

REPORT OF THE NOMINATION COMMITTEE

2022

Role

The objective with the appointment of the Nomination Committee is to establish a transparent and clear procedure for the nomination of board members at the Company's shareholders' meetings; the procedure is intended to enable shareholders to take informed decisions in elections to the board of directors.

The Committee's objective is also to ensure that the Company's board is sufficiently diverse as regards capabilities, experience and knowledge. Also that board members' capabilities are of the nature of being useful to the Company and its subsidiaries.

The Nomination Committee has an advisory role regarding the election of board members and submits proposals to such effect at the Company's shareholders' meeting. In the conduct of its duties, the Nomination Committee shall take into account the overall interests of the Company's shareholders. Further information regarding the Committee's role may be found in its rules of procedure, which are accessible on Skeljungur's website, and in the Guidelines of the Iceland Chamber of Commerce, Business Iceland (SA) and Nasdaq Iceland on Corporate Governance (the "Corporate Governance Guidelines").

The Committee also has the role of assessing the independence of prospective members of the board in conformity with the Corporate Governance Guidelines and observing statutory gender representation on the board.

Composition

The members of the Nomination Committee in 2021-2022 are Katrín S. Óladóttir, CEO of Hagvangur recruitment, Sigurður Kári Árnason, Head of Legal at the Ministry of Health, and Thórarinn Arnar Sævarsson, member of the board of Skeljungur. At the Committee's first meeting, Sigurður Kári was elected chairman Árni Gestsson, Skeljungur's legal counsel, was elected secretary of the committee.

All Committee members are independent of the Company and its management. Katrín and Sigurður Kári are also independent of the Company's major shareholders. It is noted that in the Committee's opinion, Thórarinn is not independent of major shareholders in the understanding of Corporate Governance Guidelines as recounted below.

Work of the Committee

At the time of signature of this report the Committee has met nine times. At the meetings the Committee conducted the following business.

Date of meeting	Principal tasks:
21 December 2021	<ul style="list-style-type: none"> • Election of a Chairman and appointment of secretary. • Programme of work of the Committee prepared and approved. • Version of letter to major shareholders in the company discussed. • Discussion of announcement of the work of the Committee and advertisement.
<i>Advertisement for candidatures sent out on 11 January 2022</i>	
17 January 2022 (In the absence of the chairman)	<ul style="list-style-type: none"> • Results of the Board performance evaluation presented to the Nomination Committee by the Board member responsible for the self-assessment.
<i>Letter to major shareholders sent 19 January 2022</i>	
21 and 24 January 2022 (In the absence of the chairman)	<ul style="list-style-type: none"> • Meetings with each board member to gather information on the work of the board and members' assessment of current composition of capability and knowledge. Information obtained on which board members will stand for re-election. • CEO's presentation of the company, its strategy and principal features. CEO's assessment of the board's work obtained. • Discussion of need for amendment of the Committees rules of procedure.
25 and 27 January 2022 (In the absence of the chairman)	<ul style="list-style-type: none"> • Meetings with shareholders who had requested a meeting to discuss their experience of the work of the Board and necessary qualifications.
<i>Assessment of independence of current board in connection with the preparation of a Corporate Governance Statement carried out on 2 February 2022.</i>	
9 and 11 February 2022 (In the absence of the chairman)	<ul style="list-style-type: none"> • Interviews with candidates • Assessment of composition of qualifications and knowledge of candidates.
<i>Draft of report and proposal to the annual general meeting prepared between meetings.</i>	
16 February 2021 (In the absence of the chairman)	<ul style="list-style-type: none"> • Final proposal to the annual general meeting on the Board and final edition of the Committee's report approved. • Self-evaluation of the committee

25 February 2022 (*according to work programme*)
(In the absence of the chairman)

- New candidatures to be reviewed, if any.
 - An amendment will be made to the Committee's proposal to the board of directors on a new board if needed.
 - Presentation for the annual general meeting to be prepared.
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Principal conclusions of the Committee

