

# NOMINATION COMMITTEE REPORT 2020

## Role

The objective of the Nomination Committee is to establish a transparent and clear procedure for the nomination of Board Members at the Company's Shareholders' Meeting. The procedure is intended to enable the shareholders to take a more informed decision regarding whom to elect for Board Membership.

The Committee's objective is also to ensure that the Company's Board is sufficiently diverse, when it comes to capabilities, experience and knowledge. Also that the Board Members' capabilities are usable for the Company and its subsidiaries.

The Nomination Committee has an advisory role regarding the election of Board Members by putting forth a proposal at the Shareholders' Meeting. The Nomination Committee shall take into account the overall interests of the Company's shareholders. Further information regarding the Committee's role may be found in its rules of procedure, accessible on Skeljungur's webpage, and in the Icelandic Chamber of Commerce, SA Business Iceland and Nasdaq Iceland's Corporate Governance Guidelines (the Guidelines).

## Composition

The members of the Nomination Committee during the period 2019-2020 are Katrín S. Óladóttir, CEO of Hagvangur recruitment, Sigurður Kári Árnason, Head of Legal at the Ministry of Health, and Þórarinn Arnar Sævarsson, a member of the Board of Skeljungur. At the Committee's second meeting, Sigurður Kári was elected as its chairman and Gróa Björg Baldvinsdóttir Head of legal and the Company's CO, was appointed as the Committee's secretary.

All Committee members are independent of the Company and its managers. All Committee members are also independent of the Company's significant shareholders. However, it is noted that according to the committee's opinion, Þórarinn has interests as owner of companies that are shareholders in Skeljungur hf. but even so he is independent of large shareholders according to aforementioned rules.

## Main activities during the year

When this report is published the Committee has met twelve times. At the meetings the Committee conducted the following business:

Meeting date	Main Activities
December 2, 2019	<ul style="list-style-type: none"><li>• Election of the chairman and appointment of secretary.</li><li>• Prepare the committee's work plan.</li><li>• Discussed proposals for changes to the committee's rules of procedure.</li><li>• Elaboration on a letter to the company's largest shareholders discussed.</li><li>• Form of letter to the company's largest shareholders decided. The letters were sent out on December 20.</li></ul>

<p>December, 11, 2019 (In Board Member's absence)</p>	<ul style="list-style-type: none"> <li>• Review the results of the Board's self-assessment.</li> <li>• Meeting with board members to obtain information on the board's work and their assessment of the current combination of skills and knowledge. Gather information on which Board members are in candidacy for the AGM 2020.</li> </ul>
<p>December, 12, 2019 (In Board Member's absence)</p>	<ul style="list-style-type: none"> <li>• Meeting with board members to obtain information on the board's work and their assessment of the current combination of skills and knowledge. Gather information on which Board members are in candidacy for the AGM 2020</li> <li>• Presentation from the CEO of the company; its policy, operating environment and key risk factors from the CEO. His assessment of the Board's work.</li> </ul>
<p>January 8, 2020 (In Board Member's absence)</p>	<ul style="list-style-type: none"> <li>• Criteria defined for the key competence and knowledge of the Board as a whole, based on the information obtained.</li> <li>• Forms for the Candidacy to the Board and Nomination Committee updated. The forms were published on Skeljungur's website on 14 January.</li> <li>• Information gathered on sitting Board Members in accordance with Candidacy forms.</li> <li>• Candidacy for Nomination Committee 2020 considered.</li> </ul>
<p>January 13, 2020 (In Board Member's absence)</p>	<ul style="list-style-type: none"> <li>• Meetings with shareholders who requested a meeting to discuss the projects ahead and the essential qualities of the Board.</li> </ul>
<p><i>An independence assessment of the sitting Board, in connection with the preparation of the Corporate Governance Statement, was completed on January 27, 2020.</i></p>	
<p>January 28, 2020 (Board member attended part of the meeting.)</p>	<ul style="list-style-type: none"> <li>• Meeting with shareholder who requested a meeting to discuss the projects ahead and the essential qualities of the Board.</li> <li>• Prepare a proposal to amend the rules of procedure of the Committee for the AGM, if necessary.</li> <li>• Proposal for a market announcement to present the work of the Committee and advertise for Candidates.</li> </ul>

	<ul style="list-style-type: none"> <li>• Evaluation of the independence of current Board members.</li> <li>• Schedule interviews with candidates.</li> </ul>
<p>January 29, 2020 (Board member attended part of the meeting.)</p>	<ul style="list-style-type: none"> <li>• Meeting with shareholder who requested a meeting to discuss the projects ahead and the essential qualities of the Board.</li> <li>• Discuss the wording of announcements regarding the presentation of the committee's work and advertisement for candidacy.</li> </ul>
<p>January 31, 2020 (In Board Member's absence)</p>	<ul style="list-style-type: none"> <li>• Review candidates.</li> </ul>
<p>February 7, 2020 (In Board Member's absence)</p>	<ul style="list-style-type: none"> <li>• Interviews with candidates.</li> </ul>
<p>February 11, 2020 (In Board Member's absence)</p>	<ul style="list-style-type: none"> <li>• Interview with candidate.</li> <li>• Discussion of candidates and proposals.</li> <li>• Self-evaluation of the Committee.</li> </ul>
<p>February 12, 2020 (In Board Member's absence)</p>	<ul style="list-style-type: none"> <li>• Assessment of candidates' competence and knowledge composition.</li> <li>• Examine the gender ratios of candidates.</li> <li>• Draft proposal for the Annual General Meeting on nominations for the Board.</li> <li>• Prepare draft of Nomination Committee Report.</li> </ul>
<p><i>Final nominations of Board members for the Annual General Meeting and the final version of the Committee's report was approved on February 12, 2020, by e-mail.</i></p>	
<p>February 21, 2020 (In Board Member's absence)</p>	<ul style="list-style-type: none"> <li>• <i>New Candidacy will be reviewed, if there will be any.</i></li> <li>• <i>A change will be made to the committee's nomination proposal to the AGM, if necessary.</i></li> <li>• <i>Presentation for Annual General Meeting will be prepared.</i></li> </ul>

### **Main conclusions of the Committee**

*I. The Committee's definition of key skills, experience and knowledge of value for the Board of Skeljungur.*

With reference to meetings with Skeljungur's largest shareholders, current board members and CEO regarding the Company's main tasks for the coming years the Nomination Committee of 2019-2020 defines the following key skills, experience and knowledge to be of value for the Board of Skeljungur in relation to the AGM which will be held March 5, 2020:

- a) *Management experience*
- b) *Strategic making and planning*
- c) *Change management*
- d) *Market knowledge*
- e) *Legal skills and/or good knowledge of rules that apply to listed companies*
- f) *Financial management and knowledge in investments*
- g) *Experience in business e.g. in the retail market*
- h) *Risk management*
- i) *Knowledge of issues in the energy sector*
- j) *Knowledge of innovation and technology*
- k) *Other matters*

Whilst evaluating the nominations and applications for the Board, the Committee seeks to ensure that the Board as a whole forms a strong and professional unit that can work as best as possible together, beneficial to the Company and its shareholders. The Board Members shall preferably have skills, experience and knowledge in any of the abovementioned areas and most of the key factors shall be reflected in the Board. Other aspects, such as knowledge of the Company's operations, a continuity in the management, gender quotas etc. are also assessed in the making of the Committee's proposal.

*II. Skeljungur's Board of Directors, since the shareholder meeting in May 2019:*

- Jens Meinhard Rasmussen, Chairman of the Board.

Jens Meinhard Rasmussen is the CEO of Skansi Offshore, which is a company servicing gas and oil vessels. He is also the Chairman of the Board of Smyril Line A/P and the Faroese Merchant Shipowners Association, along with being a board member of the International Chamber of Shipping. Jens Meinhard possesses an extensive managerial and operational experience and knowledge of international business and has a good knowledge regarding the opportunities and challenges in the Faroese operations.

Jens Meinhard has a Cand. jur. degree from the University in Kobenhagen and is a master mariner from Vinnuháskúlin Tórshavn.

Jens Meinhard does not own shares in Skeljungur.

It is the conclusion of the Nomination Committee that according to the Guidelines Jens Meinhard is independent of the Company, its managers and significant shareholders.

- Jón Ásgeir Jóhannesson, Vice-Chairman

Jón Ásgeir is an independent investor and advisor. He is also an alternate to the Board of Directors of 365 miðlar hf. and proprietor at Apogee ehf. Jón is the founder of Bónus, former CEO and Chairman of Hagar and later Baugur Group. He has extensive management experience, e.g. for Iceland foods and Magazin du Nord, as well as many other Icelandic companies. Jón has an exam from the Commercial college of Iceland (Verzlunarskóli Íslands).

365 miðlar hf., and other affiliated companies, hold 242.500.000 shares in Skeljungur. Total ca. 11% of Skeljungur's share capital. 365 miðlar hf. is owned by Jón Ásgeir's wife, Ingibjörg Pálmadóttir.

