



Insider Guidelines

Introduction

Varma's customers include companies who have issued shares, securities or other financial instruments that are or will be listed on the stock exchange or another regulated market place or multilateral trading facility.

- These companies shall be referred to hereinafter as **“listed company”** – most commonly referring to a company whose share is listed on the Helsinki Stock Exchange.
- Bonds can also be listed on the stock exchange – for example, the public debt issue of a co-operative, in which case the co-operative will also fall within the scope of the notion of “listed company”.
- Hereinafter, the shares, bonds, securities and other financial instruments of a listed company shall be referred to as “listed securities”.

Information about listed companies may contain yet-to-be-disclosed, market-influencing facts, the disclosure and use of which, as inside information, is always prohibited.

- **The insider trading prohibition applies to all trades and other transactions in listed securities – including those taking place as bilateral transactions outside the stock exchange or another market place.**
- The prohibition does not apply to unlisted companies and these guidelines do not immediately concern them – however, **information about unlisted companies is also always confidential and treated as Varma's business secrets.**

Confidentiality and inside information

Documents and information obtained from client companies are always treated as Varma's confidential business secrets.

- Undisclosed information about our listed client companies is subject not only to confidentiality, but also to the prohibition on the use and disclosure of information as laid down in the Market Abuse Regulation.

The appropriate handling of information is important both for our clients and for Varma.

- The negligent handling of inside information is highly damaging to our client companies and weakens their operations in the markets.
- Negative publicity that arises from an intentional or negligent breach also reduces confidence in Varma.

The abuse of inside information is rigorously sanctioned.

- The possible penalty is also always directed at the individual involved – not just the listed company or Varma.

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What is inside information?

Inside information can be written as well as oral information that

- is likely to have a considerable influence on the price of a listed security or a security related to it
 - the influence may be indirect – e.g. information about a share also influences the option right to it
- is precise and detailed
 - the event or fact is objectively likely to take place – it is more likely to happen than not to happen
 - it is not a rumour or other indefinite information
 - conclusions can be drawn from it – a careful investor would take note of it
- and is undisclosed
 - giving the information to Varma does not constitute disclosure
 - disclosure means that the information is available to everyone – e.g. via electronic media outlets

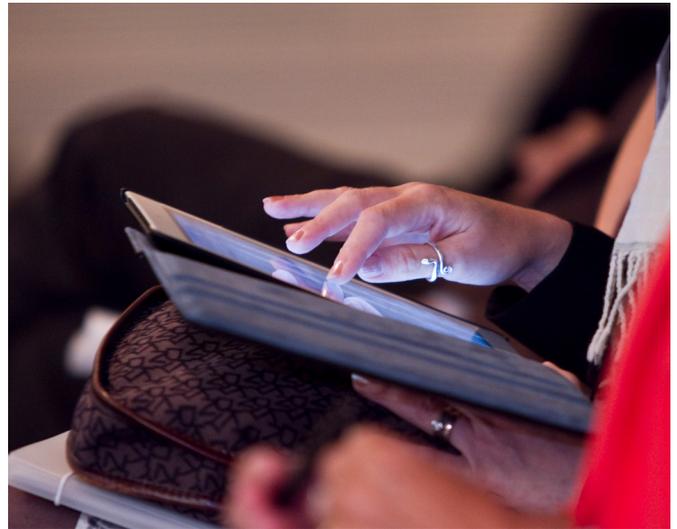
On the basis of the aforementioned, inside information can consist of

- the future activities of a listed company, such as
 - a planned merger or acquisition or other business arrangement.
 - the drawing up of a profit warning.
 - the contents of an interim report or financial statements that are being prepared.
- plans concerning a security, such as
 - a share issue.
 - a purchase or redemption offer.
 - the combining or distribution of share series.

Prohibition on the use and disclosure of inside information

It is forbidden to disclose inside information to another Varma employee or to any other person unless it is necessary for his/her job, and inside information must not be used to

- acquire or dispose of a listed security on one's own or another person's account
 - this prohibition also applies to indirect operations, e.g. through someone close to you or a company you own – the prohibition is exhaustive and cannot be circumvented
- recommend or advise someone to acquire or dispose of a listed security
 - the prohibition applies to any kind of advice or insinuation
- cancel or change your trade order concerning a listed security or recommend or advise someone to cancel or change an order they previously made



Listed securities subject to the insider trading prohibition

In these guidelines, listed security refers to all securities and other financial instruments, regardless of their type, of a listed company.

These include financial instruments issued by the listed company itself, such as

- shares – quoted (“listed”), but also unquoted shares
- bonds or other debt securities
- convertible bonds
- money market instruments – deposit certificates, commercial papers, credit-linked notes, etc.

Financial instruments that are issued by another party and are related to the listed company, such as

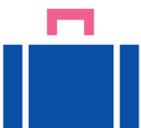
- warrants
- options, forwards, futures, swaps

Reporting of a breach

A Varma employee who suspects that inside information is being abused in securities trading or that other actions have been taken in violation of the Securities Markets Act at Varma is obligated to report it.

