

2022 CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement is the Board's statement for the previous operating year 2022–2023 and is published together with the Annual Accounts for the calendar year 2022. The Corporate Governance Statement is made in accordance with Article 66c of the Act on Annual Accounts No. 2006 as amended.

With this Corporate Governance Statement, the company undertakes to comply with the Guidelines on Corporate Governance issued by the Icelandic Chamber of Commerce, the Confederation of Icelandic Employers and Nasdaq Iceland that were issued on 1 July 2021 and is the 6th version. The company also adheres to the state's General Ownership Policy and the associated appendix for all state-owned companies, published in September 2021.

Laws and Regulations

Isavia is a public limited share company owned by the state. The company's operations are governed by Act No. 153/2009 on the Merger of the Public Limited Companies Flugstoðir and Keflavík Airport, Act No. 76/2008 on the Establishment of a Public Limited Company for the Operation of Keflavík Airport, Act No. 102/2006 on the Establishment of a Limited Share Company for Air Traffic Control Services and Airport Operation by the Civil Aviation Authority and the Aviation Act No. 80/2022.

The company's corporate governance is prescribed by Act No. 2/1995 on Limited Liability Companies, the company's Articles of Association and the Board's Rules of Procedure.

The Board of the company works with regard to the Guidelines on Corporate Governance and observes them in all important principles. The main deviations are that the company has no Nomination Committee, as the nomination for the company's Board is with the Minister of Finance and Economic Affairs, who manages the state's share in the company.

No court rulings have been issued in which the company's operation is believed to have broken any laws or regulations.

Laws concerning the company can be found on the Alþingi website, www.althingi.is, and Articles of Association and Rules of Procedure can be found at the company website, www.isavia.is. The Guidelines on Corporate Governance can be found on the website of the Iceland Chamber of Commerce. The Guidelines are published on the URL <https://leidbeiningar.is/>. Further information on the legal and regulatory framework that Isavia must follow, as applicable to Isavia's operations, can be found here: [Laws & Regulations | Icelandic Transport Authority \(samgongustofa.is\)](#).

Risk Management and Internal Controls

The Board has approved a comprehensive risk policy for the company that identifies the main risk components in its operations.

Isavia's risk management is based on the concept of enterprise risk management.

The risk policy is based on Isavia's overall strategy and is intended to support the strategy and set goals. The purpose of Isavia's risk policy is to ensure effective risk management and a good risk culture. Approved methods for risk analysis and risk assessment are used, and work is being done on a harmonised process for parent and subsidiary companies.

A Risk Committee is in place and has the authority of the Board to determine, i.a. the scope and nature of risk as well as profitability analysis that can have a significant impact on the operation and assets of the company. The Risk Committee is composed of the CEO, the CFO and the Risk Manager.

PricewaterhouseCoopers ehf. manages the internal auditing of the company according to agreement and evaluates, i.a. risk assessment, supervision methods and governance for all companies within the Group with systematic methods and thereby helps the company attain its objectives.

Chief Officers are responsible for highlighting, defining and assessing risk in their divisions in addition to participating in the appropriate management of risk.

Isavia's Board of Directors

Isavia's Board of Directors has five Board members and five alternates, all of whom are elected at the Annual General Meeting for a term of one year. Board members are nominated to the Board by the Minister of Finance and Economic Affairs. The gender ratio in Isavia's Board is 40% women and 60% men. The entire Board is independent within the meaning of the *Guidelines on Corporate Governance*.

Board's Activities and Rules of Procedure

The Board has established detailed Rules of Procedure defining its scope of authority and the divisions of tasks between it and the CEO. The current Rules of Procedure were approved at a meeting of the Board of Directors on 27 April 2022. They include provisions on the division of tasks between Board members, rules on the eligibility for the processing matters, procedure and minutes for meetings, rules on confidentiality, the obligation to provide information to the Board and the decision-making powers of the Board. The Board's Rules of Procedure are published on the company's website.