In the opinion of the Skeljungur Nomination Committee Jón Ásgeir Jóhannesson is independent of the Company, its day-to-day management but not large shareholders in the Company, according to the definition of independence in the ICC corporate governance guidelines.

- Birna Ósk Einarsdóttir, Director

Birna Ósk Einarsdóttir is the Director of sales and services at Icelandair Group. Previously she was the Director of customer experience and before that the Director of Business Development and Strategy. Previously she was the Director of marketing and business development at Landsvirkjun, from 2017-2018. Prior to that Birna Ósk had various roles within Síminn hf. since 2001. Among them director of sales and service, head of marketing, head of project management, human resources and public relations. Birna Ósk has vast experience with board membership, managerial and operational experience, with emphasis on strategy, innovation, product development and retail, in various markets. She also has considerable experience from the energy sector. She also knows the operations of Skeljungur and Magn well.

Birna has an AMP degree from IESE Business School, M.Sc. degree in Strategic Management from the University of Iceland and a B.Sc. degree in Business Administration from Reykjavík University.

Birna does not own shares in Skeljungur.

It is the conclusion of the Nomination Committee that according to the Guidelines Birna is independent of the Company, its managers and significant shareholders.

- Ata Maria Bærentsen, Director

Ata Maria Bærentsen is Director and Head of Board Service at Saxo Bank A/S. Before that she was Senior Legal Counsel and the Board 's and the Management 's Secretary at NNIT A/S, which is a listed Danish IT company. Before Ata was a Senior Legal Counsel at Copenhagen Airports (A/S), Attorney at law at Gorrissen Federspiel law firm (Copenhagen), Legal counsel at the Ministry of Foreign Affairs of Denmark and Legal assistant for a Faroese MP in the Danish Parliament. Ata has, due to her education and work experience, knowledge of Faroese, Danish and international legal environment, among other things knowledge in the field of sea and air transport, business and corporate operations. Furthermore, Ata also has considerable experience of corporate governance and legislation regarding listed companies and regarding mergers and acquisitions. Ata is Faroese, she graduated with a BA degree from Copenhagen University in 2007, Master of Laws (cand.jur), from the same university in 2010 and in 2014 Attorney-at-law, The Danish Bar and Law Society.

Ata does not own shares in Skeljungur.

It is the conclusion of the Nomination Committee that according to the Guidelines Ata is independent of the Company, its managers and significant shareholders.

- Þórarinn Arnar Sævarsson, Director

Þórarinn is Chairman of the Board of Kaldalón hf., Certified Realtor, regional manager at RE/MAX Iceland and consultant for Kontakt fyrirtækjaráðgjöf. He is also Chairman of the Board of Kaldalón hf., board member of Remax Iceland, Loran ehf., RPF ehf. and IREF ehf.

Þórarinn has fourteen years of experience in the fisheries sector and almost twenty years' experience in the real estate market related to purchase, sale and development of real estates. He has investment projects in consulting firms, innovation companies and technology companies. Þórarinn has established real estate chains, both in Iceland and abroad. Þórarinn and partners has the franchisee for RE/MAX Iceland, and is also board member of the company. He is a shareholder in Kontakt fyrirtækjaráðgjöf and owner and board member of the following companies: Loran ehf., RPF ehf. and IREF ehf. Þórarinn is a certified Realtor and rent certified. He has an exam from the

Icelandic School of engineers (Vélskóli Íslands) and the Icelandic Ship Management School (Skipstjórnarskólinn), as well as flight training.

Pórarinn holds 182.999.909 shares in Skeljungur through the companies: Loran ehf., Premier eignarhaldsfélag ehf., RPF ehf. and IREF ehf. Total ca. 8,5% of Skeljungur's share capital. He holds 9,25% share capital in Kvika hf., which holds ca. 8,89% share capital in Skeljungur.

In the opinion of the Skeljungur Nomination Committee Pórarinn Arnar Sævarsson is independent of the Company, its day-to-day management and large shareholders in the Company, according to the definition of independence in the ICC corporate governance guidelines. However, it is noted that according to the committee's opinion, Pórarinn has interests as owner of companies that are shareholders in Skeljungur hf. but even so he is independent of large shareholders according to aforementioned rules, as the holding does not reach 10%.

Gender ratios in the board are equal, but there are now two women and three men.

### *III. Candidacies*

Candidacies were received from three current Board members, i.e. Birna Ósk, Jón Ásgeir and Pórarinn Örn. Jens Meinhard and Ata Maria did not seek election.

- Reference is made to previous discussion of sitting board members, under item II above.

When this report is written, the following candidacy for the Board of directors have also been received.

- Dagný Halldórsdóttir

Dagný is self-employed. She was formerly the founder and managing director of DH Samskipti ehf., 2011-2017 and designed and managed Pyngjan, the first Mobile Pay solution in Iceland (now SíminnPay). Previously, she was the deputy managing director of Neyðarlínan ohf. [emergency response operation] and deputy director of Íslandssími hf. (now Vodafone) and founder and managing director of Skima hf., an innovator in internet services in Iceland. Dagný was a board member and subsequently chairman of the board of ISB Holding ehf. in 2011-2016, a holding company owned by Glitnir Bank and controlling nearly all the shares in Íslandsbanki. Dagný has also served on a number of company boards, such as Advania MobilePay ehf., Kaffitár ehf., Skipti hf. and Míla ehf.

Dagný has an M.A. and B.A. in electrical engineering and a supplementary degree in computer sciences.

Dagný does not own shares in Skeljungur hf.

It is the assessment of the Nomination Committee, based on the Guidelines of the Chamber of Commerce, that Dagný is independent of the Company, its day-to-day management and large shareholders in the Company.

- Elín Jónsdóttir

Elín is chairman of the board of directors of Borgun hf. and serves on the board of the Women's Shelter. She formerly worked as head of the VÍB Asset Management division at Íslandsbanki in 2014-2017 and served on the Bank's Executive Board. Prior to that she had worked as Director of the Icelandic State Financial Investments (ISFI), managing director of Arev, a securities company, and a lawyer at the Financial Supervisory Authority. Elín has served on a number of company

boards, more often than not as chairman, including as chairman of the board of Tryggingamiðstöðin [insurance company] and Reginn [real estate company] in 2012-2104.

Elín has an M.A. and cand. jur. degree in law, an Executive MBA degree and has passed the state examination in securities trading.

Elín does not own shares in Skeljungur hf.

It is the assessment of the Nomination Committee, based on the Guidelines of the Chamber of Commerce, that Elín is independent of the Company, its day-to-day management and large shareholders in the Company.

- Höskuldur H. Ólafsson

Höskuldur is a former CEO of Arion banki. He was the CEO of Valitor 2006-2010 and before that deputy CEO and director at Eimskip for 17 years both in Iceland and abroad. Höskuldur has also held various trust position and board members position on behalf of Icelandic economy, at Samtök Atvinnulífsins, Viðskiptaráð, Gildi Lífeyrissjóður, Síldarvinnslan etc. Höskuldur has over 30 years of experience in management and strategy, managing extensive transformation projects as well as technical. Höskuldur also has good experience of management and sitting in boards in various branches, both as chairman and board member.

Höskuldur has a degree in Business Administration and a diploma in Shipping and Commerce.

Höskuldur does not own shares in Skeljungur hf.

It is the assessment of the Nomination Committee, based on the Guidelines of the Chamber of Commerce, that Höskuldur is independent of the Company, its day-to-day management and large shareholders in the Company.

- Jón Gunnar Borgþórsson

Jón Gunnar is an independent management consultant, and has been since 2014. He was previously head of sales and marketing at Kine ehf., 2011-2014. Jón Gunnar is currently on the board of directors of Stjórnvísi and chairman of that company's professional working group on good governance.

Jón Gunnar has a Masters Degree and a Candidate's degree in business economy.

Jón Gunnar does not own shares in Skeljungur hf.

It is the assessment of the Nomination Committee, based on the Guidelines of the Chamber of Commerce, that Jón Gunnar is independent of the Company, its day-to-day management and large shareholders in the Company.

- Már Wolfgang Mixa

Már is an assistant professor of finance at Reykjavík University and has engaged in research in finance for the past decade and published a number of peer-reviewed papers and book chapters on that subject, in addition to working as an investment consultant. Before that he held various posts in the financial sector, e.g. as director of VSP Securities. Már serves on the boards of directors of Simple Investment ehf. and Simple Time ehf.

He holds a Ph.D. in business administration, a masters degree in corporate finance and a B.A. degree in finance and philosophy, in addition to being a licensed securities broker.

Már holds 150,000 shares in Skeljungur hf., which corresponds to a 0.007% share in the company.

It is the assessment of the Nomination Committee, based on the Guidelines of the Chamber of Commerce, that Már is independent of the Company, its day-to-day management and large shareholders in the Company.

#### *IV. Evaluation of candidacies*

In shaping its proposal, the Nomination Committee looks to the projects ahead for Skeljungur and the need for the Board in its entirety to command a broad range of qualifications, experience and knowledge. The Committee is guided by the factors defined in Section I above. However, it is not the aim of the recommendation submitted by the Nomination Committee for each and every one of the identified key factors to be reflected in the Board. The aim of the recommendation is for the qualifications, experience and knowledge of the Board to be likely to support the successful work and development of Skeljungur hf., for the benefit of the Company and its shareholders.

