

**ICELANDAIR GROUP HF.
NOMINATION COMMITTEE REPORT 2023**

1. Summary

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

- Revisit the strategy and the criteria for nominating board members based on the Company’s short-term and long-term operating environment.
- Interview members of the Board of Directors, the CEO and members of the management team to evaluate the effectiveness of the current Board, look for opportunities to strengthen the Board and identify possible weaknesses within the current board.
- Meet with shareholders to get insights into their perspectives.

Following meetings with the Company’s management, the Nomination Committee concluded that no changes would be made to the criteria for nominating board members. Thus, the criteria remained unchanged from the previous operating year. Although the Company has been in the process of ramping-up its operations following the Covid-19 pandemic, the long-term focus points and strategic initiatives remain the same.

The Nomination Committee interviewed each board member individually along with the CEO, CFO and the General Counsel of the Company. The objective was to assess the current board composition in terms of cooperation, trust, efficiency and identify possible areas of improvement, nuances or weaknesses within the current board. The interviews indicated that the Board of Directors work well together as a group, cover the areas where expertise is needed within the board and have a good working relationship with the Company’s management. The CEO and the management team have the full support of the Board of Directors. It should be noted that the Board of Directors is more connected to the US than Europe with four out of five board members currently living in the US. The Nomination Committee does not consider this a significant risk but recommends that this will be taken into consideration when potential future changes will be evaluated. More specifically there might be opportunities to strengthen the board in the future by focusing on candidates that might not only tilt the focus more towards Europe, but strengthen the board’s sustainability and environmental know-how and experience. For the time being the importance of stability and accountability at the Board level outweighs any potential adjustments regarding the skill set and experience of the individual Board members.

The individuals within the board thoroughly cover the necessary knowledge and experience required for the Board of Directors of Icelandair Group. Since the board has in total a low tenure, with the longest serving board member joining in 2018, the board could strengthen it’s working relationship and gain valuable experience by continuing to work together as a group.

For a company like Icelandair, which regularly has to make important long-term decisions, continuity and accountability within the Board of Directors is needed. As a result, the Nomination Committee suggests that the following candidates will be elected to Icelandair Group's Board of Directors at the Company's Annual General Meeting:

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

2. Criteria for Nominating Board Members

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

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

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

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

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

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

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

3. Evaluation of Icelandair Group's Current Board Composition

At Icelandair Group's Annual General Meeting in March 2022 the following five individuals were elected to the Board of Directors:

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

These individuals have now worked together within the Board of Directors of the Company since 23 July 2021 when Mr. Matthew Evans replaced Mr. Úlfar Steindórsson who was the Chairman of the Board of Directors at that time. Since this could be considered as a significant change to the board's composition, the Nomination Committee spent a lot of focus on evaluating whether there had been any changes to the dynamics within the Board of Directors and whether the handover of the Chairman of the Board position had been successful in general during the past 18 months.

The interviews conducted by the Nomination Committee indicate that Mr. Matthew Evans has brought valuable knowledge to Icelandair Group's Board of Directors along with a clear focus

on long-term success and value creation for the benefit of all shareholders. Mr. Evans was nominated to the board as a representative of Bain Capital, the Company's largest shareholder by far. Bain Capital has significant interests of the long-term success of Icelandair and Mr. Evans is actively following through this big investment through his board membership.

The Committee's interviews also indicate that Mr. Guðmundur Hafsteinsson has successfully managed to lead the board as its chairman. He has the full trust of other board members and has managed to maintain a good working relationship with the Company's CEO. He also seems to have grown within his position and is driven for the success of the Company.

The Nomination Committee's report in 2022 mentioned minor nuances regarding the boundaries between the role of the Board of Directors and the role of the management team. This was already addressed at the board level during review of its self-assessment for last operating year. The Committee followed through on this matter during its interviews and they indicate that this matter has been solved successfully and no further nuances exist.

Since Icelandair is a company offering its services in both North America and Europe it is important to have good connections on both sides of the Atlantic. As previously mentioned, the Board of Directors is more connected to the US than Europe and five of board members currently live in the US but the Committee does not consider this a significant risk. However, this should be taken into account when replacements will need to be made in the future.

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

4. Evaluation of Candidates

The Nomination Committee has proactively searched for prospective candidates which would strengthen the Company's Board of Directors. This is done in order to evaluate whether the board may be strengthened further, to be prepared in case of any unexpected resignations from board members and to prepare for future recommendations to shareholders. The Nomination Committee received interest regarding potential board membership during the operating year. Although the Committee will advise shareholders to renew the mandate of the current Board of Directors, it is valuable to have a list of highly capable board candidates in case changes will need to be made in the future. Currently, the Nomination Committee does not have a complete list of possible board replacements, but this should be a project for the future since such changes may happen with a short notice.

The Board of Directors is composed of highly capable individuals which have managed to work well together as a group during a challenging period where the Company has ramped-up to normal operations following the Covid-19 pandemic. Further big decision will need to be taken this year which are already being prepared by the current Board of Directors, such as the future fleet strategy of Icelandair. This further supports the need for continuity within the board at this point in time.