I. The Committee's definition of key elements of competence and knowledge of value to the board of Skeljungur

Based on meetings with Skeljungur's largest shareholders, current board members and CEO regarding the board's main tasks in the coming years the Nomination Committee of 2021-2022 has defined the following key capabilities and knowledge to be of value for the board of Skeljungur to be presented to the annual general meeting scheduled for 10 March 2022:

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

In evaluating nominations for board membership, the Committee seeks to ensure that the board as a whole forms a strong and professional unit that can work as best as possible together for the benefit of the Company and its shareholders. Preferably, board members should possess skills, knowledge in any of the above areas with as many key capabilities as possible reflected in the board of directors. Other aspects, such as knowledge of the Company's operations, management continuity, position of members to address the challenging tasks of board membership, gender representation etc. are also assessed in the preparation of the Committee's final proposal.

The tasks of the Board of Directors have been unusually numerous and complex in the last year of operation, in particular with the work on the transition and reshuffling of Skeljungur's business operation with the establishment of an investment company and subsidiaries operating in the retail market and corporate market, concurrently with the sale of the subsidiary P/F Magn and real properties. It is the assessment of the Committee that the Board of Directors was unified in its decisions and that all the members of the Board of Directors contributed to this work; there were over 30 formal meetings of the Board over the course of the operating year, in addition to briefer teleconferences. In its assessment of nominations for membership of the Board of Directors the Committee bears in mind that the above transition of the Company has not been completed and that the Board of Directors to be elected needs to follow up on these undertakings.

II. Board of Directors of Skeljungur hf. from the annual general meeting of March 2021

- Jón Ásgeir Jóhannesson, chairman of the board of directors

Jón Ásgeir is an independent investor and advisor. He is also an alternate members of the board of directors of 365 hf., which is involved in newspaper publishing, and a signatory for Apogee ehf., which engages in financial services. The chairman of the board of directors of Strengur hf. and Strengur Holding hf. Jón Ásgeir is the founder of Bónus, former CEO and chairman of the board of Hagar and subsequently Baugur Group. He possesses extensive management experience, e.g. for Iceland foods and Magazin du Nord, and a number of other Icelandic companies. He graduated from Verzlunarskóli Íslands in business sciences.

Jón Ásgeir is married to Ingibjörg Pálmadóttir, a majority shareholder of the company 365 hf., which, together with related companies, owns a 38% share in Strengur Holding hf. Strengur Holding ehf. holds a 100% share in Strengur ehf. Strengur ehf. owns 969,152,089 shares in Skeljungur, corresponding to 50.06% of voting shares. According to the Guidelines of the Iceland Chamber of Commerce, Business Iceland (SA) and Nasdaq Iceland on Corporate Governance a “major shareholder” is a person controlling a minimum of 10% of the total shares or voting rights in the Company, alone or in concert with related parties. Section 2.3.4 notes that in the assessment of the independence of a board member from major shareholders a general assessment shall be made of all direct and indirect relations with the relevant shareholder. The criteria cited in Section 2.3.2 could, for instance, be taken into account in assessing whether a director can be regarded as independent of major shareholders of the Company. The cited section includes a discussion of relationships arising from close family ties, including marriage. Also, section 2.3.4(2) notes that a director is not independent of major shareholders in circumstances where he/she is a board member of a person owning a large share in the company, which is the case with Jón Ásgeir.

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

- Birna Ósk Einarsdóttir, vice-chairman.

Birna Ósk Einarsdóttir is Chief Commercial Officer of APM Terminals in the Netherlands. She was formerly Chief Commercial Officer at Icelandair Group, and before that Head of Customer Experience and Business Development and Strategy. Before that, she was the Director of marketing and business development at Landsvirkjun, from 2017-2018. Prior to that Birna Ósk had various roles within Síminn hf. since 2001. Among them director of sales and service, head of marketing, head of project management, human resources and public relations. Birna Ósk has extensive experience of board membership, managerial and operational experience, with emphasis on strategy, innovation, product development and retail, in various markets. She also has significant experience of the energy sector. She is also very familiar with Skeljungur’s operations. In her work, Birna has focused on strategic planning, marketing and corporate governance; she has been Vice Chairman of the Board of Directors for most of her time on the Board and is therefore very familiar with the Company’s business opportunities.