It should be noted that the power of deciding membership of the Board lies with shareholders. The role of the Committee is to gather information on the candidates, evaluate them and, based on that evaluation, to submit a recommendation to the shareholders on the most favorable composition of the Board. The assessment of the Committee is based on an objective evaluation of the work, education and experience of the candidates. Also, the Committee may to some extent rely on assessment of more subjective factors, such as performance in work, communication skills and other personal characteristics, e.g. based on the comments made in recommendations of the candidates.

In light of the considerable turnover of Board members in recent years, the Nomination Committee regards it as proper at this time to place special emphasis on maintaining a degree of continuity on the Board of Directors, that is to say that the change in the composition of the Board should not be so extensive as to render knowledge of the Company inadequate. Taking all this into account, and taking also account of the qualifications and knowledge of the candidates, it is the opinion of the Nomination Committee that the long-standing Board member, Birna Ósk Einarsdóttir, should retain her seat on the Board on these changing times ahead. Birna Ósk has extensive experience in a broad field, such as management experience, change management, strategic making and planning, as well as having experience in the company's operations in addition to other candidates. Then Birna Ósk has an excellent willingness to cooperate and inspires others to do good work.

This knowledge and experience is, in the opinion of the Committee, of the nature that she will be useful to the Company and its shareholders in the upcoming term of office of the Board.

In addition, the Committee is of the opinion that the other two serving members who are candidates, that is to say Jón Ásgeir Jóhannesson and Þórarinn Arnar Sævarsson, possess knowledge of the Company's operations that is important for the Company to retain. In addition to this experience, Jón Ásgeir has the advantage over other candidates in that he commands extensive experience of a variety of retail operations. Þórarinn Arnar possesses deep and sound knowledge of the real estate market and experience of investing. In addition, the Committee considers it to be to their advantage that they hold, themselves or through related entities, shares in the Company so as to ensure inclusion on the Board of both active owners and independent members.

In the assessment of other candidates, the Committee takes into account whether their knowledge and experience will lead to a broader range of knowledge and experience in combination with the candidates referred to above, so that the Board will form a unified, strong unit.

In the course of Committee's interviews with candidates an emphasis emerged that the Board should possess knowledge of the law, particularly with regard to the legal environment of listed companies, as well as extensive experience of management and business operations. In the opinion of the Nomination Committee, Elín Jónsdóttir has the best fit with these factors, and in fact most of the qualification factors listed in Section I. Elín is a lawyer and possesses extensive knowledge of the rules that apply to listed companies and risk management; she has administrative experience from her time as a lawyer at the Financial Supervisory Authority, managing director of VÍB at Íslandsbanki and chairman of the board of directors of Tryggingamiðstöðin, Reginn hf. and Borgun hf., to mention a few posts.

In the opinion of the Nomination Committee, Dagný Halldórsdóttir fits very well with the above qualification factors but has a considerably different background from the other candidates. Dagný is a qualified electrical engineer and has a degree in computer sciences. She is an entrepreneur and in the course of a long career has founded and operated start-up companies with good results and attracted new and large shareholders. She has engaged in pioneering work in fields that include Internet and electronic mail services and payment solutions in Iceland. This knowledge and experience is unique among the candidates and could, in the opinion of the Committee, be useful to the Company in the coming years. Dagný also possesses extensive experience of management, not only in the enterprises she has founded, but also at Neyðarlínan ohf. and Íslandssími hf., in addition to serving on the boards of Míla ehf., Skipti ehf. and Kaffitár ehf. in addition to service as chairman of the board of directors of ISB Holding ehf.

Höskuldur H. Ólafsson is like other aforementioned candidates, well qualified to take a seat on the board. He has extensive experience managing large companies listed on the market and serving on boards. Then he fits well with some of the qualifications mentioned in section I. However, this knowledge and experience is to a large extent also found among the aforementioned candidates. Given the overall evaluation of the six candidates discussed here, the committee concludes that the composition of the board and its competence are strongest with the five first mentioned candidates.

In the opinion of the Committee, other candidates rank considerably below those discussed above as regards knowledge and experience of the defined qualification factors for service on the Board of Directors of Skeljungur hf. The Committee does not, therefore, see reason to go further and recount their knowledge and experience beyond the discussion in section III.

It is the Nomination Committee's conclusion that aforementioned candidates, Birna Ósk, Jón Ásgeir, Þórarinn Arnar, Elín og Dagný, possess, as individuals the important key-elements, defined in chapter I and that the five mentioned candidates ensure together the best diverse both in the terms of capability, active ownership and independence, background and vision of the role of board member. They are therefore likely to form a cohesive and powerful board. It is therefore the Committee's proposal to the shareholders' meeting that these candidates will form the next Board of Directors of Skeljungur hf.

An evaluation of the independence of the proposed Board Members has been performed, showing that the group fulfils the requirements made in the Guidelines. The proposal also fulfils legal gender ratio requirements.

When this report is written the Committee's deadline for reviewing candidacies has passed. According to the Committee's Rules of Procedures it does not evaluate candidacies which are received when there are less than two weeks to the shareholders' meeting. Candidates can however send in their declarations of candidacy until five days before the meeting and such candidacies are fully legit. Such candidacies can however not be reviewed by the Nomination Committee and can therefore not be the subject of the Committee's proposal. Forms for nominations and declarations of candidacy are accessible on Skeljungur's website.

## V. *The Nomination Committee's Rules of Procedure*

The Nomination Committee has reviewed the Committee's Rules of Procedures with regards to the experience gained from the current rules and recommendations given in meetings with the company's largest shareholders. The Nomination Committee proposes the following changes to the Nomination Committee's rules of procedure.

The main changes are:

The main changes are as follows:

- 1) Article 2. (e): In the Committee's roles and obligations it is proposed to add that the Committee shall also evaluate the independence of sitting board members but not only candidates to the board, as is now stated.

**Explanation:** *In the execution of the rules of procedure the Committee has executed an evaluation of sitting board members and the conclusion of that evaluation is listed in the Corporate Governance Statement of the Company. It is regarded more appropriate to use the term "candidates" rather than "prospective directors of the Board".*

- 2) Article 2 (h and i): It is proposed that the board member in the Nomination Committee does not take part of writing the report of the Committee and does not take part in writing the proposal to the AGM.

**Explanation:** *In this and other proposals regarding the board member's involvement it is proposed that his involvement in the work of the Committee is limited to an extent. The aim of the amendment is to secure the independence of the Committee. The proposal is in line with the execution as it is today, as the board member's involvement in the Committee has been limited. E.g. it is not fitting that the board member is involved in meetings with other board members, meetings with shareholders or other candidates to the Board.*

- 3) Article 2 (k): It is proposed to add a provisions stating that if a request for a shareholders' meeting and a proposal for a board election is made, even though it is not an annual general meeting, the Nomination Committee shall act as if it were the annual general meeting, *mutatis mutandis*.

**Explanation:** *It is proposed to remove doubt that the Nomination Committee shall act if a shareholders' meeting is proposed where a proposal for an election of board members is made.*

- 4) Article 3: It is proposed that if an independent committee member is unable to perform his duties due to an impediment the Board shall appoint another one in his place. The Board must ensure that such person meets the independence and competence requirements and other provisions of these rules.

**Explanation:** *The proposal shall secure that if an independent member of the Committee is unable to perform his duties due to impediment the Board can appoint a new committee member without having to propose a shareholder's meeting to do so. New committee member will operate until next AGM. The Board must ensure that such person meets the independent and competence and other provisions of these rules.*

- 5) Article 5 (paragraph 1): It is proposed that the board member in the Committee does not have voting rights. If the votes are even the vote of the chairman shall be decisive.

**Explanation:** *See explanation in point 2. regarding limited involvement of board member in the committee. The latter proposal is self-explanatory.*

- 6) Article 5 (paragraph 2): It is proposed that the independent members of the committee decide which meetings the board member shall be involved in. As a rule, the board member shall not attend meetings with other board members, the Company's CEO, shareholders,

other candidates or other meetings which the committee deems it unfit that he attends. The same rules apply regarding the board members access to the Committee's data and files.

**Explanation:** See explanation in point 2. regarding limited involvement of the board member in the Committee.

## **The Nomination Committee's proposals to the Annual General Meeting**

### *I. Proposal regarding the Chairman of the meeting.*

The Nomination Committee proposes that Mr. Viðar Lúðvíksson, will be elected as the Chairman of Skeljungur's Annual General Meeting to be held on March 5, 2020.

### *II. Proposal regarding changes to the Committee's Rules of Procedures*

The Nomination Committee proposes the above-mentioned changes. More detailed list of the changes can be found in the Annex to this report.

