

Rules of procedure of the Audit Committee of Isavia ohf. and subsidiaries

1. Objectives

- 1.1 The Audit Committee of Isavia ohf. (hereinafter referred to as parent company) 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.
- 1.2 The Audit Committee shall operate according to Icelandic law and regulations, as well as practice good governance, and is appointed by the Board of Directors of the parent company to undertake certain projects within the Board's field of responsibility according to Chapter IX of Act No. 3/2006 on Annual Accounts. Article 5 in these rules provides for the role and tasks of the Committee in greater detail.
- 1.3 These Rules of Procedure apply to the parent company, and to its subsidiaries, as applicable.

2. Appointment of committee members

- 2.1 The Board of the parent company appoints committee members and the Chairman of the Audit Committee for a term of one year at a time, and the Committee shall respond directly to the Board. The Audit Committee shall be appointed no later than one month after the Annual General Meeting.
- 2.2 The audit committee shall consist of at least three members, and at least one of the members must be independent of the company and its employees.
- 2.3 Each committee member must have knowledge and experience in accordance with the work of the Committee, and at least one of the members must have expertise and experience in the field of accounting or auditing.
- 2.4 The Board of the parental company selects the Chairman of the Committee, that also operates as its spokesperson and represents the Committee before the Board, accountants, and CEO regarding the matters of the Committee, unless otherwise decided by the Committee.

3. Authorisations of the Audit Committee and access to data

- 3.1 The Audit Committee is authorised to gather the necessary information from within the company in order to be able to fulfill its obligations according to these rules of procedure. The Audit Committee shall, for the same purposes, have unlimited access to employees and the company's management.
- 3.2 The Audit Committee has authorisation to obtain professional and independent consultancy, which the audit committee considers necessary to carry out its role. The cost of consultancy services must be approved in advance by the Managing Director of the parent company.

4. Meetings, work procedures, and communication with the Board of Directors

- 4.1 The Chairman of the Audit Committee shall convene meetings as needed. A minimum of two meetings shall be convened in connection with the preparation of annual accounts of the corporation. In addition, the committee must hold one meeting each time in connection to quarterly or bi-annual financial statements being prepared.
- 4.2 At the beginning of each operating year, the Audit Committee shall draw up a plan for the year's projects, Committee meetings and meetings with auditors, the Board and the company's employees. The Committee also makes a plan for meeting topics.
- 4.3 Only Committee members have a requirement to attend meetings and it is the decision of the Committee whether the company's management, internal auditors, or external auditors are present at the Committee's meetings.
- 4.4 The Committee appoints a secretary for keeping the minutes of the meetings, and the Chairman of the Committee shall, in cooperation with the CFO and the Human Resource Manager, prepare the meeting agendas. Agenda and meeting documents shall be accessible to committee members with at least two days in advance. The Board of the parent company has access to the minutes of the Audit Committee.
- 4.5 Board meetings may be held via teleconferencing equipment.
- 4.6 The Audit Committee shall meet with the Board of the parent company once a year and submit to the Board a report on the work carried out by the committee during the past year. In addition, the Committee is generally authorised to request a meeting with the Board of Directors, and vice versa. The Board may also request the assistance of the Committee with special issues.
- 4.7 The Audit Committee shall meet with the CEOs of each subsidiary, as needed.

4.8 The Audit Committee shall carry out performance reviews of the committee's operations and individual committee members, at least once a year, and inform the Board of the results of these reviews.

4.9 The Board shall each year review and approve the work schedule of the Committee.

5. Role and tasks of the Audit Committee

5.1 Accounting

5.1.1 The Audit Committee shall monitor the work procedures in accounting and review the main issues in the financial statements with the company's management when preparing the annual accounts and interim accounts, before the Board approves the accounts.

5.2 Internal auditing

5.2.1 The Audit Committee monitors the internal auditing, reviews the yearly plan of internal audits and reports on the function of internal auditing, arrangement of risk management, and corporate governance.

5.2.2 The Audit Committee shall review with management and internal and external auditors, as necessary, whether internal control, risk management, and other control measures are sufficient and in accordance with company policy. The audit committee is to obtain information from the internal and external auditor on the adoption of their proposals for improvements and follow-ups together with proposals for improvements from the management, and inform the Board, if needed.

5.2.3 The Audit Committee, in consultation with the Board of Directors, shall assess the need for and make a proposal for an internal auditor.

5.3 Monitoring the auditing of the company's annual accounts, consolidated accounts, and other financial information of the company

5.3.1 The Audit Committee shall submit proposals to the Board of Directors regarding the selection of external auditors or auditing firm, and take part in the assessment and decision regarding appropriate compensation.

5.3.2 The Audit Committee shall monitor the auditing of annual accounts and consolidated accounts, oversee the scope of audit and the audit schedule.

5.3.3 The Audit Committee shall request an annual auditor's report of his/her work and independence. In the report, the auditor shall specifically mention known weaknesses in internal controls and the work processes for the preparation of financial statements.

5.3.4 The Audit Committee shall discuss the main comments and proposals for improvements with the auditor.

5.3.5 The Audit Committee shall review letters and reports from the auditor to management before submitting them to the Board of the parent company.

5.3.6 The Audit Committee shall evaluate the independence of the auditor and receive the auditor's written confirmation of compliance with the provisions of Act No. 94/2019.

6. Restrictions on the Audit Committee's role and responsibilities

6.1 The Audit Committee is responsible for the duties stated in these rules but is not responsible for the accounts or the auditing of financial statements. The Board of Directors and CEO are responsible for the preparation of financial statements, organisation, and performance of risk management and internal controls. Independent auditors are responsible for auditing the company's annual accounts.

7. Eligibility of committee members, and other aspects

7.1 Committee members may not discuss matters in which they are disqualified due to their connections with the issue or party involved. Questions on the eligibility of committee members shall be governed by legislation applicable to the eligibility of district judges.

7.2 Committee members are bound by confidentiality regarding the company's affairs and other matters of which they become aware in the course of their work as Committee members. All data obtained for the work of the committee must be treated as confidential by committee members.

Approved by Isavia's Board of Directors. 12 June 2023