

Policy

Anti-Bribery, Corruption and Sanctions

Approved by the Board of Directors of Vårgrønn on November 23rd, 2022

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Message from our CEO

Bribery and corruption are not only against Vårgrønn's values; they are illegal and can expose both the employee and our company to fines, penalties, including imprisonment and reputational damage. All employees and representatives of Vårgrønn are committed to operate in compliance with all laws applicable to it, with transparency, honesty, and integrity. Vårgrønn has therefore decided to adopt this Anti-Bribery, Corruption and Sanctions Policy (ABC and Sanctions Policy) designed to provide a systematic reference framework to deal with bribery and corruption risks in its business activities along with relevant sanctions.

This policy has been reviewed and approved by the Board of Directors of the company and I expect all employees and representatives of Vårgrønn to be familiar with and comply with its content.

Yours sincerely,

Olav Hetland

Chief Executive Officer

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1. What is corruption?

Corruption is defined by any person who a) for himself or other persons, requests or receives an improper advantage or accepts an offer of an improper advantage in connection with a position, office or assignment, or b) gives or offers anyone an improper advantage in connection with a position, office or assignment.

2. Types of corruption

The following sections describe specific types of corruption and situations in which corruption may occur.

2.1 Bribery

Bribery is defined as the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of money, gifts, loans, fees, rewards or other advantages (taxes, services, donations, favours etc.). When a person offers, promises or gives a bribe, it is called “active bribery” and when a person requests, receives, or accepts a bribe, it is called “passive bribery”.

Vårgrønn prohibits bribery and corruption without exception. In particular, the company prohibits:

- offering, promising, giving, paying, or authorizing anyone to give or pay, directly or indirectly, a financial or non-financial undue advantage or anything of value to a person or entity (active bribery)
- accepting, soliciting, or authorizing anyone to accept or solicit, directly or indirectly, a financial or non-financial undue advantage from a person or entity (passive bribery)

with the intention

- to induce a person to perform improperly their duty, or to reward a person for the improper performance of such person’s duties
- to influence any official act (or omission) by a Public Official or any decision in violation of any official duty
- to obtain or secure an improper advantage in the conduct of business

- to violate applicable laws.

Prohibited conduct includes financial or non-financial undue advantage offered or received by the personnel (direct bribery) or by anyone acting on behalf of Vårgrønn (indirect bribery) in connection with the business of the company.

Undue advantages are not limited to cash payments, and might include any of the following, if for a bribery or corruption purpose:

- Gifts
- Promotional and entertainment expenses, meals and travel, hospitality in general
- Political contributions
- Charitable donations and sponsorships
- Community benefits
- Training and study opportunities
- Business, employment, or investment opportunities
- Insider information that could be used to trade in regulated securities or commodities
- Personal discounts or credit
- Facilitation payments
- Assistance to support families
- Other benefits or advantages

No questionable or illegal practice (including facilitation payments) can ever be justified or tolerated because it is "customary" in the locations or sectors where Vårgrønn operates.

No performance goal should be imposed or accepted if it can be achieved only by compromising Vårgrønn's integrity principles.

Gifts, loans, services, and offers of favourable terms for a product or a service, travel, accommodation, entertainment, and donations to charitable organisations for improper reasons may constitute bribes. Whether an advantage will be considered "improper" by the prosecuting authority, or the court depends on the monetary value, the roles of the parties involved the frequency and extent of activity and the reason for offering the advantage. For example, it may be acceptable to give a gift to the Managing Director of a

joint venture partner on the 10th anniversary of a project at a joint event. However, it would probably not be acceptable to give the same gift in secret during the contract negotiations to try to influence the joint venture agreement for the advantage of their own company.

Example 1 – "Kickbacks"

A purchasing manager in a service company is offered to have 2% of the value of a software contract paid to him personally if he can "deliver the contract". The contract is related to the new software, and there are several potential suppliers. Instead of transferring the money directly, the purchasing manager and the software company agree to set up false contracts and false invoices from the purchasing manager's private investment company to make it look like a normal trade.

Legal implications: The purchasing manager and the software company may be criminally liable pursuant to applicable anti-corruption law.

Dilemma 1 – Services

Your company uses a carpenter for renovation work in the office building. He is good at his job and reliable. When you are planning to renovate your cabin, you ask the carpenter to give you an offer. The carpenter makes an offer, and is willing to give a 30% discount, since the company is an important customer.

