Scotiabank London
Summary of Allocation Policy

August 2023
Version 3

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The Bank of Nova Scotia, London Branch

1. Introduction

1.1 The Bank of Nova Scotia ("BNS") is authorised and regulated by the Office of the Superintendent of Financial Institutions in Canada. BNS is additionally authorised by the Prudential Regulation Authority ("PRA") and subject to regulation by the Financial Conduct Authority ("FCA") and limited regulation by the PRA. Details about the extent of BNS's regulation by the PRA are available from us on request. BNS and its subsidiaries and affiliates are referred to throughout this document as the 'Scotiabank Group'.

1.2 The purpose of this document is to summarise the Scotiabank London Allocation Policy (the "Allocation Policy") that applies to the Bank of Nova Scotia, London Branch ("Scotiabank London"). Full details of the Allocation Policy may be made available upon request.

1.3 Pursuant to chapter 11A of the Conduct of Business Sourcebook (COBS) in the FCA Handbook, Scotiabank London is required to establish, implement, and maintain an allocation policy that sets out the process for developing allocation recommendations. The Allocation Policy comprises that policy which is designed to inform issuer clients of the measures adopted by Scotiabank London in relation to them.

2. Conflicts of Interest

2.1 Scotiabank London maintains a robust conflicts of interest framework (the "Conflicts Framework") that contains controls to manage and/or prevent potential conflicts of interest. Further information on the Conflicts Framework can be found in the Conflicts of Interest Policy and a client facing version can be made available to clients upon request.

2.2 In the context of Scotiabank London providing advice on corporate finance strategy, or underwriting/placing services for financial instruments (each a "Relevant Activity"), the Conflicts Framework enables Scotiabank London to:

- Identify all underwriting and placing operations and record such information, including the date on which it was informed of potential underwriting and placing operations, in a way that enables potential conflicts to be identified and managed appropriately.
- Manage potential conflicts of interest between various services provided (e.g. execution, research, underwriting and placing) and between different clients receiving those services. Additionally, effective internal arrangements are in place to prevent or manage conflicts that arise where persons responsible for providing services to investment clients are directly involved in decisions about recommendations to the issuer client on allocation.
- Maintain effective arrangements to prevent placing recommendations from being inappropriately influenced by any existing or future relationships. This could include, for instance, where any previous lending or credit has been provided to the issuer client by the Scotiabank Group which could be repaid with the proceeds of such an issue.

- Manage or prevent potential conflicts of interest that may arise as a consequence of Scotiabank London engaging in the placement of financial instruments issued by itself or affiliated entities within Scotiabank Group to its own clients to prevent adverse effect on clients.
- Disclose to a client, when required, an explanation of the nature and source of the conflict of interest inherent in the activity along with details about the specific risk related to such practices equipping the client to make an informed investment decision.
- Identify and manage conflicts of interest that may arise in relation to possible under-pricing or over-pricing of an issue or involvement of relevant parties in the process.

2.3 The pricing of offerings in relation to the issuance of financial instruments is subject to the Conflicts of Interest Policy and Scotiabank London has controls in place to ensure that the pricing of an offer does not promote the interests of other clients or its own interests in a way that may conflict with the issuer client's, and also allows for the prevention or management of a situation where persons responsible for providing services to Scotiabank London's investment clients are directly involved in decisions about corporate finance advice on pricing to the issuer client.

3. Disclosures to Issuer Clients

3.1 If Scotiabank London is to provide advice on corporate finance strategy, and provide underwriting or placing services for financial instruments, it must before accepting a mandate to manage an offering, ensure the issuer client is informed of:

- Various financing alternatives which may be appropriate to their needs along with an indication of the amount of transaction fees associated with each alternative;
- Such alternatives should not be limited to investment services- loans or extension of credit facilities should also be included if appropriate and offered by Scotiabank London.
- Scotiabank London should inform the issuer client which financing alternatives have not been considered, including financing alternatives not offered by Scotiabank London, with a short explanation as to why they were discounted;
- The timing and the process with regard to the corporate finance advice on pricing of the offer;
- The timing and the process with regard to the corporate finance advice on placing of the offering;
- The details of the targeted investors, to whom Scotiabank London intends to offer the financial instruments. The characteristics that can be used to distinguish investor types could include, by way of example:
    - long-term or short-term investors;
    - size & nature of the investor (e.g., pension funds, hedge funds); and
    - location of the investor (e.g., region or country);
- The job titles and departments of the relevant persons/individuals involved in the provision of corporate finance advice on the price and allotment;
- Scotiabank London's arrangements to prevent or manage conflicts of interest, including those that may arise where Scotiabank London places the relevant financial instruments with its investment clients of with its own proprietary book;
- Information about how the recommendation as to the price of the offering and the timings involved is determined. In particular, clients should be informed about any hedging or stabilisation strategies Scotiabank London intends to undertake with respect to the offering, including how these strategies may impact the issuer clients' interests.

3.2 During the offering process, Scotiabank London must additionally take all reasonable steps to keep the issuer client informed about developments with respect to the pricing of the issue.

4. Allocation Methodology

4.1 When identifying its allocation strategy, Scotiabank London could potentially take into account a number of relevant factors including (but not necessarily limited to):

- Any preferences (such as preferred target market) expressed by or agreed with the issuer client;
- Quantity and price at which investors have expressed interest during any book building or price discovery processes;
- Any statements made by an investor about its intentions (e.g. holding period, nature and level of interest in issuer etc.) and the perceived credibility of such statements;
- The investor's past conduct in relation to issues;
- The nature, geographic location and reputation of the investors.

4.2 In addition, Scotiabank London must:

- Involve the issuer client in discussions about the placing process, enabling it to take into account their interests and objectives; and

- Any allocation methodology employed must be documented and be compliant with any selling or other relevant restrictions (e.g. legal or regulatory) that may permit or prohibit certain allocation(s) being made. Any allocation strategy proposed by Scotiabank London must not involve any acceptance of third-party payments or benefits unless they comply with the inducements requirements in contravention of the Scotiabank Europe Gifts, Entertainment & Inducements Policy. In particular, the following practices will be considered non-compliant with those requirements and therefore not acceptable:

    - An allocation that runs contrary to the letter or spirit of any applicable Scotiabank London policies or obligations (including those pertaining to Conflicts of Interest);

    - An allocation made to incentivise the payment of disproportionately high fees for unrelated services provided by the investment firm ('laddering'), such as disproportionately high fees or commissions paid by an investment client, or disproportionately high volumes of business at normal levels of commission provided by the investment client as a compensation for receiving an allocation of the issue;

    - An allocation made to a senior executive or a corporate officer of an existing or potential issuer client, in consideration for the future or past award of corporate finance business ('spinning');

    - An allocation that is expressly or implicitly conditional on the receipt of future orders or the purchase of any other service from the investment firm by an investment client, or any entity of which the investor is a corporate officer.

Scotiabank London must secure the issuer client's agreement to its proposed allocation per type of client for the transaction in accordance with this methodology. The record of such agreement must be retained.