Birna holds a B.Sc. degree in business administration from the University of Iceland an M.Sc. degree in Strategic Management from Reykjavik University and an AMP degree from IESE Business School.

Birna does not own shares in Skeljungur

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

- Nanna Björk Ásgrímsdóttir, member,

Nanna Björk Ásgrímsdóttir has been engaged in her own investment activities from 2006 to the present. She is the chairman of the board of RES 2 ehf., RES 9 ehf. and Eldra ehf. Previously, Nanna Björk was involved in the operation of a number of retail operations in Iceland and abroad, variously as owner and investor or in a management capacity. These include retail operations such as All Saint, Whistles, Karen Millen, Shoe Studio and Warehouse. She worked previously with Corporate Finance at Kaupthing Bank, engaging in day-to-day legal affairs from 2001 to 2003 and at Lex Law Firm, also in standard legal work.

Nanna Björk completed an LLM Masters degree in European law at the University of Stockholm in 2001. She earned a degree in law at the University of Iceland in 2000 and completed various courses in art history I, II, and III in the Faculty of Arts of the University of Iceland.

Nanna and her husband, Sigurður Bollason, are majority shareholders of the company RES 9 ehf. which holds a 38% share in Strengur Holding ehf., which owns 100% of Strengur hf. Strengur owns 969,152,089 shares in Skeljungur, corresponding to 50.06% of voting shares. According to the Guidelines of the Iceland Chamber of Commerce, Business Iceland (SA) and Nasdaq Iceland on Corporate Governance a “major shareholder” is a person controlling a minimum of 10% of the total shares or voting rights in the Company, alone or in concert with related parties. Section 2.3.4 notes that in the assessment of the independence of a board member from major shareholders a general assessment shall be made of all direct and indirect relations with the relevant shareholder. The criteria cited in Section 2.3.2 could, for instance, be taken into account in assessing whether a director can be regarded as independent of major shareholders of the Company. The cited section includes a discussion of relationships arising from close family ties, including marriage. Also, section 2.3.4(2) notes that a director is not independent of major shareholders in circumstances where he/she is a board member of a person owning a large share in the company. It is evident from the above that Nanna Björk, in company with her husband, owns a large share in a shareholder that controls about 50% of the votes in Skeljungur.

In the opinion of the Nomination Committee Nanna Björk Ásgrímsdóttir is independent of the Company and its day-to and day management, but not of large shareholders in the Company, according to the definition of independence in the ICC Corporate Governance Guidelines.

- Sigurður Kristinn Egilsson, member,

Sigurður Kristinn Egilsson is the founder of Arcur Finance, which specialises, among other things, in corporate financing and various specialised projects. These include diverse projects in the area of financial management and planning, real estate projects, capital venture investments and various financing projects. Property related tasks include consultancy on changes in site planning and relations with government authorities, financing for new buildings and general financing of property-related projects. He is the chairman of the board of NeckCare Holding, representing investors, a company specialising in analyses of neck mobility.

From 1998 to 2007 Sigurður Kristinn worked in the Asset Management division of Kaupthing bank, and over the last five years he was head of asset management for professional investors, which

specialises in asset management for pension funds, corporations and organisations. From 2007 to 2010 he was an employee of the bank's overseas asset management division for professional investors. From 2010- 2016, Sigurður was head of asset management and specialised funds for ALM Securities, which was financed by pension funds. He has also served on the board of directors of Meniga, representing investors.

Sigurður Kristinn graduated as a mechanical and industrial engineer from the University of Iceland in 1998, and is a certified securities dealer.

Sigurður Kristinn does not own shares in Skeljungur hf.

It is the assessment of the Nomination Committee, based on the Corporate Governance Guidelines, that Sigurður Kristinn is independent of the Company, its day-to-day management and large shareholders in the Company.

- Thórarinn Arnar Sævarsson, member.