The Board's main role is to manage the company between shareholders' meetings and ensure adequate supervision of the accounts and disposal of the company's funds, as well as confirm the operating budget and investment plans and ensure compliance with them. The Board makes all major decisions in the company's operations and ensures that the company is operated in accordance with the relevant laws and regulations.

Furthermore, the Board has the goal of promoting the company's growth and results in the long term by formulating company strategy in consultation with company management.

Thirteen board meetings were held during the 2022–2023 operating year. All meetings were competent to make decisions, as all meetings of the Board were fully attended, but an alternate was called in to one meeting. The Board's work schedule for the next operating year was available following the Annual General Meeting. The Chairman chairs the meetings. Board meetings are also attended by the CEO and the CFO, who also writes the minutes. Minutes are signed by the Board, CEO and CFO.

The Board's Performance Assessment

The Board regularly evaluates its performance, its practices and Rules of Procedure, company development, the performance of the CEO and the efficiency of sub-committees if present. The performance assessment is intended, among other things, to evaluate the strengths and weaknesses of the Board's work and practices and take into consideration the components which the Board believes may be improved.

The Appointment of the Isavia Board 2022–2023

Kristján Þór Júlíusson, born 1957, has been the Chairman of the Board since 2022 and has a teaching certificate from the University of Iceland and a captain's license from the Reykjavík Nautical Academy. Kristján Þór was a Member of Parliament for the Northeast Constituency 2007–2021. He was the Minister of Health from 2013–2017, Minister of Education and Culture and Minister of Nordic Co-operation in 2017 and Minister of Fisheries and Agriculture from 2017–2021. He was a member of the Althing Budget Committee from 2007–2013, the Industry Committee from 2007–2009 and the Environment Committee from 2009–2011.

Kristján Þór was the mayor of Dalvík from 1986–1994 and the mayor of Ísafjörður from 1994–1997. He served on the Akureyri town council from 1998–2009 and was the mayor of Akureyri from 1998–2006. He was Chairman of the Board of Iðnþróunarfélag Eyjafjarðar hf. from 1987–1992 and was on the Board of Útgerðarfélag Dalvíkinga hf. from 1987–1990, the Board of Söltunarfélag Dalvíkur hf. from 1987–1993 and the Board of Sæplast hf. from 1988–1994. Kristján Þór was Chairman of the Board of the Port Association of Municipalities from 1994–1997 and Chairman of the Board of Eyþing from 1998–2002. He was also on the Board of Togaraútgerð Ísafjarðar hf. from 1996–1997 and the Chairman of the Board of Samherji hf. from 1996–1998.

He was also on the Board of the Icelandic Association of Local Authorities from 1998–2007, Chairman of the Board of Lífeyrissjóður starfsmanna Akureyrabæjar from 1998–2007, on the Board of Fjárfestingabanki atvinnulífins from 1999–2000, on the Board of the holding company Brunabótafélag Íslands from 1999–2008 and on the Icelandic Tourist Board from 1999–2003. Kristján Þór was on the Board of Directors of Landsvirkjun from 1999–2007. He was Chairman of the Board of Lífeyrissjóður Norðurlands from 2000–2007 and on the Board of the Land Registry of Iceland during the same period. He was on the Board of Íslensk verðbréf from 2002–2009. Kristján Þór was elected to Isavia's Board at the 2022 Annual General Meeting and is a member of the Remuneration Committee of Isavia.

Hólmfríður Árnadóttir, born 1973, has been a Board member since 2022 and has a B.Ed and M.Ed degree from the University of Akureyri and a Dipl.Ed degree from the University of Iceland. Hólmfríður is the department head of the Teaching Centre of the University of Iceland and project manager of distance learning at the same university. She has over 20 years of experience in management, consulting and teaching. She worked as a principal from 2016–2022 and as a specialist at the University of Akureyri from 2012–2016. She has served on numerous boards, councils and committees. She was elected to Isavia's Board at the 2022 Annual General Meeting and is a member of the Remuneration Committee of Isavia.

