availability of the product /instrument. If several products meet the needs of the client, suitability of the instrument becomes an execution factor.
- Sustainability of the product if applicable and if available.
- Availability of potential counterparties (depending on master trading agreements and credit lines).
- Price at which the order is likely to be executed: The price will take into account the prevailing market price available, or level of the underlying asset, index or rate incorporated into the structure of the instrument, or other relevant market factors and events. In addition, the price will take into account the risk and cost involved for the instrument in question - such as counterparty credit risk, operational risk or risk position assumed in creating the instrument and making it available to clients, environmental and other sustainability risks. No additional costs and charges are perceived by SFE on top of the costs being disclosed in the firm's investment service agreement.
- Adequacy of the transaction to the clients' risk policy and preferences.

SFE will weigh these factors at the time of execution in accordance with its clients' characteristics, the financial or physical nature of the instrument involved, including the instrument's environmental impact (to the extent that is ascertainable), and the prevailing market conditions. Sustainability risks presented by the investment or the product (if any) will be highlighted, addressed and mitigated. Where two instruments have equal financial characteristics, SFE will favour the instrument presenting socially responsible characteristics in addition.

## **B. Execution of orders in liquid instruments on exchanges**


SFE doesn't trade on own account on regulated markets.

Where available and permissible using its clients access to trading venues, SFE will execute orders in instruments traded with sufficient liquidity on a regulated market such as Nasdaq OMX or EEX.

In this regard the firm will take into account speed of execution, size and market impact in addition to the execution factors defined above.

## **3 EXECUTION VENUES AND MARKET INFORMATION SOURCES**

When offering OTC derivatives, SFE usually executes the client's orders against Statkraft Energi AS, or any other entity with which the clients have executed a commodity trading agreement. SFE ensures that this choice consistently offers the best results for its clients also with regards to the level of customisation available for transactions, corresponding to the exact needs of clients. SFE is not a party to such agreement, which regulates the relationship between the client and its counterparty, including as regards credit risk and settlement provisions.

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SFE doesn't transmit the clients' orders to other entities for execution.

SFE checks the fairness of the price of the OTC products offered to its clients by gathering price information from several different market sources and execution venues. It then uses this data to estimate the price of such products or to compare with similar products. SFE does not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue. Any applicable commissions are disclosed in the investment service agreement between SFE and its client.

#### 4 CLIENT ORDER HANDLING

SFE 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 or against the best interest of its clients.

Since SFE treats all clients individually, all transactions will be executed separately and SFE will not aggregate trades between its clients. Information provided to each client is consistently presented in the same manner and the same language.

#### 5 THE IMPACT OF DISRUPTED MARKETS, SYSTEM FAILURES ETC.

In some cases, whether as a result of trading suspensions, cancellation of transactions by execution venues, disrupted markets, system failures or otherwise, SFE may judge that it is in a client's best interest to execute or transmit its order using a method different to the one normally used for the instrument in question. In such cases, SFE will take all sufficient steps to achieve the best possible overall result for the client under the prevailing circumstances.

For execution only clients this means that SFE will make sufficient efforts to contact clients whose orders have not yet been executed to obtain additional instructions. If SFE is unable to obtain such instructions, it will take such actions as sufficiently seem to be in the best interest of the client, and the client will be bound by the result.

#### 6 INFORMATION AND COMPLAINTS HANDLING

Clients may address reasonable requests for information on SFE's policies and arrangements to the firm's general manager at: [per.rosenqvist@statkraft.com](mailto:per.rosenqvist@statkraft.com)

Any statement of dissatisfaction related to SFE's provision of investment services shall be addressed to the firm's Compliance Officer at: [anya.bissessur@statkraft.com](mailto:anya.bissessur@statkraft.com). The complaint shall contain detailed information to enable proper analysis and follow up of the complaint.

#### 7 CHANGES AND UPDATES

This Execution Policy is subject to change. It shall be reviewed when required and at least annually. It shall also be reviewed upon a material change impacting the best execution parameters defined herein. SFE shall inform its clients of any update or amendment of this Execution Policy.