

## ANNUAL GENERAL MEETING OF SKELJUNGUR HF. – 4 MARCH 2021

### Proposals to the annual general meeting

#### A. Proposal for a chairman of the meeting - ITEM 1

The Nomination Committee proposes Viðar Lúðvíksson, attorney at law, as chairman of the meeting.

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

The Board proposes approval of the Financial Statements for 2020.

##### Explanation:

*The consolidated Financial Statement for 2020 can be accessed on the Company's website, <https://www.skeljungur.is/fyrir-fjarfesta>. Skeljungur's CEO, Árni Pétur Jónsson, will present the Financial Statement.*

#### C. Proposal for amendment of the Company's dividend policy – ITEM 4

The Board of Directors of the Company proposes an amendment of the Company's current policy on dividend payments, so that instead of providing for an annual dividend payment and/or repurchases of own shares corresponding to 30-50% of earnings after taxes, the policy should provide for an annual dividend payment corresponding to up to 50% of earnings after taxes;

The phrasing of the policy would then be as follows:

"The Board of Directors of Skeljungur hf. has set for the Company the policy of paying to shareholders an annual dividend corresponding to up to 50% of earnings after taxes.

However, any proposal for payments shall be in compliance with provisions of law, in addition to taking account of the Company's risk management policy, financial covenants, market conditions, the Company's investment needs and other restraints that may be imposed on the Company at any time.

The policy forms a basis for a proposal on dividend payments to be placed before the annual general meeting each year."

##### Explanation:

*The current dividend policy assumes payments of dividends and/or execution of repurchases of own shares as a proportion of the Company's earnings after taxes. The Board of Directors proposes that the policy of the Company on dividend payments should focus only on dividend payments and not provide for repurchases of own shares. By law, companies are set a clear framework regarding their permission to acquire and hold shares in themselves, cf. Act No. 2/1995 on limited liability companies, Act No. 108/2007 on securities transactions, and annex to Regulation No. 630/2005 on inside information and market abuse. The Company may buy shares only pursuant to authorisation granted to the Board of Directors by a shareholders' meeting. Such authorisation can only be temporary, and never extend for more than 18 months at a time, as provided in Article 8 of Skeljungur's Articles of Association and the provisions of the Act on limited liability companies. The Board of Directors can therefore only be authorised to purchase own shares of the Company if a shareholders' meeting approves such authorisation.*

*Further details of the proposed amendment of the dividend payment policy can be found in an annex and on Skeljungur's website, <https://www.skeljungur.is/hluthafafundur-2021>.*

#### **D. Proposal for the allocation of profits and payment of dividends 2020 – ITEM 5**

The Board of Directors of the Company proposes payment of a dividend to shareholders in 2021, in respect of the year 2020 in the amount of ISK 350 million.

In line with the Company's dividend payment policy, the Board of the Company proposes payment of a dividend in respect of the year 2020, in the amount of ISK 0.180781 per outstanding share, or ISK 350 million, which corresponds to 44% of the earnings of 2020. The entitlement of shareholders to dividend payments will be based on the Company's share register on 8 March 2021 (record date). The ex-date, i.e., the date on which trading begins with shares in the Company without entitlement to dividends for the financial year of 2020, will be set as 5 March 2021, the next trading day following the annual general meeting. It is proposed that dividends should be paid on 8 April 2021 (payment date).

#### **E. Proposal on repurchase of shares in the Company - ITEM 6**

The Board of Directors of the Company submits a proposal for repurchase of shares in the Company up to 10% of the Company's share capital (including shares held by subsidiaries in the Company).