### *III. Proposal regarding the Board of Directors*

The Nomination Committee proposes that the following candidates will be elected to the Board of Directors of Skeljungur hf.:

- Birna Ósk Einarsdóttir
- Dagný Halldórsdóttir
- Elín Jónsdóttir
- Jón Ásgeir Jóhannesson
- Þórarinn Arnar Sævarsson

Reykjavík, February 13, 2020

Katrín S. Óladóttir  
Sigurður Kári Árnason

*As Þórarinn Arnar Sævarsson, the third member of the Committee and Board Member, did neither take part in the evaluation of candidacies nor forming the proposal to the shareholders' meeting, he will not sign this report.*

## *Appendixes:*

- I. Current Rules of Procedure for the Nomination Committee*
- II. Current Rules of Procedure for the Nomination Committee, with amendments*
- III. External Nomination Committee Members*
- IV. Form for Candidacy to the Board of Directors*
- V. Current Board of Skeljungur*

## Appendix I

# STARFSREGLUR TILNEFNINGARNEFNNDAR SKELJUNGS HF.

## *RULES OF PROCEDURE FOR SKELJUNGUR HF.'S NOMINATION COMMITTEE*

### **1. Markmið Objectives**

Markmið með skipun tilnefningarnefndar er að koma á gagnsæju og skýru fyrirkomulagi tilnefninga stjórnarmanna á aðalfundi félagsins, sem m.a. skapar hluthöfum þess forendur fyrir upplýstri ákvarðanatöku.

*The goal of establishing a Nomination Committee is to establish a transparent and clear procedure for the nomination of Board Members at the Company's Annual General Meeting. The procedure is intended to enable the shareholders to make a more informed decision regarding Board Membership.*

Einnig er það markmið með skipun nefndarinnar að tryggja að stjórn félagsins hafi yfir að búa breidd í hæfni, reynslu og þekkingu. Jafnframt að færni stjórnarmanna sé af þeim toga að hún nýtist félaginu og dótturfélögum þess.

*A second goal is to ensure that the Company's Board is sufficiently diverse, when it comes to capabilities, experience and knowledge. Also that the Board Members' capabilities are usable for the Company and its daughter companies.*

### **2. Hlutverk og skyldur Role and obligations**

Tilnefningarnefnd hefur ráðgefandi hlutverk við val á stjórnarmönnum og leggur tillögur þess efnis fyrir aðalfund. Við framkvæmd starfa sinna skal tilnefningarnefnd taka mið af heildarhagsmunum hluthafa félagsins

*The Nomination Committee has an advisory role regarding the election of Board Members by putting forth a proposal at the Annual General Meeting. The Nomination Committee shall take into account the overall interests of the Company's shareholders.*

Hlutverk nefndarinnar felst m.a. í eftirfarandi:

*The Committee's role is e.g.:*

- a) Mat á því hvort starfsreglur nefndarinnar séu fullnægjandi og framlagning tillögu um breytingu á starfsreglunum fyrir aðalfund, ef þörf krefur.

*Evaluation of the Committees Code of Conduct and putting forth an amendment proposal at the Annual General Meeting, if it sees fit.*

- b) Að óska eftir tillögum að stjórnarmönnum frá hluthöfum, tímanlega fyrir aðalfund félags.

*Requesting proposals from the shareholders, regarding Board Members, in a timely manner before the Annual General Meeting.*

- c) Að taka á móti framboðum og tillögum hluthafa og annarra að stjórnarmönnum.

*Receiving declarations of candidacy and proposals from shareholders and others regarding Board Members.*

- d) Mati á hæfni, reynslu og þekkingu tilvonandi stjórnarmanna, m.a. út frá leiðbeiningum Viðskiptaráðs Íslands, Nasdaq Iceland og Samtaka atvinnulífsins um stjórnarhætti fyrirtækja<sup>1</sup>, hvað varðar stærð og samsetningu stjórnar, og út frá árangursmati stjórnar, hvað varðar samsetningu stjórnar og hæfni stjórnarmanna.

*Assessing prospective Directors based on capabilities, experience and knowledge of potential Board Members, e.g. with regards to the ICC and other's guidelines on corporate governance, regarding the size and combination of the Board, and with regards to the Board's performance analysis, regarding the combination of the Board and the competence of the Board Members.*

- e) Mati á óhæði tilvonandi stjórnarmanna, í samræmi við leiðbeiningar VÍ o.fl.

*Evaluating the independence of prospective Directors, with regards to ICC and other's guidelines on corporate governance.*

- f) Að gæta að lögbundnum kynjahlutföllum í stjórn félagsins.

*Ensure that statutory demands regarding gender ratios are met.*

- g) Kynningu á öllum framboðum til stjórnarsetu á aðalfundi.

*Presenting all candidates for Board Membership at the Annual General Meeting.*

- h) Gerð skriflegrar skýrslu til aðalfundar um það hvernig nefndin hafi hagað störfum sínum, auk kynningar á þeirri skýrslu á aðalfundi.

*Delivering a written report to the Annual General Meeting regarding the Committee's work and presenting the report at the meeting.*

- i) Gerð rökstuddrar, skriflegrar tillögu til aðalfundar um kosningu stjórnarmanna, byggðri á ofangreindum atriðum, auk kynningar á þeirri tillögu á aðalfundi.

*Delivering a reasoned, written proposal to the Annual General Meeting regarding Board Membership, based on the above mentioned criteria, and to present the proposal at the meeting.*

- j) Ef til þess kemur að stjórnarmaður láti af störfum á starfstímabilinu, að tilnefna nýjan stjórnarmann í samræmi við ofangreind viðmið og leggja fyrir sérstakan hluthafafund, verði stjórn við brotthvarfið ekki lengur ákvörðunarbær eða komi um það beiðni frá stjórn.

*If a Director leaves the Board during the year, to propose a new Director to a special shareholders' meeting, according to the criteria above.*

### **3. Skipan Appointment**

Í auglýsingu til hluthafafundar, skemmst þremur vikum fyrir fund, þar sem kjör tilnefningarnefndar er á dagskrá skal stjórn óska eftir framboðum til tilnefningarnefndar sem berast skulu stjórninni eigi síðar en fimm dögum fyrir fund. Framboð og tillögur að nefndarmönnum skulu liggja fyrir á vefsíðu félagsins eigi síðar en tveimur dögum fyrir hluthafafund. Nefndarmenn skulu kosnir til eins árs í senn. Tvo nefndarmenn skal hluthafafundur kjósa en nýkjörin stjórn félagsins skal skipa einn úr stjórn í nefndina í kjölfar hluthafafundar. Fyrirkomulag samþykktu um kosningu stjórnarmanna, og um framkvæmd kosningar, skal gilda um kosningu nefndarmannanna tveggja í tilnefningarnefnd.

*In the advertisement regarding a shareholders' meeting, at latest three weeks before a meeting, where the election of a Nomination Committee shall take place, the Board shall call for declarations of candidacy for the Nomination Committee, which shall be delivered no later than five days before*

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<sup>1</sup> Hér eftir vísað til sem leiðbeininga VÍ o.fl.

*the meeting. Proposals regarding committee members shall be available on the Company's website no later than two days before the meeting. The Committee is established for one year at a time. Two committee members are elected by the shareholders' meeting and the new Board elects one of their own after the shareholders' meeting. The arrangement regarding the shareholders' voting of Committee Members shall be the same as for voting Board Members, according to the Articles of Association.*

Tilnefningarnefnd skal skipuð þremur mönnum. Meirihluti nefndarinnar skal vera óháður félaginu og daglegum stjórnendum þess. Í það minnsta einn nefndarmanna skal vera óháður stórum hluthöfum félagsins. Við mat á óhæði skal miðað við leiðbeiningar Viðskiptaráðs Íslands, Nasdaq Iceland og Samtaka atvinnulífsins um góða stjórnarhætti.

*The Nomination Committee shall consist of three members. The majority of the Committee shall be independent of the company and its day-to-day management. At least one member shall be independent of the Company's major shareholders. The evaluation of independence shall be based on the ICC and others' guidelines on corporate governance.*

Nefndarmenn skulu hafa þekkingu og reynslu í samræmi við störf nefndarinnar. Leitast skal við að í nefndinni sitji einn aðili er hefur reynslu af ráðningum eða hæfisnefndum og einn lögfróður aðili. Þriðji nefndarmaðurinn skal vera stjórnarmaður. Hvorki stjórnendur félagsins né starfsmenn þess skulu eiga sæti í tilnefningarnefnd. Nýir nefndarmenn skulu fá leiðsögn og upplýsingar um störf og starfshætti nefndarinnar.

*The Committee Members shall have the knowledge and experience to carry out the committee's role. The Committee shall preferably consist of a person with experience with recruitment and a lawyer. The third Member shall be a Board Member. Neither the Company's management nor its employees shall be members of the Committee. New Committee Members shall receive information and guidance on the work and procedures of the committee.*

Tilnefningarnefnd skal, á fyrsta fundi sínum eftir aðalfund, kjósa sér formann úr hópi nefndarmanna. Stjórnarmaður félagsins skal ekki gegna formennsku í nefndinni. Jafnframt skal nefndin útnefna ritara nefndarinnar.

