

## **ARCTIC'S TRANSPARENCY ACT REPORT FOR 2023**

### **1. INTRODUCTION**

The purpose of the Transparency Act is to promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and provision of services.<sup>1</sup>

As an enterprise subject to the Act, Arctic Securities AS ("**Arctic**") is required to carry out due diligence assessments in order to identify, prevent and mitigate potential adverse impacts on fundamental human rights and decent working conditions that relate to its business. Further, Arctic is required to publish an account of the due diligence action that has been taken.

The account shall include:

- a) a general description of the enterprise's structure, areas of operations, guidelines and procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions;
- b) information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through its due diligence; and
- c) information regarding measures the enterprise has implemented or plans to implement to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results of these measures.

This report sets out Arctic's account of measures taken and planned between 30 June 2022 and today's date.

### **2. ABOUT ARCTIC**

#### **2.1 ORGANISATION, OPERATIONS AND SERVICES**

Arctic is a regulated investment firm, and delivers a full range of investment banking services, specialising in corporate finance transactions, advisory services, securities sales and trading, as well as equity and credit research.

- Established in 2007, Arctic is owned by its employees (66.66%) and by Trond Mohn through Meteva AS (33.34%). It is independent of all financial institutions.
- Arctic's guiding principle is excellence in execution and, based on extensive expertise and global reach, Arctic aims to provide clients with services of the highest quality and value.

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<sup>1</sup> The act of 18 June 2021 no. 99 relating to enterprises' transparency and work on fundamental human rights and decent working conditions (the "Transparency Act" or the "Act").

Arctic's clients include Nordic and international institutions and investors looking to partake in the Nordic markets. Arctic, through its branches and subsidiaries, has a local presence in Sweden, Germany, USA and Brazil.

## **2.2 HUMAN RIGHTS AND DECENT WORKING CONDITIONS IN INTERNAL POLICIES AND ROUTINES**

Arctic continuously works to ensure that issues relating to human rights and decent working conditions are taken into account in internal policies and routines.

We use the Ten Principles of the UN Global Compact (the "**Ten Principles**") as a framework to navigate our business practices. Further, the OECD's guidelines for Responsible Business Conduct as implemented in Norwegian law are incorporated in our internal policies and routines, which form the basis for the matters reported below.

Arctic respects the right of all workers to form and join trade unions of their choice without fear of intimidation or reprisal, in accordance with national law. Non-discriminatory policies and procedures with respect to trade union organising, union membership and other associated activities have been implemented in our organisation and the Arctic Group Policy.

## **2.3 WHISTLEBLOWING**

Arctic has an open-door policy and encourages employees to share their questions, concerns, suggestions or complaints with their supervisor, the compliance department, employee representatives, safety officer, CEO or an external whistleblowing function handled by an independent law firm with a duty of confidentiality.

## **3. DUE DILIGENCE ASSESSMENT OF SUPPLIERS AND OPERATIONS**

Pursuant to the Transparency Act, Arctic shall publish information regarding measures the company has implemented or plans to implement to cease actual adverse impacts and to mitigate significant risks of adverse impact on human rights and working conditions.

### **3.1 IMPLEMENTED MEASURES**

#### **3.1.1 SUPPLY CHAIN AND BUSINESS PARTNERS**

In 2022, Arctic acquired and implemented a supplier contract handling system, and implemented routines and methodology to carry out due diligence assessments of suppliers and business partners:

- (i) New suppliers and business partners are screened based on risk based and pre-set criteria
- (ii) Suppliers and business partners with an enhanced risk are subject to individual measures to mitigate associated risks

In addition, contractual mechanisms have been implemented in supplier contracts if deemed appropriate.

### 3.1.2 ARCTIC'S OPERATIONS

Arctic has assessed the risk profile relating to its various operations and considers that there is a low risk of detrimental impact on human rights and decent working conditions for services such as receipt and transmission of orders, execution of orders, dealing for own account, and underwriting of financial instruments. Arctic does not believe that there is a high risk associated with general corporate finance services but acknowledges that the main risk – if any – relates to its role as a lead manager in assignments, more specifically raising and placing capital in the primary market and the provision of investment advice relating to such primary issues.

