

FOSSAR MARKAÐIR HF.

CONFLICT OF INTEREST POLICY

1. The Policy in general and its scope

- 1.1. This Policy has been adopted on the basis of Article 20(1) of Regulation No. 995/2007 on investor protection and the business conduct of financial undertakings, cf. Article 8 of Act No. 108/2007 on securities transactions.
- 1.2. The object of this Policy is to establish appropriate arrangements to prevent conflicts of interest that are detrimental to the interests of the Company's customers, by identifying and reacting to such conflicts of interest.
- 1.3. Conflicts of interest that are potentially detrimental to the interests of customers of Fossar Markets hf. ("Fossar" or "the Company") can arise:
 - 1.3.1. Between Fossar on the one hand, including its employees, tied agents and parties subject to the Company's control, and its customers on the other hand; and
 - 1.3.2. Between Fossar's customers.
- 1.4. This Policy applies to securities services provided by Fossar to its customers.
- 1.5. Under this Policy, Fossar employees include the following:
 - 1.5.1. any director, partner or equivalent party, manager or tied agent of the Company;
 - 1.5.2. any director, partner or equivalent party or manager of a tied agent of the Company;
 - 1.5.3. any employee of the Company or of its tied agent, or any natural person whose services are placed under the control of the Company or its tied agent and who is involved in the Company's provision of services in the area of securities transactions;
 - 1.5.4. any natural person directly involved in the provision of services to the Company or to its tied agent under an outsourcing arrangement for the purpose of the Company's provision of services in the area of securities transactions.

2. Identification of conflicts of interest

- 2.1. Each time Fossar provides investment and/or ancillary services, an assessment shall be made of whether the Company, any of its employees or any person directly or indirectly linked by control to the Company:
 - 2.1.1. is likely to make a financial gain, or avoid a financial loss, at the expense of the customer;

- 2.1.2. has interests in the outcome of the service provided to the customer and, if so, whether any such interests are distinct from the customer's interest in the outcome;
- 2.1.3. has a financial or other incentive to favour the interests of another customer or group of customers over the interests of the customer in question;
- 2.1.4. carries on the same type of business as the customer; or
- 2.1.5. receives or will receive from a person other than the customer an inducement, in relation to a service provided to the customer, in the form of monies, goods or services other than the standard commission or fee for that service.

3. Potential conflicts of interest within the Company

- 3.1. Owing to the types of services provided by Fossar, conflicts of interest may potentially arise between the Company on the one hand and its customers on the other hand, as well as between customers among themselves, including in the following manner:
 - 3.1.1. Two or more customers request to purchase securities of which the supply is limited;
 - 3.1.2. Fossar or its employee receives a gift or an inducement beyond what may be regarded as normal (including non-monetary benefits) that could potentially affect the recipient's behaviour in a manner contrary to the interests of the Company's customers.
 - 3.1.3. Fossar's Corporate Finance may be contractual with a contractual company, while Fossar's securities brokerage simultaneously distributes shares issued by it.

4. Measures to prevent conflicts of interest

- 4.1. To prevent conflicts of interest in its activities, the Company uses the following methods and practices:
 - 4.1.1. Fossar does not engage in proprietary trading;
 - 4.1.2. Restrictions apply to the personal trading of Fossar employees;
 - 4.1.3. Business units are segregated. This means that securities brokerage, corporate finance and back-office functions are segregated from each other as regards administration, business performance, information systems and documentation and through rules governing communications between separate units.
 - 4.1.4. Rules stipulating that the employees of individual business units must not work within other units from which they are segregated, except with the approval of the Compliance Officer, who maintains a record of such instances;
 - 4.1.5. An internal regulatory framework governing, among other things, the securities transactions of Fossar, its employees, directors and owners of qualifying holdings; external board memberships of the Chief Executive Officer (hereinafter "the CEO") and other employees; and rules for employees on security and communications;

- 4.1.6. Fossar discloses to its customers that a number of its employees are shareholders in the Company who may receive dividends from its earnings.;
- 4.1.7. Fossar stores information that facilitates the identification and handling of conflicts of interest in a safe environment.
- 4.1.8. Fossar regularly reviews this Policy and the Company's internal processes.