Þórarinn is a certified realtor, regional manager at RE/MAX Iceland and chairman of the board of Kaldalón hf., an investment and real estate development company. He is the chairman of the board of Fjölblendir ehf. and serves on the boards of directors of Remax Iceland, Loran ehf., RPF ehf., IREF ehf., Einbýli ehf., Strengur Holding ehf., Strengur hf., Iceland Rent ehf., Henrik ehf. and Smárahvammur ehf. Thórarinn has fourteen years of experience in the fisheries sector, almost twenty years of experience of buying, selling and developing properties in the real estate market. He is also involved in investment projects in consulting firms, innovation companies and technology companies. Thórarinn is the founder of real estate chains, both in Iceland and abroad. Thórarinn is a franchisee of RE/MAX Iceland and a board member of that company. Owner of the company Loran ehf. In addition to earning certification as a real estate agent, he graduated from the Icelandic School of engineers (Vélskóli Íslands) and the Icelandic Ship Management School (Skipstjórnarskólinn), and has completed flight training.

Thórarinn holds 100% of the shares in the company Loran ehf. Loran ehf. holds 50% of the shares in IREF ehf. IREF ehf. holds a 20% share in Strengur Holding ehf. which holds 100% of the shares in Strengur hf.. Strengur owns 969,152,089 shares in Skeljungur, corresponding to 50.06% of voting shares. The Corporate Governance Guidelines provide for assessment of the relationships of candidates with major shareholders, which refers to persons holding a 10% share or more. Also, section 2.3.4(2) of the Corporate Governance Guidelines notes that a director is not independent of major shareholders in circumstances where he/she is a board member of a person owning a large share in the company. It is clear from the above that Thórarinn Arnar owns a large share in a shareholder controlling 50% of the votes in Skeljungur hf., in addition to serving on the board of directors of the same shareholder.

In the opinion of the Skeljungur Nomination Committee Thórarinn Arnar Sævarsson is independent of the Company, and its day-to-day management, but not independent of large shareholders in the Company, according to the definition of independence in the ICC Corporate Governance Guidelines.

The gender representation of the Board of Directors is even, with three women and two men currently serving on the board.

III. Candidacies received by the Nomination Committee

Candidacies were received from all five current Board members, i.e. Birna Ósk, Jón Ásgeir, Nanna, Sigurdur Kristinn and Thórarinn.

- Reference is made to the current board members in item II above.

At the time of writing of this report, there are three additional candidacies for seats on the board of directors.

- Gudbjörg Heida Gudmundsdóttir.

Gudbjörg Heida is Executive Vice President of Fish at Marel since March 2020. Before that, she was head of product development at Marel and in the UK. She has worked for Marel for 10 years. Before that she worked for Eyri Investment Company in 2007-2011, and at Sigurjónsson & Thor in 1998-2004. Gudbjörg holds an M.Sc. degree in industrial engineering from the University of Iceland. She has served on the board of directors of the Technology Development Fund and the startup company Brandr.

Gudbjörg Heida has extensive experience of management, business operation and product development and is in charge of Marel's operations in Iceland. She also has experience of international collaboration, focusing on product development and innovation.

Gudbjörg earned a B.Sc. degree in mechanical engineering at the University of Iceland in 2005 and an M.Sc. degree in industrial engineering at the same university in 2007.

Gudbjörg does not own shares in Skeljungur hf.

It is the assessment of the Nomination Committee, based on the Corporate Governance Guidelines, that Gudbjörg Heida is independent of the Company, its day-to-day management and large shareholders in the Company.

- Sigríður Olgeirsdóttir

Sigríður Olgeirsdóttir is an experienced manager and board member in the Icelandic business sector. Her last post was division manager of services at Valka in 2019-2020. She was an executive director of operations and information technology at Íslandsbanki in 2010 to 2019 and has worked independently as a member of boards of directors in 2008-2010. She has also worked in international markets in the technology sector, both in Iceland and in the Nordic Countries on restructuring enterprises; she has served on a number of boards of directors. She is an alternate member of the board of directors of Landsbanki.

Sigríður earned an MBA degree at Reykjavík University in 2005 and a degree in management (AMP) at Harvard Business School in 2019.

She passed a fit and proper assessment at the Financial Supervisory Authority of the Central Bank of Iceland and a course on the role responsibilities of board members at Reykjavík University.