4.1 Guðmundur Hafsteinsson

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

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

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

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

Selected criteria covered:

- Data driven decision making
- Customer focus
- Human resource management

- Spirit of Iceland

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

4.2 John F. Thomas

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

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

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

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

Selected criteria covered:

- Experience from international airline operations
- Distribution strategy
- Strategic alliances

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

4.3 Matthew Evans

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

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

Selected criteria covered:

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

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

4.4 Nina Jonsson

Nina Jonsson (Jónína Ósk Sigurðardóttir), is in her 50's and is currently active as an advisor to the global airline industry's executive teams and as a board member. Ms. Jonsson is the Chairman of FLYHT Aerospace Solutions, a Canadian aircraft data-streaming technology leader. She also serves on the Advisory Boards of Waltzing Matilda Aviation, a US based operator launching a new ESG-focused airline, and Jetzero, US-based sustainable aircraft developer.

Between 2015 and 2017, she held the role of Senior Vice President Group Fleet at Air France-KLM Group where she was responsible for group-wide fleet strategy, aircraft sourcing, leasing and sales. Previously, Ms. Jonsson held a number of other executive positions within the aviation industry including Fleet Management Officer at the Bristow Group (2012-15), Director Fleet Planning at United Airlines (2006-2011) and Director Fleet Management at US Airways (2002-2005). Ms. Jonsson holds an MBA degree from Rensselaer Polytechnic Institute and a B.Sc. degree in Air Transport Management from the University of New Haven. Nina joined Icelandair Group's Board of Directors in March 2020. She is a dual citizen of Iceland and the US.

Nina Jonsson is a seasoned airline and aviation executive with over 30 years of industry experience at three major international airlines. She has broad management and board member

experience from both Europe and North America. She possesses all the General Personal Characteristics required for a strong Board member according to the Nomination Committee's best knowledge.

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

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

Selected criteria covered:

- Experience from international airline operations
- Network and fleet strategy

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

4.5 Svafa Grönfeldt

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

Svafa is an experienced senior executive with broad management and board member experience from education, pharmaceuticals, orthopedics, IT and finance. She possesses all the General Personal Characteristics required for a strong Board member according to the Nomination Committee's best knowledge.

Svafa is a renowned expert in strategic implementation and has valuable experience with PR/Branding, digital solutions and data utilization, and human resources management. During

her three years as member of Icelandair Group's Board of Directors she has amassed knowledge of and experience with international airline operations and the Icelandic tourism industry.

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

Selected criteria covered:

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

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

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

5. Role of the Committee

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

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

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

6. Composition

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

At Icelandair Group's Annual General Meeting in March 2022 Mr. Hjörleifur Pálsson and Ms. Helga Árnadóttir were re-elected to the Nomination Committee by the Company's shareholders. Subsequently, Mr. Úlfar Steindórsson was re-elected to the Nomination Committee as the representative of the company's Board of Directors. Úlfar is the former Chairman of the Board of Directors of the Company but has remained as the board representative in the Nomination Committee since he left the Board of Directors in July 2021. Ari Guðjónsson, the General Counsel of the Company & the Company's Secretary, was appointed the Secretary of the Committee. The Nomination Committee had an open line of communications for questions or suggestions and all of the Company's shareholders were informed of that line of communications on the Company's website.

7. Activities during the year

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

	Business of Committee meetings
May 2022	<ul style="list-style-type: none"> • Assignment of tasks • Discussions the Rules of Procedures for the Nomination Committee and the work schedule for the year. • Appointment of Committee Secretary
June 2022	<ul style="list-style-type: none"> • Work schedule agreed for the operating year • Confirmation of Rules of Procedures for the Nomination Committee and the work schedule for the year. • Discussions on ways to identify capable board members if any replacements were needed.
November 2022	<ul style="list-style-type: none"> • Discussions on the Company's strategy and key operating factors following a presentation from the CEO on these matters. • Discussions and definition of criteria for board members

	<ul style="list-style-type: none"> • Preparation of meetings with board members, senior management and shareholders
December 2022	<ul style="list-style-type: none"> • Individual meetings with board members, CEO, CFO and the Company's Secretary. Meetings held without the representative of the Board of Directors in the Nomination Committee.
January and February 2023	<ul style="list-style-type: none"> • Discussions on the meetings with board members, CEO, CFO and General Counsel. • Further preparations for meetings with the largest shareholders. • Meetings with the Company's major shareholders. • Discussions on the views of shareholders, board members and management. • Meetings with candidates • Final assessment of the qualifications of individual candidates submitted to the Board of Directors. • Review of the self-assessment of the Board of Directors. • Proposal on the composition of the Board of Directors. • Preparations of a report on the work of the Nomination Committee. • Other preparations for the Annual General Meeting.

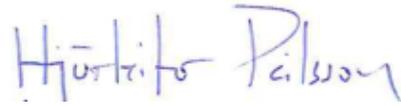
8. Proposal

The Nomination Committee proposes that the following candidates, listed in alphabetical order, be elected to the Board of Directors of Icelandair Group hf. at the Company's Annual General Meeting on 9 March 2023:

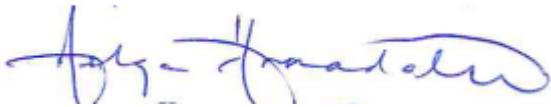
- Guðmundur Hafsteinsson
- John F. Thomas
- Matthew Evans
- Nina Jonsson
- Svafa Grönfeldt

In accordance with clause 1.3.1 of the Guidelines on Corporate Governance, the Nomination Committee will propose a Chairman for the Company's Annual General Meeting. The Committee proposes that Mr. Ólafur Arinbjörn Sigurðsson, attorney at law, will be elected as the Chair of Icelandair Group's Annual General Meeting in 2023.

Reykjavík,
8 February 2023



Hjörleifur Pálsson



Helga Árnadóttir



Úlfar Steindórsson