

ASSESSMENT RELATIVE TO THE TRANSPARENCY ACT

1. Extent of the Transparency Act

All companies of a certain size, including SpareBank 1 Markets ("SB1 Markets") are obliged to carry out a due diligence assessment to ascertain whether the business "causes" or "contributes to" actual and potential negative consequences for basic human rights and decent working conditions as defined in the Transparency Act .

Furthermore, the Transparency Act must ensure the general public, i.e. consumers, organisations, trade unions and investors, access to information concerning how any negative consequences regarding basic human rights and fair and just working conditions, are dealt with. The purpose of the Act is to promote respect for basic human rights and fair and just working conditions.

2. Assessment criteria for SB 1 Markets

2.1 2.1 Sparebank 1 Markets' operations

SB1 Markets' prime role and business is to contribute to a well-functioning financial market and efficient allocation of capital, employing the performance of a number of regulated services and activities based on fully harmonised EU rules (MiFID II). In addition to analysing companies and industries, SB1 Markets mainly facilitates securities for issuers, advises on merger and acquisitions processes ("M&A"), as well as distribution, placement and brokering of financial instruments for investors. SB1 Markets has, as of May 2023, 168 employees in four locations in Norway. SB1 Markets is practically 100% owned by Norwegian savings bank members of the SpareBank 1 Alliance. Business is for the main conducted with Norwegian clients and Norwegian investors.

2.2 What must be assessed

The assessment to be carried out is whether SB1 Markets' investment services activities and associated services "cause" or "contribute to" actual and potential negative consequences regarding basic human rights and fair and just working conditions, as well as record and assess negative consequences directly linked to our business activities, products or services via supply chains or business partners.

Thus, there are two relevant connection situations SB1 Markets must survey and assess:

- Whether we cause or contribute to actual or potential negative consequences through "supply chains or business partners" or
- Whether we cause or contribute to actual or potential negative consequences through our own operations.

3. Assessment of SB1 Markets' own operations

SB1 Markets' prime role and business is to contribute to a well-functioning financial market and efficient allocation of capital, employing the performance of a number of regulated services and activities based on fully harmonised EU rules (MiFID II). Generally, SB1 Markets' business is by, its very nature, a type of business that contributes little directly to this form of negative impact.

Assessment of the individual investment services:

(i) Receipt and dissemination of orders on behalf of clients: This is a service of a distinctly technical nature, which to a very limited extent could contribute to the direct financing of issuers that have a negative impact on basic human rights and fair and just working conditions. Based on a risk-based perspective, SB1 Markets sees no need for this type of activity to be subject to a closer due diligence assessment.

(ii) Execution of orders on behalf of customers: This is a service of a distinctly technical nature, and which to a very limited extent could contribute to the direct financing of issuers that have a negative impact on basic human rights and decent working conditions. Based on a risk-based perspective, SB1 Markets sees no need for this type of activity to be subject to a closer due diligence assessment.

(iii) Proprietary trading of financial instruments: In one respect, it may be argued that proprietary trading involves a more direct financing of issuers that potentially has a negative impact on basic human rights and fair and just working conditions. Conversely, SB1 Markets will only to a small extent be involved in proprietary trading in the primary market, unless it is undertaken as part of a placement service. This is considered in greater detail below. Regarding proprietary trading in the secondary market, it will be as sections (i) and (ii) above, not deemed as an activity that should be the subject of a closer due diligence assessment.

(iv) Portfolio management and advisory services: SB1 Markets has a Balance Sheet Cooperation with SpareBank 1 SMN and has, pending approval, corresponding agreements on portfolio management with SpareBank 1 Nord-Norge and SpareBank 1 SR-Bank, which are also the three main owners. Management entails that SB1 Markets trades on the partner banks' behalf in interest rate and FX instruments vis-à-vis joint customers.

There is no reason to assume that these 3 cooperative banks conduct activities that cause or contribute to negative consequences beyond the fact that they, as other banks and securities companies, can be considered as contributing to the financing of issuers/clients that potentially have a negative impact on basic human rights and fair and just working conditions. The 3 owner banks mainly finance Norwegian small and medium-sized enterprises and are therefore assumed to a small extent to have any significant contribution in a negative sense.

(v) Placement of financial instruments (with and without a full underwriting agreement): This is a form of investment service where SB1 Markets could, in certain situations, contribute to the financing of issuers that potentially have a negative impact on basic human rights and fair and just working conditions. In these cases, the issuer is the securities firm's client.

(vi) Related services: Further to the services above, SB1 Markets may additionally provide related services as defined in the Securities Trading Act § 2-6.

Particularly relevant, as an associated service for SB1 Markets, is direct customer contact in connection with analysis services and M&A activities.

Analysis services are mainly produced in-house, without client contact and will not have a negative impact on basic human rights and fair and just working conditions. Based on a risk-based perspective, SB1 Markets sees no need for this type of activity to be subject to a closer due diligence assessment.