Advice: By accepting the discount, you will be exposed to a certain risk. It may be argued that the 30% discount is a bribe offered to you in connection with your job. You should discuss the matter with your supervisor and the Compliance Officer. To be on the safe side, you should not accept these types of services from the company's suppliers.

2.2 Facilitation and extortion payments

Facilitation payments are payments made to expedite decisions and approvals to which the company is legally entitled. This is often paid to a Public Official to secure or expedite routine, non-discretionary governmental actions to which a company is entitled. Such payments are only intended to influence the timing of a decision and not the outcome. Facilitation payments are prohibited for any Personnel and Business Associates acting on behalf of Vårgrønn. If you are ever asked to pay a facilitation payment, you must immediately report this to your line manager and Compliance Officer.

Examples of facilitation payments:

- To pay a small amount to a Public Official to obtain permits necessary to conduct business in the relevant country

- To pay a small amount or give a small gift (as a substitute for money) to port authority representatives to be prioritised in the port outside official procedures (e.g., priority services)
- To pay cash to customs officers to release goods held in customs
- To pay a small amount as an unofficial fee to obtain a visa or a work permit, or to pass through immigration or customs at the airport.

Extortion Payments can only be made to avoid personal harm to Personnel due to violence or serious and/or imminent threats to personal health and safety. These payments must in any case be promptly reported to the line manager and the Compliance Officer to determine actions to undertake. Extortion payments must be properly recorded in the company's books and records.

Example 2 – Facilitation payments

A service company must import a spare part into an African country, and the part is detained by customs. The spare part is required for the wind turbine, and without the spare part, the service company may be held liable for a financial loss for the lost production. The customs officer in the African country explains that there is something wrong with the submitted documentation, and that the process may take another 2 weeks unless he is compensated for the extra overtime work. The service company agrees to pay an overtime compensation of USD 2,000, which is paid in cash to the local customs officer.

Legal implications: The service company and the involved individuals may be penalised for paying a bribe to the customs officer. The overtime compensation is just another word for a "bribe": a non-transparent, unofficial payment to the local officer personally. A fee for expedited processing paid to the customs officer with an official receipt would have been OK.

2.3 Gifts and Hospitality

Hospitality aimed at improving the impression of the company, presenting our products and services, or establishing good business relationships, are important parts of conducting business. Reasonable and proportionate business hospitality expenses may be reimbursed under applicable anti-corruption laws and do not constitute violations of this policy. However, gifts and hospitality may be abused for corruption purposes.

Gifts and hospitality must never be offered, given, or received in circumstances where an impartial observer could reasonably conclude that the gift or hospitality was aimed at

influencing the recipient to misuse his or her position, or to gain any advantage in an improper way. In most circumstances, family members of beneficiaries (e.g., spouses) should not be included as recipients of gifts or hospitality.

Consequently, any gift or hospitality must in all cases:

- be reasonable and appropriate under the circumstances, made in good faith, and not be lavish or capable of giving rise to an appearance of impropriety.
- be made in relation to a legitimate business purpose and not merely for personal benefit.
- not be offered, made, or accepted to obtain something in exchange or to influence any ongoing commercial negotiations or disputes, discretionary governmental, commercial, legal, regulatory, or other decisions relevant to the company.
- not consist of a cash payment or the equivalent of cash (e.g., cheques, gift certificates, vouchers).
- comply with the local laws and regulations that apply to the recipient of the gift.
- be reviewed and approved according to the requirements in Annex 1.

If the gift or hospitality is inconsistent with the general requirements above, employees must refuse it, or not be provided and immediately inform his/her line manager and the Compliance Officer.

Gifts and hospitality, whether received by Personnel or provided to third parties, must be recorded in a dedicated online register according to the requirements in Annex 1, with a reasonable level of details (see link to “Gifts and Hospitality Register” on the Intranet¹).

The Gifts and Hospitality Register shall be maintained by the Compliance Officer.

Dilemma 2 – Hospitality

¹<https://forms.office.com/pages/responsepage.aspx?id=321sODMNLkCa9z86um8mNfejKM2AINxAiGCNtuXMmwlUMkhMUEpRVzhWMjFFUIQ5WDBLVUFIUEw4RS4u>

A supplier invites you to attend their annual seminar in Nice. The programme includes one day of presentations and discussions and one day of sightseeing and various outdoor activities. You would like to attend, but not if it exposes you to personal risk.

