



ORDER EXECUTION POLICY FOR PROFESSIONAL CLIENTS
Applicable to ENGIE GLOBAL MARKETS
head office and branches in the European Economic Area

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I. PURPOSE OF THIS POLICY

You receive this document (the “**Execution Policy**”) in your capacity as client or prospective client of ENGIE Global Markets and because you have been categorised by us as a Professional Client.

ENGIE Global Markets (“**EGM**” or “**we**” or “**us**”) is an Investment Firm duly authorised to provide certain Investment Services, including the execution of orders on behalf of its clients.

In accordance with the Market in Financial Instrument Directive 2014/65/EU and its implementing measures (“MIFID”) as transposed into national laws, EGM is required to take all sufficient steps to obtain, on a consistent basis, the best possible result for its Professional Clients (the “Clients”) when executing on their behalf orders in respect of Financial Instruments (“Best Execution”), taking into account a range of execution factors as further detailed below (the “Execution Factors”). However, this does not mean that we will provide you Best Execution for every order executed on your behalf.

The purpose of this document is to set out the execution policy and approach of EGM in relation to the application of Best Execution requirement.

Unless otherwise defined herein, terms in capital letters will have the meaning ascribed to those terms in the MIFID.

II. SCOPE OF THIS EXECUTION POLICY

In accordance with MIFID, EGM will owe you Best Execution only to the extent that:

- ✓ You have been categorised by EGM as “Professional Client”;
- ✓ EGM is executing an “order” and such order relates to one or more Financial Instruments;
- ✓ EGM is acting ‘*on your behalf*’ for the purpose of the Best Execution when executing such order; and
- ✓ EGM is acting through any of its EEA offices.

The circumstances under which Best Execution is applicable to EGM are detailed below. Where the conditions above are not all fulfilled, EGM will not owe you the Best Execution.

A. CLIENTS

This Execution Policy only applies to EGM’s clients categorised by us as ‘Professional Clients’, regardless of whether such clients are professional clients on request or per se professional clients. Information about client categorisation is notified to each EGM’s client.

Best Execution is not owed to ‘Eligible Counterparty’. This Execution Policy will therefore not apply in relation to an EGM’s Eligible Counterparty, unless otherwise expressly agreed between EGM and that Eligible Counterparty.

As a matter of policy, ENGIE Global Markets does not offer Investment Services to ‘Retail Clients’. This Execution Policy should not be considered for such persons.

B. EXECUTION OF ORDERS IN RELATION TO FINANCIAL INSTRUMENTS

Best Execution is owed by EGM whenever EGM is executing orders ‘*on behalf of*’ of its Clients in relation to transactions in Financial Instruments (“Transactions”).

The term “Financial Instruments” is defined in MIFID and includes, without limitation, commodity derivatives, emission allowances derivatives, emission allowances and any other financial instruments, including OTC products¹ in financial instruments (including swaps and swaptions), with respect to, amongst other, the following underlyings:

- electricity
- natural gas
- emission allowances
- oil
- bulk commodities
- freight

Spot transactions – except transactions in relation to emission allowances - and other transactions which do not involve Financial Instruments (“**non-MIFID Transactions**”) or any other non-MIFID-related business are not subject to the Best Execution requirement and are therefore not covered by this Execution Policy. However, in any case, when providing Investment Services or Ancillary Services, ENGIE Global Markets will comply with the overarching principle to act honestly, fairly and professionally in accordance with the best interests of its clients.

C. GEOGRAPHICAL SCOPE

This Execution Policy is applicable whenever ENGIE Global Markets executes an order on behalf of its Clients in relation to a Transaction through any of its European Economic Area offices (which includes, for the avoidance of doubt, any of its French head quarter and any of its Belgium or Italian branches), regardless of where the Client is established.

D. ACTING ON CLIENT’S BEHALF

Each time EGM is negotiating or executing a Transaction with you, EGM is always dealing on own account and as a principal. Notwithstanding the foregoing, in certain circumstances, EGM may be considered as acting “*on your behalf*” and therefore has to owe you the Best Execution. It will be the case:

- whenever EGM owes contractual or agency obligations to the Client to execute an order on its behalf; or
- whenever circumstances demonstrate that the Client legitimately relies on EGM to protect its interests in relation to the execution of a Transaction with EGM.

Note that EGM does not qualify as Systematic Internaliser under MIFID.