*The Nomination Committee shall, at its first meeting after the Annual General Meeting, elect a Chairman. The Board Member may not be the Chairman of the Committee. The Committee shall also elect a secretary.*

Starfskjör nefndarmanna skulu ákveðin á aðalfundi.

*The Committee's remuneration shall be decided at the Annual General Meeting.*

#### **4. Heimildir** **Authorizations**

Tilnefningarnefnd er veitt heimild til að:

*The Nomination Committee is authorized to:*

- a) afla faglegrar ráðgjafar sem hún telur nauðsynlega til að sinna hlutverki sínu. Ráðgjafar skulu vera óháðir félaginu, daglegum stjórnendum og þeim stjórnarmönnum sem ekki eru óháðir. Það er nefndarinnar að ganga úr skugga um óhæði ráðgjafa þessara. Við mat á óhæði ráðgjafa skal miðað við sömu sjónarmið og þegar óhæði stjórnarmanna er metið. Öflun faglegrar ráðgjafar skal tilkynnast forstjóra félagsins með formlegum hætti

*hire a professional advice as it deems necessary to carry out its role. The Advisors shall be independent of the Company, its day-to-day management and those Board Members who are not independent. It is the Committee's role to ensure the independence of the advisors. The evaluation shall be based on the evaluation of Board Members. The hiring of advisors shall be formally reported to the CEO.*

- b) hafa samband við hluthafa í tengslum við framkvæmd starfa sinna  
*to contact the shareholders, in relations to the Committee's work*
- c) hafa óheftan aðgang að stjórn og stjórnendum  
*have free access to the Board and the management*
- d) fá ótakmarkaðan aðgang að upplýsingum sem hún telur nauðsynlegar til að sinna hlutverki sínu  
*get unlimited access to the information it deems necessary to fulfill its functions*

## **5. Fundir** **Meetings**

Nefndin skal halda fundi eftir þörfum. Formaður nefndarinnar stýrir fundum hennar. Ritari nefndarinnar skal rita fundargerðir, sem skulu einungis aðgengilegar nefndarmönnum nema nefndin ákveði annað.

*The Committee shall hold meetings when it considers it necessary. The Chairman of the Committee manages its meetings. The Secretary shall take minutes, which shall only be accessible to the Committee Members, unless they decide otherwise.*

Að minnsta kosti einn fundur skal haldinn án aðkomu stjórnarmanns nefndarinnar.  
*At least one meeting shall be held without the presence of the Board Member.*

## **6. Þagnar- og trúnaðarskylda** **Confidentiality**

Á tilnefningarnefndarmönnum hvílir þagnar- og trúnaðarskylda um störf sín, málefni fyrirtækisins og önnur atriði sem þeir fá vitneskju um í starfi sínu og leynt skulu fara samkvæmt samþykktum Skeljungs, lögum eða eðli máls. Þagnar- og trúnaðarskylda helst þótt látið sé af starfi. Öll gögn skulu varðveitt með tryggilegum hætti.

*Committee Members are to uphold a confidentiality agreement on their work, the Company's matters and other items as they become aware of in their work and must be kept confident in accordance with the Company's articles, the law or the nature of the case. Professional secrecy and confidentiality remains even after the termination of employment. All data shall be kept in a secure manner.*

## **7. Birting upplýsinga** **Publication of information**

Tilkynna skal um skipun nefndarmanna á vefsíðu félagsins strax í kjölfar aðalfundar. Einnig skulu þar birtar upplýsingar um það hvernig hluthafar geta lagt fram tillögur fyrir tilnefningarnefndina eða komið að athugasemdum sínum varðandi stjórn félagsins og um það hvernig aðrir geta komið framboðum sínum á framfæri.

*The appointment of Committee Members shall be announced on the Company's website following the Annual General Meeting. Information on how shareholders can make proposals to the*

*Committee or make comments regarding the Company's Board and on how prospective Directors can contact the Committee, shall also be published on the website.*

Tillaga tilnefningarnefndar skal send ásamt fundarboði til hluthafafundar, skemmst þremur vikum fyrir fund þar sem stjórnarkjör er á dagskrá. Þar skal jafnframt bent á unnt sé að senda inn framboð til stjórnar þar til fimm dögum fyrir fundinn en að tilnefningarnefnd geti ekki, vegna eðlis og umfangs starfa nefndarinnar, lagt mat á framboði sem berast eftir að tvær vikur eru til fundarins. Eins að nefndin áskilji sér rétt til þess að breyta framkominni tillögu þar til tíu dagar eru til fundarins. Skal tillaga nefndarinnar um stjórn félagsins jafnframt birt á vefsíðu félagsins í kjölfar útsendingar fundarboðsins.

*In the advertisement regarding a shareholders' meeting, at latest three weeks before a meeting, where the election of a Board Member shall take place, the Committee shall publish its proposal. There it shall also stated that candidates can nevertheless send in their declarations of candidacy until five days prior to the meeting. Because of the nature and scope of the Committee's work it however cannot evaluate candidates who are presented later than two weeks before the meeting. The Committee reserves the right to change its proposal until ten days before the meeting. The Committee's proposal to the shareholders regarding Board Members shall be available on the Company's website following its publishing to the stock market.*

Starfsreglur þessar skulu birtar á heimasíðu félagsins.

*This Code of Conduct shall be published on the Company's website.*

\* \* \*

Þannig samþykkt á aðalfundi, þann 16. mars 2017.  
*So approved by the Annual General Meeting, March 16, 2017*

Undir ritar stjórn eða prókúruhafi:  
*Signatures of the Board of Directors or the Procuration Holder:*

## Appendix II

# STARFSREGLUR TILNEFNINGARNEFNDAR SKELJUNGS HF.

## *RULES OF PROCEDURE FOR SKELJUNGUR HF. 'S NOMINATION COMMITTEE*

### **1. Markmið Objectives**

Markmið með skipun tilnefningarnefndar er að koma á gagnsæju og skýru fyrirkomulagi tilnefninga stjórnarmanna á aðalfundi félagsins, sem m.a. skapar hluthöfum þess forsendur fyrir upplýstri ákvarðanatöku.

*The objective of the Nomination Committee is to establish a transparent and clear procedure for the nomination of Board Members at the Company's Annual General Meeting. The procedure is intended to enable the shareholders to make a more informed decision regarding Board Membership.*

Einnig er það markmið með skipun nefndarinnar að tryggja að stjórn félagsins hafi yfir að búa breidd í hæfni, reynslu og þekkingu. Jafnframt að færni stjórnarmanna sé af þeim toga að hún nýtist félaginu og dótturfélögum þess.

*The Committee's objective is also to ensure that the Company's Board is sufficiently diverse, when it comes to capabilities, experience and knowledge. Also that the Board Members' capabilities are usable for the Company and its daughter companies.*

### **2. Hlutverk og skyldur Role and obligations**

Tilnefningarnefnd hefur ráðgefandi hlutverk við val á stjórnarmönnum og leggur tillögur þess efnis fyrir aðalfund. Við framkvæmd starfa sinna skal tilnefningarnefnd taka mið af heildarhagsmunum hluthafa félagsins

*The Nomination Committee has an advisory role regarding the election of Board Members by putting forth a proposal at the Annual General Meeting. The Nomination Committee shall take into account the overall interests of the Company's shareholders.*

Hlutverk nefndarinnar felst m.a. í eftirfarandi:

*The Committee's role is e.g.:*

- k) Mat á því hvort starfsreglur nefndarinnar séu fullnægjandi og framlagning tillögu um breytingu á starfsreglunum fyrir aðalfund, ef þörf krefur.

*Evaluation of the Committee's Code of Conduct and putting forth an amendment proposal at the Annual General Meeting, if it sees fit.*

- l) Að óska eftir tillögum að stjórnarmönnum frá hluthöfum, tímanlega fyrir aðalfund félags.

*Requesting proposals from the shareholders, regarding Board Members, in a timely manner before the Annual General Meeting.*

- m) Að taka á móti framboðum og tillögum hluthafa og annarra að stjórnarmönnum.

*Receiving declarations of candidacy and proposals from shareholders and others regarding Board Members.*

- n) Mati á hæfni, reynslu og þekkingu tilvonandi stjórnarmanna, m.a. út frá leiðbeiningum Viðskiptaráðs Íslands, Nasdaq Iceland og Samtaka atvinnulífsins um stjórnarhætti fyrirtækja<sup>2</sup>, hvað varðar stærð og samsetningu stjórnar, og út frá árangursmati stjórnar, hvað varðar samsetningu stjórnar og hæfni stjórnarmanna.

*Assessing prospective Directors based on capabilities, experience and knowledge of potential Board Members, e.g. with regards to the ICC and other's guidelines on corporate governance, regarding the size and combination of the Board, and with regards to the Board's performance analysis, regarding the combination of the Board and the competence of the Board Members.*

- o) Mati á óhæði sitjandi stjórnarmanna og frambjóðanda til stjórnar tilvonandi stjórnarmanna, í samræmi við leiðbeiningar VÍ o.fl.

