

DEFINITIONS OF TERMS USED IN THE POLICIES AND PROCEDURES OF NCR

1 INTRODUCTION AND APPLICABILITY

This document is supplemental to all policies and procedures of Nordic Credit Rating AS ("NCR").

The purpose of this document is to facilitate the application and understanding of NCR's internal rules to all Employees and other persons to which they apply.

This document is published on NCR's website and made available to the Employees on NCR's intranet.

2 DEFINITIONS

"**Administrative Employees**" means other Employees than Analysts, Compliance Function and Board Members, and includes, for the avoidance of doubt, Commercial Employees.

"**Analyst**" means any Employee whose function is to (i) assign or monitor Credit Ratings, (ii) assist in drafting materials or developing models, (iii) assist in providing Ancillary Services or (iv) supervise Employees included in (i) (ii) or (iii) of this definition. The definition of Analyst excludes any Employee assigned to a ratings team who is not involved in the Ratings Process or supports the Credit Rating Process solely through administrative tasks, such as entering information into internal systems. An Analyst may, for the avoidance of doubt, not be part of the Rating Review Function or Compliance Function.

"**Analytical Employee**" means all Employees in Analytical Roles.

"**Analytical Interaction**" means a verbal or written analytical Communication made, or meeting attended, by an Analyst with an Issuer, when such communication forms part of Credit Rating Activities. It excludes administrative contact, routine data gathering, and general research including on the related market sector.

"**Analytical Role**" means the role of an Employee when acting as an Analyst.

"**Ancillary Services**" a product or service provided by NCR on a commercial basis that is not a Credit Rating or a Credit Rating Activity.

"**Associated Role**" means the role of an Employee other than Analytical, Commercial, Control and General Management (i.e. internal administrative personnel).

"**Articles of Association**" means a document that specifies the regulations for a company's operations and that define the company's purpose and lay out how tasks are to be accomplished within the organization.

"**Associated Company**" means a company's parent undertaking, subsidiaries and Significant Shareholders.

"**Board of Directors**" means a group of individuals that are elected in compliance with the Norwegian Companies Act to establish corporate management related policies and to make decisions on major issues of NCR.

"**Board Members**" means elected members of NCR's Board of Directors, including for the avoidance of doubt, the Independent Board Members and the Chair.

"**CEO**" or "**Chief Executive Officer**" means the NCR Employee who holds that title and is engaged in the management of NCR's business and operational activities. Examples include: (i) managing the business and coordinating the operations of a unit including overseeing quality, human resources and policy compliance; participating in marketplace outreach;

establishing marketing and business strategy for the unit and making decisions with respect to product development, (ii) overseeing analytical operations without participating in the evaluation, approval, issuance, or review of any specific Credit Rating Action and (iii) budgeting and managing revenues, profits, expenses, and other financial targets, including establishing general fee structures, together with Commercial Employees.

"**Chair**" means the elected chair of NCR's Board of Directors.

"**Chairperson**" or "**Rating Committee Chairperson**" means the Analyst whose role is to oversee the Rating Committee, including the process for arriving at a Rating decision and approve the Rating Decision as determined by the Rating Committee.

"**CRO**" or "**Chief Rating Officer**" means the Head of Ratings.

"**Close Associates**" and a "**Closely Associated Persons**" means the persons mentioned in section 2-5 of the Norwegian Securities Trading Act (as amended).

"**Companies Act**" means the Norwegian Private Limited Companies Act (as amended from time to time).

"**Commercial Activities**" means activities that are directed at increasing, improving, maintaining, obtaining, securing or defending the sales, marketing, business development, or market position of NCR. It also involves any efforts directed at selling or marketing products to Issuers and prospective Issuers and negotiating, discussing, or collecting fees for any activities conducted by NCR, including all activities relating to fees and/or payments; and any other matters relating to (i) commercial requests for Credit Ratings (ii) contractual and other commercial matters that arises in the process of entering into an agreement with the client (iii) any subsequent discussion or follow-up regarding above mentioned matters such as fee calculation and pricing.