Arctic has implemented the following measures, inter alia, to identify risks associated with issuer clients:

- (i) Contractual mechanism covering fundamental human rights and decent working conditions

Arctic has included provisions in its standard terms for standard contracts whereby the client warrants that it complies with fundamental human rights and requirements relating to decent working conditions.

- (ii) Screening as part of the approval of engagements by Engagement Committee

All corporate finance engagements are approved by the Engagement Committee. The project leader shall complete a detailed application form which includes data on the client's country of establishment, sector and other matters concerning environmental issues, governance or social responsibility.

If the Engagement Committee or the project leader identifies an enhanced risk, risk-reducing measures shall be considered. This may include imposing requirements such as ESG due diligence, extended KYC measures, and extending the scope of legal due diligence to include working conditions etc. The Engagement Committee may also decide that the deal team in collaboration with internal or external lawyers shall assess the need for risk reducing measures and, if appropriate, shall implement such measures as part of the transaction.

- (iii) Transaction specific due diligence

Arctic has routines for conducting investigations (due diligence) of issuers when raising capital for clients. A due diligence assessment is conducted to identify relevant matters which may have an impact on the investors' investment decision. For public offerings, due diligence normally involves a completeness statement and a "bring down call" which, inter alia, covers fundamental human rights and decent working conditions.

Routinely, financial and/or legal due diligence is carried out with the assistance of external advisors. For clients established in, or with material operations in, third countries, an assessment is made whether the scope of due diligence investigations should cover fundamental human rights and / or decent working conditions.

- (iv) Screening as part of the client onboarding

Arctic has routines for client onboarding which include assessing if the client has a low, normal or enhanced risk for being associated with money laundering or terrorist financing. If the risk is enhanced, Arctic carries out further investigations, which may include obtaining evidence of

ownership, background etc. Although such investigations are carried out for anti-money laundering purposes, extensive searches may identify if the client or its owner is associated with breaches of human rights or laws governing decent working conditions.

### **3.2 PLANNED MEASURES**

Arctic's ambition is for human rights to be further integrated into the overall risk assessment processes and to ensure that awareness of human rights issues extends throughout the organisation.

Arctic has decided on the following targets:

- Further develop due diligence guidelines
- Integrate due diligence guidelines and measures in the organisation, including establishing a due diligence program towards suppliers
- Increase knowledge of the Transparency Act within Arctic and the Arctic Group

## **4. THE ACTUAL ADVERSE IMPACT ON FUNDAMENTAL HUMAN RIGHTS AND DECENT WORKING CONDITIONS**

Pursuant to the Transparency Act, Arctic is to publish information regarding the actual adverse impacts on fundamental human rights and decent working conditions, and significant risks of adverse impacts, that Arctic has identified through its due diligence. The term "adverse impacts" encompasses actual and potential adverse impacts on the rights of individuals. "Risk" means the severity or potential severity of the adverse impacts on those affected and the likelihood of adverse impacts.

As described in Section 3 above, Arctic has focused on implementing instructions, routines and policies for the implementation of its duties according to the Transparency Act. Steps have been taken to ensure structural and organisational compliance by, inter alia, implementing contract systems for vendor and partner contracts and other associated digital tools.

Arctic has not identified any actual adverse impacts or significant risks relating to fundamental human rights and decent working conditions in connection with its suppliers, business partners or operations during the period covered by this report.


## **5. INFORMATION REQUEST FORM**

Information request pursuant to the Transparency Act may be sent to: [arctic.compliance@arctic.com](mailto:arctic.compliance@arctic.com). Please clearly specify the information being requested, so that the request can be answered correctly and efficiently.

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The Board of Directors and CEO of Arctic Securities AS

Oslo, 22 June 2023

  
Inge K. Hansen  
Chairman of the Board

  
Anders Læg Reid  
Board Member

  
Arthur Sletteberg  
Board Member

  
Beret Sundet  
Board Member

  
Martin Mæland  
Board Member

  
Mads H. Syversen  
CEO