

Rules of procedure for the Board of Directors of Isavia ohf.

1. Rules of procedure

- 1.1. These rules of procedure are established in accordance with the provisions of Act No. 2/1995 and Article 9.5 of the company's Articles of Association. These rules make further provision regarding performance of the work of the Isavia Board of Directors in accordance with the provisions of that Act.
- 1.2. All Board members shall receive a copy of these rules of procedure and Isavia's Articles of Association when they take their seat on the Board of Directors. As a rule, the rules of procedure are to be addressed at the first Board meeting of the new Board of Directors and amended and approved as decided by the Board.

2. Allocation of responsibilities among Board members

- 2.1. The Board designates a Vice Chairperson at the first general Board meeting after it is appointed, while the Board chairperson is elected at the company's Annual General Meeting. It shall also be decided at the first meeting who is responsible for taking the minutes of Board meetings. The Board may select a Secretary who is not a member of the Board.
- 2.2. The Vice Chairperson chairs meetings in the absence of the Chairperson. If the Vice Chairperson is also absent, the meeting is chaired by the most senior member of the Board. If more than one member is equally senior, the person who is more senior in years shall chair the meeting.

3. Responsibilities of the Board of Directors

- 3.1. Pursuant to the Public Limited Companies Act, the Board has absolute authority over the affairs of the company between shareholders' meetings and is responsible for the company's general operations. The Board attaches great importance to good governance and to ensuring that the activities of the Board and the company are always in accordance with the relevant laws and rules and good business practices.
- 3.2. The Board convenes shareholders' meetings. The Chairperson of the Board shall attend such meetings along with a number of other Board members such that a majority of the Board is present.
- 3.3. A majority of the company's Board of Directors shall sign on behalf of the company, and only the Board may grant powers of attorney.
- 3.4. The shareholder of the company has adopted a policy regarding its company ownership. Staff are obliged to familiarise themselves with that policy and work in accordance with the provisions thereof. The Chairperson, on behalf of the Board, initiates a yearly review of the Owners' Policy, its execution and interpretation with shareholders.

- 3.5. The Board ensures adequate supervision of the accounts and handling of the company's funds and must confirm its operating and financing plans at least once a year. The Board monitors enforcement of operating and financing plans and takes a position on reports on company liquidity, major decisions, significant collateral, financing, cash flows and special risk factors.
- 3.6. Board members should acquire the necessary knowledge of the company's operations, familiarise themselves with the laws and rules governing public limited companies and be sufficiently aware of their roles and responsibilities in order to be able to take informed decisions on company matters. Board members shall also:
 - a) foster a positive working atmosphere within the Board;
 - b) ensure that their affairs – whether personal, business-related or other – do not result in a direct or indirect conflict of interest between themselves and the company.
- 3.7. The Board shall set policies and goals for the company in accordance with its mission. The Board shall ensure that the Chief Executive Officer implements policy in accordance with the company's mission and goals and ensures that the company is organised in such a way as to implement company policy.
- 3.8. The Board may seek advice in certain cases, at the company's expense, to enable it fulfil its duties properly.
- 3.9. The Board may, in special cases, assign specific matters to one or more individual Board members, for investigation and preparation for discussion at a subsequent Board meeting.
- 3.10. The Board shall be informed of the membership of Board members of the boards of any other companies. Board members shall also indicate the reason for their membership of another board, what effect such membership could have on the company and the supervisory role they perform.
- 3.11. The Board shall, at least once a year, assess its performance, its practices and rules of procedure, company development, the performance of the Chief Executive Officer and the effectiveness of sub-committees.
- 3.12. Board members must always be guided by the interests of the company.
- 3.13. Board members may resign from the Board at any time following written notification thereof to the Board.
- 3.14. If an alternate Board member is convened to a meeting, the Chief Executive Officer shall ensure they have access to the documentation for that meeting.

4. Role and tasks of the Chairperson of the Board

- 4.1. The Chairperson of the Board bears the main responsibility for the work of the Board and shall encourage active participation in its entire decision-making process. The Chairperson shall also:
 - a) ensure that new members of the Board receive information and guidance on the Board's work, the company's affairs and the main aspects relating to its management;
 - b) ensure that the Board receives accurate and clear information and data in order to be able to perform its work, including its monitoring role;
 - c) be responsible for informing the shareholder of any major issues concerning him that may arise between shareholders' meetings;

- d) encourage open communication within the Board and between the Board and the company's management at management meetings;
- e) set the agenda for and convene Board meetings, in consultation with the company's Chief Executive Officer, and chair such meetings;
- f) follow the progress of decisions taken by the Board within the company and confirm the implementation thereof to the Board;
- g) ensure that Board members make an annual assessment of their work and the effectiveness of sub-committees and the Chief Executive Officer;
- h) take the initiative in reviewing these rules of procedure;
- i) take on no tasks for the company other than those that may be considered a normal part of their work as Chairperson, except for individual projects which the Board gives them to carry out;
- j) act as a spokesperson for the Board externally and for the media.