Advice: You should discuss the invitation with your supervisor. If the company may benefit from your attendance at this seminar, your invitation will probably be approved. However, travel and accommodation expenses will be paid by your company. If the professional content at the seminar is weak, your supervisor will most probably not approve the invitation.

2.4 Social projects, donations, grants and interaction with Public Officials

Making social investments and keeping in touch with local communities are an important part of Vårgrønn's social responsibility. Unfortunately, there is also a certain risk associated with such expenses. If a social project or a donation disproportionately favours a decision-maker, in either the public or the private sector, the payment may potentially represent a violation of anti-corruption laws. We must always ensure that social projects, donations, and grants are awarded according to objective criteria and to improve our overall image and reputation. To avoid risk of violation of the law, the following is to be complied with:

- Before undertaking a non-profit initiative or a sponsorship, an appropriate Integrity Due Diligence (IDD) shall be performed on the initiative, counterparties, and recipients (see Annex 2). This includes to ensure that we cooperate with individuals and organisations that can use the funds in line with Vårgrønn's intentions and that a social project, donation, or grant does not disproportionately favour a Public Official who is important to our operations. Initiatives must be approved by the CEO.
- Vårgrønn does not make any direct or indirect contributions in whatever form to political parties, political movements, political committees, political organizations, and trade unions, nor to their representatives and candidates.
- Interactions with Public Officials must be based on fairness, transparency and traceability of behaviour and are reserved exclusively to the competent functions and positions. In addition, favours, collusion, direct and/or indirect solicitation or payment of money or other benefits to Public Officials to obtain improper benefits for Vårgrønn, employees or third parties is prohibited, as it is inducing the Public Officials to improperly carry out their role or to influence decisions. Appropriate written reports of the interactions with Public Officials must be ensured and properly archived.

2.5 Purchasing services and business partnerships

Purchasing services and business partnerships expose Vårgrønn to a liability risk based on other parties' violations of laws and regulations. Under applicable anti-corruption laws, we are expected to seek to avoid unlawful payments from a person affiliated with our company.

Business Associates should only be engaged for legitimate business purposes and based on normal commercial terms and conditions. The remuneration should be in proportion to the service performed and be commercially acceptable. Typical circumstances that may increase the risk of corruption include payment of even amounts, success fees, prepayments and reimbursements of unspecified expenses incurred by the Business Associate.

Vårgrønn shall ensure qualification, selection and monitoring processes of suppliers and partners, based on the principles of transparency and integrity. This includes conduct of appropriate Integrity Due Diligence (IDD) before entering or renewing certain binding contracts with Business Associates (see Annex 2). This involves mapping relevant information relating to the legality of their activities, reputation, experience, technical knowledge, history and potential risks or liabilities. The level and complexity of the review must be in proportion to the risk that exists.

Risk factors will typically include:

- the likelihood that the Business Associate will interact with a Public Official on our behalf.
- whether the services are to be delivered in a country that is perceived to have a high corruption risk.
- whether the Business Associate is new to the industry, without any documented history.
- whether a Public Official has tried to influence the company to use a specific local company.
- whether the company is a private limited liability company, and it is difficult to identify the owners or the ultimate beneficiary owners.

All contracts with Business Associates must be in writing. Vårgrønn shall always include adequate anti-corruption clauses in contracts to ensure that Business Associates are committed to follow Vårgrønn's standards.

Dilemma 3 – The local partner

To fulfil the requirement of "local content" in a specific country, our company establishes a joint venture with a recently established service company. When we contact the Ministry of Economy, the Ministry's representative talks very favourably about the new local service company. A couple of meetings are arranged with the local company, and they make a good impression even though they need to develop their technical expertise and a more professional organisation. They will clearly benefit from the joint venture, both financially and in terms of technical expertise. Can we cooperate with this company?

Advice: A thorough due diligence review of the local company must be performed. That the local company appears to have been preferred by a public servant is a "red flag". The due diligence must disclose who the owners and beneficiary owners of the local company are. If you choose to cooperate with the local company, you must monitor their work very closely and ensure that expenses appear in the joint venture accounts.

Example 3 – The agent

A country in Africa has recently announced new areas for wind power, and a European wind power company has decided to participate in a tender for wind licences in the country. The country has a reputation for corruption, and it is a common perception that the president of the country may be personally involved in the licencing process. Your company has been contacted by an agent in the Middle East that claims to have personal contact with the son of the president of the African country and offers his assistance. To assist, he demands a prepayment of USD 1 million, and a success fee of USD 2 million if your company is granted the licence. Your company engages the agent and is granted the licence and transfers the fee to the agent's Cayman Islands bank account.