"**Commercial Employees**" means any Employee in a Commercial Role.

"**Commercial Role**" means the role of an Employee involved in Commercial Activities.

"**Compliance Function**" means the function carrying out the tasks and responsibilities set out in policy for Organisation of material functions.

"**Compliance Officer**" means the NCR Employee who holds that title.

"**Confidential Credit Rating**" means a Credit Rating that is not made public by NCR and is not intended to be disclosed by the party requesting the Credit Rating to any party other than advisors bound by appropriate confidentiality obligations.

"**Confidential Information**" means all privileged Non-Public Information obtained, accessed or processed or otherwise handled by Employees. This includes all information, regardless of its form of recording, that is not in the public domain and that relates to or is received from customers of NCR, or is a proprietary and financial information of NCR. Information that is already publicly available is not considered to be Confidential Information.

"**Control Role**" means the role of an Employee in a Compliance or Rating Review Function.

"**CRA**" means a Credit Rating Agency.

"**CRAR**" means EEA-rules corresponding to regulation (EC) no 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies together with any supplemental regulations and directives (each, as amended from time to time) and as incorporated into Norwegian law ("Lov om kredittvurderingsbyråer").

"**Credit Assessment**" means an indicator of NCR's view of credit quality of an issuer or a specific instrument. It reflects our general views of credit risk but might not take all factors into account which are analysed for a Credit Rating. A Credit Assessment is a point-in-time analysis and is not under surveillance. For these reasons, a Credit Assessment is not a substitute for a Credit Rating and does not constitute a Credit Rating. It is confidential and expressed on NCR's rating scale but using lower-case letters (e.g. 'bbb+') and a short rationale. A credit assessment can be requested by a third party.

"**Credit Committee File**" means the documentation which the Credit Rating Committee base its decision on.

"**Credit Conditions Council**" means a group of NCR analysts meeting on a regular basis to discuss current credit conditions.

"**Credit Rating**" means a forward-looking opinion regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other Financial Instrument, or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using an established and defined ranking system of rating categories, using NCR's established rating scale. A Rating Outlook is, for the avoidance of doubt, not a Credit Rating but subject to the same policies and procedures applicable to a Credit Rating.

"**Credit Rating Action**" and/or "**Rating Action**" means any initial Credit Rating, change to or affirmation of an existing Credit Rating, withdrawal or suspension of an existing Credit Rating, or Watch action, in each case as and when such action is Released, including any rating action (preliminary, new, conversion, upgrade, downgrade, default, under review, confirmation, affirmation, withdrawal, outlook new or outlook change) issued in relation to a Credit Rating.

"**Credit Rating Activities**" means an activity engaged in by NCR that leads to or directly supports the issuance and surveillance or a Credit Rating, including (i) the issuance, approval, and review of Credit Ratings, (ii) analysis of data and information related to Credit Ratings (iii) a Credit Rating Action or Rating Decision and (iv) the development and approval of Criteria, including the development or approval of qualitative and quantitative models (Examples include: Participating and/or voting in Rating Committees, attending meetings with issuers that are for the purpose of gathering information used for determining the basis of a rating recommendation, Managing Analysts in their analytical work, developing Criteria, Conducting surveillance of a Credit rating and developing analytical models to support Criteria in which the results are used by a Rating Committee as part of determining a Credit Rating.)

"**Credit Rating Committee**" means the committee further described in policy on Issuance and review of Credit Ratings.

"**Credit Rating File**" means a compilation of all material information created or received by NCR relating a rated Issuer. It contains documents that are presented at Credit Rating Committee, correspondence with an Issuer, surveillance documents, information documenting the rating process, and rating related data.

"**Credit Rating Report**" means the written explanation associated with a Credit Rating that explains the principal basis for the Credit Rating, regardless of whether it is published. A Credit Rating Report may support more than one Credit Rating.

"**Criteria**" means published guidance that governs the analytic basis for determining Credit Ratings. Criteria include all fundamental factors, analytical principles, methodologies and assumptions that we use in the ratings process to produce our Credit Ratings.