With reference to Article 8 of the Company's Articles of Association, the Board of Directors proposes the following Annex to the Articles for information purposes over the period in which the authorisation is in force:

##### **"Authorisation of the Company to acquire own shares, approved at the annual general meeting held on 4 March 2021**

The shareholders' meeting of Skeljungur hf. held on 4 March 2021 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 liability 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"

##### **Explanation:**

*According to the approved dividend policy of the Company, the Company has set the target of paying to shareholders annually 30-50% of earnings in the form of dividend payments and/or repurchases of shares. In accordance with the above, the Board of Directors of the Company submits a proposal for payment of dividends corresponding to 44% of earnings, and also repurchase of up to 10% of the shares in the Company.*

*The current annex to the Articles of Association on repurchases, dating from the shareholders' meeting of 5 March 2020, will be deleted, as it will no longer be in force.*

*This is not an actual amendment of the Articles of Association of the Company; instead, the authorisation (if granted) will be referred to in an annex to the Articles of Association in conformity with Article 8 of the Company's Articles of Association.*

#### **F. Proposal on a reduction in share capital - ITEM 7**

The Board of Directors submits the following proposal on a reduction of share capital:

*"The annual general meeting of Skeljungur hf., held on 4 March 2021, resolves to reduce the Company's share capital from ISK 1,985,675,666, in nominal value, to ISK 1,936,033,774, by cancellation of all the company's own shares in the nominal value of ISK 49,641,892. The reduction will be executed by cancelling shares held by the Company in the above amount, subject to the conditions of the act on limited liability companies. Subject to the approval of the annual general meeting, the Board of Directors of the Company shall be authorised to update the Company's Articles of Association to reflect the reduction in share capital."*

**Explanation:**

*At a shareholders' meeting of Skeljungur held on 5 March 2020, a resolution was passed to authorise the Board of Directors to set up a formal repurchase programme and purchase up to 10% of the shares in the Company in the course of the period to the next annual general meeting. The Board of Directors of Skeljungur hf. twice decided during the year on the basis of the above resolution on the execution of the repurchase programme, to purchase up to ISK 24,820,946 shares on each occasion, for a total of 49,641,892 shares, with the provision that the amount of the repurchase should never exceed ISK 250,000,000 each time, for a total of ISK 500,000,000. An announcement was made at the end of the repurchase on the basis of the programme on 21 April 2020 and 16 November 2020, respectively, by which time Skeljungur had purchased a total of 49,641,892 shares in the Company. The purchase price of the acquired shares was ISK 384,098,829. Skeljungur owned no shares prior to the launch of the programme. The repurchase programme was executed in conformity with an annex to Regulation No. 630/2005 on inside information and market abuse.*

*Skeljungur currently owns shares in the nominal value of ISK 49,641,892, or 2.5% of the Company's share capital. The shares in question proposed for cancellation, ISK 49,641,892, represent all own shares held by the Company. No payments would therefore be made out of the Company in connection with the reduction in share capital.*

**G. Proposal of the Board of Directors on an amendment of the Company's Articles of Association – ITEM 8**

The Board of Directors proposes the following substantive amendments to the Company's Articles of Association:

The Board of Directors proposes the following amendments to paragraphs 3 and 4 of Article 4 of the Company's Articles of Association.

To extend to 2022, and at the same time reduce, the current authorisation of the Board of Directors under paragraph 3 of Article 4, so that the Board of Directors is authorised to increase by subscription to new shares the share capital of the Company by up to 811,078 ISK (eight hundred and eleven thousand and seventy eight Icelandic krónur) 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 extend to 2022 the current authorisation of the Board of Directors under paragraph 4 of Article 4 to increase the share capital of the Company by means of the issue of new shares up to the amount of ISK 198,567,566 (one hundred ninety-eight million five hundred and sixty-seven thousand and five hundred sixty-six Icelandic krónur), up to a maximum of 10% of the nominal value of the total share capital of the Company, when the Board sees need to do so; the new shares shall be used as consideration in trading when the Company acquires shares, assets and/or rights from other persons.

The phrasing of paragraphs 3 and 4 of Article 4 of the Articles of Association of the Company would therefore read as follows, with the amendments underlined.

"The Board of Directors of the Company is authorised to increase the share capital of the Company by up to 811,078 ISK (eight hundred and eleven thousand and seventy-eight Icelandic krónur) 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 added shares 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 2022 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 198.567.566,- (one hundred and ninety-eight million five hundred and sixty-seven thousand five hundred sixty-six Icelandic krónur) in nominal value; 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 2021 and following recording of the decisions made at the same meeting. Shareholders of the Company shall have pre-emptive rights to the new shares, in line with their holdings, that are issued in accordance with the decision of the Board of Directors on the basis of this authorisation. The shares to which shareholders do not exercise their pre-emptive rights may be used as consideration in transaction(s) (i.e. as payment of the purchase price in part or in full) in relation to the Company's acquisition of shares, assets and/or rights from other persons. This means that payment for the new shares may be in a form other than cash, as decided by the Board at each relevant time. The Board shall decide on 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 confer the same rights as other shares in the Company. The Board shall be authorised to make 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 2022 to the extent that it has not already been utilised at that time."

