

ICELANDAIR GROUP HF. NOMINATION COMMITTEE REPORT 2024

1. Summary

The main focus of the Nomination Committee of Icelandair Group hf. (the “Company”) during this operating year has been to:

- Revisit the strategy and the criteria for nominating Board members based on the Company’s short-term and long-term operating environment.
- Interview members of the Board of Directors and the CEO to evaluate the effectiveness of the current Board, look for opportunities to strengthen the Board and identify possible weaknesses within the board.
- Meet with shareholders to get insights into their perspectives.
- Ensure that capable candidates are available if the Committee would need to recommend a new Board member with a short notice.

Following meetings with the Company’s management, the Nomination Committee concluded that no changes would be made to the criteria for nominating Board members. Thus, the criteria remained unchanged from the previous operating year. In recent years the Company has been focusing on ramping up to pre-Covid levels and the long-term focus points and strategic initiatives remain the same. Now the focus is on executing the strategy and reaching the Company’s long-term EBIT goals.

In 2023, the Company made an important decision regarding its future fleet strategy when it was decided to add Airbus aircraft to the Company’s fleet. This decision was based on a thorough analysis which had been ongoing for a long time. Changes which were made to the Company’s Board of Directors in the past brought value to this analysis and provided support to the Company’s management team during their negotiations with aircraft manufacturers. Although this decision has now been made it will be important to ensure successful execution of the fleet transition.

In interviews with the Board members and through the Board of Directors’ self-assessment suggestions were brought up intending to further improve the cooperation of the Board of Directors. These suggestions have been well received by the Board members as a group and they are all motivated to continue working together as a team to further improve the effectiveness of the board.

When the Board of Directors is faced with important long-term decisions, which need successful execution, continuity and accountability within the Board is of vital importance. Furthermore, everything indicates that the current board members have had a successful cooperation in recent year and can continue to work well together in the future. As a result, the

Nomination Committee suggests that the following candidates will be elected to Icelandair Group's Board of Directors at the Company's Annual General Meeting:

1. Guðmundur Hafsteinsson
2. John F. Thomas
3. Matthew Evans
4. Nina Jonsson
5. Svafa Grönfeldt

2. Criteria for Nominating Board Members

Following discussions with the Company's management on the strategy going forward the Nomination Committee had discussions on its criteria for nominating board members. It is evident that the Company's operations have changed significantly from the Covid-19 era when a minimum flight schedule was operated. But although the Company has returned to normal operations the short-term and long-term strategy and vision remain unchanged in all major aspects. As a result, the Nomination Committee decided not to make any changes to its criteria for nominating board members.

The conclusion was that Board candidates should be evaluated on the following factors:

1. General personal characteristics which are necessary for all Board members.
2. Knowledge and experience regarding the Company's core business.
3. Knowledge, experience and capabilities to support and implement the Company's strategic decisions for the upcoming years.

Furthermore, the Nomination Committee agreed on the following criteria for each of the factors above:

1. General Personal Characteristics
 - Experience from board member positions
 - Experience from management positions
 - International business experience
 - Broad network
 - Solid reputation
 - Independence and critical thinking
 - Strong social skills and self-confidence
2. Knowledge and Experience from the Company's Core Business
 - Experience from international airline operations
 - Knowledge and experience from strategic implementation
 - PR/Branding experience

- Knowledge of data driven decision making
 - Experience and understanding of the Spirit of Iceland
 - Experience of human resources management and union relations.
3. Knowledge and Experience regarding the Company's Strategy
- Distribution strategy
 - Customer focus
 - Network and fleet strategy
 - Strategic partnerships
 - Environmental & Sustainability Strategy

It is still the conclusion of the Nomination Committee that these criteria reflect the qualifications needed for a strong Board member of Icelandair Group. During meetings with shareholders in previous years the Committee has received widespread support regarding the criteria. As a set, the criteria should be important and relevant for the Company's Board members in both the short-term and the long run. Over time some criteria may become more important, and others less based on industry trends and major topics which the Company is facing at any given time.

