

## **Rules of Procedure of the Nomination Committee of Icelandair Group hf.**

### **1. Appointment and composition of the Nomination Committee**

- 1.1 A Nomination Committee shall function within Icelandair Group with the task of providing advice on the choice of Board members and submitting reasoned proposals to the Annual General Meeting or other shareholders' meeting where elections to the Board of Directors are scheduled. The purpose of the appointment of a Nomination Committee is to ensure that the process of selecting candidates for seats on the Board of Directors is clear and transparent and the shareholders will be able to make informed decisions regarding elections to the Board of Directors. It is also an objective to ensure that shareholders elect a Board of Directors for the Company composed of individuals with a broad background, appropriate knowledge and experience that enables the Board to lead successful business operations and maximise the value of the Company for the future.
- 1.2 The Committee will work in accordance with these working procedures, which are established by the Committee itself and approved by the Board of Directors of the Company. The Nomination Committee shall submit proposals for amendment of its Rules of Procedure, as applicable, or submit the Rules annually without amendment to the Board of Directors for confirmation.
- 1.3 The Nomination Committee shall be composed of three members. Two members are elected by a shareholders' meeting, one man and one woman, which are nominated for candidacy by shareholders. When a shareholders' meeting has elected two members, the Board of Directors shall nominate one person to the Committee.
- 1.4 All Committee members shall be independent of the Company and its management. The member nominated by the Board of Directors shall be independent of large shareholders in the Company. Assessment of the independence of Committee members shall be based on the same principles as the assessment of members of the Board of Directors, as provided in the Guidelines of the Icelandic Chamber of Commerce, Nasdaq Iceland and the Confederation of Icelandic Employers regarding corporate governance.
- 1.5 Candidacy for service on the Nomination Committee shall in other respects be subject to the same rules as candidacy for seats on the Board of Directors of Icelandair Group.

### **2. Allocation of tasks in the Nomination Committee and Committee meetings**

- 2.1 At its first meeting following election to the Committee, the members shall allocate tasks among themselves and elect a chairman. At the same time, the Nomination Committee shall appoint a Committee secretary from among the employees of Icelandair Group.
- 2.2 At the first meeting of the Nomination Committee following an Annual General Meeting the longest serving member shall preside. If more than one member have the same term of service on the Committee the most senior of them in age shall preside.

- 2.3 Elections to positions shall be decided by a simple majority of votes. In the event of an equality of votes, issues shall be decided by casting lots.
- 2.4 The Nomination Committee shall establish a work schedule and meet as necessary for the work of the Committee to be completed before the Company's Annual General Meeting. The work of the Nomination Committee prior to other shareholders' meetings at which elections to the Board of Directors are scheduled shall be based on circumstances at each given time; however, the Nomination Committee will not submit proposals after the deadline for announcing candidacies has passed.
- 2.5 The chairman of the Committee presides at Committee meetings. The secretary shall keep minutes, which shall be accessible only to Committee members, except as otherwise decided by the Committee.
- 2.6 In the record of minutes each entry shall note: A. Which Committee members or other parties participated; B. What items of business were on the agenda; C. what decisions were made; D. Any other business conducted.
- 2.7 The minutes shall note what documents were available at the meeting.
- 2.8 The secretary shall make a draft of the minutes available to the Committee no later than three business days after the meeting. Any comments shall be submitted at the latest two business days before the next meeting. Minutes shall be approved at the following meeting.

### **3. Role and functions**

- 3.1 The Nomination Committee shall submit its reasoned opinion on the choice of candidates for seats on the Board of Directors concurrently with the notice of an Annual General Meeting or, as circumstances dictate, as soon as possible in the case of other shareholders' meetings at which elections to the Board of Directors are scheduled. The opinion of the Committee shall be available for inspection by shareholders in the same manner as other proposals to be addressed at the meeting. The work of the Nomination Committee shall have been completed at the time that notice is given of an Annual General Meeting or shareholders' meeting at which elections to the Board of Directors are scheduled to take place, unless the Board of Directors of the Company decides to entrust the Committee with tasks, such as verifying the legality of announcements of candidacy that have been received.
- 3.2 The Committee shall decide itself whether to advertise publicly for interested candidates. However, the Nomination Committee shall publish on the Company's website information on the work of the Committee and how shareholders and others can communicate with the Committee.
- 3.3 The Committee shall define the basic factors, minimum qualifications and knowledge that Board members are expected to possess, together with the personal characteristics that Board members need to have. In addition, the Committee shall have the following functions:
  - a) To conduct interviews with individual Board members, the Company's top management and shareholders and elicit proposals for prospective candidates; The purpose of these interviews shall, among other things, to

assess the state of co-operation within the Board and whether there is a need for changes or renewals.

- b) To take delivery of proposals of prospective candidates from shareholders and others;
- c) To assess the qualifications of prospective candidates, including their knowledge, experience and the composition of the Board in its entirety;
- d) To assess the independence of prospective members of the Board;
- e) To ensure compliance with the provisions of law on gender ratios in the Company's Board of Directors;
- f) To prepare a reasoned opinion regarding the choices of candidates for seats on the Board of Directors, which will be made public concurrently with the notice of the Annual General Meeting;
- g) To prepare a report for the Annual General Meeting on the work of the Committee and what comprises the work of Icelandair Group's Board of Directors and, as applicable, to present the report at the Annual General Meeting.

#### **4. Authority of the Nomination Committee and access to information**

4.1 The Nomination Committee shall have the following authority and access to information in its work:

- a) Authority to consult Board members, employees and shareholders of the Company with regard to the Committee's functions;
- b) Authority to obtain professional advice considered necessary by the Committee to carry out its functions. Consultants shall be independent of the Company, its day-to-day management, Board members and Committee members. The Committee shall inform the top management of the Company that advisors have been consulted and of the estimated prospective cost;
- c) Unrestricted access to any documents and information from the Company that the Committee considers necessary to carry out its functions, including the self-assessment of the Board of Directors of the Company and the Company's strategy.

#### **5. Secrecy and confidentiality**

5.1 Committee members are bound by confidentiality regarding the affairs of the Company and other matters that come to members' knowledge in the course of their work and which are confidential according to the Company's Articles of Association, by law or by their nature. The general rule shall be that all affairs of the Company are subject to confidentiality except in the case of affairs that the Committee, in consultation with the Board of Directors of the Company, decide to disclose and where dictated by law or the Articles of Association of the Company. The confidentiality shall be maintained even when members have left their posts.

#### **6. Other matters**

6.1 These Rules of Procedure take effect when they have been approved by the Board of Directors of the Company at a meeting of the Board.

These Rules of Procedure were approved at a meeting of the Nomination Committee on 24 April 2018 and at a meeting of the Board of Directors of Icelandair Group on 3 May 2019.