Legal implications: The wind company has most probably paid a bribe to the president of the African country through the agent. Since this is a well-known corruption scheme, the police authorities will not believe you when your explanation that you thought these expenses were suitable fees for lobbying services. They will ask which services were performed that could justify a fee of USD 3 million. In some jurisdictions, the expenses may also be a violation of the prohibition on trading in influence (if no transfer of money from the agent to the president can be proved).

2.6 Mergers and Acquisitions

When acquiring shares or assets in another company, we must consider the corruption risk associated with what we acquire. Vårgrønn shall always perform appropriate Integrity Due Diligence (IDD) on the target of acquisitions or mergers, assets, shares and going concerns (see Annex 2).

3. Compliance with Sanctions Laws

Sanctions laws generally includes prohibitions or restrictions targeting business dealing with specific countries, economic sectors, entities, or individuals of concern. Restrictions or prohibitions on the export or import of certain restricted goods, software and technologies are also common. The following requirements apply:

- Vårgrønn complies with all applicable Sanctions Laws.
- Vårgrønn will obtain and comply with necessary governmental licenses where cross-border export or import activity involves restricted goods, software, or technology.
- To prevent potential violations of Sanctions Laws, Vårgrønn will adopt and implement the measures that will result appropriate on a risk-based approach. These include in any case the screening of counterparties (business partners, suppliers, and other parties) against Sanctions Lists. If such screening detects a possible match on the Sanctions List, the Compliance Officer shall be immediately consulted to define the appropriate mitigating measures.
- Vårgrønn will consult in advance with Compliance Officer in case of dealings in, or with counterparties located in, countries subject to comprehensive or territory-wide sanctions programs.
- Considering that Sanctions Laws and the Sanctions Lists are complex and change frequently, Compliance Officer shall assist the relevant business line in assessing any relevant activity to guarantee its compliance with the Sanctions Laws.

4. Anti-money laundering

Money laundering refers to a financial transaction scheme that aims to conceal the identity, source, and destination of illicitly obtained money.

To prevent illegal activities connected with money laundering, Vårgrønn prohibits without exception personnel and anyone acting in its interest or on its behalf to:

- replacing or transferring money, goods, or other utilities with the knowledge - or in the presence of reasonable grounds for believing - that they originate from illegal activities or carrying out other operations in relation to them in such a way as to hinder, conceal or disguise the identification of their illegal origin.
- acquiring, receiving, holding, concealing, or using money, goods, or other utilities with the knowledge or in the presence of reasonable grounds for believing that they have an illegal origin or contributing to purchase, receipt, or concealment such goods.
- participating in, aiding, abetting, or facilitating the commission of any of the acts described in the foregoing paragraphs, or attempting, instigating, or assisting any person involved in such activities to evade the legal consequences of those acts.

5. Internal procedures

5.1 Risk assessment and reporting

Compliance Officer is responsible for conducting an annual assessment of the corruption risk associated with Vårgrønn's activities. As a minimum, the risk assessment must include risk associated with countries, business partners and transactions. The risk assessment will be a part of the annual risk management process in Vårgrønn which will be reviewed by the Audit Committee and endorsed by the Board of Directors.

5.2 Selection of personnel

As far as permitted by applicable laws, before hiring, appointing, or seconding any person, the company shall perform appropriate background check.

To the extent allowed by applicable privacy and data protection laws (GDPR), candidates will also be requested to fill-in and sign a Compliance Declaration (see Annex 3).

5.3 Implementation and training

All employees must be given anti-corruption training. Compliance Officer is responsible for supervising the training activities in the organisation. The frequency and the amount of training will be based on the results of the risk assessment. Certain business units and functions may require more extensive training than what is required for employees in general. The objectives of such training include:

- to promote clear understanding and awareness of prohibited conducts, the actions required in this policy and the potential penalties in case of violation of the laws prohibiting corruption.
- to assist Personnel in recognizing potential areas of concern and compliance red flags, to know how to respond appropriately to such a situation and to be familiar with Vårgrønn's resources to assist in such situations.

5.4 Monitoring and review

CFO is responsible for monitoring the implementation and advising of this policy and supplementary procedures. Compliance with policies and procedures must be subject to internal control and supervision. A review of certain activities and expenses must be made

to identify potential non-conformances. CFO and CO shall have direct and prompt access to the Board of Directors and senior management if any issue or concern needs to be raised in relation to bribery, corruption, or this policy.