5. Segregation of business units and information barriers

- 5.1. To reduce the likelihood of conflicts of interest, Fossar endeavours to restrict access to confidential information to those persons deemed by its senior management to require such information to carry out their duties ("need-to-know basis"). A key element in the Company's prevention of conflicts of interest is the segregation of business units stipulated by its procedures for investor protection and business conduct. The purpose of this segregation is to prevent inappropriate and unrestricted information flow between the Company's business units. This is designed to enable the Company's employees to perform day-to-day tasks for its customers without being influenced by any other information that may exist within the Company and could lead to conflicts of interest.
- 5.2. When particularly needed with respect to individual tasks or certain information, Fossar may impose special segregation or take comparable measures.

6. Additional measures

- 6.1. In dealing with a particular conflict of interest, additional measures may be appropriate when standard measures are not sufficient to prevent conflicts of interest that are potentially detrimental to the interests of the Company's customers. Any decision to apply such measures shall be made by the CEO. Such additional measures may include, among other things, the following:
 - 6.1.1. Provided that a specific assessment has been made of the case in question, Fossar may impose additional segregation or apply other types of measures to restrict information flows;
 - 6.1.2. Fossar may impose additional requirements on the Company's managers concerning measures and risk assessment with respect to potential conflicts of interest;
 - 6.1.3. Fossar may decide to impose additional supervision over employees whose functions involve carrying out activities on behalf of customers whose interests may be in conflict or employees who otherwise represent other interests, including the interests of the Company, that may be in conflict with customer interests;
 - 6.1.4. Fossar may decide to take additional measures to limit or control circumstances where its employees concurrently, or in direct succession, take part in potentially conflicting activities;
 - 6.1.5. The Company may decline to execute certain transactions if it considers the prevention of conflicts of interest to be impossible otherwise. Before making such a decision, Fossar

shall inform the customer in question about the conflicts of interest in question so as to enable the customer to indicate its informed decision on whether to continue with the transaction/trading.

7. Information provided on conflicts of interest

7.1. In the event that the above measures do not provide certainty of sufficient protection of customers' interests, the following measures shall be taken before transactions are initiated or executed:

7.1.1. Provision of information to the customer about the nature and reasons for potential conflicts of interest.

7.1.2. The information provided shall be sufficiently detailed with respect to the nature of the transaction(s) to which the potential conflict of interest relates for the customer to adopt a position on the transaction(s).

7.1.3. The information provided shall be stored in a durable medium and reported to the Compliance Officer.

7.2. The Compliance Officer maintains a record of and stores in computer-readable form information on any events where conflicts of interest arise and pose a real risk of damage to the interests of one or more customers, or cases where the service is ongoing and such an event may potentially take place. Fossar's employees shall e-mail a notice to the Compliance Officer whenever any event of the aforesaid type occurs.

7.3. The aforesaid record shall contain information on the identity of the customers in question, what event took place and the types of financial instruments and transactions in question. Fossar's reactions shall also be recorded.

8. Monitoring of conflict of interest policy

8.1. The Compliance Officer shall monitor the implementation and performance of this Policy.

8.2. Fossar's employees shall submit to the Compliance Officer any issues concerning potential conflicts of interest arising in the Company's day-to-day activities. The Compliance Officer shall report to the CEO or, as appropriate, the board of directors of the Company on the risk of potential conflicts of interest of which the Compliance Officer becomes aware in the course of his/her duties.

8.3. The Compliance Officer may suspend the execution of a transaction if he/she considers there to be a risk of conflict of interest. If a transaction has already taken place and the Compliance Officer considers that the interests of a customer may potentially have been damaged as a result of a conflict of interest, the Compliance Officer shall notify the CEO and make proposals on appropriate reactions.

8.4. The Compliance Officer's annual report to the Board of Directors shall outline the implementation and performance of the Policy and, if applicable, the practices of staff.

9. Review and publication

- 9.1. This Policy shall be subject to regular review. Such review shall include, among other things, the effectiveness of the Policy in practice, both for the operations of Fossar as a whole and for individual business units.
- 9.2. The Policy shall also be subject to review with regard to any changes in Fossar's activities and legal environment.
- 9.3. Fossar shall inform its customers about any amendments to the Policy by publishing the amended Policy on the Company's website.
- 9.4. This Policy takes effect on 1st March 2019 and shall be published on Fossar's website.

Approved by the Board of Directors of Fossar on 1st March 2019.