Matthías Imsland, born 1974, has been a Board member since 2014. He is a political scientist from the University of Iceland, with an MS degree from Lund University, Sweden. He has studied Business Administration at the University of Iceland and managerial studies at North Park University, Chicago,

USA. Matthías is the Management Director of various investment companies. Matthías was assistant to the Minister of Social Affairs and Housing from 2013–2015, assistant to the Prime Minister from January to April 2016 and again assistant to the Minister of Social Affairs and Housing from April 2016 to January 2017. He was Director of Operations for WOW air and before the founding of that company, Managing Director of Iceland Express. Matthías was elected to Isavia's Board at the 2014 Annual General Meeting and was Vice-chairman from 2014–2017 and from 2018. Matthías is independent of Isavia, the company's day-to-day management and its owner.

Other Board positions:

Is, i.a. on the Board of Isavia Innanlandsflugvöllir ehf., Chairman of the Board

Nanna Margrét Gunnlaugsdóttir, born 1978, is a member of the Board of Directors as of 2018 and a business administrator with an MBA from Reykjavík University. Since 2008, Nanna has operated her own company, i.a. in retail, and later worked on various investment projects and was a member of the boards of several companies. She was employed by Eimskip from 1998–2008 in positions within the Financial Management Department and as Sales Manager in the Sea and Air Freight Department. Nanna Margrét was elected to Isavia's Board at the 2018 Annual General Meeting and is a member of the Audit Committee of Isavia.

Other Board positions:

Is a member of the Board of Fríhöfnin ehf.

Jón Steindór Valdimarsson, born 1958, has been a Board member since 2022, received an MPM (Master of Project Management) from Reykjavík University and holds a law degree from the University of Iceland. Jón Steindór was a Member of Parliament from 2016 to 2021. He was the Managing Director of the companies TravAble ehf. and Nordberg Innovation ehf. from 2015 to 2016. He was Deputy Managing Director and later Managing Director of the Federation of Icelandic Industries from 1988 to 2010. Jón Steindór sat on the Board of Reginn hf. from 2014–2015 and the Board of the Institute of International Affairs of the University of Iceland from 2002–2013. He was Chairman of the Board of Landsbréf hf. from 2011–2013, Vice-chairman of the Board of Framtakssjóður Íslands from 2011–2012 and on the Board of the New Business Venture Fund from 2000–2010, of which Chairman of the Board from 2004–2010. Jón Steindór was elected to Isavia's Board at the 2022 Annual General Meeting and is a member of the Audit Committee of Isavia.

[Alternates in Isavia's Board of Directors](#)

Dóra Sif Tynes, born 1972, attorney, owner of Advel attorneys.

Ingvaldur Sæmundsdóttir, born 1970, MBA in Business Administration, assistant to the Minister of Transport, Communications and Local Government.

Sigrún Traustadóttir, born 1962, MBA in Business Administration, consultant. She was a member of the Board of Directors from 2014–2017 and became an alternate member as of 2017.

Tómas Ellert Tómasson, born 1970, civil engineer, currently works for SG-hús ehf. in Selfoss.

Valdimar Halldórsson, born 1973, has a BA degree in Economics and an MSc in Business Administration from the University of Iceland. Member of the Board of Directors from 2018–2022.

CEO of Isavia

The CEO is responsible for the management of all day-to-day operations in accordance with the strategy and instructions of the Board. Daily operations do not cover extraordinary and major actions. He has the decision-making powers for all operational and financial matters of the company and supervises its assets. The CEO submits an account of the company's operations and performance at Board meetings and answers to the Board regarding compliance with the company's Articles of Association, laws and regulations. The CEO does not have a relationship of interest with business partners and/or competitors.