5. Role and tasks of the Chief Executive Officer

- 5.1. The Board is responsible for appointing the Chief Executive Officer of the company, preparing his job description and relieving him of his duties. The Board is responsible for monitoring the work of the Chief Executive Officer. A written employment contract, setting salary and other terms of employment, shall be entered into with the Chief Executive Officer. The Board may appoint the Chairperson of the Board to draw up a contract with the Chief Executive Officer.
- 5.2. The Chief Executive Officer is responsible for the company's day-to-day operations, adhering in this respect to the policies and instructions laid down by the Board of Directors. The Chief Executive Officer is the public representative of the company unless otherwise decided by the Board.
- 5.3. The Chief Executive Officer ensures that Board members regularly receive detailed information on the company's finances, development and operations. The Chief Executive Officer informs the Board of all larger issues regarding the operations of the company.
- 5.4. The Chief Executive Officer may not make decisions that are considered unusual or extraordinary. Possible measures are further defined in an appendix to these rules of procedures. The Board may, however, authorise the Chief Executive Officer to handle such matters. The Chief Executive Officer keeps track of the Board's list of actions and ensures that the Board is kept informed of the progress made between meetings.
- 5.5. The Chief Executive Officer shall at all times conduct their work with integrity, with the company's interests at the forefront and inform the Chairperson of the Board, for decision, of any other tasks not related to the company with which they engaged.
- 5.6. The professional duties of the Chief Executive Officer are discussed in more detail in the employment contract.

6. Board sub-committees

- 6.1. The Board appoints a Remuneration Committee to advise it on the pay terms of the Chief Executive Officer and the managing directors of subsidiaries.
- 6.2. The Audit Committee of Isavia ohf. and subsidiaries has an advisory and supervisory role for the Board of the parent company, e.g. by monitoring and ensuring the quality of accounting and other financial information.
- 6.3. The Board appoints an advisory group regarding planning issues at Keflavík International Airport. The advisory group shall handle data collection and preparation and processing of planning proposals and submit proposals to the Board for approval.
- 6.4. The Board shall appoint the members of committees and advisory groups. Committees and advisory groups shall establish rules of procedure further defining their roles and main tasks. Such rules of procedures and tasks shall be subject to Board approval.
- 6.5. The Board has access to the minutes of the sub-committee and advisory group meetings.

7. Convening meetings

- 7.1. Regular Board meetings shall be set for a year at a time, during the period from one Annual General Meeting to the next. The Chairperson submits a draft work programme for the upcoming year within one month of the Annual General Meeting. Extraordinary meetings shall be held as needed. Board members may attend meetings remotely via video-conferencing equipment. Once the work programme is approved, meeting invitations shall be sent out in accordance with that programme.
- 7.2. Regular Board meetings shall cover the following items:
 - a) minutes of the previous meeting;
 - b) the Chief Executive Officer's report on the company's activities, cf. Article 13;
 - c) overview of the accounts and the company's financial position in terms of the operational and budgetary plan.
- 7.3. The Chairperson must convene a meeting if at least two members of the Board, the Chief Executive Officer or the external auditor so request.
- 7.4. The Chief Executive Officer may attend Board meetings and has the right to debate and to submit proposals, unless the Board decides otherwise in individual instances.
- 7.5. Meetings shall be convened with at least 7 days' notice. The Chairperson may, however, give shorter notice, particularly for extraordinary meetings, if they consider this to be unavoidable owing to special circumstances.
- 7.6. As a rule, meeting invitations shall be in writing or sent by e-mail. As a rule, meeting agendas are available to Board members in the company's electronic data room at least 2 working days before the meeting, unless otherwise decided. All information underpinning decisions to be taken during Board meetings shall be accessible in the company's electronic data room.

In certain cases, the Chairperson may decide that written meeting documentation should not be distributed until the meeting and then returned at the end of the meeting.

- 7.7. If the Chairperson considers that it is not possible, owing to special circumstances, to wait for a Board meeting to be held, they may decide to hold a video-conferencing meeting with the Board or present the case to Board members in writing or by video conference and have Board members vote on the issue in writing or by video conference. Decisions thus taken shall be submitted to the next meeting for confirmation and officially recorded.
- 7.8. The Board shall regularly discuss issues required by laws and regulations, such as the company's internal monitoring, accounting and auditing. The company's external auditor and other staff shall be invited to appropriate meetings. The external auditor shall be invited to a Board meeting if at least one Board member so requests.

