

Skeljungur hf. 's Annual General Meeting – March 5, 2020

Proposals to the Annual General Meeting 2020

A. Proposal for chairman of the meeting – AGENDA ITEM 1

Skeljungur hf.'s Nomination Committee proposes that the general meeting elects Viðar Lúðvíksson hrl. as chairman of the meeting.

B. Proposal to approve the Company's financial statements for the financial year – AGENDA ITEM 3

The Board proposes that the Financial Statements for 2019 are approved.

Explanation:

The consolidated Financial Statement for 2019 can be found on the Company's website, <https://en.skeljungur.is/financialstatements-2019>. The Company's CEO, Árni Pétur Jónsson, will present the Financial Statement.

C. Proposal for the allocation of profits and payment of dividends 2019 – AGENDA ITEM 4

The Board proposes that the Company pays a dividend of ISK 600 million to shareholders for the year 2019, which is approximately ISK 0.28 per outstanding share, according to the Company's dividend policy, which amounts to 42.6% of the Company's profits in 2019. Only shareholders registered in the shareholders' registry at closing on March 9, 2020 (record day) are entitled to receive dividend payments. The ex-date, i.e. when trading exclusive of dividends begins, will be March 6, 2020, which is the trading day following the AGM. Payment date of the dividend will be April 2, 2020.

D. Proposal for permission to purchase Skeljungur's own shares- AGENDA ITEM 5

The Board proposes that the Company is granted authorization to purchase shares in the Company, with the condition that the Company and its subsidiaries shall only hold a maximum of 10% of the Company's shares

In accordance with Article 8 in the Articles of Association, the Annex would therefore read as follows:

"Authorization of the Company to acquire own shares, approved at the Annual General Meeting held on 5 March 2020.

A shareholders' meeting of Skeljungur hf., held on 5. March 2020, authorises the Board of Directors of the Company, subject to compliance with other conditions of law, to purchase, once or on more occasions, shares in the Company, on the condition that the Company together with its subsidiaries shall only hold a maximum of 10% of the Company's shares. This authorisation shall be exercised for the purpose of setting up a formal repurchase programme in accordance with Chapter VIII of Act No. 2/1995 on limited companies, cf. the annex to Regulation No. 630/2005 on inside information and



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market abuse entitled Trading in own shares in repurchase programmes and stabilisation of financial instruments.”

Explanation:

According to the Company's approved Dividend Policy, the company aims to pay 30-50% of its profits annually in the form of a dividend and/or repurchase of shares. In accordance with the above, the Board of Directors submits a dividend payment amounting to 42.6% of the profits and a repurchase up to 10% shares in the company.

The current Annex to the Articles of Association, from the shareholders' meeting May 27, 2019, will be removed as it is no longer in effect.

E. Proposal to reduce Skeljungur's share capital – AGENDA ITEM 6

The Board proposes the following, regarding the cancellation of shares in the Company:

“The Annual General Meeting of Skeljungur hf., held on March 5, 2020, authorizes a reduction of the share capital of the Company from the nominal value of ISK 2,152,031,847 to the nominal value of ISK 1,985,675,666 through the cancellation of all the company's own shares which the company itself currently holds, in the nominal amount of ISK 166,356,181. The cancellation is subject to provisions in Act. no. 2/1995 on Limited liability Companies. Upon approval by the Annual General Meeting, the Board of Directors of the Company shall be authorized to update the Company's Articles of Association in accordance with the reduction of the share capital.”

Explanation:

A shareholders' meeting of Skeljungur hf., held on 27 May, 2019 authorized the Board of Directors of the Company, to set up a formal repurchase program to purchase up to 10% of the company's share capital until the next Annual General Meeting. The Board of Directors set up a repurchase program, according to their authorization, to buy shares up to maximum ISK 550.000.000 in nominal value. July 12, 2019 the Company announced that repurchase was complete, at that time Skeljungur had purchased a total of 66,851,660 shares in the Company. The purchase price for the acquired shares was in total ISK 549,592,200 which corresponded to 99.93% of the maximum allowed purchase amount. Before the repurchase program was initiated Skeljungur owned 99,504,521 shares or about 4.62% of the Company's share capital, due to repurchase program 2017-2018. The execution of the repurchase program was in accordance with the Public Limited Company Act No. 2/1995 and Regulation on Insider Information and Market Manipulation No. 630/2005.

Skeljungur now owns a total of 166,356,181 shares or 7.73% of the Company's share capital. The shares that are proposed to be cancelled, in the nominal amount of ISK 166,356,181, are Skeljungur's own shares which the Company itself currently holds. Consequently, no payments will take place from the company in relation to the reduction of the share capital according to the proposal.

F. Proposal to amendments to Skeljungur's Articles of Association – AGENDA ITEM 7 (AND 6)

The Board proposes the following material changes to the Articles of Association:

Proposal 1 – (Art. 4)

The Board proposes the following amendments to Article 4 of the Company's Articles of Association:

To revoke the authorization to issue shares with a nominal value of an amount other than ISK 1 if deemed appropriate.



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To extend to 1 September, 2021, but at the same time reduce the Board's authorization in paragraph 3 to increase the share capital of the Company, where such increase may, according to the proposal, be up to 1,622,156 ISK (one million six hundred and twenty-two thousand and one hundred and fifty six kronur) in nominal value, up to a maximum of 3% of the nominal value of the share capital, in order to meet obligations to employees of Skeljungur and its subsidiaries leading from stock options, purchase and/or subscription agreements in accordance with Skeljungur's Remuneration Policy.

To add paragraph 4, authorizing to the Board to increase the share capital of the Company with the issue of new shares, when the Board deems it necessary, in a nominal amount of up to ISK 215,203,184 (two hundred and fifteen million two hundred and three thousand and one hundred and eighty four kronur) however, such increase may not exceed 10% of the total nominal value of the outstanding share capital as it was immediately following the shareholders' Annual General Meeting of 2020. The new shares shall be used as remuneration in transaction in relation to the Company's purchase of shares, assets and/or rights from a third party.

Article 4 of the Company's Articles of Association would therefore read as follows:

"The share capital of the company is ISK 2,152,031,847 – two billion one hundred fifty-two million thirty-one thousand eight hundred forty-seven. The share capital is divided into shares with each share corresponding to one - 1 - ISK in nominal value.

The consent of a shareholders' meeting is needed to increase or decrease the share capital, requiring the same force of votes as necessary to amend these Articles of Association. In the event of an increase in share capital, shareholders shall have pre-emptive rights to all increases in shares in equal proportion to their registered holdings in the Company; in other respects the issue of such shares shall be governed by the rules established by the Board as decided at a shareholders' meeting at any time. The same proportion of votes is needed to set aside shareholders' pre-emptive rights as to approve an increase in share capital.

The Board of Directors of the Company is authorised to increase the share capital of the Company by up to 1,622,156 ISK (one million six hundred and twenty-two thousand and one hundred and fifty six kronur) in nominal value, up to a maximum of 3% of the nominal value of the share capital, in order to meet obligations to employees of Skeljungur and its subsidiaries leading from stock options, purchase and/or subscription agreements in accordance with Skeljungur's Remuneration Policy. The shareholders waive their pre-emptive rights to increases pursuant to this authorisation. The new shares shall carry rights in the Company from the date of registration of the increase of the share capital and they shall be subject to the Articles of Association of the Company. There are no restrictions on trading in the new shares, and the new shares shall be in the same class and confer the same rights as other shares in the Company. Redemption obligations are subject to the second paragraph of Article 10 of these Articles of Association. The authorisation shall lapse on 1 September 2021 to the extent that it has not been exercised.