1. EGM acting as principal and on own account basis only

When negotiating a Transaction with a Client or executing an order from a Client:

- EGM is exclusively dealing on own account and in a principal capacity basis. This means that, when executing your order, EGM will always be your counterparty to the Transaction, whereby EGM assumes

¹ An OTC product (or Over-The-Counter product) in financial instruments is a financial instrument not admitted to trading or not traded on a trading venue (ie a Regulated Market, a Multilateral Trading Facility (MTF) or an Organised Trading Facility (OTF)).

market and credit risks and execute your orders against its own books. In this regards, where EGM is subject to internal trading or credit-related restrictions it may not be possible to accept your order or negotiate with you a Transaction and you will be notified of this fact at the time we start negotiation together or we receive an order from you or as soon thereafter when a new or altered restriction becomes known. Entering into a Transaction with us means that you assume counterparty risk towards EGM.

- EGM will not direct or route a Client's order to an execution venue² for the purpose of executing such order. Consequently, there will be no other competing venue to EGM. This also means that your order will be executed outside a Trading Venue³. **As a pre-requisite for EGM to executing Transactions with you, you are required to expressly agreed that the orders we may receive from you are executed outside a Trading Venue.**

2. Contractual or agency obligation to act on client's behalf

EGM will owe Best Execution to the Client in circumstances where EGM is acting in an agency or riskless or matched principal capacity or has a contractual obligation to act on Client's behalf. For instance, the obligation to provide you Best Execution will apply each time EGM is making decisions on how the Client's orders is executed or has a level of discretion over the execution of that order (ie is working the order on behalf of the Client).

3. Legitimate reliance and requests for quote

In other situations, the Best Execution obligation may also apply where the Client is deemed to be placing legitimate reliance upon EGM to protect its interests in relation to the execution of a Transaction, even though EGM is acting as principal.

For instance, where EGM provides a quote or negotiate a price upon request (ie dealing on a request for quote (or "RFQ") basis), EGM will determine whether the Client is legitimately relying on us to protect its interests in relation to pricing and other important elements of the Transaction and thus whether the Best Execution is owed to the Client.

It is assumed that clients categorised as "Professional Clients" do not rely on EGM to achieve Best Execution. However, to reach that conclusion, EGM will conduct a four-fold test taking into consideration the following:

- whether EGM or the Client **initiates the Transactions** – where the Client initiates the Transaction, this suggests that it is less likely that the Client will be placing legitimate reliance on EGM; In circumstances where EGM may communicate trade ideas, relevant market opportunities or indicative prices to the Client as part of its general relationship with its Clients, we do not consider that this will be deemed to have initiated the Transaction;

² An "execution venue" includes, for the purpose of Best Execution, a Regulated Market, an MTF, an OTF, a Systematic Internaliser or a Market Maker or other liquidity provider in Financial Instruments or any other entity that performs similar functions in a third country to the functions performed by any of the foregoing.

³ A "Trading Venue" means a Regulated Market, an Multilateral Trading Facility (MTF) or an Organised Trading Facility (OTF).

- **question of market practice and existence of a convention to “shop around”** – where the market practice suggests that the Client takes responsibility for the pricing and other elements of the Transaction and the market practice is to obtain quotes from various sources, it is less likely that the Client will be placing legitimate reliance on EGM; In general, this is how we consider the majority of transactions with sophisticated, professional clients would be executed;
- **relative levels of transparency within a market** – if EGM has ready access to prices in the market in which it operates, whereas the Client does not, it is more likely that the Client will be placing reliance on EGM. If EGM’s access to pricing transparency is broadly equivalent, it is less likely that the Client will be placing legitimate reliance on EGM; and
- **information provided by EGM and the terms of agreements** between EGM and the Client – where such arrangement states or indicates that EGM will not provide best execution or that the Client is not placing any legitimate reliance on us, it is less likely that the Client will be placing reliance on EGM.

Where the four considerations above taken as a whole indicate that the Client does not legitimately rely on us to protect its interests in relation to a Transaction, the Best Execution will not apply. EGM may also rely on any information you provide to us to reach this conclusion. In general, we consider that a Client does not put legitimate reliance on us where a Transaction results from EGM quoting a price following a RFQ from the Client or otherwise in the course of operating in quote-driven markets.

E. SPECIFIC INSTRUCTIONS

If the Client gives specific instructions, including as to the characteristics of a bespoke Transaction, in relation to either an order or particular aspects of an order (“**Specific Instruction**”), EGM shall execute that order in accordance with the instructions received.

By following your Specific Instruction, EGM shall be deemed to have taken all sufficient steps to obtain the best possible result for you in respect to the order or specific aspect of the order covered by that Specific Instruction. Nevertheless, Best Execution shall remain owed by EGM in relation to the aspects of the order not covered by the Specific Instruction and for which EGM retains some discretion over those aspects.

Specific Instruction may prevent EGM from taking the steps as mentioned in this Execution Policy to obtain the best possible result for the execution of your order in respect of elements covered by that Specific Instructions.