8. Decision-making powers, voting, etc.

- 8.1. The Board is deemed quorate if a majority of members are present, provided that the meeting has been convened in accordance with the provisions of Section 7. Important decisions may not, however, be taken unless all members have had the opportunity to debate the matter, wherever possible.
- 8.2. The Chairperson of the Board shall chair meetings, together with the Chief Executive Officer, in accordance with company tradition and the nature of the matters at hand.
- 8.3. Matters brought before Board meetings shall be decided by majority vote, unless otherwise provided for in the Articles of Association.
- 8.4. Board members are bound only by their personal conviction and not by the instructions of those who have appointed them.
- 8.5. As a rule, matters are not moved to a decision during Board meetings unless Board members have received documentation concerning the matter or sufficient information about it before the meeting and have had time to familiarise themselves with the substance thereof.
- 8.6. As a rule, matters to be decided upon shall be submitted to the Board in writing and supported by documentation and statistical material. Matters brought before the Board for introductory purposes may be presented orally.
- 8.7. In sub-committees (where appropriate), decisions shall be taken at formal meetings by simple majority. Meetings shall be convened by the Chairperson of the relevant committee. Decisions taken by sub-committees shall not be binding on the Board, simply advisory.
- 8.8. All discussions and decisions taken by the Board shall be treated as confidential among Board members and staff, and the opinions of individual Board members or voting results in individual cases may not be made public unless the Board unanimously decides otherwise.

9. Board member enquiries and communications between Board meetings

- 9.1. As a rule, Board activities shall take place at Board meetings. Board member enquiries shall be submitted to the Board during Board meetings. Board members may send enquiries by e-mail to the Chief Executive Officer between Board meetings, with copy to other Board members. Replies to enquiries shall be presented to the entire Board simultaneously.

- 9.2. Formal enquiries and replies thereto shall be entered in the minutes. Board members may not obtain information by directly contacting the company staff other than the Chief Executive Officer. Board members who are members of a Board sub-committee may, however, have direct contact with company staff who are defined as staff of the relevant sub-committee.

10. Minutes and minutes register

- 10.1. The Chairperson ensures that minutes are taken of the events of a meeting and the decisions taken by the Board.
- 10.2. The Secretary of the Board shall draft minutes of events of a meeting and the decisions taken by the Board.
- 10.3. The minutes register shall indicate:
- a) where and when the meeting was held;
 - b) number of the Board meeting;
 - c) attendees at the meeting and who chairs the meeting;
 - d) the agenda of the meeting;
 - e) whether individual items are for information, discussion or decision;
 - f) when and where the next meeting will be held;
 - g) who drafted the minutes.
- 10.4. If the Chairperson or the Chief Executive Officer disagrees with a decision taken by a majority of the Board, they may have their dissenting opinion entered in the minutes.
- 10.5. The minutes shall be drafted by the Secretary. The Secretary shall send a draft copy of the minutes to the Chairperson for review and approval within five working days from the end of the meeting. The minutes shall then be made available to Board members in their data room within seven working days from the meeting. If Board members have any comments on the draft minutes, they shall notify the Secretary and Chairperson thereof as soon as possible. The final version of the minutes shall then be made available in the company's data room, together with the meeting documents of the next Board meeting. At the beginning of the next meeting, any changes that may have been made to the minutes since they were sent out shall be set out. The minutes shall then be submitted for approval, and the attendees shall confirm the minutes with their signatures.
- 10.6. The minutes shall be signed by the Board members in attendance, the Chief Executive Officer and the Secretary of the meeting. Minutes are deemed to be full proof of the events of a Board meeting. Board members who did not attend the Board meeting to which the minutes refer shall confirm with their signature that they have read the minutes. A copy of the signed minutes shall be made available in the electronic data room.

11. Professional secrecy and confidentiality

- 11.1. Board members are bound by professional secrecy as regards the company's affairs and customers, the interests of its staff and other matters of which they gain knowledge in the course of their work as Board members and which must remain confidential according the

company's Articles of Association, legislation or by virtue of their nature, unless the matter in question is something that the Board decides to make public or where such disclosure is provided for in the Public Limited Companies Act or the company's Articles of Association. The obligation of professional secrecy remains in effect even after cessation of employment.

- 11.2. If a member of the Board breaches the obligation of professional secrecy or abuses in any other respect the trust invested in them, the Chairperson shall issue them with a reprimand. If the breach is serious or repeated, a shareholders' meeting may be convened to decide whether to appoint a new Board member.
- 11.3. Board members must conserve all documentation that they receive to carry out their work as Board members in a secure manner.
- 11.4. Board members, other than the Chairperson, shall not address the media or the general public regarding the company's affairs.