The Board shall be authorised to increase the share capital of the Company with the issue of new shares, whether in a single issue or a number of issues, when the Board deems it necessary, in a nominal amount of up to ISK 215.203.184,- (two hundred and fifteen million two hundred and three thousand and one hundred and eighty four kronur), however, such increase may not exceed 10% of the total nominal value of the outstanding share capital as it was immediately following the shareholders' Annual General Meeting of 2020 and following recording of decisions made at the same meeting. The new shares shall be used as remuneration in transaction(s) (i.e. as payment of the purchase price in part or in full) in relation to the Company's purchase of shares, assets and/or rights from a third party. This entails that payment for the new shares may be in a form other than cash, as decided by the Board



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at each relevant time. The shareholders of the Company shall not have any rights of first refusal / pre-emption rights in relation to the new shares, which are issued within the scope of this authorisation. The Board shall decide the payments for the new shares, the nominal price of the shares, the value of the shares in the relevant transaction and other issues pertaining to the increase of the share capital, as permitted under law and in the Articles of Association. The rights associated with the new shares shall commence at the date when the share increase is registered, and the Articles of Association shall apply to the new shares from that time. There shall be no restrictions as to transactions with the new shares and they shall be in the same class and provide the same rights as other shares in the Company. The Board shall be authorised to carry out any amendments to the Articles of Association, which pertain to an increase of the share capital according to this authorisation. This authorisation shall expire on 1 September 2021 to the extent that it has not already been utilised at that time."

Explanation of proposal: The first proposal is self-explanatory.

The second proposal is proposed because the nominal amount in the existing permission is higher than it needs to be in regard to possible commitments of the Company.

The proposal to authorize the Board if Directors to increase the share capital of the Company with issue of new shares, in a nominal amount of up to ISK 215,203,184, increase may not exceed 10% of the total nominal value of the outstanding share capital as it was immediately following the shareholders' Annual General Meeting of 2020, is proposed so the Board has authority to use increased shares as remuneration in transaction, if the Board deems it necessary.

Proposal 2 – (Art. 6)

The Board proposes the following amendments to Article 6 in the Company's Articles of Association:

To add an explanation that those acquiring shares in the Company cannot exercise their rights as shareholders unless their names have been entered in the Company's share ledger.

Article 6 of the Company's Articles of Association would therefore read as follows:

"The Company's shares are issued electronically in a securities depository in accordance with the Act on electronic registration of title to securities No. 131/1997. The Company shall maintain a share ledger which shall be accessible to all shareholders at the Company's office. Persons acquiring shares in the Company cannot exercise their rights as shareholders unless their names have been entered in the Company's share ledger. A printout of titles from a securities depository confirming title to shares in the Company shall be regarded as an adequate basis for a share ledger."

Explanation of proposal: The Board proposes to delete Article 7 in the Company's Article of Association, see proposal no. 3., and therefore they also propose to add this amendment to Article 6.

Proposal 3 – (Art. 7)

The Board proposes the following amendments to Article 7 in the Company's Articles of Association:

To delete Article 7. The numerical order of articles in the Company's Articles of Associations remains unchanged.

Explanation of proposal: The substance of the article is in the proposed amendment of Article 6.



Proposal 4 (Art. 8)

The Board proposes the following amendments to Article 8 in the Company's Articles of Association:

Extending the maximum period of authorization for the Board to purchase shares in the Company from 18 months to 5 years, which is the maximum period according to par. 2 Article 55 of the Act no. 2/1995.

Even though the Board's permission to purchase shares in the Company is stated in the Articles of Association it is not an actual change to the Articles of Association, but rather a note to inform that a particular decision has been made, whereas the decision requires a simple majority at a shareholders' meeting. This proposed change is made in order to remove doubt in that regard.

Article 8 in the Company's Articles of Association would therefore read as follows:

"The Company may own its own shares to the maximum permitted by law. The Company may acquire shares only pursuant to authorisation granted to the Board of Directors by a shareholders' meeting. Authorisation to the Board of Directors to buy Company shares shall not be effective for longer than five years at a time. If an authorization is granted for the purchase of own shares, it shall be mentioned, for information, in the Annex to the Articles of Association of the Company, for the duration of the authorization. The addition or deletion of such Annex shall not be regarded as an actual amendment to these Articles. The provisions of Act No. 2/1995 on limited liability companies regarding own shares and acquisitions of own shares shall be observed."

Explanation of proposal: See explanation above.

Proposal 5 – (Art. 9)

The Board proposes the following amendments to Article 9 in the Company's Articles of Association:

To cancel paragraph 2, which states that a registration at a securities brokerage is considered a sufficient proof for ownership of shares.

Article 9 of the Company's Articles of Association would therefore read as follows:

"There are no restrictions on trading in shares in the Company."

Explanation of proposal: The substance of the Article will be moved to Article 6 according to an amendment proposal above.

Proposal 6 – (Art. 10)

The Board proposes the following amendments to Article 10 in the Company's Articles of Association:

To add that shareholders may not be obligated, neither on the basis of the Company's Articles or amendments thereto, to increase their holdings in the Company nor to submit to redemption of their shares except as authorized by law.

To cancel paragraph 2, which stipulates that the right of redemption shall be in accordance with the Securities Transaction Act no. 108/2007.

Article 10 of the Company's Articles of Association would therefore read as follows:



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“Each shareholder is obliged, without specific commitment, to abide by the Articles of Association of the Company in their current form or as lawfully amended at any time.

Shareholders may not be obligated, neither on the basis of the Company’s Articles or amendments thereto, to increase their holdings in the Company nor to submit to redemption of their shares except as authorized by law.

Shareholders are not responsible for the liabilities of the Company beyond their holdings in the Company. This provision cannot be amended or deleted by any resolution of any shareholders’ meeting.”

Explanation of proposal: The proposed amendments are self-explanatory.

Proposal 7 – (Art. 11)

The Board proposes the following amendments to Article 11 in the Company’s Articles of Association:

To add that electronic exchanges of documents and electronic mail may be used in communications between the Company and shareholders.

Article 11. of the Company’s Articles of Association would therefore read as follows:

“If the Annual General Meeting of the Company decides on a payment of dividends on shares, the Board of Directors of the Company has the right and obligation to pay the dividends to a registered owner of shares, but not to others, unless holders prove their title to the shares or their power of attorney to take delivery of the dividend.

Electronic exchanges of documents and electronic mail may be used in communications between the Company and shareholders. This permission applies to any communications, such as calling shareholders’ meetings, payments of dividends or other notices that the Board of Directors decides to send to shareholders. Such electronic communications shall be equivalent to communications written on paper. The Board of Directors shall decide what requirements should be made regarding software and information relating thereby shall be accessible to shareholders.”

Explanation of proposal: The proposed amendment is self-explanatory.

Proposal 8 – (Art. 13)

The Board proposes the following amendments to Article 13 in the Company’s Articles of Association:

To add amendments to the wording regarding shareholders’ proxies and the right to attend a shareholders’ meeting.

To add to paragraph 4 that an AGM can be summoned by an advertisement in a newspaper or electronically.

To add paragraphs 5., 6., 7. and 8 regarding notice to shareholder meeting, shareholders rights, final agenda of shareholder’s meeting and items of business which are not included in the Agenda.

Article 13 of the Company’s Articles of Association would therefore read as follows:

“The supreme authority in all the affairs of the Company, within the limits established by its Articles of Association and statutory law, is in the hands of lawful shareholders’ meetings.



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A shareholder may appoint a proxy to attend a shareholders' meeting on his/her behalf and thereby exercise his/her right to vote. Otherwise, only shareholders are entitled to attend shareholders' meetings, together with the Company auditors and managing director, irrespective of whether they are shareholders or not. However, the Board of Directors may invite experts to attend individual meetings for the purpose of obtaining their opinion or assistance.

The proxy shall submit a written and dated letter of proxy. The letter of proxy shall never be valid for more than one year from its date.

Annual General Meetings shall be summoned with a minimum of 21 days' notice by an advertisement in the newspapers or electronically. Summoning to meetings, rights of access by shareholders to documents before a shareholders' meeting or Annual General Meetings and documents and resolutions to be placed before the meeting shall be subject to the provisions of the Companies Act.