Sigríður has extensive experience, both as manager and board member, in Iceland and abroad. She has sound knowledge of the Icelandic business sector and has engaged in management, led investments in business undertakings in fields that include technology, finance and manufacturing in the high tech sector and international commerce.

Sigríður does not own shares in Skeljungur.

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

IV. Evaluation of candidacies

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

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

In light of the considerable turnover of board members in recent years, and particularly in the light of the changes that are now in progress in the company, as described above, the Nomination Committee is of the opinion that there is special reason to emphasise the importance of a certain continuity in company's Board of Directors. That is to say that the change in the composition of the board should not be so extensive as to render knowledge of the Company inadequate. This viewpoint has been supported by shareholders in discussions with the Committee. In addition, the Committee was given a special presentation of the self-evaluation of the board of directors, which, in the opinion of the Committee returned very favourable results and bore witness to extremely close teamwork on the part of the Board in challenging times. All the current members of the Board of Directors have shown great interest in the Company and devoted extensive time and care to their work on the Board. There is great satisfaction with the collaboration among Board members, and discussions with shareholders indicate that there is also general satisfaction among shareholders with the work of the Board.

As noted, the current Board of Directors has undertaken extensive changes in the business operations of the Company and its structure. The Nomination Committee, in its assessment of candidacies, attaches great weight to the fact that the members of the current Board of Directors, all of whom are candidates, worked so well together and so successfully. In the tasks that lie ahead it is also important to retain experienced board members with extensive knowledge of the Company and its current direction.

The Nomination Committee would like to note that both Guðbjörg Heida Guðmundsdóttir and Sigríður Olgeirsdóttir are attractive candidates and both would be desirable members of the boards

of listed companies. In the course of conversations held by the Committee with shareholders no specific dissatisfaction emerged, nor any wish for a change in the membership of the Board., Shareholders noted the necessity of a certain breadth of knowledge and experience of Board members and the need to avoid extensive changes at short intervals. There have been extensive changes in the Board of Directors in recent years, and the Company is currently going through a period of extensive structural changes that call for an efficient and cohesive Board of Directors to maintain close supervision of the matters that are undertaken.

In this light, and seeing that the current members of the Board effectively reflect the capabilities noted in Section I, it is the conclusion of the Nomination Committee, following a comprehensive assessment of the seven candidates discussed in this report, that the composition and competence of the current Board of Directors render an unchanged Board the most suitable option for the Company to take on the tasks of the Company that lie ahead.

It is the conclusion of the Nomination Committee's that Birna Ósk, Jón Ásgeir, Nanna Björk, Sigurdur Kristinn, and Thórarinn possess, as individuals, the important key elements of competence and knowledge defined by the Committee (see Chapter I) and that these five candidates together ensure the best diversity for the board, both in the terms of capabilities, active ownership and independence, background and vision of the role of board members. They are therefore not only the most likely candidates to have the ability to form a cohesive and strong board of directors; this is evident from past experience. It is therefore the Committee's proposal to the shareholders' meeting that these candidates should form the next board of directors of Skeljungur hf., that is to say, that the Board of Directors should remain unchanged from the last year of operation.

An evaluation has been carried out of the independence of the candidates meeting the requirements of the Corporate Governance Guideline; in addition, the proposal also fulfils the requirements of law regarding gender representation.

At the time of writing of this report the Committee's deadline for taking delivery of and evaluating candidacies has passed. According to the Committee's Rules of Procedures the Committee does not evaluate candidacies received when there are less than two weeks to the shareholders' meeting, but reserves the right, if warranted, to change its recommendations until ten days before the meeting. However, it should be noted that candidates can send in declarations of candidacy until five days before the shareholders' meeting and such candidacies are fully legitimate; however, they will not be reviewed by the Nomination Committee and cannot therefore form a part of the Committee's proposal. Forms for declarations of candidacy and instructions are accessible on Skeljungur's website

V. Rules of Procedure of the Nomination Committee

The Nomination Committee sees no need to propose any amendment to its rules of procedure.

Proposal of the Nomination Committee to the Annual General Meeting of Skeljungur hf.