5.5 Handling of reports on violations and deviations/breaches

All personnel working for Vårgrønn are encouraged to report concerns of any suspicions of breaches of laws or company internal requirements and ethical guidelines (censurable conditions). This can be related to exposure of safety and health, environment, corruption, misuse of authority, unsafe working environment, discrimination, or harassment.

You have a general duty to notify if you suspect a criminal offence or practice that may put anyone's life or health at risk. All conditions shall be reported through the dedicated channels according to internal procedures (cf. Procedure "Whistleblowing in Vårgrønn").

Conditions reported in accordance with internal procedures will be treated confidentially and the company shall ensure that all notifications will be adequately investigated within reasonable time. You always have the right to remain anonymous and Personnel who notify in good faith shall not be subject to retaliation as a result from, or reaction to, the notification.

Violations of anti-corruption laws will trigger disciplinary action which may result in dismissal or termination.

Compliance matters not considered as censurable conditions are to be reported to "compliance@vargronn.no", to which only CFO and Compliance Officer have access.

5.6 Accurate keeping of accounts and records

All company payments, transactions, expenses, and expenditures you are involved in must be recorded accurately and reasonably detailed in our accounts and records. If this is not done, it may constitute an independent violation of the law pursuant to applicable statutory provisions.

Payments made and received must be in line with contractual requirements. In any event, without prejudice to further control measures provided for by internal regulatory instruments concerning the selection of counterparties and the making of payments, such payments may not normally be requested, made, or received:

- to/from a party other than the contractual counterparty or the party contractually intended as the recipients of the payment/party making the payment.
- to/from numbered bank accounts or in cash or similar instruments, through anonymous or fictitiously registered current or savings accounts.
- to a bank account that is not included under in the commercial contract.
- to/from a third country other than that of the parties or the recipients of the payment/parties making the payment foreseen in the contract or in the performance of the contract. For the purposes of this provision – and without prejudice in any event to any further control measures provided for by internal regulatory instruments concerning the selection of counterparties and the making/receiving of payments – the following are not considered as third countries for the purposes of the prohibition:
 - countries where a company/entity, which is a counterparty to the contract with the company, has established its centralized treasury and/or where it has established, in whole or in part, its own headquarters, offices or operating units functional and necessary for the performance of the contract; or
 - countries which meet the following requirements jointly: (i) it is not a “High-Risk Jurisdiction” identified by the GAFI/FATF and (ii) the bank details are included by the counterparty in the contract, to (a) ensure the objective connection between the bank indicated and the party indicated in the contract and (b) confirm the ownership/traceability of the bank account indicated to make the payment.

6. Roles and responsibilities

Audit Committee: is set up by the board of directors to ensure that corporate governance and accountability are maintained in financial reporting and its associated disclosure by the company.

Business Associates: external parties, whether a natural person or a legal entity, with whom the company has some specific form of business relationship. For the purpose of the Integrity Due Diligence process addressed by this policy, this includes recipients of sponsorships and non-profit initiatives, joint venture partners, consortium partners and merger and acquisition targets. Other Business Associates are regulated by the applicable Procurement process.

Compliance Officer: a designated person with specific responsibility to focus on ethics and anti-corruption compliance within his or her area, corporate center, or location.

Compliance Specialist: a person with legal background and experience on anti-corruption, anti-money laundering and sanctions laws, within the company's organization or an external advisor (potentially also a shareholder) helping Vårgrønn through a service agreement.

Public Official: (i) a person holding a legislative, administrative or judicial office, whether by appointment, election or succession; (ii) any person exercising a public function, including for a public agency, public enterprise; (iii) any officer, director or employee of an entity which is majority-owned or controlled by a state; (iv) any official, employee or agent of a public domestic or international organization; (v) any candidate for public office; or (vi) any political party or official of a political party; (vii) any community leader or community representative.

Vårgrønn Personnel: board members, company directors, officers, employees, and external consultants and hired contractors, secondees, temporary staff or workers when working for Vårgrønn.

7. Definitions, abbreviations, and acronyms

Extortion payments: payments extracted from personnel through violence or serious and/or imminent threats to personal health and safety.

Facilitation Payments: undue or unofficial payments made to Public Officials to expedite, to facilitate or to secure the performance of routine governmental action which the payer is legally entitled to receive without making such payment (such as the issuing of a visa, work permit, custom clearance).