**Explanation:**

*The proposal for an amendment on reducing the authorisation that was in effect to fulfil obligations to employees of Skeljungur hf. and its subsidiaries pursuant to stock option agreements is submitted as the existing authorisation is higher than needed, and so it should properly be reduced, but at the same time extended, so that the Board of Directors is authorised to meet obligations. In other respects, reference is made to the remuneration policy and the report of the Board of Directors on the execution of the remuneration policy of the Company for further explanation.*

*The amendment on authorisation for the Board of Directors to increase the share capital of the Company with the issue of new shares in an amount of up to ISK 198,567,566, but not in excess of 10% from the nominal value of the total share capital of the Company as it was at the end of the 2021 annual general meeting of the Company, is proposed to give the Board of Directors scope to increase the share capital and use the new shares as consideration in trading as needed, in the opinion of the Board of Directors.*

**H. Proposal of the Board of Directors on an unchanged remuneration policy - ITEM 9**

The Board of Directors proposes an unchanged remuneration policy for the Company.

*The current remuneration policy of the Company can be accessed on Skeljungur's website: <https://www.skeljungur.is/hluthafafundur-2021>*

**I. Proposal on remuneration to Board members, sub-committees and auditor - ITEM 10**

The Board of Directors proposes amendments to the employment terms of Board and committee members in line with increases in the wage index of recent years, i.e.:

- a. Chairman of the Board: 700,000 ISK monthly payment
- b. Vice Chairman of the Board of Directors: 500,000 ISK monthly payment
- c. Members of the Board of Directors: 350,000 ISK monthly payment
- d. Chairman of the Audit Committee: 110,000 ISK monthly payment
- e. Member of the Audit Committee 65,000 ISK monthly payment
- f. Chairman of the Remuneration Committee 65,000 ISK monthly payment
- g. Member of the Remuneration Committee: 35,000 ISK monthly payment
- h. Chairman of the Nomination Committee: 25,000 ISK/hr. as contractor
- i. External member of the Nomination Committee 25,000 ISK/hr. as contractor
- j. Board member on the Nomination Committee: ISK 65,000 lump sum

k. Auditor: As invoiced (unchanged)

**Explanation:**

*The terms of appointment of members of the Board of Directors and committee members of Skeljungur have been unchanged since 2018. With consideration to increases in the wage index over the period 2018 to 2020, the Board of Directors proposes the following changes in employment terms:*

Current terms		Proposal	
Chairman of the Board of Directors	ISK 650,000 per month	Chairman of the Board of Directors	ISK 700,000 per month
Vice Chairman of the Board of Directors	ISK 450,000 per month	Vice Chairman of the Board of Directors	ISK 500,000 per month
Members of the Board of Directors	ISK 320,000 per month	Members of the Board of Directors	ISK 350,000 per month
Chairman of the Audit Committee	ISK 100,000 per month	Chairman of the Audit Committee	ISK 110,000 per month
Members of the Audit Committee	ISK 60,000 per month	Members of the Audit Committee	ISK 65,000 per month
Chairman of the Remuneration Committee	ISK 60,000 per month	Chairman of the Remuneration Committee	ISK 65,000 per month
Members of the Remuneration Committee	ISK 30,000 per month	Members of the Remuneration Committee	ISK 35,000 per month
Chairman of the Nomination Committee	20,000 per hour as contractor	Chairman of the Nomination Committee	25,000 per hour as contractor
Members of the Nomination Committee:	20,000 per hour as contractors	Members of the Nomination Committee:	25,000 per hour as contractors
Board member on the Nomination Committee	ISK 60,000 lump sum	Board member on the Nomination Committee	ISK 65,000 lump sum
Auditors	As invoiced	Auditors	As invoiced