The CEO is Sveinbjörn Indriðason, born 1972, is an economics graduate from the University of Iceland in 1998. He worked for Fjárfestingarbanki atvinnulífsins and in risk management at Icelandair from 1999–2005. Sveinbjörn was the Director of Finances for FL Group from 2005–2008 and the Operations and Finance Manager of the innovation company Clara from 2011. Mr Indriðason was the Director of the Financial Division from 2013 until June 2019, when he was appointed CEO.

The CEO also manages and supervises the subsidiaries of Isavia ohf. An ownership policy of Isavia ohf.'s subsidiaries has been established, and its aim is to clarify the responsibilities and roles of the owner, the company, the Board and management, in order to promote good governance and clear strategy. It should therefore ensure the transparent, professional and efficient operation of Isavia subsidiaries. Appendices have also been made that state policies, rules and guidelines that are followed on a consolidated basis. These include the human resources policy, sustainability policy, comprehensive risk management policy, code of conduct and handling of personal information, to name a few. The ownership policy and appendices can be found on the company website, www.isavia.is.

Annual Accounts of the Company

Isavia's accounting year is the calendar year. The company's annual accounts are available at the Register of Annual Accounts and the company website, www.isavia.is.

Sub-committees

Two sub-committees operate under the auspices of the Board; the committee members are appointed by the Board of Isavia ohf.

Remuneration Committee

Isavia's Board of Directors appoints two individuals to the Remuneration Committee who are also members of the company's Board of Directors. The main tasks of the Remuneration Committee are to prepare the annual draft of a remuneration policy to be submitted to the Annual General Meeting of the company, prepare proposals for the Annual General Meeting on remuneration of Board members and prepare proposals for the Board on criteria for wages and other employment terms of the CEO as well as managers of subsidiaries. The Remuneration Committee supervises the implementation of the remuneration policy and that remunerations are in accordance with laws, regulations and guidelines of good practice. See the company's website for further information on shareholders' rights.

Audit Committee

Isavia's Audit Committee is subject to Section IX of Act No. 3/2006 on Annual Accounts, cf. Act No. 80/2008. The Board of Directors establishes the Rules of Procedure of the committee, to further complement the Act. At its first meeting after the Annual General Meeting, the Isavia Board appoints three people to the Isavia Audit Committee. The Audit Committee is made up of three members: one of whom must be independent of the company and its employees, and two Board members. The main tasks of the Audit Committee involve the evaluation of the monitoring environment of the company, analysis of the effectiveness of internal audits, the monitoring of the execution of auditing and the preparation of proposals for the selection of an external auditor in consultation with the Icelandic National Audit Office (INAO), cf. Article 7 of Act No. 46/2016 on the Auditor General and the Auditing of Government Accounts. The committee also evaluates the independence of an auditor, the efficacy of risk policy, risk taking and risk management and ensures the compliance with laws and regulations in force. Among the committee's tasks is to review financial information and disclosure arrangements from management, internal audit and external auditors and to verify that the information provided to the Board as relates to the operation, standing and future prospects of the company is as reliable and provides as clear a view of the company's position as current from time to time as possible. Roles and Rules of Procedure can be found on the company's website.

Arrangement of Communications Between Shareholders and the Board

One shareholder, the Icelandic state, owns all the shares of the company, and the shareholder power is vested with the Minister of Finance and Economic Affairs. Notices of shareholder meetings are sent to a contact at the Ministry of Finance and Economic Affairs. Shareholder meetings are the main arena for the provision of information to the shareholder. Other communications with shareholders regarding company matters are usually initiated by the company. The Chairman and CEO have met with the Minister or a representative from the Ministry.

The Board and the company's CEO comply with the *General State Ownership Policy for all state-owned companies* in their work. The company releases press releases on the company's performance and other matters pertaining to its operation, as applicable.

Corporate Governance Statement approved at the Board meeting of Isavia ohf. on 8 March 2023.