*Evaluating the independence of current board members and candidates to the board ~~prospective Directors~~, with regards to ICC and other's guidelines on corporate governance.*

- p) Að gæta að lögbundnum kynjahlutföllum í stjórn félagsins.

*Ensure that statutory demands regarding gender ratios are met.*

- q) Kynningu á öllum framboðum til stjórnarsetu á aðalfundi.

*Presenting all candidates for Board Membership at the Annual General Meeting.*

- r) Gerð skriflegrar skýrslu til aðalfundar um það hvernig nefndin hafi hagað störfum sínum, auk kynningar á þeirri skýrslu á aðalfundi. Stjórnarmaður í nefndinni kemur ekki að gerð skýrslunnar.

*Delivering a written report to the Annual General Meeting regarding the Committee's work and presenting the report at the meeting. The board member in the committee does not take part in writing the report.*

- s) Gerð rökstuddrar, skriflegrar tillögu til aðalfundar um kosningu stjórnarmanna, byggðri á ofangreindum atriðum, auk kynningar á þeirri tillögu á aðalfundi. Stjórnarmaður í nefndinni kemur ekki að gerð tillögu til aðalfundar.

*Delivering a reasoned, written proposal to the Annual General Meeting regarding Board Membership, based on the above mentioned criteria, and to present the proposal at the meeting. The board member in the committee does not take part in writing the proposal to the AGM.*

- t) Ef til þess kemur að stjórnarmaður láti af störfum á starfstímabilinu, að tilnefna nýjan stjórnarmann í samræmi við ofangreind viðmið og leggja fyrir sérstakan hluthafafund, verði stjórn við brotthvarfið ekki lengur ákvörðunarþær eða komi um það beiðni frá stjórn.

*If a Director leaves the Board during the year, to propose a new Director to a special shareholders' meeting, according to the criteria above.*

- u) Komi fram beiðni um hluthafafund og tillaga um stjórnarkjör, án þess að um aðalfund sé að ræða, skal tilnefningarnefnd taka til starfa eins og um aðalfund væri að ræða, að breyttu breytanda.

*If a request for a shareholders' meeting and a proposal for a board election is made, even though it's not an annual general meeting, the Nomination Committee shall act as if it were the annual general meeting, as amended.*

<sup>2</sup> Hér eftir vísað til sem leiðbeininga VÍ o.fl.

### 3. Skipan *Appointment*

Í auglýsingu til hluthafafundar, skemmst þremur vikum fyrir fund, þar sem kjör tilnefningarnefndar er á dagskrá skal stjórn óska eftir framboðum til tilnefningarnefndar sem berast skulu stjórninni eigi síðar en fimm dögum fyrir fund. Framboð og tillögur að nefndarmönnum skulu liggja fyrir á vefsíðu félagsins eigi síðar en tveimur dögum fyrir hluthafafund. Nefndarmenn skulu kosnir til eins árs í senn. Tvo nefndarmenn skal hluthafafundur kjósa en nýkjörin stjórn félagsins skal skipa einn úr stjórn í nefndina í kjölfar hluthafafundar. Fyrirkomulag samþykktu um kosningu stjórnarmanna, og um framkvæmd kosningar, skal gilda um kosningu nefndarmannanna tveggja í tilnefningarnefnd.

*In the advertisement regarding a shareholders' meeting, at latest three weeks before a meeting, where the election of a Nomination Committee shall take place, the Board shall call for declarations of candidacy for the Nomination Committee, which shall be delivered no later than five days before the meeting. Proposals regarding committee members shall be available on the Company's website no later than two days before the meeting. The Committee is established for one year at a time. Two committee members are elected by the shareholders' meeting and the new Board elects one of their own after the shareholders' meeting. The arrangement regarding the shareholders' voting of Committee Members shall be the same as for voting Board Members, according to the Articles of Association.*

Tilnefningarnefnd skal skipuð þremur mönnum. Meirihluti nefndarinnar skal vera óháður félaginu og daglegum stjórnendum þess. Í það minnsta einn nefndarmanna skal vera óháður stórum hluthöfum félagsins. Við mat á óhæði skal miðað við leiðbeiningar Viðskiptaráðs Íslands, Nasdaq Iceland og Samtaka atvinnulífsins um góða stjórnarhætti.

*The Nomination Committee shall consist of three members. The majority of the Committee shall be independent of the company and its day-to-day management. At least one member shall be independent of the Company's major shareholders. The evaluation of independence shall be based on the ICC and others' guidelines on corporate governance.*

Geti óháður nefndarmaður ekki sinnt starfsskyldum sínum vegna forfalla skal stjórn tilnefna annan í hans stað. Stjórn ber að tryggja að sá aðili uppfylli þær óhæðis- og hæfniskröfur og annað sem reglur þessar kveða á um.

*If independent committee member is unable to perform his duties because of impediment, the Board shall appoint another one in his place. The Board must ensure that such a person meets the independence and competence and other provisions of these rules.*

Nefndarmenn skulu hafa þekkingu og reynslu í samræmi við störf nefndarinnar. Leitast skal við að í nefndinni sitji einn aðili er hefur reynslu af ráðningum eða hæfnisnefndum og einn lögfróður aðili. Þriðji nefndarmaðurinn skal vera stjórnarmaður. Hvorki stjórnendur félagsins né starfsmenn þess skulu eiga sæti í tilnefningarnefnd. Nýir nefndarmenn skulu fá leiðsögn og upplýsingar um störf og starfshætti nefndarinnar.

*The Committee Members shall have the knowledge and experience to carry out the committee's role. The Committee shall preferably consist of a person with experience with recruitment and a lawyer. The third Member shall be a Board Member. Neither the Company's management nor its employees shall be members of the Committee. New Committee Members shall receive information and guidance on the work and procedures of the committee.*

Tilnefningarnefnd skal, á fyrsta fundi sínum eftir aðalfund, kjósa sér formann úr hópi nefndarmanna. Stjórnarmaður félagsins skal ekki gegna formennsku í nefndinni. Jafnframt skal nefndin útnefna ritara nefndarinnar.

*The Nomination Committee shall, at its first meeting after the Annual General Meeting, elect a Chairman. The Board Member may not be the Chairman of the Committee. The Committee shall also elect a secretary.*

Starfskjör nefndarmanna skulu ákveðin á aðalfundi.

*The Committee's remuneration shall be decided at the Annual General Meeting.*

#### **4. Heimildir** **Authorizations**

Tilnefningarnefnd er veitt heimild til að:

*The Nomination Committee is authorized to:*

- e) afla faglegrar ráðgjafar sem hún telur nauðsynlega til að sinna hlutverki sínu. Ráðgjafar skulu vera óháðir félaginu, daglegum stjórnendum og þeim stjórnarmönnum sem ekki eru óháðir. Það er nefndarinnar að ganga úr skugga um óhæði ráðgjafa þessara. Við mat á óhæði ráðgjafa skal miða við sömu sjónarmið og þegar óhæði stjórnarmanna er metið. Öflun faglegrar ráðgjafar skal tilkynnast forstjóra félagsins með formlegum hætti

*hire a professional advice as it deems necessary to carry out its role. The Advisors shall be independent of the Company, its day-to-day management and those Board Members who are not independent. It is the Committee's role to ensure the independence of the advisors. The evaluation shall be based on the evaluation of Board Members. The hiring of advisors shall be formally reported to the CEO.*

- f) hafa samband við hluthafa í tengslum við framkvæmd starfa sinna  
*to contact the shareholders, in relations to the Committee's work*
- g) hafa óheftan aðgang að stjórn og stjórnendum  
*have free access to the Board and the management*
- h) fá ótakmarkaðan aðgang að upplýsingum sem hún telur nauðsynlegar til að sinna hlutverki sínu  
*get unlimited access to the information it deems necessary to fulfill its functions*

#### **5. Fundir** **Meetings**

Nefndin skal halda fundi eftir þörfum. Formaður nefndarinnar stýrir fundum hennar. Ritari nefndarinnar skal rita fundargerðir, sem skulu einungis aðgengilegar nefndarmönnum nema nefndin ákveði annað. Stjórnarmaður í nefndinni hefur ekki atkvæðisrétt. Falli atkvæði jöfn ræður atkvæði formanns úrslitum.

*The Committee shall hold meetings when it considers it necessary. The Chairman of the Committee manages its meetings. The Secretary shall take minutes, which shall only be accessible to the Committee Members, unless they decide otherwise. The board member in the Committee does not have voting rights. If the votes are even the vote of the chairman decides the outcome.*

Mat á aðkomu stjórnarmanns að fundum nefndarinnar er lagt í hendur hinna óháðu nefndarmanna en að jafnaði skal stjórnarmaður í nefndinni ekki sitja fundi nefndarinnar þegar nefndin fundar með stjórnarmönnum, forstjóra félagsins, hluthöfum né frambjóðendum eða öðrum fundum sem ekki er talið æskilegt að stjórnarmaður í nefndinni sitji. Sömu sjónarmið gilda um aðgang stjórnarmanns í

~~nefndinni að gögnum nefndarinnar. Að minnsta kosti einn fundur skal haldinn án aðkomu stjórnarmanns nefndarinnar.~~

~~*The independent committee members evaluate the board member's participation in the committee's meetings but as a general rule, the board member in the committee shall not attend the committee's meetings with other board members, CEO, shareholders or candidates or other meetings which are not deemed fit.- At least one meeting shall be held without the presence of the Board Member.*~~

## **6. Þagnar- og trúnaðarskylda**

### **Confidentiality**

Á tilnefningarnefndarmönnum hvílir þagnar- og trúnaðarskylda um störf sín, málefni fyrirtækisins og önnur atriði sem þeir fá vitneskju um í starfi sínu og leynt skulu fara samkvæmt samþykktum Skeljungs, lögum eða eðli máls. Þagnar- og trúnaðarskylda helst þótt látið sé af starfi. Öll gögn skulu varðveitt með tryggilegum hætti.