III. EXECUTION FACTORS

Where Best Execution applies, EGM will take into consideration a range of Execution Factors to achieve the best result for you on a consistent basis. However, this does not mean that we will provide you Best Execution for every order executed on your behalf.

The Execution Factors EGM is considering are the following:

- price,

- overall costs of the Transaction,
- speed of execution (i.e. the need for timely execution),
- likelihood of execution and settlement (depending, for example, on the size of orders, the non-standard characteristics of the Transaction, etc.)
- Size of the order and available market liquidity
- Nature of the order;
- any other consideration relevant to execution of the order; or
- Likely market impact (including the “implementation shortfall”).

The relative importance of each Execution Factor will be determined by taking into account the following criteria (“**Order Criteria**”):

- the characteristics of the Client, including its categorisation as Professional Client,
- the characteristics of the Client’s order;
- the characteristics of the Financial Instruments that are the subject of that order;
- to the extent it is relevant for the purpose of this Execution Policy, the characteristics of the execution venues to which that order can be directed for execution. Please note that, as mentioned in Section II.D.1 above, EGM does not direct your orders to an execution venue for execution purpose.

EGM will use its reasonable judgment and commercial experience to determine the relative importance of the Execution Factors taking into account the Order Criteria and the prevailing market conditions. Some of the Execution Factors above are considered to be more important than others. However, there are situations where the relative importance of these factors may change in accordance with instructions that you provide or broader market conditions.

EGM will generally consider the price as the decisive Execution Factor to be taken into account so as to obtain Best Execution for the Client. However, the other Execution Factors, taking into account the above Order Criteria and the prevailing market conditions, may also be considered to achieve the Best Execution although they may affect the price of the Transaction.

To the extent Best Execution is applicable, EGM will act in accordance with this Execution Policy to obtain the best result for you. **However, this does not mean that EGM will guarantee you the best price for you compared to other firms** but the best result that can be reasonably expected given the information available during the execution process and the terms of this Execution Policy.

IV. NO OTHER EXECUTION VENUES

As mentioned in Section II.D.1 above, each time EGM is negotiating or executing a Transaction with you, EGM is always dealing on own account and as a principal (including following a RFQ). As a consequence, EGM will always be your counterparty to a Transaction with you and will not direct or transmit your orders to any execution venue for execution.

However, in order to achieve the best result for you while executing orders on your behalf, EGM may, at its entire discretion but with no obligation, utilise the services of intermediate brokers or trade a back-to-back Transaction on any execution venue to which EGM has access (either inside or outside of the European Economic Area).

As EGM will execute your orders only against its own books and will not transmit or place your orders to other execution venues for execution, EGM has no selection obligation under MIFID regarding any other execution venues and therefore will not assess such execution venues for the purposes of this Execution Policy.

V. ORDERS HANDLING

EGM may receive orders from a Client through a variety of means such as telephone or email or any other electronic communications – including where we have agreed upon, via EGM client platform portal . Such orders will be dealt with via the relevant trading desk of EGM who will determine the strategy on handling and executing such orders, considering the above Execution Factors, the prevailing market conditions and any particular criteria or instructions provided by the Client.

EGM will execute Client’s order 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

VI. APPLICATION OF BEST EXECUTION PER TYPE OF ORDER

This Section provides information about how and to which extent EGM applies this Execution Policy considering the type of order we may receive. **Please note that, as detailed in this Execution Policy, EGM will not owe you the Best Execution in every circumstance.**

1. Execution of orders on the Client’s behalf where EGM has no discretion in the execution

If the Client gives Specific Instructions, including as to the characteristics of a bespoke Transaction, in relation to every aspect of a Transaction, EGM shall execute that Transaction in accordance with the instructions received. In doing so, EGM will be deemed to have satisfied its obligation to provide Best Execution to the Client in relation to that aspects of the order.

2. Execution of orders on the Client’s behalf where EGM has discretion in the execution

For those aspects of the orders that are not covered by the Specific Instruction from the Client and for which EGM retains some discretion over those aspects, EGM will consider each of the Execution Factors to obtain, on a consistent basis, the best result for the Client. It would be the case, instance, each time the Client’s order includes a specific price limit or when EGM accepts to “work” an order on behalf of the Client.

When accepting such an order, EGM will attempt to enter into a Transaction with the Client within the price, time and size parameters requested by the Client. No Transaction will be entered into between the Client and EGM until EGM has confirmed to the Client that the order has been executed.

In this regards and unless the characteristics of the orders suggests to apply other Execution Factors, EGM will generally consider the price as the decisive factor to be taken into account so as to obtain Best Execution

for the Client. Note that it may not always be possible to execute the order under the prevailing market conditions. As EGM will enter into the Transaction with the Client against its own books and therefore be the counterparty to the Transaction with the Client, EGM will also consider other elements such as the costs and risks involved for EGM in entering into the Transaction, including the market risks, the counterparty's risks, the capital requirements or the cost of EGM hedging risks and a profit for EGM to reflect the work of your order by us.