The notice of a shareholders' meeting shall specify the business to be addressed at the meeting. If the agenda includes a motion to amend the Articles of the Company, the substance of the motion shall be included in the notice of the meeting.

A shareholder shall be entitled to have specific items of business addressed at shareholders' meetings, provided that such shareholder submits a written or electronic request to the Board of Directors with sufficient advance notice for the item to be included on the agenda, but never later than 10 days before the Annual General Meeting.

At the latest one week before a shareholders' meeting, the final agenda and finalised proposals shall be published on the Company's website and be available at the Company's office for inspection by shareholders. In the case of an Annual General Meeting, the above information shall be published two weeks before the meeting, at the latest, in addition to publication of the annual financial statement, report of the Board of Directors, report of the auditors and proposal of the Board of Directors concerning a Remuneration Policy.

Items of business which are not included in the Agenda may not be taken for final decision at the meeting except with the consent of all the shareholders in the Company; however, a resolution may be passed to provide guidance to the Board of Directors of the Company. Lawfully submitted amendments falling within the scope of the original proposal may be proposed at the meeting itself, even though they have not been available for inspection by shareholders earlier.

A shareholders' meeting is valid, regardless of attendance, if the meeting has been properly convened. The same applies to an Annual General Meeting."

Explanation of proposal: The purpose is to sharpen the rules in the Company's Articles of Association which are stated in the Act on Public Limited Companies no. 2/1995 on proxies, the right to attend shareholders' meetings and the summoning and Agenda of shareholders meetings and AGM. A part of this proposal comes from the current Art. 21 which is proposed to be deleted.

Proposal 9 – (Art. 14)

The Board proposes the following amendments to Article 14 in the Company's Articles of Association:

To cancel paragraph 3 regarding shareholders right to have a specific matter discussed at a shareholders' meeting.

Article 14 of the Company's Articles of Association would therefore read as follows:



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“Shareholders’ meetings shall be convened at the discretion of the Board of Directors, by a resolution of a meeting, or when the elected auditors or shareholders holding a minimum of 1/20 of the shares of the Company request a meeting in writing and state the reason for the request for the meeting.

Such meetings shall be called in the same manner other as shareholders’ meetings. Once a legitimate request for a meeting has emerged, the Board of Directors shall call a meeting no later than two weeks following the receipt of the request.”

Explanation of proposal: The content of the paragraph is proposed in an amendment to Article 13.

Proposal 10 – (Art. 16)

The Board proposes the following amendments to Article 16 in the Company’s Articles of Association:

Proposal of the Board on the Company’s Remuneration Policy to be moved to item of business no. 4 instead of no. 8. It is also proposed that reference in no. 7) will be Article 22 instead of Article 23.

Article 16. of the Company’s Articles of Association would therefore read as follows:

“The Annual General Meeting shall address the following items of business:

- 1) The report of the Board of Directors on the activities of the Company in the preceding year of operation;*
- 2) The annual financial statement of the Company, along with the Auditor's notes, shall be submitted for approval;*
- 3) Decisions shall be taken concerning the disposal of the profit or loss of the Company during the fiscal year;*
- 4) Proposals of the Board of Directors on the Company’s Remuneration Policy;*
- 5) Decision regarding the remuneration of the Members of the Board of Directors, auditors and committee members;*
- 6) Election of Nomination Committee;*
- 7) Election of the Board of Directors of the Company in accordance with Article 22;*
- 8) Election of auditor or auditing firm;*
- 9) Any other business lawfully submitted to the meeting or approved for discussion by the meeting.”*

Explanation of proposal: The proposed amendment is self-explanatory.

Proposal 11 – (Art. 21)

The Board proposes the following amendments to Article 21 in the Company’s Articles of Association:

To cancel Article 21. The numerical order of articles in the Company’s Articles of Associations remains unchanged.

Explanation of proposal: The content of the Article is proposed in an amendment to Article 13.

Proposal 12 – (Art. 23)

The Board proposes the following amendments to Article 23 in the Company’s Articles of Association:

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Add to paragraph 3 that the presence of the majority of the Board members constitutes a quorum, provided that the meeting has been lawfully convened.

To add to paragraph 6 that the Chairman of the Board shall lead the work of the Board on establishing more detailed rules of procedure for Board.

Article 23. of the Company's Articles of Association would therefore read as follows:

„The Board shall elect a Chairman from among its members and allocate tasks among its members in other respects.

The Chairman of the Board shall convene meetings of the Board and preside at Board meetings.

The Chairman shall also call a meeting of the Board at the request of a member of the Board or the CEO. The presence of the majority of the Board members constitutes a quorum, provided that the meeting has been lawfully convened. Important decisions, however, may not be taken unless all members of the Board have had the opportunity to discuss the matter, if possible. Issues shall be decided by majority vote, unless otherwise provided in these Articles of Association or other lawful instructions. In the event of an equality of votes, the chairman shall cast the deciding vote.

Minutes shall be kept of proceedings at meetings of the Board of Director and shall be signed by members attending the meeting.

Meetings of the Board of Directors may be conducted by telephone or by teleconferencing equipment. The Board may also make decisions via email, if necessary. However, decisions so taken shall be confirmed at the next meeting of the Board of Directors when the board convenes.

The Chairman of the Board shall lead the work of the Board on establishing more detailed rules of procedure for Board.“

Explanation of proposal: The proposed amendment is self-explanatory.

Proposal 13 – (Art. 24)

The Board proposes the following amendments to Article 24 in the Company's Articles of Association:

To add to paragraph 1 that the supreme power in the affairs of the Company rests with the Board of Directors between shareholders' meetings, subject to the limitations imposed by these Articles of Association and statutory law.

To change the terminology, so that the term “code of conduct” for the CEO is used as a replacement for “term of reference”.

Article 24 of the Company's Articles of Association would therefore read as follows:

„The supreme power in the affairs of the Company rests with the Board of Directors between shareholders' meetings, subject to the limitations imposed by these Articles of Association and statutory law.

The Board of Directors handles and is responsible for the affairs of the Company and shall ensure that the organization and operation of the Company are in good and proper order.

The Board of Directors shall ensure adequate supervision of the Company's accounts and the use of its assets.



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The Company's Board of Directors is responsible for the appointment of a managing director of the Company, the conclusion of his or her contract of employment, his or her code of conduct and his or her dismissal.

Only the Board of Directors may assign signatory powers.

The Board of Directors of the Company is empowered to enter the Company into obligations, such obligations requiring the signature of the majority of the Board members.

In other respects, the responsibilities, powers and work of the Board of Directors shall be governed by statutory law."

Explanation of proposal: The proposed amendment is self-explanatory.

Proposal 14 – (Art. 25)

The Board proposes the following amendments to Article 25 in the Company's Articles of Association:

To change the wording in paragraph 1 so that the CEO shall comply with the Articles of Association of the Company and the Policies and instructions from the Board of Directors.

To cancel the CEO's authority to sell and purchase real estate for the Company for up to ISK 25,000,000 on each separate occasion, without special approval from the board.

Article 25 of the Company's Articles of Association would therefore read as follows:

„The Chief Executive Officer is responsible for the day-to-day operation of the Company in compliance with the Articles of Association of the company and the policies and instructions of the Board of Directors. However, this does not apply to matters which are out of the ordinary or of major consequence. Such matters can only be dealt with by the CEO pursuant to authorization from the Board of Directors of the Company unless it is impossible to wait for the decisions of the Board of Directors without serious disadvantage to the operation of the Company. In such instances the Board of Directors shall notified of the handling of the matter as soon as possible.

The CEO is responsible to the Board of Directors in his or her work. The CEO attends meetings of the Board of Directors, even if he or she is not a member, and has the right to speak and submit proposals."

