



ALLOCATION POLICY

CLARKSONS SECURITIES AS

ALLOCATION POLICY

This document sets out the Information about allocation policy incurred by the services offered by Clarksons Securities AS.

1. Background and purpose

When Clarksons Securities AS ("CS") is acting as bookrunner in a placement on behalf of an issuer, questions regarding allocation arise. In most offerings, the price and allocations will be determined through a book-building process giving CS and/or other bookrunner(s) feedback on investor interest and demand and pricing.

The purpose of this policy is to ensure that:

- The allocation process is conducted in a transparent manner in consultation with the issuer and in accordance with proper standards of business conduct.
- The issuer and investors are treated fairly and any conflicts of interests are properly managed.
- Maintain an orderly market for the relevant equities.

2. Financing alternatives

CS offers various financing alternatives based on equity, debt, convertible bonds and direct lending, but does not offer bank financing as part of our product portfolio.

3. Targeted investors

Investor groups to be targeted in an offering will be agreed between CS, the issuer and/or other bookrunner(s) in accordance with the principles described in this policy and further described in the mandate agreement with each issuer. In rights issues, the existing shareholders will be targeted (with the possibility of also inviting new investors but with preferred allocation to existing shareholders). In private placements, CS will use its position and knowledge of the market and propose investor groups which are suitable for the offering taking into account factors such as instructions or preferences by the issuer, investment horizon and knowledge and other investments the sector in which the issuer operates in accordance with our product governance policy. The basic objective of deciding the range of investors will normally be to produce an appropriate spread of investors for example between long term holders and smaller investors increasing the liquidity, with a view to achieving an orderly aftermarket with a balance between liquidity and price stability.

4. Allocation process

When CS is acting as a bookrunner, the deal team will, in coordination with the other bookrunner(s) if applicable, prepare an allocation proposal to the issuer. This allocation may be viewed either as a recommendation to be presented to the issuer, or as an allocation to be confirmed by all bookrunners reflecting the issuer's broader allocation objectives. The agreed allocation principle will vary from transaction to transaction. Equal treatment and allocation on pro rata basis are the starting point for allocations, but may be varied for each individual transaction and issuer's preferences.

CS will work with the issuer and the other bookrunner(s) (if any) to develop strategies for targeting specific types or groups of potential investors depending on the issuer's requirements and to agree the objectives. Subject to the parameters agreed with the issuer, when allocating securities, CS would normally expect to take into consideration some or all of the following factors:

- 1) The issuer's preference for specific investors.
- 2) Valuation/price – to be considered in conjunction with item 5 below and pricing sensitivities of investors.
- 3) Principle of equal treatment of shareholders.
- 4) If the issuer is focused on the aftermarket short and longer term.
- 5) Concentration (i.e. preferences as to size and number of large holdings, medium and/or smaller).
- 6) Smaller orders may get a higher percentage allocation due to minimum subscription thresholds.
- 7) Desired investor types and indication of any preference as to approximate balance between identified investor types – e.g. between retail and private investors with long preference and shorter term investors (to create liquidity in the shares short term) long-only funds, funds that will trade in the share and providers of liquidity.
- 8) Any “free float” or similar requirements of the relevant listing, trading or indexation regime.
- 9) Desired geographical location of investors (including consideration of applicable selling restrictions).
- 10) Level and timing of engagement in the offering process, such as pre-commitment, wall-crossed investors, investors having participated in roadshow meetings and investors with analysts covering the issuer.
- 11) Timing of the subscription, early or late in the bookbuilding/subscription period.
- 12) Existing or prior holdings in the issuer or in comparable companies or within the relevant sector.
- 13) If the subscriber is an existing client of CS, provided that potential conflict of interest issues have been properly assessed.
- 14) Other considerations as appropriate.

For primary issuances of equity securities, the issuer is responsible for making the relevant decisions in the allocation process based on the allocation principles agreed with CS and/or the other bookrunner(s) and communicated to investors. Normally, no single factor would be determinative in the allocation process and the particular facts and circumstances will ultimately determine the basis of allocation.

During the bookbuilding process, CS will within applicable insider regulations provide the issuer with the opportunity to review and discuss the book of demand, which may include regular updates as to the progress of the bookbuilding process, including specific institutional investors' indications of interest.

CS' deal team and/or other bookrunner(s), will record a line-by-line written justification/commentary in relation to any investors that appear in the allocation list proposal and rank the allocations in two, three or four groups as applicable. CS will ensure consistency in allocations across the proposed tier categories (if any) and ensure due care has been performed towards all investors. Special treatment should be made exclusively in agreement with the issuer, and as a matter of principle be avoided.