Gifts: any tangible item, transferred to or received from another, for which no specific service or compensation is expected or received, including any financial advantage or other benefit. Tickets to social, sporting, cultural events provided by the company, when the personnel are not attending the event, is considered to be a gift.

Hospitality: entertainment, meals, accommodation and travel-related benefits, promotional activities and/or tickets to social, sporting, or cultural events provided by Vårgrønn, when the personnel are attending the event.

Inbound gifts and hospitality: any financial advantages offered to or received by Vårgrønn Personnel in relation to a third party including, for example, gifts, gift vouchers, favourable conditions relating to products or services, discounts or personal credit, tickets for cultural or sporting events, trips, meals, other events, or any other thing of value.

Integrity Due Diligence: process undertaken according to the Vårgrønn due diligence procedure herewith aimed at assessing the nature and extent of the bribery or corruption risk in relation to specific business relationships, current and prospective Joint Venture and similar business partnerships, recipients of non-profit initiatives and sponsorships, personnel and Mergers and Acquisitions (see Annex 2).

Key Personnel: Key personnel are people having authority and responsibility for planning, directing, and controlling the activities of an entity, either directly or indirectly such as Board of directors, Chief executive officer, chief operating officer, chief financial officer and Vice presidents.

Non-profit Initiatives: charitable donations, training programs, scholarships and other non-profit projects and initiatives to benefit relevant local communities for health, social, educational and/or humanitarian purposes. This includes initiatives included or required as part of Vårgrønn's business projects.

Outbound gifts:

- Promotional gifts: low-cost items (for example, pens, mugs etc.) and typically distributed at events that contribute to the promotion of Vårgrønn's image and logo (e.g., at trade fairs, conventions, teambuilding events, workshops)
- Ad hoc gifts: items that relate to requests arising from specific projects or celebratory events (e.g., inauguration of new projects or plants etc.)

Outbound hospitality: expenses relating to trips, meals, entertainment or other benefits or similar expenses provided directly to third parties by Vårgrønn or by its personnel or on its behalf.

Per diem payments: bonuses, ancillary expenses or daily allowances paid to Public Officials to be submitted to the Vårgrønn anti-corruption compliance function for prior assessment according to internal procedures.

Red Flags: List of potential risk factors which must be considered when drafting the Integrity Due Diligence analysis.

Sanctions Laws: all laws, regulations, rules, codes, orders, permits, licenses, decrees, directives, statutes, concerning related to economic and financial sanctions, trade embargoes, import and export controls and similar laws imposed, administered, or enforced by governmental or executive bodies of the European Union, the United States of America, the United Kingdom and/or the United Nations Security Council.

Sanctions Lists: Sanctions Lists include:

- The Specially Designated Nationals and Blocked Persons list (the "SDN list") maintained by OFAC.
- the Consolidated List of Financial Sanctions Targets of the United Kingdom.
- the European Union's Consolidated Financial Sanctions lists.
- any other similar list maintained or subsequently made by a Sanctions Authority that will impose on certain entities or persons limitations and prohibitions substantially similar to those imposed by the SDN list.

Sponsorships: promotional and advertising communications initiative through which an entity, referred to as "sponsee" or "sponsored", undertakes, for a consideration, to

associate the name or distinguishing sign of the company (“sponsor”) to its own business, to positively promote its image, identity, brand, or products/services.

Annex 1 - Gifts and hospitality requirements

FACTORS	VALUES (in NOK)	REVIEW (prior to event)		Record in G&H register
		Review	Approval	
Gifts (inbound and outbound)	Cash and cash equivalents	Prohibited		N.A.*
	Gifts ≤ NOK 1.000	None	None	NO
	Gifts > NOK 1.000	Compliance Officer	CFO	YES
Hospitality (inbound)	< NOK 1.000	None	None	NO
	≥ NOK 1.000–NOK 10.000	Compliance Officer	CFO	YES
	≥ NOK 10.000	CFO	CEO	YES
Hospitality (outbound)	< NOK 1.000 (once a year)	None	None	NO
	On-site meeting or visit expenses**: < NOK 5000			
	On-site meeting or visit expenses: NOK 5.000 – NOK 10.000	Compliance Officer	CFO	YES
	On-site meeting or visit expenses: ≥ NOK 10.000	CFO	CEO	YES
	Other hospitality ≥ NOK 1.000 (and more than once a year)			
Accommodation in hotel/air or train fares/entertainment/hospitality extended to family members of the beneficiary				
Per diem payments	Strongly discouraged and to be reviewed by Compliance Officer			YES
Facilitation payments	Prohibited			N.A.*
Extortion payments	See guidelines and report promptly			YES

*Any payment made in violation of this ABC and Sanctions Policy must be recorded in the Gifts and Hospitality Register.