3. Evaluation of Icelandair Group's Current Board Composition

At Icelandair Group's Annual General Meeting in March 2023 the following five individuals were elected to the Board of Directors:

- Guðmundur Hafsteinsson
- John F. Thomas
- Matthew Evans
- Nina Jonsson
- Svafa Grönfeldt

These individuals have now worked together within the Board of Directors of the Company since 23 July 2021 when Mr. Matthew Evans joined the Board as a representative of Bain Capital, the Company's largest shareholder by far. Bain Capital has significant interest in the long-term success of Icelandair and Mr. Evans is actively following through on this investment through his board membership. Bain Capital shareholder leadership has brought to the company a clear focus on long-term success and value creation for the benefit of all shareholders.

The Nomination Committee interviewed all board members in 2023 to get insights into the operational and strategic focus of the Board and to evaluate if there are any important gaps in skills, knowledge, or experience within the Board. The Committee has focused as well on understanding the co-operation and working dynamics within the Board. Furthermore, the

Committee reviewed the Board of Director's self-assessment for the year. These matters were followed through by having further discussions with the Company's Chairman of the Board.

During the interviews with the individual Board members, it was suggested there could be ways to sharpen the leadership and effectiveness of the Board even further. Similar points were reflected in the results of the self-assessment of the Board of Directors. The Board has already held a special meeting to address these points and suggestions for improvements and has in place a plan to implement certain changes to the way they work should they be elected to continue as a team to lead the company.

During meetings with the Committee, the point was made that the Company might benefit from more local substance within the Board of Directors, especially regarding union matters and aviation infrastructure in Iceland. The Committee addressed whether more substance is needed and concluded that the Board together with the CEO is well prepared to deal with any potential local matters.

In summary, the information received by the Nomination Committee indicates that the board covers the factors important for a strong board for the Company. Furthermore, there are not any major indications of weaknesses which in the view of the Nomination Committee would justify recommending changes to the Board of Directors now. The Nomination Committee also believes that the current board composition is diverse enough in terms of age, gender, experience and expertise.

4. Evaluation of Candidates

The Nomination Committee has proactively searched for prospective candidates which might strengthen the Company's Board of Directors going forward.

The Committee addressed succession planning and preparedness for unexpected changes as before. This time good progress was made with the help of a large international firm specializing in recruiting for high-level executive and board positions. This led to the identification of more than one exceptionally qualified candidate that would be willing to join the Board when the opportunity arises. These are high level executives with long and successful international experience in the airline industry. To attract the strongest future candidates for the Board of Directors a professional international recruitment process should be an integral part of searching for candidates.

As previously noted, the Board of Directors is more connected to the US than Europe with four out of five board members currently living in the US. The Nomination Committee does not consider this a significant risk but recommends that this be taken into consideration when potential future changes are evaluated.

The current Board of Directors is composed of highly capable individuals which have managed to work well together as a group during a challenging period where the Company has ramped-up to normal operations following the Covid-19 pandemic and now the Company's operations have reached pre-Covid levels. Last year, the Board of Directors also managed to reach a big decision regarding the Company's fleet strategy. The introduction of Airbus into the fleet is an important project that needs to be governed properly and closely monitored. Also, the Company's competitive landscape continues to be dynamic and recently external factors such as strikes and seismic activity have added to the uncertainty. These factors support continuity within the board of the Company and also the big projects ahead will require a clear strategy and support from the Board of Directors.

4.1 Guðmundur Hafsteinsson

Guðmundur Hafsteinsson is in his 40's and is an investor and entrepreneur. He is the founder and CEO of Fractal 5, a startup focusing on helping people living a better social life through technology. He was the Head of Product for Google Assistant at Google, a position he held from 2014 to 2019. He joined Google in 2014 after the merger of Google and Emu, a chat based virtual assistant start-up he founded in 2012. Prior to the founding of Emu, he was VP Product at Siri, and stayed on after the acquisition by Apple through the launch of Siri on iPhone. Prior to Siri/Apple, Guðmundur was a Senior Product Manager at Google, where he managed the initial launches of Google Maps for mobile and Google Voice Search. Guðmundur holds an MBA degree from MIT and a B.Sc. degree in Electrical and Computer Engineering from the University of Iceland. Guðmundur joined Icelandair Group's Board of Directors in March 2018.