M&A and Advisory could result in SB1 Markets, in certain cases, being considered to make a significant indirect contribution to negative influence or significantly increase the risk of such influence, should there be assignments for clients who do not respect basic human rights and fair and just working conditions.

4. Assessment as to whether SB1 Markets causes or contributes to actual or potential negative consequences through "supply chains or business partners"

Purveyors and business partners in relation to SB1 Markets will be companies that undertake outsourced functions and render other services we receive. For SB1 Markets, service providers are linked to:

- Renting premises
Premises are rented through Norwegian property owners in Norwegian cities. Based on a risk-based perspective, SB1 Markets sees no need for this type of activity to be subject to a closer due diligence assessment.
- Cleaning services
Purveyors of cleaning services must, in accordance with the "Regulation on partial generalisation of collective agreements for cleaning companies", declare and document that their employees have pay and working conditions in line with this regulation. Regarding cleaning services where the company is not a direct purveyor of SB1 Markets, documentation has accordingly been requested.
- Stationery
- Legal services
- Accounting services
- Consultant services
- Procurement of stationery or consulting services is conducted with Norwegian purveyors. Although the extent to which all consultants follow working time regulations may be questioned, SB1 Markets does not deem this type of activity to be the subject of a closer due diligence assessment.
- ICT systems

Specific market information and ICT services are purchased from foreign purveyors

Thommessen has made an assessment for the Verdipapirforetakeres Foretak (Norwegian Securities Dealers Association) as to whether clients of investment companies should be considered business partners. The conclusion is:

The clear language of the Transparency Act and the above-mentioned statements in the preparatory work imply, in our opinion, that customers and investment objects cannot, on a general basis, be considered to be covered by securities firms' obligations under the Transparency Act. However, it is emphasised that this is an unsettled question, and that there is a risk that supervisory authorities or the courts may have a different opinion.

5. The company's employees

SB1 Markets has 168 employees. The workforce largely consists of employees with in excess of 3-4 years of further education. The average age is approximately 40, with a good mix of experienced and young employees.

The company is a member of Finans Norge (Finance Norway) and has approximately 30 employees who are organised in Finansforbundet (Financial Trade Union). The collaboration and the rules for employees are laid down in the firm's Company Agreement, which is linked to the Central Parties' Agreements. Dialogue with the trade union is good, and the formal channel is the company's Contact Committee, where health and safety representatives also participate.

Routines and channels - external and internal - have been established for the use of notification by employees.

The employees receive tuition in ethical rules, anti-corruption, anti-money laundering and other relevant topics.

Relations between employer and employee is assessed not to cause or contribute to actual or potential negative consequences.

6. Summary of risks

Based on the analysis in section 3, 4 and 5 above, it is our opinion that the risk that SB1 Markets' operations will have negative consequences on basic human rights and fair and just working conditions is limited. This is due to the actual business that is provided, including the type of services and the context in which we operate, and the limited number of purveyors and business partners we have.

Moreover, it must be added that the business consists of regulated services and activities that are based on fully harmonised EU rules (MiFID II) and that SB1 Markets and the securities market are subject to extensive supervision by the Norwegian Financial Supervisory Authority and other authorities that directly or indirectly govern all aspects of the business.

7. Measures limiting negative consequences

Although the risk of negative impact is considered low, SB1 Markets conducts several procedures and measures to assess the ongoing business, purveyors and business partners relative to, among other things, the Transparency Act. The same applies to our clients, even if they are not covered by the term business partner according to the Transparency Act.

Assessments according to the Transparency Act have been implemented in SB1 Markets' general routines and the head of Business Support is responsible for a due diligence assessment of SB1 Markets, purveyors and business partners. A communiqué has been drawn up and sent out to our purveyors, in which they confirm that they follow the OECD guidelines and the UN's guiding principles.

Cleaning services companies must declare/document salary and working conditions for all employees in line with the "Regulation on partial disclosure of collective agreements for cleaning companies"

SB1 Markets has an Engagement Committee ("EC") which approves all Investment Banking assignments in the company. In the assessment of whether SB1 Markets should undertake an assignment, the transaction's or the customer's impact on basic human rights and fair and just working conditions will be among the factors that are considered when we undertake new assignments. The routine manual for Investment Banking assignments has this as a mandatory checkpoint when instigating the project.

In addition, all new customers of SB1M Markets, in regard to customer acquisition, undergo a detailed review, both in relation to surveying the customer's business and representatives relative to money laundering, corruption, sanctions etc., and also other matters, such as compliance with basic human rights and fair and just working conditions, where the customer background investigations group will uncover this type of challenge via their searches.

SB1 Markets also has an external auditor who continuously audits our operations in relation to laws, rules and obligations, including the Transparency Act. Their reports are presented to the board.

8. Board governance and contact

The company's due diligence assessments and report according to the Transparency Act for 2023 were dealt with by the board and signed on 14th June 2023; any inquiries relating to SB1 Markets' compliance with the Transparency Act can be directed to the Chief Operating Officer:

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