A pro rata allocation proposal will be made for each tier group within the allocation criteria that have been set, whereby tier one normally will receive a higher allocation percentage than the other groups. The allocation proposal will be sent to the issuer, who may perform adjustments to the allocation proposal if desirable.

For primary issuances of bonds, the allocation rests with CS and/or other bookrunner(s) at its sole discretion. The allocation will be solely based on the allocation criteria and principles set out below, or other allocation principles communicated to investors. CS and/or other bookrunner(s) may involve the issuer by asking for views and/or preferences with respect to investor segments, specific investors, geographic distribution and similar. CS and/or the other bookrunner(s) will take such preferences into consideration to the extent they are practical and not in conflict with the principles set out below. The proposed and final allocation will not be shared with the issuer.

For primary issuance of convertible bonds, the issuer is responsible for making the relevant decisions in the allocation process based on the allocation principles agreed with CS and/or the other bookrunner(s) and communicated to investors.

The following specific points relating to allocation should be noted:

- 1) Potential subscribers are likely to be existing clients of CS. Potential investors that are not existing clients of CS must be registered as clients before settlement and must meet the relevant requirements under Norwegian law with regard to “know your client” and anti-money laundering. Furthermore, the client’s MiFID classification must align with the transaction’s target market.
- 2) If the offering is oversubscribed, neither CS nor employees of CS may receive allocation if this reduces the allocation to clients of CS and/or other bookrunner(s).
- 3) In transactions executed in cooperation with other bookrunner(s), this policy shall serve as a main basis for the decisions and recommendations made by CS. While CS endeavours to agree allocation criteria and the application of these criteria with our joint bookrunner(s), there may be occasions upon which CS may disagree as to the suitability of a particular investor and allocations represent a compromise between bookrunners. This might arise, for example, where CS is not familiar with a particular investor proposed by a joint bookrunner or where CS disagrees with the joint bookrunner as to the appropriate size of allocation to an investor. Similarly, when co-managers are involved in the offering, CS does not have visibility as to onward allocations to the co-managers’ investor base.
- 4) CS’ deal team may seek input from the sales and trading employees on investor demand, but it is the sole responsibility of CS’ deal team to make the provisional and final allocation recommendations.

5. Pricing

The process for an offering will be agreed between CS and the issuer and/or other bookrunner(s). The pricing will depend on circumstances such as transaction type, available time, prevailing market conditions and the financial situation and market outlook of the issuer.

In private placements, CS and/or other bookrunner(s) will typically conduct a market sounding towards selected investors to determine potential investor demand before a possible offering is launched. Based on such feedback, a non-binding price interval for the offering is discussed with the issuer in order to decide if the offering should be launched or not. However, the final subscription price will be determined through the book-building process.

The valuation and pricing in connection with offerings are complex processes which normally involve a strong element of judgement and experience. In the context of an offering, there will often be a tension between the wish to maximize the proceeds, the issuer’s interest in the future performance, and investor perception of and interest in the future performance of the securities. The objective of CS’ pricing recommendation may therefore be wider than merely maximising price and may include

the provision of initial discounts, achieving a desired shareholder base or other factors in order to find the appropriate balance between these sometimes conflicting objectives.

Fixed price may for example be recommended in private placements if fully underwritten/ guaranteed by one or several shareholders/investors.

6. Documentation

CS shall disclose its main allocation principles to its clients before providing any placing services to that client – this could be at the time of the onboarding of the client, the signing of an engagement letter, the time of confirmation of appointment or another equivalent time.

CS is also required to document the following:

1. CS' initial discussions with the issuer and the agreed proposed allocation per category of investors.
2. The content and timing of allocation requests received from each investor with an indication of their type.
3. Where relevant, any further discussion and instructions or preferences provided by the issuer and other members of the syndicate.
4. The final allocations communicated to each individual investor.
5. The top twenty per cent. of allocations ranked both by: (i) size of total allocation and (ii) "fill" (i.e. allocation as a proportion of the order of the investor)
6. Statement of or reference to the agreed issuer objectives and/or other allocation principles that have been used in determining allocations to those (top twenty per cent) highlighted investors taken as a group
7. Specific justification for any allocations to any of those highlighted investors which are inconsistent with or not clearly justifiable by reference to, those principles or where the relevant firms believe a specific further explanation would be desirable or appropriate.

Additional records of any written instruction provided, any relevant materials provided at different stages throughout the offering to or by the client and any specific objectives (e.g. allocations to retail clients, geographical preferences, etc.) notified by the client during discussions. Any changes to the allocation objectives must be recorded and filed.