Guðmundur is an experienced executive from the tech industry with broad management and board member experience both in Iceland and in the US. He possesses all the General Personal Characteristics required for a strong Board member according to the Nomination Committee's best knowledge.

Guðmundur brings a wealth of knowledge and experience regarding customer focus and data driven decision making. Moreover, he is experienced with strategic implementation, PR/Branding and Human Resources management. During his term as a member of Icelandair Group's Board of Directors he has amassed knowledge and experience of international flight operations and the spirit of Iceland. Furthermore, he has actively assisted the Company in implementing its OKR methodology which is a tool to ensure that the Company's strategy is followed through in practice.

Through his experience from the tech industry, Guðmundur can bring a valuable perspective to the Company's Distribution Strategy and Customer Focus initiative. Moreover, as part of the Company's board over the last five years, Guðmundur has become well versed in Network & Fleet Strategy, Strategic Alliance matters and Environmental Issues.

Selected criteria covered:

- Data driven decision making
- Customer focus
- Human resource management
- Spirit of Iceland

It is the conclusion of the Nomination Committee that according to the Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, SA Business Iceland and Nasdaq Iceland (the “**Guidelines**”) Guðmundur is independent of the Company, its management and significant shareholders.

4.2 John F. Thomas

John F. Thomas is in his 60’s and he is the owner and CEO of Waltzing Matilda Aviation LLC, a jet charter and aircraft management company based in Boston that he founded in 2008. In 2016-2017, Mr. Thomas was Group Executive at Virgin Australia Airlines where he led a financial turnaround as CEO of a AU\$ 4.0bn (appr. USD 3bn) full-service airline with over 6,000 employees and 125 aircraft, and from 1990-2016 he was with the global strategy consulting firm L.E.K. Consulting, as a Managing Director/Senior Partner. From 1995 he created and led L.E.K.’s Global Aviation Practice for over 20 years. He also sits on the Board of SkyService Inc. the largest corporate aviation provider in Canada where he also Chairs its Health and Safety committee. He continues to provide advisory work to the global airline industry. Mr. Thomas holds an MBA degree from Macquarie University Graduate School of Business (which included 9 months at the MBA program at INSEAD) and a Bachelor of Commerce degree from the University of New South Wales. He joined the Icelandair Group’s Board of Directors in March 2020.

Mr. Thomas is a renowned international strategy consultant turned senior executive with wide-ranging experience from the global aviation industry. He has broad management and board member experience from North America, Latin America and Asia Pacific. He possesses all the General Personal Characteristics required for a strong board member according to the Nomination Committee’s best knowledge.

Mr. Thomas is highly knowledgeable and experienced with international airline operations, Icelandair Group’s core business. He has deep knowledge and experience with strategy implementation, international tourism, strategic alliances and human resources management and communications with unions.

Mr. Thomas’s wide-ranging experience from the international airline industry provides a valuable perspective on all aspects of Icelandair Group’s strategy.

Selected criteria covered:

- Experience from international airline operations
- Distribution strategy

- Strategic alliances

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

4.3 Matthew Evans

Mr. Evans is in his 30's and he joined Bain Capital Credit in 2009 where he is currently a Partner overseeing investments in the Aviation, Aerospace & Defense and Industrial sectors. He sits on a number of portfolio company boards and has led the development of several external partnerships and joint ventures within the aviation sector. Bain Capital is active in various airline investments. Matthew joined Icelandair Group's Board of Directors in July 2021.

Mr. Evans received a B.A. Phi Beta Kappa, summa cum laude from Yale University.

Selected criteria covered:

- Experience from international airline operations
- Network and fleet strategy
- Data driven decision making

It is the conclusion of the Nomination Committee that according to the Guidelines Matthew is independent of the Company and its management. However, he became a board member as the representative of the Company's largest shareholder and as such he is not independent from the Company's major shareholders.

4.4 Nina Jonsson

Nina Jonsson (Jónína Ósk Sigurðardóttir), is in her 50's and is a strategic advisor to the global commercial airline industry, with particular emphasis on green and sustainable solutions. She is currently serving as Senior Advisor to JetZero, the California-based developer of the new blended-wing-body aircraft. She also recently advised Boston-based, green-focused, airline startup Connect Airlines, and served as Chairman of FLYHT Aerospace Solutions in Calgary, Canada.