Explanation of proposal: The Company has been reviewing Skeljungur's corporate governance, according to Skeljungur's Corporate Governance Statement. A part of this work is to review the role and responsibilities of the CEO, on which he will be given a detailed description, including his mandate and responsibilities. This will be subject to approval of the Board of Directors. The Board will determine the CEO's responsibilities and authority.

Proposal 15 – (Art. 26)

The Board proposes the following amendments to Article 26 in the Company's Articles of Association:

To cancel the wording in paragraph 1 to the effect that the preparation of the annual accounts must be completed within two weeks before the annual general meeting and then be handed over to the auditors for thorough auditing.

Article 26 of the Company's Articles of Association would therefore read as follows:

„The fiscal year of the Company shall be the calendar year."



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Explanation of proposal: The deadline in the current provision is not correct and will be deleted according to the proposal.

Proposal 16 – (Art. 28)

The Board proposes the following amendments to Article 28 in the Company's Articles of Association:

To add reference to Act No. 144/1994 on Annual Accounts.

Article 28 of the Company's Articles of Association would therefore read as follows:

„The Auditors and examiners shall, in conformance with generally accepted accounting standards and Act No. 144/1994 on Annual Accounts, audit the annual accounts of the Company and for this purpose examine the books of the Company and other matters regarding its operation and situation. They shall at all times have access to all the books and records of the Company. In other respects their work shall be subject to law.“

Explanation of proposal: The proposed amendment is self-explanatory.

Proposal 17 (Proposal for authorization to the Board of Directors to purchase shares in the Company)

The Board proposes the following:

To authorize the Board of the Company, provided that all legal requirements are fulfilled, to purchase once or more, until the next Annual General Meeting, shares in the Company, subject to the condition that the company and its subsidiaries shall only hold a maximum of 10% of the Company's shares. This authorization shall be used to set up a formal repurchase programme.

In accordance with Article 8 in the Articles of Association, the Appendix would therefore read as follows:

“A shareholders' meeting of Skeljungur hf., held on 5 March 2020, authorises the Board of Directors of the Company, subject to compliance with other conditions of law, to purchase, once or on more occasions, shares in the Company, on the condition that the Company together with its subsidiaries shall only hold a maximum of 10% of the Company's shares. This authorisation shall be exercised for the purpose of setting up a formal repurchase programme in accordance with Chapter VIII of Act No. 2/1995 on limited companies, cf. the annex to Regulation No. 630/2005 on insider information and market abuse entitled Trading in own shares in repurchase programmes and stabilisation of financial instruments.”

Explanation of proposal: The proposed amendment is self-explanatory. To remove any doubt, this would not constitute an actual amendment to the Articles of Association. The authorization (if it is given) will be noted in the Annex to the Articles of Association according to Article 8 in the Articles of Association.

Explanation regarding proposals to amendments to the Articles of Association:

See overview of proposed amendments to the Articles of Association in a document on the Company's website: <https://en.skeljungur.is/shareholder-meeting-2020>.



G. Proposals to amendments to Skeljungur's Remuneration Policy – AGENDA ITEM 8

The following are the main changes that the Board proposes to the remuneration policy:

- Better defined goals for remuneration policy and its scope. It is proposed that the Policy applies for Skeljungur as a parent company and on a consolidated basis. The Board of Directors is entrusted to ensure the implementation within the Group.
- A clear definition of roles between board members, Remuneration committee members and CEO, regarding the implementation of individual features of the policy.
- Minimum benchmarks should be defined and included in CEO and Executive team employment contracts.
- Proposes a change to the bonus program and it is made simpler. In addition, a tighter framework is set for the maximum remuneration, as the remuneration may not surpass three months' salary, or 25% on top of employee's yearly salary.
- The bonus program is based on the following fundamentals. The plan's performance benchmarks are twofold:
 - The Skeljungur operating performance (EBITDA). Success in this benchmark can remunerate an employee up to two months' salary.
 - Other goals and personal performance. Success in this benchmark can remunerate an employee up to one month's salary.
- It is proposed that the permission to pay employees who retire after 20-40 years of service for Skeljungur particular bonuses is deleted. On the other hand, the CEO is given permission to pay an employee a bonus of up to two months' salary given special circumstances. These circumstances include exemplary performance exceeding expectations, important milestones, or if employee contribution or workload exceeds the norm.
- Shares in the Company may not be given in the form of a delivery of shares, call or put options, the right of first refusal of shares or any other remuneration related to the shares in the Company or the development of the share price, unless the before-mentioned is authorized by shareholders or if it is necessary to hold up agreements which are in force when this policy is adopted.
- Information reporting at AGM and in the financial statement from the Board is defined regarding bonus payments.

Explanation:

At the 2019 Annual General Meeting, the Board announced that a decision had been made to amend Skeljungur's remuneration system and to revise the Company's remuneration policy and to propose a new policy for the Annual General Meeting 2020. The Company's Remuneration Committee has reviewed the Remuneration Policy for the upcoming AGM 2020. The reviewed Remuneration Policy is based on a simpler Bonus-program which will apply to the CEO and the Managing Directors of the Company.

For further explanation on the execution of the Remuneration Policy and all changes on the Policy, see Annex to proposals to the AGM and document thereof on the company's website: <https://en.skeljungur.is/shareholder-meeting-2020>.



H. Proposal for remuneration of Board Members, Sub-Committees and the Accountant

- AGENDA ITEM 9

The Board proposes that the remuneration remains unchanged from last year:

- a. Chairman of the Board of Directors: 650,000 ISK pr. month
- b. Vice-Chairman of the Board of Directors: 450,000 ISK pr. month
- c. Board Members: 320,000 ISK pr. month
- d. Chairman of the Audit Committee: 100,000 ISK pr. month
- e. Audit Committee members 60,000 ISK pr. month
- f. Chairman of the Remuneration Committee: 60,000 ISK pr. month
- g. Remuneration Committee members: 30,000 ISK pr. month
- h. Chairman of the Nomination Committee: 20,000 ISK pr. hour as a contractor
- i. Nomination Committee Members: 20,000 ISK pr. hour as a contractor
- j. Board member of the Nomination Committee: 60,000 ISK
- k. Auditors: according to invoices

I. Proposal from the Nomination Committee to change the committee's code of conduct – AGENDA ITEM 10

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 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 that the rules of the committee clearly stipulates that the Nomination Committee shall act if a shareholders' meeting is proposed where a proposal for an election of board members is on the agenda but current rules only refer to the role of the committee in relation to AGM. The wording "mutatis mutandis" refers to the fact that deadlines may be shorter in regards to extra shareholder meetings than for the AGM, in addition, a dose may have passed since the last Board election and therefore the committee may have to carry out its duties in view of that.

- 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. Where it is stated that a member of the board shall not "normally" attend a particular meeting of the committee, the committee may decide that he should attend a meeting in exceptional cases, e.g. if the guest of the committee has specifically requested it.

Explanation of the proposals: The Committees Report with draft of the amended Rules of Procedure, showing all amendments to the existing rules, can be found in the Annex to these proposals and on the Company's website: <https://en.skeljungur.is/shareholder-meeting-2020>.

J. Proposal from the Nomination Committee regarding Board membership – AGENDA

ITEM 11

The Nomination Committee's proposes that the Annual General Meeting elects the following persons as members on the Board of Directors of Skeljungur hf.:



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

Explanation:

See further in the Nomination Committee Report which can be accessed on the Company's website: <https://en.skeljungur.is/shareholder-meeting-2020>

The Nomination Committee can change their proposals up to 10 days before the AGM which will be held on March 5, 2020. Notifications about candidature for the Board of Directors must be submitted five days before the AGM. It is noted that the Nomination Committee will not be able to assess candidature that are received after 16:00 on February 20, 2020

K. Election of Nomination Committee – AGENDA ITEM 13

Candidates to the Nomination Committee 2020:

- Katrín S. Óladóttir
- Sigurður Kári Árnason

Notification about candidature to the Nomination Committee must be submitted before 16:00 Saturday February 29, 2020, at fjarfestar@skeljungur.is or at the Company's office at Borgartún 26, Reykjavík.