12. Disqualification and conflicts of interest

- 12.1. Board members shall submit information about their interests with the company or with the company's main customers and competitors, together with information about other confidential positions, including board seats in other companies, in order to facilitate an assessment of their independence and participation in handling individual cases.
- 12.2. Neither a Board member nor the Chief Executive Officer may participate in agreement negotiations between the company and themselves as regards legal action against themselves or between the company and a third person or legal proceedings against a third party if they have significant interests to safeguard and which might be in conflict with the company's interests. Board members and the Chief Executive Officer must give notification of such circumstances – and any other circumstances which may cause their disqualification – without delay. The Board shall decide whether one or more Board members should be disqualified from handling a case.
- 12.3. All agreements entered into by a Board member or the Chief Executive Officer with the company and all agreements between the company and a third party shall be submitted to the Board for approval or rejection if a Board member or the Chief Executive Officer has significant interests in such agreements which might be in conflict with the company's interests.
- 12.4. If a decision to be taken by the Board relates to an individual Board member, that decision shall be made by the Board members who are independent of the case. The Board members in question shall leave the meeting while the Board addresses such matters.
- 12.5. If a Board member is disqualified from handling a given item on the meeting agenda, they shall leave the meeting while the item in question is discussed and processed. Access to the electronic data room in such cases shall be controlled in such a way that the Board member in question is not granted access to the meeting documentation dealing with the issue that has led to that member's disqualification. The fact that the Board member has left the meeting, the reason for doing so and the fact that they do not have access to certain documentation shall be entered in the minutes.

13. Information provision

- 13.1. The Chief Executive Officer shall, at each Board meeting, provide the Board with a general report on the company's operations since the previous Board meeting.
- 13.2. Board members shall have access to all information on the company and its operations that is necessary for them to perform their management and control duties.
- 13.3. Board members shall inform the board of communications with other Board members and the Chief Executive Officer on Board matters outside of meetings.
- 13.4. The Chief Executive Officer shall ensure that the company's website contains information on its governance in accordance with the guidelines on corporate governance.
- 13.5. The Chief Executive Officer shall ensure that the Companies Registry, Financial Statements Registry, tax authorities and other public authorities are sent the mandatory notifications and returns.

14. Signing annual financial statements, etc.

- 14.1. The company's annual financial statements shall be submitted to the Board for discussion. The Board, together with the Chief Executive Officer, shall sign the annual statements at least one week before the Annual General Meeting. If a Board member or the Chief Executive Officer is of the opinion that the annual statements should not be approved or if they have objections which they consider need to be brought to the attention of the shareholders, they shall give an account of said objections in their report.

15. Further rules on the work of the Board

- 15.1. Board members shall familiarise themselves with and be bound by the relevant legal provisions, general rules on public limited companies and the company's special rules on the treatment of confidential information.
- 15.2. In respects other than those provided for in these rules of procedure, the responsibilities, powers and activities of the company's Board of Directors shall be governed by the Public Limited Companies Act, the Annual Accounts Act, other general acts of law and the company's Articles of Association.

16. Amending, conserving and handling the rules of procedure

- 16.1. Only the Board may amend these rules of procedure. A simple majority vote of the Board shall be required to amend these rules of procedure.
- 16.2. The approved rules of procedures shall be published on the company's website. Board members, the Chief Executive Officer and the company's external auditors shall be given a copy of the currently effective rules of procedure and the company's Articles of Association.

Thus approved at the Board meeting of Isavia ohf. on 10 May 2023

Annex to the rules of procedure for the Board of Directors of Isavia ohf.

Definition of measures considered unusual or extraordinary

Measures that are unusual or extraordinary fall within the Board's scope of authority, as they are not a part of the company's daily operations. The Chief Executive Officer may, however, take measures that are unusual or extraordinary that do not fall under daily operations if the Board has given authorisation to do so. The Chief Executive Officer may take comparable decisions if it is impossible to wait for a decision of the Board without involving significant disadvantage to the company. The Board shall be immediately notified of such measures.

Examples of measures that can be considered unusual or extraordinary:

- Legal instruments that relate to significant financial interests for the company, i.e. ISK 100,000,000 (one hundred million ISK) or more, with the exception of legal instruments relating to the purchase and sale of goods and/or services and are a part of the company's normal operations and contain normal provisions based on the scope of the transaction.
- Legal instruments intended to remain in effect for a long time, i.e. 5 years or more.
- Significant planned changes to the normal operations of the company, such as fundamental changes to the organisation or activities.
- Buying and selling real estate and mortgaging property.
- Granting guarantees to third party who is not a member of the Isavia group.
- Sale, liquidation or establishment of subsidiaries.
- Decisions on whether to request a moratorium on payments or seek compositions or bankruptcy proceedings for Isavia ohf.

Approved by the Board meeting of Isavia ohf. 10 May 2023