3. Riskless or matched-principal trading

When acting as riskless or match principal, EGM is subject to the Best Execution.

In this respect, in order to ensure that best execution obligation has been achieved on a consistent basis, EGM will check the fairness of the price proposed to the Client by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products. For certain Transactions and under certain market conditions, there may be limited or no information available about current market prices. In such case, the price provided to the Client will be based on a best estimate, in accordance with current prices of similar instruments.

4. Request for quotes (RFQ)

When a Client requests EGM to provide a quote to trade a Transaction on a bilateral basis (as opposed to an indicative price), EGM may provide the Client a price at which EGM is prepared to deal with the Client. EGM is however under no obligation to provide a price unless otherwise agreed.

Unless EGM indicates the Client otherwise, the price provided by EGM in response to a request for quote (RFQ) from a Client will be an all-in price. In determining such price, EGM will take into account a number of considerations, including:

- the specific market parameters (price at which a Financial Instrument may be traded on a Trading Venue, including the liquidity on that Trading Venue),
- EGM's internal valuation models (including EGM own view of the market level, forward curves and volatility curves for each respective underlying and observable prices from other market participants),
- the risks involved for EGM in entering the Transaction, including the market risks, the counterparty's risks, the capital requirements resulting from entering into that Transaction,
- the cost of EGM hedging risks, and
- a margin level set according to its own internal standards (together the "mark-up").

Such mark-up will be within a range of what we consider reasonable for the product type, tenor and size of the trade and will vary from client to client, depending among other, the characteristics of the client orders, the prevailing market conditions, the client's risk of default, etc.

When trading on a RFQ basis, a Transaction subsequent to the provision of such quote will be entered into between the Client and EGM only once EGM and the Client have agreed on the price.

To determine whether EGM owe best execution obligations to Client when replying to a Client's RFQ, EGM will apply the four-fold test mentioned in Section II.D.3 above. If the best execution is determined to be due, in order to ensure that such obligation has been achieved on a consistent basis, EGM will check the fairness of the price proposed to the Client by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products. For certain Transactions and under certain market conditions, there may be limited or no information available about current market prices. In such case, the price provided to the Client will be based on a best estimate, in accordance with current prices of similar instruments.

VII. ACCEPTANCE

You are required to expressly accept the terms of this Execution Policy. **If you do not provide your prior express consent, EGM will not be able to accept any of your orders for execution on your behalf.**

By accepting the terms of this Execution Policy:

- you are deemed to have understood this policy and the limited scope of our obligation to provide the Best Execution;
- you are deemed to have accepted how and to which extent EGM intends to provide best execution to you; and
- you are expressly acknowledging that your orders will not be executed on a Trading Venue (Regulated Exchanges, Multilateral Trading Facilities or Organised Trading Facilities) but against EGM's proprietary positions.

VIII. PUBLICATION

This Execution Policy and any updates thereof are also made available on our website <http://www.engie-globalmarkets.com/about-us/ethics-and-compliance/>.

IX. MONITORING AND REVIEW

EGM is reviewing periodically and at least annually this Execution Policy and, to the extent it is applicable, any order execution arrangements it may have. Such a review is also to be carried out whenever a "material change" occurs that may affect EGM's ability to meet its best execution obligations.

Minor changes to the Execution Policy will be published on EGM website with no further notification to Client. Material changes to this Execution Policy will be notified to the Client using in priority the email provided by the Client to us. The Client shall be responsible for providing EGM with an updated email address. Clients who place orders with EGM shall be deemed to have accepted the prevailing order execution policy.

EGM has implemented internal processes to monitor the effectiveness of this Execution Policy and any order execution arrangements EGM may have. Where deficiencies are identified, EGM will take appropriate measures to correct them in order to continue to offer best execution to its Clients.



Where requested by a Client, EGM will demonstrate that execution of the Client's order has been undertaken in accordance with this Execution Policy. **Note that demonstrating Best Execution will not necessarily involve a transaction-by-transaction analysis, but may involve an assessment of a series of Transactions executed over a period, thus demonstrating that, overall, the best result was achieved in accordance with the Execution Policy.**

X. CONTACT DETAILS

Any question about this Execution Policy and how the best execution obligation is monitored and performed within EGM can be addressed to mifid-engieglobalmarkets@engie.com

XI. EFFECTIVE DATE

This Execution Policy come into force on 3rd January 2018 and replaces any previous execution policy issued by EGM. Any change or update of the Execution Policy will take effect on the day following its publication on EGM's website.