*Committee Members are to uphold a confidentiality agreement on their work, the Company's matters and other items as they become aware of in their work and must be kept confident in accordance with the Company's articles, the law or the nature of the case. Professional secrecy and confidentiality remains even after the termination of employment. All data shall be kept in a secure manner.*

## **7. Birting upplýsinga**

### **Publication of information**

Tilkynna skal um skipun nefndarmanna á vefsíðu félagsins strax í kjölfar aðalfundar. Einnig skulu þar birtar upplýsingar um það hvernig hluthafar geta lagt fram tillögur fyrir tilnefningarnefndina eða komið að athugasemdum sínum varðandi stjórn félagsins og um það hvernig aðrir geta komið framboðum sínum á framfæri.

*The appointment of Committee Members shall be announced on the Company's website following the Annual General Meeting. Information on how shareholders can make proposals to the Committee or make comments regarding the Company's Board and on how prospective Directors can contact the Committee, shall also be published on the website.*

Tillaga tilnefningarnefndar skal send ásamt fundarboði til hluthafafundar, skemmst þremur vikum fyrir fund þar sem stjórnarkjör er á dagskrá. Þar skal jafnframt bent á að unnt sé að senda inn framboð til stjórnar þar til fimm dögum fyrir fundinn en að tilnefningarnefnd geti ekki, vegna eðlis og umfangs starfa nefndarinnar, lagt mat á framboði sem berast eftir að tvær vikur eru til fundarins. Eins að nefndin áskilji sér rétt til þess að breyta framkominni tillögu þar til tíu dagar eru til fundarins. Skal tillaga nefndarinnar um stjórn félagsins jafnframt birt á vefsíðu félagsins í kjölfar útsendingar fundarboðsins.

*In the advertisement regarding a shareholders' meeting, at latest three weeks before a meeting, where the election of a Board Member shall take place, the Committee shall publish its proposal. There it shall also stated that candidates can nevertheless send in their declarations of candidacy until five days prior to the meeting. Because of the nature and scope of the Committee's work it however cannot evaluate candidates who are presented later than two weeks before the meeting. The Committee reserves the right to change its proposal until ten days before the meeting. The Committee's proposal to the shareholders regarding Board Members shall be available on the Company's website following its publishing to the stock market.*

Starfsreglur þessar skulu birtar á heimasíðu félagsins.  
*This Code of Conduct shall be published on the Company's website.*

\* \* \*

Þannig samþykkt á aðalfundi, þann ~~5~~16. mars 20~~20~~17.  
*So approved by the Annual General Meeting, March ~~4~~56, 20~~20~~17*

Undir ritar stjórn eða prókúruhafi:  
*Signatures of the Board of Directors or the Procuration Holder:*

## Appendix III

External members of the Nomination Committee:

### **Katrín S. Óladóttir**

Katrín S. Óladóttir has worked at Hagvangur recruitment since 1983, first as a hiring manager and then she became a partner in 1986. From 2003 she has been the CEO and taking care of its daily operations. She specializes in evaluation and hiring of key management both at private companies and public institutions. Katrín has also a long experience of nominations of board members.

Katrín does not own shares in Skeljungur.

Katrín is independent of the Company, its managers and significant shareholders in the Company, according to the definition in the Guidelines.

### **Sigurður Kári Árnason**

Sigurður Kári Árnason has been Head of Legal at the Ministry of Health since autumn 2019. Before that was a lawyer at the Althingi Umbodsmann from 2013. Prior to that he was an intern, lawyer and district court attorney at LEX law offices from 2010-2013. Sigurður has a BA and MA degree in law from the University of Iceland, since 2012 and an LLM degree in European law and constitutional law from London School of Economics and Political Science, since 2016.

Sigurður Kári does not own shares in Skeljungur.

Sigurður Kári is independent of the Company, its managers and significant shareholders in the Company, according to the definition in the Guidelines.

## Appendix IV

### Candidates for the Board of Skeljungur hf.

*Note that candidates may also send a separate CV and refer to it for factors that are given in this form, as appropriate.*

Name of candidate: \_\_\_\_\_

Id number: \_\_\_\_\_

Address: \_\_\_\_\_

Education: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Primary occupation: \_\_\_\_\_

Career: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

When did the candidate first become a member of the board of Skeljungur, if applicable: \_\_\_\_\_

Other positions of trust, such as on other Boards or committees: \_\_\_\_\_

\_\_\_\_\_

Shares in the company directly or through related parties: \_\_\_\_\_

Connections with a) main clients<sup>3</sup>, b) main competitors<sup>4</sup> or c) major shareholders in the Company<sup>5</sup>:

a) \_\_\_\_\_

b) \_\_\_\_\_

c) \_\_\_\_\_

---

<sup>3</sup> Referring to big purchasers and suppliers of fuel and other fuel related products, big purchasers or suppliers of agricultural products or chemical products for industrial and food production. Big purchasers or suppliers on the retail market such as wholesalers and food manufacturers. Also, big purchasers or suppliers of house heating products or on the retail market in the Faroe Islands.

<sup>4</sup> The company operates mainly in the field of purchasing, inventory, distribution and sale of fuel and other oils, fertilizers, chemical products and retail, in Iceland, and in the area of purchasing, inventory, distribution and sale of fuel and other oils, convenience stores and sales of heating equipment in the Faroe Islands.

<sup>5</sup> This refers to the shareholders holding at least 10% of the total share capital or voting rights in the company, alone or in cooperation with related parties. A list of the largest shareholders of Skeljungur is published on the company's website: <https://www.skeljungur.is/staerstu-hluthafar>

Other relations to the company or its management team:

1. Is the candidate an employee of Skeljungur or related companies<sup>6</sup> or has in the past three years before taking a seat on the Board? Yes [ ] No [ ]

If so, please explain: \_\_\_\_\_

\_\_\_\_\_

2. Has the candidate accepted or received substantial payments from Skeljungur, closely related company or day-to-day management, excluding salaries for board membership, for example, as a consultant or contractor, in the three years prior to taking a seat on the Board? Yes [ ] No [ ]

If so, please explain: \_\_\_\_\_

\_\_\_\_\_

3. Is the candidate in, or has he/she in the past year been in, significant business with the Company or closely related companies, e.g. as a customer, supplier or partner, whether personally or through another company? Yes [ ] No [ ]

If so, please explain: \_\_\_\_\_

\_\_\_\_\_

4. Is the candidate one of the day-to-day managers of another company, in which one of the board members is a day-to-day manager of Skeljungur? Yes [ ] No [ ]

If so, please explain: \_\_\_\_\_

\_\_\_\_\_

5. Is the candidate or has he/she been, in the past year prior to taking a seat on the Board of Skeljungur, a partner of KPMG or related company<sup>7</sup>, or an employee who has been involved in the external audit of Skeljungur? Yes [ ] No [ ]

If so, please explain: \_\_\_\_\_

\_\_\_\_\_

6. Does the candidate have a close family ties<sup>8</sup> with day-to-day managers or any other persons mentioned above, and that person is in direct or indirect business with the company to such an extent that the director could not be considered independent? Yes [ ] No [ ]

If so, please explain: \_\_\_\_\_

\_\_\_\_\_

Other relations to major shareholders<sup>9</sup> in Skeljungur:

<sup>6</sup> This refers to Magn P/F, Bensínorkan ehf., Tollvörugeymsla Skeljungu ehf., Íslenska vetnisfélagið ehf., Barkur ehf., Basko ehf., Vegsauki ehf., Wedo ehf., Eldsneytisafgreiðslan á Keflavíkurlugvelli EAK (EAK) ehf., EBK ehf. and Fjölver ehf.

<sup>7</sup> This refers to a company where KPMG holds, either directly or indirectly, a minimum of 10% of the total share capital or voting rights. If KPMG holds 50% or more of the total voting rights or in another company, the company shall be deemed to have indirect control over the latter company's holdings in other companies.

<sup>8</sup> This refers to i.e. if the Director in question is or has been the spouse of or related in a direct or indirect line to an individual or similarly joined by means of adoption.