"**Criteria committee**" means the committee that evaluates proposals for new methodologies, adjustments or amendments to existing methodologies. The committee is further described in policy on Rating Methodologies.

"**Credit Rating Process**" means the process leading up to and resulting in a Credit Rating Action.

"**Defined Terms Glossary**" means the glossary defined in this document.

"**EEA Agreement**" means the Agreement on the European Economic Area, enabling Iceland, Liechtenstein and Norway to participate in the internal market of the European Union.

"**Employees**" means all NCR employees who are in active (permanent or temporary) employment or in a training or internship relationships with the company, excluding, for the avoidance of doubt, the Board Members and the Head of Review.

"**EFTA Surveillance Authority**" means the authority monitoring compliance with the EEA Agreement in Iceland, Liechtenstein and Norway.

"**ESMA**" means the independent EU Authority (European Securities and Markets Authority) that contributes to safeguarding the stability of the European Union's financial system by enhancing the protection of investors and promoting stable and orderly financial markets. In NCR's policies and procedures, every reference to ESMA should be read as a reference to EFTA Surveillance Authority (where applicable).

"**Financial Instruments**" and "**Security**" means instruments as defined in section 2-2 of the Norwegian Securities Trading Act.

"**General Meeting**" means a gathering of NCR's shareholders pursuant and as further described in the Companies Act.

"**Head of Ancillary Services**" means the person responsible for the Ancillary Services and responsible for managing the Analytical Employees providing Ancillary Services, being the Chief Rating Officer.

"**Chief Rating Officer**" means the most senior person in an Analytical Role and the person responsible for managing Analytical Employees.

"**Head of Stockholm Branch**" means the head of the Stockholm Branch, being the CEO.

"**Independent Board Members**" and "**INEDs**" means elected independent members of NCR's Board of Directors.

"**Important Operational Functions**" means rating review, lead analyst, rating methodology development and review, rating approval, internal quality control, data storage, IT systems, IT support and accounting.

"**Internal Audit**" means the annual evaluation function as further described in policy on Organisation of material functions.

"**Issue**" means a debt, financial obligation or other similar Financial Instrument.

"**Issuer**" and "**Rated Entity**" means an entity that issues a debt, financial obligation or other similar Financial Instrument, as well as a bank or insurance company, and their employees and agents acting on their behalf.

"**Issuer Confidential Information**" means verbal or written information from an Issuer or its agents or advisors that NCR has agreed to keep confidential, whether temporarily, such as during the rating process until a rating is published, or indefinitely.

"**Investing Public**" means participators in the financial market that make direct or indirect use of NCR's ratings.

"**Lead Analyst**" means the main analyst assigned for amending or developing a methodology.

"**Material Functions**" means the functions set out in policy on Organisation of material functions.

"**Material Information**" means information that might constitute inside information in connection with a public or non-public financial instrument pursuant to section 3-2 of the Norwegian Securities Trading Act.

"**Material Non-Public Information**" means information that is both Material Information and Non-Public Information.

"**Model Repository**" means an internal database for all models used to support a Rating Decision.

"**NCR**" means Nordic Credit Rating AS.

"**NCR Confidential Information**" means any information relating to the ratings process which has not yet been released publicly. Examples include: (i) a Rating Recommendation, (ii) Rating Decision, (iii) unpublished versions of ratings, criteria, opinions and unpublished information regarding the committee process and timing of potential rating actions.

"**NCR website**" means the public website that is provided with free access for regulatory disclosures including public Credit Ratings and related information.

"**Nomination Committee**" means the committee appointed to nominate the Board Members.

"**Non-Public Information**" means information which it has not been publicly disseminated (including through any of the following methods: public filing with a securities regulatory authority; issuance of a press release; disclosure of the information in a national or broadly disseminated financial news service; or the issuance prospectus).

"**NUES Code**" means the Norwegian Code of Practice for Corporate Governance ("Norsk anbefaling for eierstyring og selskapsledelse"), issued by the Norwegian Corporate Governance Board, most recently revised on 17 October 2018. (as amended).