L. Proposal of the Board of Directors to Auditor – AGENDA ITEM 14

The Board proposes the re-election of KPMG as the Company's Audit Firm for the next year.

M. Other Matters lawfully brought up

Reykjavík, February 13, 2020

Skeljungurs hf. Board of Directors

ANNEXES:

1. Proposal for a new Remuneration Policy 2020
2. Proposals for the amendments to the Company's current Articles of Association
3. Proposals for the amendments to the current Rules of Procedure for the Nomination Committee

ANNEX 1:

Proposal for a new Remuneration Policy 2020:

**SKELJUNGUR HF.
REMUNERATION POLICY 2020**

1. Aims and scope

This Remuneration Policy is established in accordance with the Company's Articles of Association and the principles set forth in Article 79. in Act no. 2/1995 on Public Limited Companies. This Policy applies to Skeljungur as a parent company and on a consolidated basis. The Board of Directors is entrusted with ensuring its implementation within the Company Group.

The objective of this Remuneration Policy is to make working for Skeljungur hf. Group an attractive option for first rate employees and thereby to ensure that the Company will be in a leading position. In order to make this happen it is necessary that the Company's Board has the authority to offer competitive salary and other benefits.

This objective of this Remuneration Policy is furthermore to:

- Give the Company's shareholders information about remuneration of the Board of Directors, Board Sub-committees, Chief Executive Officer (CEO), The Executive management and other employees.
- Encourage the management to increase shareholder value without promoting unethical behavior.
- Combine company, shareholder and employee as well as the interests of other stakeholders.
- Ensure that remuneration facilitates the Company's performance, both in terms of its financial objectives and the effectiveness of the management implementation strategies.

2. Terms of employment for members of the Board of Directors

Members of the Board of Directors shall receive a fixed monthly compensation in accordance with the decision of the annual general meeting (AGM) every year, as provided for in Article 79 of the Act on Public Limited Companies. Alternates, if they are employed, shall receive a monthly remuneration or a fixed amount for each meeting they attend. The Board Members shall receive a special remuneration for their place on various Board sub-committees as further described in article 3. The Board shall make a proposal regarding the Board Members compensation for the coming operating year and in this matter take account of the time that the Board members devote to this task, their special knowledge and experience, the responsibility which they carry, and the performance of the Company.

The Board Members shall not receive shares, call or put options, the right of first refusal of shares or any other remuneration related to the shares in the Company or the development of the share price.

No severance agreements are permitted with members of the Board.

3. Terms of employment for the members of Skeljungur's sub-committees

The members of the Remuneration Committee, the Audit Committee and the Nomination Committee shall receive a monthly remuneration, remuneration for each meeting or per hour, according to the AGM each year. The Board makes a proposal to the AGM regarding the remuneration for the upcoming year. The proposal shall relate to the time that the sub-committee members put into the project, their special knowledge and experience, their responsibility and the Company's results. The Board of Directors may appoint the Remuneration Committee to propose to the Board the remuneration of sub-committees.

4. The CEO's terms of employment



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The Board of Directors is responsible to draw a written contract of employment with the CEO and may renegotiate the contract of employment during its period of validity. Such contract shall include all terms of the employment, including basic salary, performance related remuneration, (including bonus programs), pension fund payments, leave, holiday allowance and term of notice.

The amount of the base salary and other compensation to the CEO shall take account of education, work experience and this amount shall be consistently competitive with respect to the market in which the Company operates. Other terms of employment shall be similar to that of comparable companies such as pension fund payments, holiday allowance, use of car and term of notice.

When determining the term of notice in the contract of employment special provisions may be included concerning the length of the term of notice which shall take account of the CEO's period of service with a maximum of 12 months. When drawing up the CEO's contract of employment it should be kept in mind that no further payments shall be made upon the termination of office than that which is stated in the contract of employment. Termination payments shall not exceed the employee's legal rights or standards.

The Board of Directors reviews annually the basic salary of the CEO and shall take account of the Board's evaluation of the performance of the CEO, the development of salaries at similar companies and the performance of the Company. The Board of Directors may appoint the Remuneration Committee to review the basic salary of the CEO and propose to the Board if and what changes should be made thereto.

5. Terms of employment of the Executive Management

The CEO hires employees in the Executive Management and informs of such hiring to the Board of Directors.

The CEO is responsible to draw a written contract of employment with the employees in the Executive Management and may renegotiate their contract of employment during its period of validity. When determining the terms of employment of the Executive Management the same aspects shall apply as cited in Article 4, except that the term of notice of the management shall be 6 months maximum unless the Board decides otherwise.

6. Indemnity of Board Members and the Executive Management

The CEO shall ensure that at any given time there is valid customary director and officers' indemnity insurance for the Company's both current and former Board Members and the Executive management, in relation to their work for the Company. The Company shall pay the insurance premium and the insurance shall, according to its terms, cover the normal cost of litigation or other procedures relating to such claims or investigations.

The Company shall indemnify the Board Members and the management from claims in relation to their work for the Company, to the extent that such claims do not lead from conduct of gross negligence or willful misconduct.

7. Bonuses for CEO and other managers

The Board of Directors is authorized to pay bonuses to the CEO and other managers in accordance with the special Bonus Program.

The Bonus Program shall be designed to facilitate the Company's performance, both in terms of its financial objectives and the effectiveness of the management's implementation of its strategies. The Bonus Program shall encourage management to increase shareholder value and reward proper management, professional conduct, and performance. The Bonus Program shall also contribute to the Company in achieving its financial goal and other objectives that it intends to do, but in so doing not encourage unethical behavior.

The interests of the Company and normal and good practice shall be taken into account when determining performance payments. Remuneration to the CEO and other managers shall therefore comply with the purpose and the interests of the Company in the long term.

The performance criteria of the Bonus System are twofold:



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1. Skeljungur's Operating Performance (EBITDA). Performance in this criterion can yield an employee bonus up to two months' salary.
2. Other goals and personal performance. Performance in this criterion can yield an employee bonus up to one months' salary.

The following rules apply to performance criteria and maximum bonuses:

- The Board of Directors determines annual EBITDA goals according to calculated cost of employee bonuses. When the Board determines annual EBITDA goals the Board shall take into account real-profits and the Company's estimated EBITDA according to publication to the market (Nasdaq Iceland).
- Bonus is paid for financial performance that exceeds 90% of the set goal and increases proportionally to the maximum when the goal is reached.
- Bonus for other goals and personal performance is based on 2-5 performance indicators that support the Company's policies and objectives. The Board decides on performance criteria and benchmarks for the CEO and the Board may assign the Remuneration Committee to submit a proposal to the Board on such criteria and benchmarks. The CEO determines criteria and benchmarks for other managers and informs the board about them.

Bonuses may not surpass three months' salary, or 25% of employee's yearly salary.

Other matters

The Bonus Program handbook describes the Bonus Program and its execution in detail, including settlements in instances of substantial changes in the Company operations and termination or leave of absence.

If, within 12 months of payment, it becomes apparent that bonuses were clearly based on incorrect, misleading or insufficient information, such bonus payments shall be repaid to the extent that correct information indicates that the bonus-payments should have been lower or not paid at all.

8. Employees

The CEO and the Executive management hire other employees and determine their terms of employment and review thereof. When determining the terms of employment of other employees, the same aspects shall apply as cited in Article 4, except that the term of notice of regular employees shall be 6 months maximum, unless the Board decides otherwise, and severance pay shall not exceed the rights within that notice period.

The CEO is authorized to grant or allow employees of the Executive management to grant other employees special bonus-payments under special circumstances, such as if performance is exceeding expectations, key-milestones have been reached or if employee contribution or workload has exceeded what is normal. Such payments may equal to up to 2 months' salary of the relevant employee per calendar year. If the CEO grants such permission to an Executive Manager, the CEO must submit a reasoned proposal to that effect to the Remuneration Committee.