<sup>9</sup> "Major shareholder" is anyone who holds at least 10% of the total share capital or voting rights in the company, alone or in cooperation with related parties. The largest shareholders of Skeljungur can be found on the Company's website: <https://www.skeljungur.is/staerstu-hluthafar>

1. Does the candidate have direct or indirect control<sup>10</sup> of Skeljungur or is a board member or an employee of a company that has control over Skeljungur? Yes [ ] No [ ]

If so, please explain: \_\_\_\_\_

\_\_\_\_\_

2. Does the candidate own a significant share in Skeljungur or is a board member or an employee of a company that owns a significant share in Skeljungur? Yes [ ] No [ ]

If so, please explain: \_\_\_\_\_

\_\_\_\_\_

3. Does the candidate have connections to major shareholders, other than those listed above, that the candidate wants to disclose? (See for example possible connections listed on previous pages.)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Is the candidate legally and financially competent? Yes [ ] No [ ]

Has the candidate in the past three years, in relation to the business operations, been convicted of a criminal offense under the Criminal Code or any of the Companies Act, acts regarding annual, bankruptcy or taxes? Yes [ ] No [ ]

In forming a proposal regarding the composition of the board, the Nomination Committee will look to their tasks ahead at Skeljungur and to the board, as a whole, possessing a broad set of skills, experience and knowledge. The Committee will in this context, among others take account of the following factors:

- l) Management experience*
- m) Strategic making and planning*
- n) Change management*
- o) Market knowledge*
- p) Legal skills and/or good knowledge of rules that apply to listed companies*
- q) Financial management and knowledge in investments*
- r) Experience in business e.g. in the retail market*
- s) Risk management*
- t) Knowledge of issues in the energy sector*
- u) Knowledge of innovation and technology*
- v) Other matters*

It is requested that the candidates submit a brief letter on how their knowledge and experience will benefit the Board of Skeljungur.

\_\_\_\_\_  
Place and date

<sup>10</sup> „Control” refers to 50% or more of the total voting rights or shares.

---

Signature of the candidate

Enclosed:

- Curriculum vitae
- Letter regarding key knowledge and experience

## Appendix V

The current Board of Directors of Skeljungur poses of:

<i>Name and birth year:</i>	Jens Meinhard Rasmussen, Chairman, born in 1974.
<i>First elected to the Board:</i>	May 2014.
<i>Education:</i>	Cand. Jur., University of Copenhagen, 2005, Master Mariner, Vinnuháskúlin Tórshavn, 1997.
<i>Main occupation:</i>	CEO of Skansi Offshore.
<i>Career:</i>	CEO of Skansi Offshore since 2006; shipbroker, Atlantic shipping, 2005-2006, 1st Officer, Bornholmstrafiken, 2002-2004.
<i>Other positions of trust:</i>	Chairman of the board at P/F Magn, P/F Smyril Line and at the Shipowners of the Faroe Islands. Board member at the International Chamber of Shipping.
<i>Holdings in Skeljungur:</i>	None.
<i>Posts for Skeljungur:</i>	Chairman and committee membership at Skeljungur and Chairman of the Board of P/F Magn, Skeljungur's subsidiary in the Faroe Islands.
<i>Relevant affiliations:</i>	None.

*In the opinion of the Skeljungur Nomination Committee Jens Meinhard Rasmussen is independent of the Company, its day-to-day management and large shareholders in the Company, according to the definition of independence in the ICC corporate governance guidelines.*

\* \* \*

<i>Name and birth year:</i>	Jón Ásgeir Jóhannesson, Vice-chairman, born in 1968.
<i>First elected to the Board:</i>	May 2019.
<i>Education:</i>	Exam from the Commercial college of Iceland (Verzlunarskóli Íslands).
<i>Main occupation:</i>	Investor.
<i>Career:</i>	Founder of Bónus. CEO and Chairman of Hagar and later Baugur Group. Extensive management experience, e.g. for Iceland foods and Magazin du Nord, as well as many other Icelandic companies. Independent investor and advisor.
<i>Other positions of trust:</i>	Alternate to the Board of Directors of 365 miðlar hf. Proprietor at Apogee ehf.
<i>Holdings in Skeljungur:</i>	365 miðlar hf., and other affiliated companies, hold 242.500.000 shares in Skeljungur. Total ca. 11% of Skeljungur's share capital. 365 miðlar hf. is owned by Jón Ásgeir's wife, Ingibjörg Pálmadóttir.
<i>Posts for Skeljungur:</i>	Board membership at Skeljungur and board membership at P/F Magn, Skeljungur's subsidiary in the Faroe Islands.
<i>Relevant affiliations:</i>	None.

*In the opinion of the Skeljungur Nomination Committee Jón Ásgeir Jóhannesson is independent of the Company, its day-to-day management but not large shareholders in the Company, according to the definition of independence in the ICC corporate governance guidelines.*

\* \* \*

<i>Name and birth year:</i>	Birna Ósk Einarsdóttir, Board member, born in 1976.
<i>First elected to the Board:</i>	May 2015.
<i>Education:</i>	AMP (Advanced Management Program), IESE Business School, 2015; M.Sc. Strategic Management, University of Iceland, 2008; B.Sc. Business Administration, Reykjavík University, 2001.
<i>Main occupation:</i>	Chief Commercial Officer at Icelandair.

**Career:** Chief Business Development and Strategy Officer at Icelandair, 2018. Various roles at Síminn hf. since 2001, including the posts of EVP of sales and service at Síminn, head of marketing, head of project management and human resources. EVP of Marketing and Business development at Landsvirkjun.

**Other positions of trust:** None.

**Holdings in Skeljungur:** None.

**Posts for Skeljungur:** Board and Committee membership at Skeljungur and board membership at P/F Magn, Skeljungur's subsidiary in the Faroe Islands.

**Relevant affiliations:** None.

*In the opinion of the Skeljungur Nomination Committee Birna Ósk Einarsdóttir is independent of the Company, its day-to-day management and large shareholders in the Company, according to the definition of independence in the ICC corporate governance guidelines.*

\* \* \*

**Name and birth year:** Ata Maria Bærentsen, Board member, born in 1983.

**First elected to the Board:** March 2019.

**Education:** BA degree from Copenhagen University in 2007, Master of Laws (cand.jur), from the same university in 2010 and in 2014 Attorney-at-law, The Danish Bar and Law Society.

**Main occupation:** Director, Head of Board Services at Saxo Bank A/S.

**Career:** Before Ata was a Senior Legal Counsel and company secretary at NNIT A/S, Senior Legal Counsel at Copenhagen Airports (A/S), Attorney at law at Gorrissen Federspiel law firm (Copenhagen), Legal counsel at the Ministry of Foreign Affairs of Denmark.

**Other positions of trust:** None.

**Holdings in Skeljungur:** None.

**Posts for Skeljungur:** Board and committee membership at Skeljungur and board member of P/F Magn, Skeljungur's subsidiary in the Faroe Islands.

**Relevant affiliations:** None.

*In the opinion of the Skeljungur Nomination Committee Ata Maria Bærentsen is independent of the Company, its day-to-day management and large shareholders in the Company, according to the definition of independence in the ICC corporate governance guidelines.*

\* \* \*

**Name and birth year:** Þórarinn Arnar Sævarsson, Board member, ID no. 180769-5799.

**First elected to the Board:** May 2019.

**Education:** Certified Realtor and rent certified. Exam from the Icelandic School of engineers (Vélskóli Íslands) and the Icelandic Ship Management School (Skipstjórnarskólinn), as well as flight training.

**Main occupation:** Chairman of the Board of Kaldalón hf., Certified Realtor, regional manager at RE/MAX Iceland and consultant for Kontakt fyrirtækjaráðgjöf.

**Career:** Fourteen years of experience in the fisheries sector. Almost twenty years' experience in the real estate market related to purchase, sale and development of real estates. Investment projects in consulting firms, innovation companies and technology companies. Establishment of real estate chains, both in Iceland and abroad. Þórarinn and partners has the franchisee for RE/MAX Iceland, and is also board member of the company. He is a shareholder in Kontakt fyrirtækjaráðgjöf and owner and board member of the following companies: Loran ehf., RPF ehf. and IREF ehf.

<i>Other positions of trust:</i>	Chairman of the Board of Kaldalón hf., board member of Remax Iceland, Loran ehf., RPF ehf. and IREF ehf.
<i>Holdings in Skeljungur:</i>	Þórarinn holds 182.999.909 shares in Skeljungur through the companies: Loran ehf., Premier eignarhaldsfélag ehf., RPF ehf. and IREF ehf. Total ca. 8,5% of Skeljungur's share capital.
<i>Posts for Skeljungur:</i>	Board and committee membership at Skeljungur and board membership at P/F Magn, Skeljungur's subsidiary in the Faroe Islands.
<i>Relevant affiliations:</i>	9,25% share capital in Kvika hf., which holds ca. 8,89% share capital in Skeljungur.

*In the opinion of the Skeljungur Nomination Committee Þórarinn Arnar Sævarsson is independent of the Company, its day-to-day management and large shareholders in the Company, according to the definition of independence in the ICC corporate governance guidelines. However, it is noted that according to the committee's opinion, Þórarinn has interests as owner of companies that are shareholders in Skeljungur hf. but even so he is independent of large shareholders according to aforementioned rules.*