I. Proposal for chairman of the meeting

The Nomination Committee proposes Vidar Lúdvíksson, attorney at law, as chairman of the annual general meeting of Skeljungur hf. 10 March 2022

II. Proposal concerning candidates for the board of directors

The Nomination Committee proposes the following candidates for election to the board of directors of Skeljungur:

- Birna Ósk Einarsdóttir
- Jón Ásgeir Jóhannesson
- Nanna Björk Ásgrímsdóttir
- Sigurdur Kristinn Egilsson
- Thórarinn A. Sævarsson

Reykjavik, 16 February 2022,

Sigurdur Kári Árnason
Katrín S. Óladóttir

Thórarinn Arnar Sævarsson, the board member on the Nomination Committee, was not involved in the evaluation of candidacies, nor in the preparation of the proposal to the board of directors of Skeljungur hf., and has therefore not signed this report.

Annexes:

- I. Current Rules of Procedure of the Nomination Committee
- II. External Members of the Nomination Committee:
- III. Current Board of Directors of Skeljungur hf.

Annex I

RULES OF PROCEDURE OF THE NOMINATION COMMITTEE OF SKELJUNGUR HF.

RULES OF PROCEDURE FOR SKELJUNGUR HF.'S NOMINATION COMMITTEE

1. Objectives

Markmið

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 subsidiaries.

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, í samræmi við leiðbeiningar VÍ o.fl.

Evaluating the independence of current board members and candidates to the board, 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.

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

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

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 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 hæfisnefndum og einn lögfróður aðili. Þriðji nefndarmaðurinn skal vera stjórnarmaður. Hvorki stjórnendur félagsins né starfsmenn þess skulu eiga sæti í tilnefningarnefnd. Nýir nefndarmenn skulu fá leiðsögn og upplýsingar um störf og starfshætti nefndarinnar.

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

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

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

Starfskjör nefndarmanna skulu ákveðin á aðalfundi.

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

4. Heimildir

Heimildir

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 tilkynnast forstjóra félagsins með formlegum hætti
hire a professional advice as it deems necessary to carry out its role. The Advisors shall be independent of the Company, its day-to-day management and those Board Members who are not independent. It is the Committee's role to ensure the independence of the advisors. The evaluation shall be based on the evaluation of Board Members. The hiring of advisors shall be formally reported to the CEO.
- b) hafa samband við hluthafa í tengslum við framkvæmd starfa sinna
to contact the shareholders, in relations to the Committee's work
- c) hafa óheftan aðgang að stjórn og stjórnendum
have free access to the Board and the management
- d) fá ótakmarkaðan aðgang að upplýsingum sem hún telur nauðsynlegar til að sinna hlutverki sínu
get unlimited access to the information it deems necessary to fulfill its functions

5. Fundir

Meetings

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

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

6. Þagnar- og trúnaðarskylda

Confidentiality

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

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

7. Birting upplýsinga

Publication of information

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

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

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

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

Starfsreglur þessar skulu birtar á heimasíðu félagsins.

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

* * *

Þannig samþykkt á aðalfundi, þann 5. mars 2020.
So approved by the Annual General Meeting, March 5, 2020

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

Annex II

External Members of the Nomination Committee:

Katrín S. Óladóttir

Katrín S. Óladóttir has worked at Hagvangur since 1983, first as head of recruitment and subsequently as owner, since 1986. Since 2003, she has been the company's chief executive officer in charge of its day-to-day operation. She has specialised in the assessment and recruitment of key managers for both private enterprises and public organisations. She has also for a number of years worked with the boards of directors on nominating board members.

Katrín does not own shares in Skeljungur.

She is independent of the Company, its day-to-day management and large shareholders in the Company, according to the definition of independence in the ICC Corporate Governance Guidelines.

Sigurður Kári Árnason

Sigurður Kári Árnason has worked as chief counsel of the Ministry of Health since the fall of 2019. Prior to that he worked as a legal expert for the Ombudsman of the Althing, from 2013. Before that, he was a law student, lawyer and subsequently district court attorney at LEX Law Firm from 2010-2013. Sigurdur graduated with a B.A. degree and Mag. Jur. degree from the University of Iceland in 2012, was licensed to practise law before the district courts in the same year, and earned an LLM degree in European and constitutional law at the London School of Economics and Political Science in 2016.