9. Call options

Shares in the Company may not be given in the form of a delivery of shares, call or put options, the right of first refusal of shares or any other remuneration related to the shares in the Company or the development of the share price, unless the before-mentioned is authorized by shareholders or if it is necessary to hold up agreements which are in force when this policy is adopted.

10. Disclosure

Board of Directors shall account at the AGM for the total amount of the payroll and Bonus Program expenses and fees of the CEO, the Executive Management and the Board members. The Bonus Program and other earned



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bonuses by them shall be accounted for as well. The Board of Directors shall furthermore report this information in the Company's financial accounts.

This Remuneration policy shall be published on the Company's website.

11. Approval of the Remuneration employment policy and other items

The Remuneration Committee shall review this Company's Remuneration Policy every year and propose amendments thereto to the Board of Directors. If the Board of Directors amends this Remuneration Policy, then such amendments shall be put to the AGM for approval or veto.

The Remuneration policy will be binding for the Company's Board of Directors with respect to provisions relating to share option agreements and any type of agreements or payments that are linked to the price development of the Company's shares, cf. paragraph 2 of Article 79 a of the Public Limited Company Act. Otherwise the Remuneration policy is suggestive for the Company, its subsidiaries and its Board of Directors. The Company's Board of Directors shall record in the minutes' book any important divergences from the Remuneration policy and these divergences shall be supported by detailed reasoning. Divergences shall be accounted for at the Company's next AGM.

So approved by the Annual General Meeting, March 5, 2020.

Signatures of the Board of Directors or the Procuration Holder:



ANNEX 2:

Proposals for the amendments to the Company's current Articles of Association:

ARTICLES OF ASSOCIATION OF SKELJUNGUR HF.

CHAPTER I

Company Name, Domicile and Objects

Article 1

The name of the Company is Skeljungur hf.

Article 2

The domicile of the Company is at Borgartún 26, 105 Reykjavík [Iceland].

Article 3

The objects of the Company are wholesale and retail trade in petrol, oil products and other related products, as well as any kind of commercial activity involving other products, both in retail and wholesale. Also lending activities, management and operation of property, vessels, service stations, and other business activities, or participation in commercial enterprises, as resolved by the Company's Board of Directors.

CHAPTER II

Share Capital of the Company



Article 4

The share capital of the company is ISK 2.152.031.847 (two billion one hundred fifty-two million thirty-one thousand eight hundred forty-seven.) The share capital is divided into shares with each share corresponding to one - 1 - ISK in nominal value. ~~However, authorization to issue shares with other value is permitted if necessary.~~

The consent of a shareholders' meeting is needed to increase or decrease the share capital, requiring the same force of votes as necessary to amend these Articles of Association. In the event of an increase in share capital, shareholders shall have pre-emptive rights to all increases in shares in equal proportion to their registered holdings in the Company; in other respects the issue of such shares shall be governed by the rules established by the Board as decided at a shareholders' meeting at any time. The same proportion of votes is needed to set aside shareholders' pre-emptive rights as to approve an increase in share capital.

The Board of Directors of the Company is authorised to increase the share capital of the Company by up to ~~28,658,100-1.622.156,-~~ISK (one million six hundred and twenty-two thousand and one hundred and fifty six kronur~~twenty-eight million six hundred fifty-eight thousand and one hundred kronur~~) in nominal value, up to a maximum of 3% of the nominal value of the share capital, in order to meet obligations to employees of Skeljungur and its subsidiaries leading from stock options, purchase and/or subscription agreements in accordance with Skeljungur's Remuneration Policy. The shareholders waive their pre-emptive rights to increases pursuant to this authorisation. The new shares shall carry rights in the Company from the date of registration of the increase in equity and they shall be subject to the Articles of Association of the Company. There are no restrictions on trading in the new shares, and the new shares shall be in the same class and confer the same rights as other shares in the Company. Redemption obligations are subject to the second paragraph of Article 10 of these Articles of Association. The authorisation shall lapse on 1 September 20~~21~~¹⁹ to the extent that it has not been exercised.

The Board shall be authorised to increase the share capital of the Company with the issue of new shares, whether in a single issue or a number of issues, when the Board deems it necessary, in a nominal amount of up to ISK 215.203.184,- (two hundred and fifteen million two hundred and three thousand and one hundred and eighty four kronur), however, such increase may not exceed 10% of the total nominal value of the outstanding share capital as it was immediately following the shareholders' Annual General Meeting of 2020 and following recording of decisions made at the same meeting. The new shares shall be used as remuneration in transaction(s) (i.e. as payment of the purchase price in part or in full) in

relation to the Company's purchase of shares, assets and/or rights from a third party. This entails that payment for the new shares may be in a form other than cash, as decided by the Board at each relevant time. The shareholders of the Company shall not have any rights of first refusal / pre-emption rights in relation to the new shares, which are issued within the scope of this authorisation. The Board shall decide the payments for the new shares, the nominal price of the shares, the value of the shares in the relevant transaction and other issues pertaining to the increase of the share capital, as permitted under law and in the Articles of Association. The rights associated with the new shares shall commence at the date when the share increase is registered, and the Articles of Association shall apply to the new shares from that time. There shall be no restrictions as to transactions with the new shares and they shall be in the same class and provide the same rights as other shares in the Company. The Board shall be authorised to carry out any amendments to the Articles of Association, which pertain to an increase of the share capital according to this authorisation. This authorisation shall expire on 1 September 2021 to the extent that it has not already been utilised at that time.

Article 5

When a shareholder has paid up his share in full, the shareholder shall be issued an electronic certificate in a securities depository with rights of title registered. The electronic certificate confers full rights provided for by law and in these Articles of Association.

Article 6

The Company's shares are issued electronically in a securities depository in accordance with the Act on electronic registration of title to securities No. 131/1997. The Company shall maintain a share ledger which shall be accessible to all shareholders at the Company's office. Persons acquiring shares in the Company cannot exercise their rights as shareholders unless their names have been entered in the Company's share ledger. A printout of titles from a securities depository confirming title to shares in the Company shall be regarded as an adequate basis for a share ledger.

Article 7

~~The share ledger is full valid proof with respect to the Company for ownership of shares in the Company, and dividends as well as all notifications are to be sent to the party who at any given time is the registered owner of the relevant shares. A person who gains ownership~~



~~over shares in the Company cannot exercise its rights as a shareholder unless its name has been listed in the share ledger.~~

~~[Article Cancelled.]~~

Article 8

The Company may own its own shares to the maximum permitted by law. The Company may acquire shares only pursuant to authorisation granted to the Board of Directors by a shareholders' meeting. Authorisation to the Board of Directors to buy Company shares shall not be effective for longer than ~~five years~~~~18 months~~ at a time. If an authorization is granted for the purchase of own shares, it shall be mentioned, for information, in the Annex to the Articles of Association of the Company, for the duration of the authorization. ~~If an authorisation to acquire own shares is exercised, the authorisation shall be set out in a separate annex to these Articles of Association, and the Annex shall form a part of the Articles for as long as the authorisation is in effect. The addition or cancellation of such Annex shall not be regarded as a material amendment to these Articles.~~ The provisions of Act No. 2/1995 on limited liability companies regarding own shares and acquisitions of own shares shall be observed.

Article 9

There are no restrictions on trading in shares in the Company.

~~Registration at a securities brokerage is considered a sufficient proof for ownership of shares.~~

Article 10

Each shareholder is obliged, without specific commitment, to abide by the Articles of Association of the Company in their current form or as lawfully amended at any time.

~~The right of redemption goes according to the Securities Transaction Act no 108/2007.~~



Shareholders may not be obligated, neither on the basis of the Company's Articles or amendments thereto, to increase their holdings in the Company nor to submit to redemption of their shares except as authorised by law.