Prior to her current consulting engagements, Ms. Jonsson was Senior Vice President Group Fleet at Air France-KLM (2015-2017), based in Paris, France, where she was responsible for group-wide fleet strategy across its six member airlines, including aircraft sourcing, leasing and sales. Previously, she held a number of executive positions within the aviation industry including Fleet Management Officer at industrial aviation provider Bristow Group (2012-15) based in Houston, Texas and Aberdeen, Scotland; Director Fleet Planning at United Airlines (2006-2011) in Chicago; and Head of Fleet Management at US Airways (1991-2005) in Washington, DC. Ms. Jonsson holds an MBA degree in Management of Technology from Rensselaer Polytechnic Institute, a B.Sc. degree in Air Transport Management from the

University of New Haven, speaks five languages, and is a licensed pilot. Nina joined Icelandair Group's Board of Directors in March 2020. She is a dual citizen of Iceland and the US.

Nina Jonsson is a seasoned airline and aviation executive with over 30 years of industry experience at three major international airlines. She has broad management and board member experience from both Europe and North America. She possesses all the General Personal Characteristics required for a strong Board member according to the Nomination Committee's best knowledge.

Ms. Jonsson is highly knowledgeable and experienced with international airline operations, Icelandair Group's core business. She has knowledge and experience in strategy development in the context of aviation, PR/Branding, and human resources management. Furthermore, fleet optimization, network and fleet economics and the operational integration of new fleet types are among her areas of expertise. She has worked as a Fleet Management Officer and Senior Vice President Group Fleet at major airlines and has advised airlines on matters related to fleet acquisition, negotiation and operational implementation of fixed wing and rotary aircraft.

Ms. Jonsson's wide-ranging experience from the international airline industry provides a valuable perspective on all aspects of Icelandair Group's strategy.

Selected criteria covered:

- Experience from international airline operations
- Network and fleet strategy

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

4.5 Svafa Grönfeldt

Svafa Grönfeldt is in her 50's and is a Professor of Practice at the Massachusetts Institute of Technology. She is a founding member of MIT's newest innovation accelerator DesignX focused on the design and development of technology- and service-based ventures created at MIT. Svafa is the co-founder of The MET fund, a Cambridge based seed investment fund. She is a member of the Board of Directors of Icelandair Group since 2019, the Board of Directors of Össur since 2008 and the Board of Directors of Marel since 2021. Previous positions include executive leadership positions at two global life science companies where she served as Chief Organizational Development Officer of Alvogen and Deputy CEO of Actavis Group. Her executive career has been focused on organizational design for high growth companies, strategy implementation, service process design for operational improvement and performance tracking. She is a former President of Reykjavik University.

Svafa is an experienced senior executive with broad management and board member experience from education, pharmaceuticals, orthopaedics, IT and finance. She possesses all the General

Personal Characteristics required for a strong Board member according to the Nomination Committee's best knowledge.

Svafa is a renowned expert in strategic implementation and has valuable experience with PR/Branding, digital solutions and data utilization, and human resources management. During her three years as member of Icelandair Group's Board of Directors she has amassed knowledge of and experience with international airline operations and the Icelandic tourism industry.

During her time as Board member, Svafa has worked closely with Company management on the Company's strategy and strategy implementation. As a result, she has detailed insight into most aspects of the Company's strategy.

Selected criteria covered:

- Knowledge and experience from strategic implementation
- PR/Branding experience
- Spirit of Iceland

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

In the view of the Nomination Committee that the Board of Directors as a team is decently equipped to address Environmental and sustainable opportunities and the heightened importance of those topics going forward.

The gender quota set forth in the Icelandic Companies Act no. 2/1995 and the Company's Articles of Association would be met since the Board would be composed of three males and two females.

5. Role of the Committee

Icelandair Group's Nomination Committee was established at the company's Annual General Meeting on 8 March 2019. At that meeting, it was resolved that the company should operate a nomination committee which has the role to be advisory in the selection of members of the Board of Directors. The committee would bring its proposal for the Annual General Meeting or other Shareholders' meetings where election to the Board of Directors is on the agenda.