Sigurður Kári does not own shares in Skeljungur hf.

He is independent of the Company, its day-to-day management, and major shareholders of the Company.

ANNEX III

Current Board of Directors of Skeljungur hf.

Jón Ásgeir Jóhannesson, Chairman of the Board of Directors, first took a seat on the Board in 2019

Year of birth:	1968
Education:	Graduated from the Commercial college of Iceland (Verzlunarskóli Íslands).
Principal occupation:	Investor.
Professional Career:	One of the founders of the Bónus supermarkets, one of the founders of Orkan, CEO and Chairman of the board of directors of Hagar and subsequently Baugur Group. Extensive management experience, e.g. for Iceland foods and Magazin du Nord, as well as many other Icelandic companies. Independent investor and advisor.
Other positions of trust:	The chairman of the board of directors of Strengur hf. and Strengur Holding hf. Alternate member of the board of directors of 365 miðlar hf. and agent for Apogee ehf.
Holdings in Skeljungur:	365 hf. and other related companies own a 38% share in Strengur Holding ehf. Strengur Holding ehf. holds a 100% share in Strengur hf. Strengur ehf. owns 969,152,089 shares in Skeljungur, corresponding to 50.06% of voting shares. 365 hf. is owned by Jón Ásgeir's wife, Ingibjörg Pálmadóttir.
Posts for Skeljungur:	Chairman of the Board of Directors of Skeljungur, member of the boards of directors of Skeljungur's subsidiaries. Chairman of Skeljungur's Remuneration Committee.
Relevant affiliations:	RES II ehf. holds 523,290 Shares in Skeljungur hf. RES II ehf. is related to Strengur hf. and Strengur Holding ehf. through board membership, as the same board member is a member of the board of Strengur hf., Strengur Holding ehf. and RES II ehf.

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

Birna Ósk Einarsdóttir, Vice-chairman of the Board of Directors, first took a seat on the Board in 2015

Year of birth:	1976
Education:	B.Sc. Business Administration, Reykjavík University, 2001, M.Sc. Strategic Management, University of Iceland, 2008, AMP (Advanced Management Program), IESE Business School, 2015.
Principal occupation:	Chief Commercial Officer APM Terminals.
Professional Career:	Various specialist and management roles at Síminn hf. since 2001, including the posts of public relations officer, EVP of recruitment, management consultant, EVP of project management and marketing, Head of consumer sales, EVP of product management and innovation, EVP of sales and services. EVP of Marketing and Business development at Landsvirkjun 2017-2018. EVP of Customer Experience, and prior to that strategic planning and business development for Icelandair 2018-2019. Chief Commercial Officer at Icelandair. 2019-2022.
Other positions of trust:	None.
Holdings in Skeljungur:	None.
Posts for Skeljungur:	Service on the Board of Directors of Skeljungu hf. and its subsidiaries and service on Skeljungur's Audit Committee.
Relevant affiliations:	None.

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

Nanna Björk Ásgrímsdóttir, Board member, first took a seat on the Board in 2021

Year of birth:	1974
Education:	LLM masters degree in European law at the University of Stockholm in 2001. She earned a degree in law at the University of Iceland in 2000 and completed various courses in the University of Iceland School of Business, in addition to courses in the Faculty of Arts of the University of Iceland.
Principal occupation:	Own investments.
Professional Career:	Nanna Björk has been engaged in her own investment activities from 2006 to the present. Nanna Björk has extensive experience of the retail sector and has been involved in the operation of retail enterprises both in Iceland and abroad, variously as owner and investor or manager. These include businesses such as All Saints, Whistles, Karen Millen, Shoe Studio Group and Warehouse. In 2004-2006 Nanna was an investor in the Shoe Studio Group UK and a participant in its management. In 2003-2004, Nanna worked as Chief Operating Officer at Karen Millen UK for the United States, Scandinavia and Europe, in addition to her legal work and negotiations for the same company. She was an employee of Corporate Finance at Kaupthing Bank, engaging in normal legal affairs from 2001 to 2003 and at Lex Law Firm, also in normal legal work.
Other positions of trust:	Nanna is the chairman of the board of RES 2 ehf., RES 9 ehf. and Eldra ehf.
Holdings in Skeljungur:	Nanna and her husband, Sigurður Bollason, are majority shareholders of the company RES 9 ehf., which holds a 38% share in Strengur Holding ehf., which owns 100% of Strengur hf.. Strengur owns 969,152,089 shares in Skeljungur, corresponding to 50.06% of voting shares.
Posts for Skeljungur:	Board functions and service on Skeljungur's Remuneration Committee.
Relevant affiliations:	RES 9 ehf. owns a 38% share in Strengur Holding ehf. which owns Strengur hf. which controls shares in Skeljungi hf.