Such information is to be reported by email to arvopaperirikkomus@varma.fi

- the reports are read only by Varma's head of legal affairs – they are processed confidentially.
- the head of legal affairs reports to Varma's Board of Directors on the matter.



Inside information can be written as well as oral information.

Obligations concerning permanent insiders

Varma's Executive Group, investment Operations personnel and separately designated Varma employees are part of the company's **permanent insiders**.

- Permanent insiders must request permission prior to acquiring or disposing of listed securities – the request is submitted to legal counsel via email.
- The granting of permission requires that there is no inside information at Varma concerning the listed security in question – the legal counsel verifies this in Varma's internal register prior to granting permission.
- For acquisitions or disposals after the preliminary consultation, the permanent insider is obligated to file a **notice of a change in holdings** for Varma's internal register – the notice is filed using a specific form.
- Permanent insiders are also prohibited from **short term trading**: at least three months must pass between the acquisition or disposal of the same type of listed security.
- Trading on a permanent insider's own account involving a listed security of a specific company or a related security is prohibited in cases where the permanent insider is aware that transactions that have a significant impact on Varma's position in the company are being made using said company's listed security or a related security and the transactions are likely to simultaneously have a significant impact on the value of the security (front running).

Public register of insider holdings

Varma maintains, as required by law and in the manner prescribed by law, a public register on the holdings of the following persons:

- members and deputy members of the board, the CEO and the CEO's deputy, the auditor, deputy auditor and the auditor with chief responsibility for the company's audits.
- other individuals who are in the service of the company and are in a position to influence decisions concerning the investment of assets or who otherwise regularly receive the type of inside information that concerns shares or financial instruments – these individuals are named separately.

The register includes information about holdings in shares admitted to trading on a regulated market or a multilateral trading facility in Finland, and in financial instruments whose value is determined on the basis of the shares in question.

- The register can be viewed on Euroclear Finland's NetSire service.

Varma maintains an internal register of the holdings of other permanent insiders.

**Varma manages
inside information using
three internal registers.**

Internal management of inside information at Varma

Varma manages inside information using three internal registers.

A prohibition list and "closed windows"

- if a member of Varma's management or investment operations receives inside information, this is noted in the prohibition list – the person in question reports the name of the listed company to the legal counsel that maintains the prohibition list.
- while on the prohibition list, the listed company's securities are neither acquired nor disposed of – the prohibition applies to both Varma's own transactions and permanent insiders.
- in addition, a "closed window" period of prohibition will be complied with for listed companies whose board of directors includes a Varma employee.

Project-specific register

- a register shall be established for a significant listed securities acquisition or disposal plan that Varma initiates either alone or with an outside party.
- the CIO shall decide on its establishment.
- the individuals who have obtained information about the plan, as well as the dates when they received the information, shall be entered in the register.
- those who possess information about the project cannot acquire or dispose of the securities of the listed company in question.
- the legal counsel, investment operations maintains the register.

Market sounding register

- information about market sounding, whereby a listed company or investment bank enquires about Varma's interest in participating in a major acquisition or disposal of a listed security, shall be entered in the register.
- the register notification is made by a representative of Varma's investment operations who is authorised to receive soundings or by a member of Varma's management.
- the notification is made by email to (marketsounding@varma.fi).
- the register is maintained by a legal counsel.

Personal insider obligations

Every Varma employee must

- Keep client information confidential.
- Prohibit the use and disclosure of inside information on a listed company.
- Report a securities breach.

In addition, Varma's Executive Group, Investment Operations personnel and other separately named Varma employees must

- Request prior permission to acquire and dispose of listed securities (from chief legal counsel).
- Comply with the short selling prohibition (3 months).
- Report their listed security holdings and any changes thereto (form).

Legislation and other regulations

These Insider Guidelines complement the following, among other, regulations concerning insider information obligations:

- Market Abuse Regulation (596/2014/EU)
- The Criminal Code of Finland (39/1889), Chapter 51, sections 1, 2 and 2a
- The Securities Markets Act (746/2012)
- The Finnish Act on Employment Pension Insurance Companies (354/1997), sections 12g–12i
- The instructions and guidelines of the Financial Supervisory Authority

Every Varma employee is responsible for complying with the valid laws and these guidelines.

- If you have any questions regarding these guidelines and legislation, please contact Varma's head of legal affairs.

Sanctions for breaching the insider trading prohibitions

Employment-based sanctions

- If an individual employed by or in the service of Varma breaches the stipulations of these guidelines, Varma has the right, depending on the breach, to give the individual a warning or, in the case of a material breach, terminate or cancel the employment or service contract.

Penal sanctions

- Chapter 51, sections 1–2a, of the Criminal Code of Finland stipulates the penalty for the illegal disclosure and abuse of inside information.
- The illegal disclosure or abuse of information is punishable by a fine or imprisonment of a maximum of two years, but for aggravated abuse of insider information, the maximum is four years of imprisonment.
- The penal sanctions apply to both intentional acts and gross negligence.