** On-site meeting expenses: local transportation and on-site meals and refreshments at the company offices, hotels, or conference centers where the company is holding a business meeting.

Annex 2 - Integrity Due Diligence (IDD)

The purpose of this annex is to describe Vårgrønn's objective and efforts to reduce risk in relation to certain (i) transactions and (ii) Business associates regulated by the ABC and Sanctions Policy. The process of reviewing and assessing the risk related to Business Associates is referred to as a background check or an Integrity Due Diligence (IDD).

A key principle of our Code of Ethics is to choose our initiatives and Business Associates carefully. Our background checks shall be risk-based, which means that we cannot use the same process on all Business Associates and initiatives.

The thoroughness of the review will be decided based on a step-by-step approach, which is described in this annex, and which refers to the organisation Transparency International's ranking of the countries' level of corruption (the Corruption Perceptions Index). The most recent version is available at www.transparency.org.

The Compliance Officer is responsible for implementing and monitoring the IDD.

The results of the IDD need to be carefully and objectively assessed by Vårgrønn and all IDDs must be appropriately recorded and archived.

Scope

The IDD process aims at assessing bribery, corruption and/or reputational risk associated to a transaction/project/counterparty through the identification and assessment of specific risk indicators (red flags). The IDD process should be consistent across similar bribery and corruption risk levels and tailored to the bribery and corruption risk level identified.

The IDD shall be completed before proceeding with any of the activities below, or any other instances where an IDD is required.

The IDD shall be performed for:

- Business Associates, by the business line entering/renewing the contract, or the function for contracts it handles.
- Non-profit Initiatives, by the department undertaking the initiative.
- Mergers and Acquisitions.
- Key Personnel.

The IDD shall be reviewed by the Compliance Officer and/or the Compliance Specialist in the following cases:

- When “Red Flags” arise.
- When Business Associates are engaged for the purpose of interacting with Public Officials on behalf of Vårgrønn or regularly interact with Public Officials as part of their contracted services (e.g. custom brokers, permitting companies, freight forwarders/international logistic transportation, tax or legal advisors) and the Business Associates are registered or the contract is performed in a country a) with a score of 55 or less in the Transparency International’s Corruption Perception Index (CPI) or b) included in anti-money laundering black lists (FATF/GAFI; European Union).
- For consultants registered or providing services in a country a) with a score of 55 or less in the CPI or b) included in anti-money laundering blacklists.
- For Non-profit Initiatives with a value in excess of NOK 50,000 (or the equivalent in other currencies) or pertaining to country a) with a score of 55 or less in the CPI or b) included in anti-money laundering blacklists.
- For Sponsorships with a value in excess of NOK 50,000 (or the equivalent in other currencies) or pertaining to country a) with a score of 55 or less in the CPI or b) included in anti-money laundering blacklists.
- For mergers, acquisitions, joint ventures.
- When the IDD concerns contracts with Business Associates that are characterized by significant economic value and time duration (i.e., exceeding 3 years).

Initial red flag assessment

The person responsible for choosing a new Business Associate or undertaking an initiative regulated by this policy must conduct an initial assessment of the potential associate’s reputation, capability and experience. That means to search for and review all relevant information about the company, the management and the board of directors, as well as relevant areas associated with the company, such as financial information, media profile, company history and corruption risk in the country in which the company is incorporated and operates. In this work, he/she should look for potential “red flags” related to a new Business Associate.

Examples of “red flags”:

- The Business Associate is a new enterprise, and it is difficult to identify the owners of the company or the individuals who has the ultimate control.
- The Business Associate has a very complex corporate structure and has a parent company or operating units in countries that are known for secrecy laws or are considered “tax havens” (examples are Panama, the British Virgin Islands, the Cayman Islands).
- The company and/or its management have recently been investigated for violations of anti-corruption laws.
- The company and/or its management have recently been involved in scandals related to “social dumping” or human rights violations.
- The company is registered in a country subject to trade restrictions and/or anti-terrorist laws.
- The Business Associate is presumed to have family ties or business ties with government officials or Politically Exposed Persons (“PEP”).
- A Public Official has exerted pressure to persuade someone in our company to use a specific Business Associate.
- The Business Associate states that it has influence through relations with politically exposed persons in a country considered as being exposed to significant corruption risk, and asks for large prepayments, a lump sum or success fees that are not reasonable in terms of the services to be provided.
- The Business Associate requests payments to be made to another company and/or to bank accounts in a country that has no connection to the Business Associate or the provided services.
- The Business Associate is unwilling to cooperate during the background check process and does not accept standard declarations and contractual provisions on business conduct.