In the opinion of the Skeljungur Nomination Committee JNanna Björk Ásgrímsdóttir is independent of the Company and its day-to-day management, but not of large shareholders in the Company, according to the definition of independence in the ICC Corporate Governance Guidelines.

Sigurður Kristinn Egilsson, Board member, first took a seat on the Board in 2021

Year of birth:	1974
Education:	Engineer and certified securities trader.
Principal occupation:	Founder and employee of Arcur Finance.
Professional Career:	From 1998 to 2007 Sigurður Kristinn worked in the Asset Management division of Kaupthing bank, and over the last five years he was head of asset management for professional investors, which specialises in asset management for pension funds, corporations and organisations. From 2007 to 2010 he was an employee of the bank's overseas asset management division for professional investors. From 2010- 2016, Sigurður was head of asset management and specialised funds for ALM Securities, which was financed by pension funds.
Other positions of trust:	Chairman of the board of directors of NeckCare Holding.
Holdings in Skeljungur:	None.
Posts for Skeljungur:	Member of the Board of Directors of Skeljungur and Skeljungur's Remuneration Committee Committee.
Relevant affiliations:	None.

In the opinion of the Skeljungur Nomination Committee Sigurður Kristinn Egilsson is independent of the Company, its day-to-day management and large shareholders in the Company, according to the definition of independence in the ICC corporate governance guidelines

Thórarinn Arnar Sævarsson, Board member, first took a seat on the Board in 2019

Year of birth:	1969
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Education:	Licensed Real Estate Agent. Graduated from the Icelandic School of engineers (Vélskóli Íslands) and the Icelandic Ship Management School (Skipstjórnarskólinn), and flight training.
Principal occupation:	Certified Realtor, regional manager at RE/MAX Iceland.
Professional Career:	Fourteen years of experience in the fisheries sector. Twenty years' experience in the real estate market relating to acquisition, sale and development of real estate. Investment projects in consulting firms, innovation companies and technology companies. Establishment of real estate chains, both in Iceland and abroad. Thórarinn is a franchisee of RE/MAX Iceland and a board member of that company. Owner of the company Loran ehf.
Other positions of trust:	Chairman of the board of Fjölblendir ehf. On the boards of directors of Remax Iceland, Loran ehf., IREF ehf., Einbýli ehf., Strengur Holding ehf., Strengur hf., Iceland Rent ehf., Henrik ehf. and Smárahvammur ehf.
Holdings in Skeljungur:	Thórarinn holds 100% of the shares in the company Loran ehf. Loran ehf. holds 50% of the shares in IREF ehf. IREF ehf. holds a 20% share in Strengur Holding ehf. which holds 100% of the shares in Strengur hf.. Strengur owns 969,152,089 shares in Skeljungur, corresponding to 50.06% of voting shares.
Posts for Skeljungur:	Member of the Board of Directors of Skeljungur and Skeljungur' Nomination Committee and Audit Committee.
Relevant affiliations:	Loran ehf. owns a 50% share in IREF ehf., which owns a 20% share in Strengur Holding ehf.

In the opinion of the Skeljungur Nomination Committee Thórarinn Arnar Sævarsson is independent of the Company, and its day-to-day management, but not independent of large shareholders in the Company, according to the definition of independence in the ICC Corporate Governance Guidelines.