Shareholders are not responsible for the liabilities of the Company beyond their holdings in the Company. This provision cannot be amended or deleted by any resolution of any shareholders' meeting.

Article 11

If the Annual General Meeting of the Company decides on a payment of dividends on shares, the Board of Directors of the Company has the right and obligation to pay the dividends to a registered owner of shares, but not to others, unless holders prove their title to the shares or their power of attorney to take delivery of the dividend.

Electronic exchanges of documents and electronic mail may be used in communications between the Company and shareholders. This permission applies to any communications, such as calling shareholders' meetings, payments of dividends or other notices that the Board of Directors decides to send to shareholders. Such electronic communications shall be equivalent to communications written on paper. The Board of Directors shall decide what requirements should be made regarding software and information relating thereby shall be accessible to shareholders.

CHAPTER III

Governance

Article 12

The Company shall be governed by:

1. Shareholders' meetings;



2. The Board of Directors of the Company;
- 3) The CEO.

Shareholders' meetings

Article 13

The supreme authority in all the affairs of the Company, within the limits established by its Articles of Association and statutory law, is in the hands of lawful shareholders' meetings.

A shareholder may appoint a proxy to attend a shareholders' meeting on his/her behalf and thereby exercise his/her right to vote. Otherwise, only shareholders are entitled to attend shareholders' meetings, together with the Company auditors and the Company's CEO, irrespective of whether they are shareholders or not. However, the Board of Directors may invite experts to attend individual meetings for the purpose of obtaining their opinion or assistance.

The proxy shall submit a written and dated letter of proxy. The letter of proxy shall never be valid for more than one year from its date.

Annual General Meetings shall be summoned with a minimum of 21 days' notice by an advertisement in the newspapers or electronically. Summoning to meetings, rights of access by shareholders to documents before a shareholders' meeting or Annual General Meetings and documents and resolutions to be placed before the meeting shall be subject to the provisions of the Companies Act.

The notice of a shareholders' meeting shall specify the business to be addressed at the meeting. If the agenda includes a motion to amend the Articles of the Company, the substance of the motion shall be included in the notice of the meeting.

A shareholder shall be entitled to have specific items of business addressed at shareholders' meetings, provided that such shareholder submits a written or electronic request to the Board



of Directors with sufficient advance notice for the item to be included on the agenda, but never later than 10 days before the Annual General Meeting.

At the latest one week before a shareholders' meeting, the final agenda and finalised proposals shall be published on the Company's website and be available at the Company's office for inspection by shareholders. In the case of an Annual General Meeting, the above information shall be published two weeks before the meeting, at the latest, in addition to publication of the annual financial statement, report of the Board of Directors, report of the auditors and proposal of the Board of Directors concerning a Remuneration Policy.

Items of business which are not included in the Agenda may not be taken for final decision at the meeting except with the consent of all the shareholders in the Company; however, a resolution may be passed to provide guidance to the Board of Directors of the Company. Lawfully submitted amendments falling within the scope of the original proposal may be proposed at the meeting itself, even though they have not been available for inspection by shareholders earlier.

A shareholders' meeting is valid, regardless of attendance, if the meeting has been properly convened. The same applies to an Annual General Meeting.

Article 14

Shareholders' meetings shall be convened at the discretion of the Board of Directors, by a resolution of a meeting, or when the elected auditors or shareholders holding a minimum of 1/20 of the shares of the Company request a meeting in writing and state the reason for the request for the meeting.

Such meetings shall be called in the same manner other as shareholders' meetings. Once a legitimate request for a meeting has emerged, the Board of Directors shall call a meeting no later than two weeks following the receipt of the request.

~~Each shareholder is entitled to have a specific matter discussed at a shareholders' meeting if he issues a written demand for this to the Company's Board with such advance notice that it is possible to put the matter on the agenda for the meeting.~~



Article 15

The Annual General Meeting of the Company shall be held before the end of the month of April each year. The meeting shall be held at the location decided by the Board of Directors.

Article 16

The Annual General Meeting shall address the following items of business:

- 1) The report of the Board of Directors on the activities of the Company in the preceding year of operation;
- 2) The annual financial statement of the Company, along with the Auditor's notes, shall be submitted for approval;
- 3) Decisions shall be taken concerning the disposal of the profit or loss of the Company during the fiscal year;
- 3)4) Proposals of the Board of Directors on the Company's Remuneration Policy;
- 4)5) Decision regarding the remuneration of the Members of the Board of Directors, auditors and committee members;
- 5)6) Election of Nomination Committee;
- 6)7) Election of the Board of Directors of the Company in accordance with Article 223;
- 7)8) Election of auditor or auditing firm;
- 8)9) Any other business lawfully submitted to the meeting or approved for discussion by the meeting.

Article 17

The Chairman of the Board of Directors or a chairman elected at the meeting shall preside over shareholders' meetings and appoint a secretary with the approval of the meeting. The chairman shall verify at the beginning of the meeting whether it has been lawfully convened and whether the meeting is valid in other respects, and declare whether such is the case. Discussions, voting and other procedure at the meeting shall be conducted as the chairman decides. A book of minutes shall be kept where all decisions and resolutions passed by the meeting, as well as a brief account of the meeting, shall be recorded. The Chairman and the secretary shall sign the minutes after they have been read and approved. The minutes shall be regarded as lawful proof of proceedings at the meeting.

Article 18

At shareholders' meetings, each share of one króna- shall carry one vote.

At the meetings of shareholders a simple plurality of votes will decide issues, unless the Company's Articles of Association or statutory law provide otherwise.

In the event of an equality of votes, a motion shall be regarded as rejected. In the event of an equality of votes in an election between two or more candidates to serve the Company, the election shall be decided by casting lots.

The consent of all shareholders is required to:

- a) Oblige shareholders to contribute funds beyond their initial commitments;
- b) Oblige shareholders to suffer redemption of their shares in part or in full, unless the Company is dissolved or the share capital lawfully reduced;
- c) Restrict the permission of shareholders to dispose of their shares beyond the provisions of these Articles of Association;
- d) Alter the objects of the Company materially;
- e) Amend the provisions of these Articles of Association regarding voting right, privileges, whether preferred shares should be issued according to individual shareholdings in the Company or regarding equal rights between individual shareholders.

Article 19

Shares owned by the Company in itself shall carry no votes. Such shares shall not be included when the consent of all shareholders or a certain majority of all share capital or share capital represented at shareholders' meetings is required.

Article 20



A shareholder himself, acting by proxy or as a proxy for others, is not permitted to participate in voting at a shareholders' meeting regarding legal proceedings against himself or on his liability toward the Company. The same applies to legal action against others or relating to the liability of others where a shareholder has material interests and which might be in conflict with the Company's interests.

Article 21 ~~The shareholder may grant power of attorney to others to attend meetings on his behalf and to vote his shares or act on his behalf regarding his shares, cf. Article 14. Otherwise only the shareholders, the Board of Directors, the Company's auditors and the CEO possess the right to attend shareholders' meetings, although they are not shareholders. The Board may however invite specialists to attend a particular meeting, if there is a need to appeal to their opinion or assistance.~~

~~[Article Cancelled.]~~

The Board of Directors of the Company.

Article 22

Each year, the Annual General Meeting shall elect five Members to the Board of Directors of the Company. The eligibility of members of the Board shall be subject to statutory law. A shareholders' meeting can also elect a Board member or members if a Board member or members have deceased, if they have been dismissed or if they have retired. The ratio of each gender within the Board shall not be less than 40%.