The list of red flags is not exhaustive, and responsible must exercise his/her best discretion to identify risks based on open sources such as the internet, media and information from our business affiliates. The identification of a red flag does not necessarily mean that we cannot engage the company, but it means that an additional review is required to reduce the risk.

We should never choose a Business Associate that does not abide by acceptable standards for ethical business conduct.

IDD types

IDD in relation to business relationships, projects, transactions, activities, non-profit initiatives and sponsorships shall include evaluation of:

- the corruption risk of the jurisdiction(s) involved (assessed through international rankings such as the Corruption Perceptions Index by Transparency International or, as far as money laundering risk is concerned, through the list of jurisdictions under increased monitoring by GAFI/FATF).
- structure, value, nature and complexity of the envisaged transaction.
- envisaged financing and payment arrangements.
- profile of perspective Business Associates, recipients of Non-profit Initiatives or Sponsorships and other third parties (including Public Officials) involved in the envisaged transaction.

IDD in relation to Business Associates and, to the extent relevant, recipients of non-profit initiatives and sponsorships shall gather the following information:

- Corporate registration documents and financial statements.
- Identity of the shareholders (including the ultimate beneficial owner(s)), top management and key personnel.
- Qualifications, experience and financial resources in relation to conduct the business for which it is being contracted.
- Presence of “Red Flags”.
- Adoption of anti-bribery and corruption policies and procedures

IDD tools

Tools for undertaking an IDD may include:

- web-searches.
- online compliance databases.

- searching appropriate government, judicial and international resources.
- publicly available sanctions or debarment lists administered by the United Nations, the European Union and/or the United States of America (hereinafter also referred to as “Sanctions List”).
- Compliance Declaration (see Annex 3).
- IDD questionnaire requesting relevant information (e.g., identification of the ownership structure and the management of the counterparty, disclosure about any criminal proceedings, relationships with Public Officials, adoption of anti-corruption policies).
- external expertise.

Measures to mitigate risk

For certain Business Associates, measures to mitigate risk and extra follow-up should be actively used to ensure compliance with laws and ethical business conduct. Such risk-mitigating measures includes to:

- request all Business Associates that provide services (agents, consultants, etc.) to comply with our Code of Ethics.
- use contractual clauses related to anti-corruption, trade restrictions, work standards, etc. and monitor the compliance of such contractual clauses.
- require compliance/anti-corruption training for certain Business Associates.
- require the privilege to audit the Business Associate.
- ensure that we are entitled to rescind and entitled to suspend further payments if irregularities are suspected.
- perform a thorough review of invoices and the work performed by the Business Associate.

Annex 3 - Compliance Declaration

[Date]

Ref.: contract.....

I, the undersigned..... born inon....., declare

.. (if a natural person) that I

.. (if a legal entity), in my quality of legal representative of [counterparty], that its shareholders/members, top management or key personnel:

a) am/are not or have not been a Public Official.

If this is not the case, please specify the entity to which you belong or belonged, the position, date and level held:

b) am/are not or have not been close relative of a Public Official.

If this is not the case, please specify the name of said relative, the entity to which he/she belong or belonged, the position, date and level held:

c) am/are not currently or have not been investigated, convicted, sanctioned or debarred for bribery, corruption, fraud, money laundering or similar criminal conduct.

If this is not the case, please provide details concerning the criminal conduct and relevant investigation/proceeding/sanction:

d) have abstained and will abstain, with reference to the relationship with the Company, from (i) offering, promising, giving, paying or authorizing anyone to give or pay, directly or indirectly, a financial or non-financial undue advantage of any value to a person, including a Public Official or private party; (ii) accepting, soliciting or authorizing anyone to accept or solicit, directly or indirectly, a financial or non-financial undue advantage from a person, including a Public Official or private party.

e) am/are not in a conflict-of-interest situation as concerns the business relationship with the Company.

If this is not the case, please specify the situation of conflict of interest:

I will promptly inform the Company of any change occurred in reference to the information provided above.

Signature: _____

[name and function - in case of legal entity: legal representative]

Attach copy of the identification document.