

FOSSAR MARKETS HF.

SUSTAINABILITY POLICY

1. Introduction

Fossar Markets hf. (“Fossar” or “the Company”) is a securities firm that provides capital markets services, asset management services and corporate finance services to domestic and international investors.

Fossar’s goal is to be a leading Icelandic enterprise in the fields of social responsibility and sustainability, both in terms of its own operations and through the extensive influence that the operations have on clients and other beneficiaries.

Sustainability has always been a guiding light in the Company’s practices and this sustainability policy is part of an effort to ensure that the operations and management of the Company will continue to be exemplary.

We have applied to become a signatory of the UN Principles for Responsible Investment (UN PRI). The signature will entail a public commitment on behalf of the Company to implement and realize the UN PRI’s main principles in its operations.

Fossar is a member of IcelandSif, Iceland Sustainable Investment Forum, a discussion forum which aims to promote awareness and debate about the methods of sustainable and responsible investment. Fossar’s employees are active participants and representatives in the forum’s working groups.

Fossar has received CreditInfo’s recognition as one of “Iceland’s Strongest Companies” every year since 2018. The Company has also been named on a list of exemplary companies by Viðskiptablaðið and Keldan since the list was first published.

This sustainability policy addresses both the operations and management of Fossar. Employees have been part of the policy-making process and are informed about this policy, its goals and purpose.

2. Fossar Market’s Operations

Fossar intends to have a positive impact on its community. We are aware of the effects of climate change and consider it an important part of the Company’s role to have a positive impact through its operations of managing and dealing with funds. Research shows a link between increasingly investing in sustainable bonds and mitigation of climate risk. In that regard, Fossar plays a major role.

2.1 Investing in projects with positive social effects

Sustainability has been part of Fossar’s operations from the beginning.

The Company has been a pioneer in managing issuance of green bonds in Iceland. Green bonds are issued to fund environmentally-friendly projects and are considered a powerful tool to respond to climate change. The Company managed the first issuance of green bonds in Iceland and has been a leading adviser in the green bond market.

Fossar was also the first Icelandic company to become a member of the Climate Bonds Initiative (CBI), an international organization working towards directing bond markets towards climate change solutions globally.

2.2 Responsible investment

Fossar's Asset Management has adopted procedures on responsible investments. Responsible investment refers to an incorporation of environmental, social and corporate governance factors (ESG) into investment decisions and this emphasis will be applicable to the entire investment process of Asset Management.

To reach the goals of responsible investment, Fossar's Asset Management will apply the six main principles of UN PRI:

1. We will incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of these principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing these principles.
6. We will report on our activities and progress towards implementing these principles.

Fossar seeks to work with partners who have shown exceptional results in sustainability-related issues globally.

Becoming a UN PRI signatory entails that Fossar's Asset Management will hand in a transparency report to the organization and inform on practices regarding responsible investment within its operations.

2.3 Other operations

Fossar Markets have been active in community projects since the Company's founding.

Thanks Day

Fossar has held its Thanks Day annually since 2015. On that day, all of Fossar's commissions go to a charity chosen by the Company's staff. In addition, the Iceland Stock Exchange, Nasdaq Iceland and Tplus also donate their fees for Fossar's business on the day to the chosen charity and advertising agency Twist donates its services related to the day.

Housing and location

Fossar is run at two addresses in downtown Reykjavik, at Fríkirkjuvegur and Skálholtsstígur. Both buildings were built in 1903 but have been renovated, giving them a new purpose. The City of Reykjavik awarded Fossar in 2018 for outstanding renovations at Fríkirkjuvegur.

Charging stations are accessible at both addresses and employees are able to charge their vehicles during the day. Due to the buildings' central location, most services are accessible on foot so driving expenses are kept at a minimum. The Company emphasizes local purchases and supporting local businesses in the downtown area.

3. Fossar Markets' Management

We set measurable goals in our Company's management to be able to adhere to a sustainability policy. Nasdaq's ESG Reporting Guide will be used to measure progress. Measuring progress will emphasize criteria appropriate for the business and the fields our Company is most able to influence.

Fossar will measure its progress and inform on progress related to this policy, starting with the operational year of 2021 when we look at the following three main areas:

3.1 Environmental

Fossar will strive to minimize a negative environmental impact in its operations. We set measurable goals to

reduce greenhouse gas emission in our operations.

We will analyze our carbon footprint annually by measuring direct and indirect emissions of the Company's operations. This refers to the carbon footprint of employees' work commute, commute during office hours, air travel, waste disposal, water and energy consumption and more.

3.2 Social

Fossar is part of its community, and we want to make a positive impact.

Fossar is a desirable place to work and creates a healthy, safe and constructive workplace for its staff. Fossar's employees have equal opportunities and discrimination in any form is not tolerated.

We will measure and monitor social aspects, such as equal pay opportunities, employee health and equipment.

3.3 Governance

The goal of Fossar's management is to ensure that the Company's operations are always in accordance with laws and regulations as well as healthy business practices in the financial market, keeping its clients' interests at the forefront.

Fossar emphasizes good governance and follows the Corporate Governance Guidelines issued by the Iceland Chamber of Commerce, SA – Business Iceland and Nasdaq Iceland.

Policies that support the Company's governance:

- Statement of Governance Policy

- Conflict of Interest Policy

4. Information disclosure and policy revisions

Fossar will publish its results annually to increase transparency to all invested parties. The report will be done according to Nasdaq's ESG standards.

This sustainability policy will be reviewed as often as is needed, at least annually.

The CEO is responsible for revising this policy and making sure that employees are informed about this policy.

Reykjavik, November 1, 2021

Approved by Fossar Market's Board of Directors