The main role of the committee is to put forward a complete proposal for the composition of the Board of the Company and ensure that the Board jointly covers all necessary criteria as defined by the Nomination Committee. As such, the Nomination Committee can create value for the company since it can suggest a group of individuals which complement each other through different qualities and capabilities.

The Nomination Committee shall put forward its reasoned opinion concurrently to the notification of the Annual General Meeting or as soon as possible in conjunction with other shareholder meetings. The committee’s opinion shall be made available to shareholders in the same way as other proposals to be submitted to the meeting. The Committee operates according to rules of procedures which are proposed by the Committee itself and approved by the Board of Directors.

6. Composition

The Nomination Committee shall consist of three members. The shareholders shall elect two members, one male and one female, directly at the Annual General Meeting. Subsequently, the Board of Directors will nominate one member to the committee. All members shall be independent of the Company and its executives. The member nominated by the Board of Directors shall be independent of the Company’s largest shareholders. The same criteria shall apply to the assessment of independence of Committee members as to the assessment of the independence of Board Members according to The Guidelines.

At Icelandair Group’s Annual General Meeting in March 2023 Mr. Hjörleifur Pálsson and Ms. Helga Árnadóttir were re-elected to the Nomination Committee by the Company’s shareholders. Subsequently, Mr. Úlfar Steindórsson was re-elected to the Nomination Committee as the representative of the company’s Board of Directors. Úlfar is the former Chairman of the Board of Directors of the Company but has remained as the board representative in the Nomination Committee since he left the Board of Directors in July 2021. Ari Guðjónsson, the General Counsel & the Company’s Secretary, was appointed the Secretary of the Committee. The Nomination Committee had an open line of communications for questions or suggestions and all the Company’s shareholders were informed of that line of communications on the Company’s website.

7. Activities during the year

The Nomination Committee has conducted the following activities during the year:

	Business of Committee meetings
April 2023	<ul style="list-style-type: none"> • Election of Chairman and appointment of Committee Secretary • Discussions on the Rules of Procedures for the Nomination Committee and the work schedule for the year. • Discussions and lessons learned from the Committee’s experience from previous years.

June 2023	<ul style="list-style-type: none"> • Confirmation of Rules of Procedures for the Nomination Committee and the work schedule for the operating year. • Introduction from the CEO on the Company's strategy and key initiatives • Discussions on ways to identify capable board members if any replacements were needed.
September 2023	<ul style="list-style-type: none"> • Discussions and definition of criteria for board members • Preparation of meetings with board members, senior management and shareholders
December 2023	<ul style="list-style-type: none"> • Individual meetings with board members, the CEO and the General Counsel
January and February 2024	<ul style="list-style-type: none"> • Discussions on the meetings with board members, the CEO and the General Counsel • Further preparations for meetings with the largest shareholders • Meetings with the Company's major shareholders • Discussions on the views of shareholders, board members and management • Final assessment of the qualifications of individual candidates submitted to the Board of Directors • Review of the self-assessment of the Board of Directors and discussions with the Chairman of the Board on the subject of the self-assessment • Proposal on the composition of the Board of Directors. • Preparations of a report on the work of the Nomination Committee. • Other preparations for the Annual General Meeting.

8. Proposal

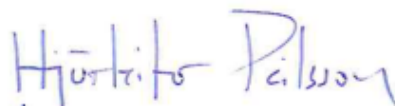
The Nomination Committee proposes that the following candidates, listed in alphabetical order, be elected to the Board of Directors of Icelandair Group hf. at the Company's Annual General Meeting on 7 March 2024:

- Guðmundur Hafsteinsson
- John F. Thomas
- Matthew Evans

- Nina Jonsson
- Svafa Grönfeldt

In accordance with clause 1.3.1 of the Guidelines on Corporate Governance, the Nomination Committee will propose a Chairman for the Company's Annual General Meeting. The Committee proposes that Mr. Ólafur Arinbjörn Sigurðsson, attorney at law, be elected as the Chair of Icelandair Group's Annual General Meeting in 2024.

Reykjavík,
7 February 2024



Hjörleifur Pálsson



Helga Árnadóttir



Úlfar Steindórsson