"Outsourcing" means any arrangement of any form between NCR and a Service Provider by which that Service Provider performs a process, a service, or an activity which would otherwise be an undertaking by NCR itself.

"Preliminary Credit Rating" means a Credit Rating that is based on information that is subject to finalization of a pending event.

"Primary Analyst" means the Analyst who has been assigned the responsibility for (i) determining a Rating Recommendation, (ii) presenting that Rating Recommendation to a Rating Committee and (iii) Communicating with an Issuer with respect to a specific Rating Action.

"Private Credit Rating" means a Credit Rating produced pursuant to an individual order and provided exclusively to the person who placed the order and which are not intended for public disclosure or distribution by subscription.

"Private Credit Rating" means a Private Credit Analysis is a Credit Assessment accompanied by a written report on the rationale for the Credit Assessment. It not made public and is not intended to be disclosed to any party, other than a limited number of third parties as identified by the party requesting the Credit Rating.

"Publication" means information in written form created by NCR and distributed to the public on the NCR website or other broad distribution platforms.

"Public Information" means information which is not Non-Public Information.

"Rating Committee" means the committee that determines the rating.

"Rating Committee Chairperson" or **"Chairperson"** means the Analyst whose role is to oversee the Rating Committee, including the process for arriving at a Rating decision and approve the Rating Decision as determined by the Rating Committee.

"Rating Decision" means a Credit Rating that is determined by a Credit Rating Committee prior to its Release.

"Rating Outlook" or **"Outlook"** means an indication of the possible future direction of a long-term Credit Rating over the intermediate term (typically six months to two years). A Rating Outlook is not necessarily a precursor of a Rating Action.

"Rating Recommendation" means a Credit Rating that is recommended by the Primary Analyst and is presented to the Rating Committee for consideration.

"Rating Model" means a model that is used in the process for determining a Credit Rating.

"Ratings Education" means an activity conducted by Analytical Employees to educate market participants, actual and prospective Issuers, and investors on Credit Ratings, NCR methodologies and models, and the quality of NCR's Credit Ratings. Ratings Education will only discuss NCR on the basis of the substance and quality of its Credit Ratings and never engage in any discussions regarding Commercial Activities.

"Related Third Party" means the originator, arranger, sponsor, servicer or any other party that interacts with a credit rating agency on behalf of a Rated Entity, including any person directly or indirectly linked to that Rated Entity by control.

"Relevant Persons" has the meaning given to the term in each relevant description, policy, or procedure (as applicable) of NCR.

"**Review Function**" means the function carrying out the review tasks and responsibilities set out in policy on Organisation of material functions.

"**Secondary Analyst**" means an analyst that shall be able to perform any tasks normally performed by the Primary Analyst if the latter is absent or unable to perform any tasks. The Secondary Analyst will participate in analytical interaction with the Issuer such as management meetings and conference calls.

"**Senior Management**" means the persons who effectively direct the business areas of NCR, including, the Board Members, the CEO and the CRO.

"**Sensitive Counterpart**" means a type of individual or organisation to which specific laws or rules apply governing the giving/receipts of gifts or entertainments. It includes public officials (including state owned enterprises and state controlled entities) and union officials in all countries.

"**Service Providers**" means the providers of a process, service or an activity on behalf of NCR pursuant to an Outsourcing arrangement.

"**Significant Shareholder**" means a holder of shares in a company representing 20 % or more of the voting capital of such company.

"**Solicited Credit Rating**" means a Credit Rating assigned by NCR at the request of the Issuer. A Credit Rating is considered to be at the request of an issuer if the Issuer pays for the Credit Rating.

"**Stockholm Branch**" means the offices of NCR in Stockholm, Sweden.

"**Unsolicited Credit Rating**" means a Credit Rating that is not requested by the issuer.

"**Voting Analyst**" means an Analyst who has been approved by the Head of Ratings to vote in a Credit Rating Committee.

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