

**ALLOCATION
POLICY**

**CLEAVES
SECURITIES AS**

02 January 2019

1 Purpose and scope

As a MIFID regulated investment firm, Cleaves Securities AS ("Cleaves") shall maintain and operate effective organisational and administrative arrangements to identify and prevent or manage Conflicts of Interest, and such conflicts of interest may arise in relation to the allocation process.

This Allocation Policy ("Policy") is to ensure fair treatment and fair allocation for all clients and investors, and to take all reasonable steps to prevent conflicts of interest from arising.

The Policy applies to all legal entities directly or indirectly controlled by Cleaves Securities, including tied agents, collectively referred to as "Cleaves", "the Firm", "the Group".

In the following, the term "client" refers to the relevant issuer and/or selling shareholder(s) being the client of Cleaves in relation to the relevant transaction (which might be an offering and/or a placing).

2 Responsibilities

The Board of Directors is responsible for approving and conducting a review of this Policy on a regular basis to ensure compliance with any relevant changes to rules, regulations and/or any other signals from regulators.

The Managers of each respective subsidiary are responsible for adopting the Policy as applicable by local legislation and regulations.

Each Cleaves business unit is responsible for implementing and enforcing this Policy together with any additional local policies. Local business managers are responsible for making the Policy known in their organization and promoting a culture of awareness and compliance. The Compliance department is responsible for guiding and supporting the business areas and providing training to relevant staff throughout Cleaves, and assists in identifying, managing and monitoring any such conflicts.

All staff have an obligation to act with integrity and to ensure that they understand and comply with this Policy.

3 Allocation principles

Cleaves will involve the client in discussions about the process for the transaction to understand and take into account the client's interests and objectives and ensure that the client is properly informed prior to the engagement and during the process. Without other instructions from the client, Cleaves will assume that the client's interests are best served by seeking the best possible terms for the relevant issue that are consistent with the demand for the financial instrument at various terms, an effective allocation, an orderly aftermarket and, where relevant, the creation of a functional shareholder base for the client.

Normally, the price and allocations in such transactions will be determined by means of bookbuilding. The bookbuilding process enables Cleaves to understand investor interest and demand for the transaction and assists in the pricing thereof.

Cleaves shall always obtain the client's agreement to its final proposed allocation as a minimum per type of investor-client for the transaction.

Cleaves's policy is to ensure that allocations are effected on a fair and equitable basis and without preferring any particular investment client / subscriber. Therefore, the following practices are never acceptable:

- (a) an allocation made to incentivise the payment of disproportionately high fees for unrelated services provided ('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;
- (b) an allocation made to a senior executive or a corporate officer of an existing or potential client, in consideration for the future or past award of corporate finance business ('spinning');
- (c) an allocation that is expressly or implicitly conditional on the receipt of future orders or the purchase of any other service from Cleaves by an investment client, or any entity of which the investor is a corporate officer.

Subject to any parameters agreed with the client, when allocating securities (after the price of the transaction has been determined), Cleaves would normally expect to take into consideration some or all of the following factors:

- Overall subscription level for the relevant investor (absolute and relative to the investor's assets)
- The extent to which the investor's expressed interest and the size of the allocation requested appears consistent with the investor's expressed investment strategy and objectives and purchasing capacity (including any indication or reasonable belief that an investor has exaggerated its indication of interest in anticipation of being scaled back)
- The level of participation by the investor in the marketing of the transaction (e.g. amount of time and effort put into analysing the company, attendance at pre-launch meetings, roadshow meetings and analyst meetings)
- Quality of feedback provided during the marketing process for the transaction
- Timing of the order, relative to the final management meeting for that investor (if applicable)
- Whether the investor specifies a price limit, and the level thereof
- The category or description into which the investor falls
- Holding in comparable companies
- Behaviour in precedent, comparable transactions

4 Recordkeeping

Cleaves shall ensure that any instructions received from the client in respect of allocation (received prior to final allocation) shall be confirmed in writing by the client or documented in writing by the relevant Investment Banking team. All proposals for allocation sent to the client as well as the final allocation and the client's agreement to the allocation, shall be kept on record by the Investment Banking team. The allocation instructions (if any) and the allocation records shall be kept in a separate sub-directory labelled "Allocation" on the directory for the relevant engagement.

Together with the final allocation, Cleaves will establish a record:

- highlighting the top twenty per cent. of allocations ranked both: (i) by size of total allocation and (ii) by "fill" (i.e. allocation as a proportion of the bid/order of the investor);
- including a statement of or reference to the agreed client objectives and/or other allocation criteria that have been used in determining allocations to those (top twenty per cent) highlighted investors (taken as a group);
- including specific justification for any allocations to any of those highlighted investors which are inconsistent with, or not clearly justifiable by reference to, those criteria or where the relevant firms believe a specific further explanation would be desirable or appropriate

The head of ECM is responsible for ensuring that Cleaves keeps the relevant records.

5 Review and monitoring

The Policy shall be assessed and reviewed by the Board of Directors in accordance with any relevant changes to local rules and/or regulations.