**J. Report and proposals of the Nomination Committee regarding the Board of Directors - ITEM 11**

The Nomination Committee proposes the following candidates for election to the Board of Directors of Skeljungur:

- Birna Ósk Einarsdóttir
- Dagný Halldórsdóttir
- Sigurður Kristinn Egilsson
- Jón Ásgeir Jóhannesson
- Þórarinn Arnar Sævarsson

**Explanation:**

See further the report of the Nomination Committee, accessible on Skeljungur's website: <https://www.skeljungur.is/hluthafafundur-2021>

*It should be noted that the committee reserves the right to review its proposal until ten days before the annual general meeting. The final deadline for announcements of candidature is five days before the annual general meeting, but the committee will not be able to assess candidatures received when less than two weeks remain until the meeting, which will be held on 4 March 2021.*

**K. Election to the Nomination Committee - ITEM 13**

Candidatures to Skeljungur's Nomination Committee:

- Katrín S. Óladóttir
- Sigurður Kári Árnason

Notification about candidature to the Nomination Committee must be submitted before 16:00 on Saturday 27 February 2021, to the e-mail address [fjarfestar@skeljungur.is](mailto:fjarfestar@skeljungur.is) or at the Company's office at Borgartún 26 in Reykjavík.

**L. Proposal of the Board of Directors on an audit firm – ITEM 14**

The board proposes re-election of KPMG as the Company's audit firm for the next year;

**M. Discussion of any other lawfully submitted business**

Reykjavik, 11 February 2021

Board of Directors of Skeljungur hf.

**ANNEXES:**

1. Proposal for amendment of the Company's dividend policy
2. Proposal for the amendments to the Company's current Articles of Association

## ANNEX 1:

### Proposal for amendment of the Company's dividend policy:

#### DIVIDEND POLICY FOR SKELJUNGUR HF.

The Board of Skeljungur has adopted a dividend policy according to which it will propose on a yearly basis dividend ~~or/and a share buy back in the level of up to 30~~ 50% of the annual net profit. The board's proposal shall notwithstanding be in accordance with law and take into account and to consider the risk policy in place, financial covenants, market conditions, the company's liquidity need and other possible factors that might limit payout to shareholders at any given time.

The dividend policy shall be the basis for a dividend ~~or/and a share buyback~~ proposal put forth at Annual General Meetings.

\* \* \*

Proposed by the Board of Skeljungur hf., February 4, 2021.

So approved by a shareholders' meeting of Skeljungur hf., \_\_\_\_\_, 2021

\_\_\_\_\_  
Jón Ásgeir Jóhannesson

\_\_\_\_\_  
Birna Ósk Einarsdóttir

\_\_\_\_\_  
Dagný Halldórsdóttir

\_\_\_\_\_  
Elín Jónsdóttir

\_\_\_\_\_  
Þórarinn Arnar Sævarsson

**ANNEX 2:**

**Proposal 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.



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 811,078 ISK (eight hundred and eleven thousand and seventy-eight Icelandic krónur)~~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 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 202~~21~~<sup>21</sup> 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 198.567.566,- (one hundred and ninety-eight million five hundred and sixty-seven thousand five hundred sixty-six Icelandic krónur)~~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 202~~10~~<sup>10</sup> and following recording of decisions made at the same meeting. Shareholders of the Company shall have pre-emptive rights, in proportion to their holdings, to the shares that are issued in accordance with the decision of the Board of Directors on the basis of this authorisation. The shares to which shareholders do not exercise their pre-emptive rights may 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 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 202~~2~~<sup>1</sup> 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**

[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 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. 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.

## **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.

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, through reliable media that ensures distribution of information to the public in the European Economic Area. 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, cf. Article 11. 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.

#### **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;
- 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.

### **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**

[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 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**

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 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.

## **CHAPTER IV**

### **Accounts, Auditing etc.**

#### **Article 26**

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

#### **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.

**So approved at the Annual General Meeting of Skeljungur hf. on ~~45~~ March 202~~10~~.**

~~**ANNEX TO THE ARTICLES OF ASSOCIATION OF SKELJUNGUR HF.**~~

~~**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 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.~~