It shall be ensured on elections to the Board that the ratio of each gender is not lower than 40%. If the results of elections to the Board of Directors at a shareholders' meeting do not fulfil conditions regarding gender ratios the results shall be set aside, and the rightfully elected board shall be as follows: The first four seats on the Board shall be allocated to the two men and two women who received the most and second most votes of each gender in the election. The fifth seat on the Board shall go to the person, of either gender, who received the most votes of other candidates. If there are not enough candidates of each gender to fulfil the conditions regarding gender ratios on the Board, the acting board shall call a new shareholders' meeting, which shall convene 4-5 weeks after the previous meeting, where elections to the Board shall be on the agenda. Such extraordinary meetings shall be convened



as many times as necessary to obtain the required number of candidates of each gender; The acting Board shall continue in office until such time.

Elections shall be by ballot if the number of nominations exceeds the number of members to be elected. Votes shall only be cast for candidates who are running for office and votes cast for others shall be considered blank ballots.

Article 23

The Board shall elect a Chairman from among its members and allocate tasks among its members in other respects.

The Chairman of the Board shall convene meetings of the Board and preside at Board meetings.

The Chairman shall also call a meeting of the Board at the request of a member of the Board or the CEO. The presence of the majority of the Board members constitutes a quorum, provided that the meeting has been lawfully convened. Important decisions, however, may not be taken unless all members of the Board have had the opportunity to discuss the matter, if possible. Issues shall be decided by majority vote, unless otherwise provided in these Articles of Association or other lawful instructions. In the event of an equality of votes, the chairman shall cast the deciding vote.

Minutes shall be kept of proceedings at meetings of the Board of Director and shall be signed by members attending the meeting.

Meetings of the Board of Directors may be conducted by telephone or by teleconferencing equipment. The Board may also make decisions via email, if necessary. However, decisions so taken shall be confirmed at the next meeting of the Board of Directors when the board convenes.

The Chairman of the Board shall lead the work of the Board on establishing more detailed rules of procedure for Board.



Article 24

The supreme power in the affairs of the Company rests with the Board of Directors between shareholders' meetings, subject to the limitations imposed by these Articles of Association and statutory law.

The Board of Directors handles and is responsible for the affairs of the Company and shall ensure that the organisation and operation of the Company are in good and proper order.

The Board of Directors shall ensure adequate supervision of the Company's accounts and the use of its assets.

The Company's Board of Directors is responsible for the appointment of a Chief Executive Officer of the Company, the conclusion of his or her contract of employment, his or her code of conduct~~terms of reference~~ and his or her dismissal.

Only the Board of Directors may assign signatory powers.

The Board of Directors of the Company is empowered to enter the Company into obligations, such obligations requiring the signature of the majority of the Board members.

In other respects, the responsibilities, powers and work of the Board of Directors shall be governed by statutory law.

Chief Executive Officer.

Article 25



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The Chief Executive Officer is responsible for the day-to-day operation of the Company in compliance with the Articles of Association of the company and the policies and instructions of the Board of Directors. ~~the main policy set by shareholder's meetings or by the Company's board of directors.~~ However, this does not apply to matters which are out of the ordinary or of major consequence. Such matters can only be dealt with by the CEO pursuant to authorisation from the Board of Directors of the Company unless it is impossible to wait for the decisions of the Board of Directors without serious disadvantage to the operation of the Company. In such instances the Board of Directors shall notified of the handling of the matter as soon as possible.

The CEO is responsible to the Board of Directors in his or her work. The CEO attends meetings of the Board of Directors, even if he or she is not a member, and has the right to speak and submit proposals.

~~The CEO has the authority to sell and purchase real estate for the Company for up to ISK 25,000,000. on each separate occasion, without special approval from the board.~~

CHAPTER IV

Accounts, Auditing etc.

Article 26

The fiscal year of the Company shall be the calendar year. ~~The preparation of the annual accounts must be completed within two weeks before the annual general meeting and will then be handed over to the auditors for thorough auditing.~~

Article 27

An accountant or accounting firm shall be elected Company auditor at each Annual General Meeting for a term of one year. Auditors shall not be elected from among the members of the Board or employees of the Company. The eligibility of auditors is subject to statutory law.



Article 28

The Auditors and examiners shall, in conformance with generally accepted accounting standard and Act No. 144/1994 on annual accounts, audit the annual accounts of the Company and for this purpose examine the books of the Company and other matters regarding its operation and situation. They shall at all times have access to all the books and records of the Company. In other respects their work shall be subject to law.

Article 29

The annual accounts shall clearly and in detail state the income and expenses of the Company, its assets and liabilities. Expenses shall include due depreciation of the Company's real property and liquid assets.

Amendments to the Articles of the Company.

Article 30

The articles of association of the company may be amended at lawfully convened meetings of the Company except as otherwise permitted by law. A decision is valid only if it has the support of at least 2/3 of the cast votes and the support of shareholders controlling at least 2/3 of the share capital represented at the meeting.

Notwithstanding the above, the provisions of these Articles regarding voting rights of shareholders and equality among them cannot be amended except in compliance with Article 94 of the Companies Act No. 2/1995.

CHAPTER V

Dissolution of the Company etc.



Article 31

In the event that it is considered advisable or necessary to dissolve the Company the decision on the dissolution of the Company shall be taken at a meeting of the shareholders by the same force of vote as is necessary to amend these Articles of Association. The same applies to any type of merger or consolidation of the Company with other companies, as well as to the sale of all of its assets. The meeting that has made a lawful decision to dissolve the Company shall also decide on the disposal of its assets and the payment of its debts, as provided in Chapter XIII of the Companies Act No. 2/1995.

Other Provisions

Article 32

Matters of the Company on which these Articles provide no guidance shall be governed by the provisions of Act No. 2/1995 on limited liability companies and the provisions of Act No. 144/1994 on accounts to the extent they are applicable.

~~Approved at the meeting of the shareholders of Skeljungur hf. on May 27, 2019.~~

So approved at the Annual General Meeting of Skeljungur hf. on 5 March 2020.



ANNEX TO THE ARTICLES OF ASSOCIATION OF SKELJUNGUR HF.

~~The Company's permission to purchase own shares, approved at a shareholders' meeting on May 27th, 2019.~~

Authorisation of the Company to acquire own shares
Approved at the Annual General Meeting held on 5 March 2020

A shareholders' meeting of Skeljungur hf., held on ~~27. May 2019~~5. March 2020, authorises the Board of Directors of the Company, subject to compliance with other conditions of law, to purchase, once or on more occasions, shares in the Company, on the condition that the Company together with its subsidiaries shall only hold a maximum of 10% of the Company's shares. This authorisation shall be exercised for the purpose of setting up a formal repurchase programme in accordance with Chapter VIII of Act No. 2/1995 on limited companies, cf. the annex to Regulation No. 630/2005 on inside information and market abuse entitled Trading in own shares in repurchase programmes and stabilisation of financial instruments. The ~~purchase price shall not be higher than the price of the latest independent business with the shares or the highest independent price offered, whichever is higher.]~~



ANNEX 3:

Proposals for the amendments to the current Rules of Procedure for the Nomination Committee:

STARFSREGLUR TILNEFNINGARNEFNDARAR 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.:

- a) 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.

- 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 fyrirtækja¹, 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 [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.

- 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. [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.](#)

- i) 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.](#)

- 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 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.

- k) [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.](#)

¹ Hér eftir vísað til sem leiðbeininga VÍ o.fl.



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.

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 varamann í hans stað. Stjórn ber að tryggja að sá aðili uppfylli þær óhæðis- og hæfniskröfur og annað sem reglur þessar kveða á um. Varamaður skal starfa líkt og aðrir nefndarmenn í umboði hluthafafundar og vera óháður stjórn.

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. An alternate shall act like other members on the mandate of a shareholders' meeting and be independent of the board.

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.



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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 miða við sömu sjónarmið og þegar óhæði stjórnarmanna er metið. Öflun faglegrar ráðgjafar skal tilkynnst 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. [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.



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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 state^d 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 ~~546~~. mars 20~~2017~~.
So approved by the Annual General Meeting, March ~~456~~, 20~~2017~~

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

