

BOARD OF DIRECTORS' RULES OF PROCEDURE

Icelandic Investors Ltd.

1. Purpose

- 1.1 Per par. 4 of Art. 54 of Act no. 161/2010 on Financial Entities, these rules are set to strengthen the credibility of Icelandic Investors Ltd. (the company), by confirming that the company employs normal and healthy business practices.
- 1.2 An additional purpose of these rules is to establish the work allocation of Icelandic Investors Ltd's Board of Directors as well as its other work and communications. Still another purpose is to prevent conflicts of interest in the board's work.

2. The Board of Directors' election, work allocation and work

- 2.1. The Board of Directors shall be elected at the company's Annual General Meeting for a term of one year. Three people shall be elected and two reserve members.
- 2.2. After the Annual General Meeting concludes, the newly elected Board of Directors shall meet and divide tasks amongst themselves.
- 2.3. The Chairman of the Board of Directors conducts the first meeting if he has been specifically elected. Otherwise, the departing chairman of the board shall do so if he has been re-elected, but otherwise, the board member that has sat longest on the board. If no board member has previously sat on the company's Board of Directors, the oldest person present shall conduct the first meeting.
- 2.4. A simple majority of votes determines election to positions on the Board of Directors, per Art. 7.4 the company's Articles of Incorporation.
- 2.5. If two or more people get an equal number of votes, the toss of a coin shall determine the outcome.
- 2.6. According to the company's Articles of Incorporation, the functions of the company's Board of Directors are:
 - 1) To hire a managing director, determine his salary and employment terms, issue him a letter of responsibilities, and supervise his work.
 - 2) To constantly scrutinise all the company's operations and see to its organisation and operations always being correct and in good shape. The board shall specifically see to it that the company's accounting and handling of funds are sufficiently supervised.
 - 3) To act on behalf of the company before courts and governments.
 - 4) To collaborate with the managing director in hiring other key employees of the company.
 - 5) To resolve disputes arising between the managing director and other employees.
 - 6) To decide who shall obligate the company.
- 2.7. The signatures of a majority of board members are required to obligate the company. However, important decisions, such as buying and selling real estate and comparable investments, may not be taken unless all board members have an opportunity to discuss the matter.
- 2.8. Board members shall acquaint themselves with laws and regulations applying to their activities and have an understanding of their role and responsibility as members of the board. They shall, individually and together,

possess sufficient knowledge, experience, and qualifications to serve in their position. Board members shall be acquainted with the company's operations and infrastructure and shall see to it that they always have sufficient time to perform their work as board members.

- 2.9 Every year, the Board of Directors shall discuss how it defines its role.

3. Meetings, calling meetings, and meeting minutes

- 3.1. The chairman of the board calls meetings of the Board of Directors in a provable manner and sets forth the agenda for each meeting not later than two days before it.
- 3.2. The chairman of the board is duty-bound to call a meeting if a board member or the managing director so demands.
- 3.3. The chairman of the board directs meetings and is responsible for entries being made into the book of meeting minutes. Each board member can demand that entries be made. The final minutes of a meeting shall be available for approval at the start of the next board meeting.
- 3.4 The book of meeting minutes shall include a record of the following:
- 1) Where and when a meeting is held, when it starts, and when it ends.
 - 2) The board meeting's number.
 - 3) Which board members attend the meeting, and who shall direct it.
 - 4) An entry on when outside parties enter a meeting, and when they leave it.
 - 5) The meeting's agenda.
 - 6) The documents that were passed out or shown before or during the meeting.
 - 7) A brief report on discussions at meetings and what decisions were made.
 - 8) If decisions were made between meetings, the meeting minutes shall specify how decisions between board meetings were made.
 - 9) Enquiries of board members at meetings between meetings along with replies to them. When and where the next board meeting will be held.
 - 10) Who wrote the minutes of the meeting.

4. Lawfulness of decisions

- 4.1. The company's Board of Directors is the highest authority on all company matters between shareholder meetings, cf. Art. 7.5 of the company's Articles of Association, and protects its interests in every respect.
- 4.2. The Board of Directors shall honour the provisions of the Act on Financial Undertakings, particularly the rules on bank secrecy. Each board member shall also acquaint himself with and honour the company's work procedures and code of practice.
- 4.3. A meeting of the Board of Directors is lawful if two board members attend the meeting.
- 4.4. Signatures of two board members obligate the company.
- 4.5. A simple majority of votes determines the outcome of all matters. If the votes are equal, the chairman's vote determines the outcome.

5. Hiring and work of the managing director

- 5.1. The Board of Directors shall hire a managing director and determine his terms of employment. The board also grants the procuration for the company.
- 5.2. The managing director is responsible for daily management of the company's operations and acts on its behalf in all matters regarding its daily operations. The managing director sees to the accounting and hiring of staff.
- 5.3. The managing director shall provide board members, chartered accountants, and inspection staff with all information on the company's operations that they request and that laws make it mandatory to provide. This includes the following:
 - 1) The managing director shall regularly submit and present a report on the company's operations.
 - 2) The managing director shall present interim settlements to the Board of Directors not later than two months before the end of each settlement period.
 - 3) The managing director, along with the company's chartered accountant, shall present the company's audited settlement to the Board of Directors.
- 5.4. The managing director may only work at Icelandic Investors Ltd unless having the Board of Directors' permission to do so. However, he may undertake work for social activities, such as sports clubs, lectures or teaching without the board's permission. He shall nevertheless always notify the Board of Directors of any such work that he undertakes. The managing director may approve similar projects that the company's employees undertake and shall notify the Board of Directors of them.

6. Chartered accountants

- 6.1. The Board of Directors must provide chartered accountants or inspection staff access to all the company's assets, accounting records, accompanying documents and other documents, cf. Art. 9.3 of the company's Articles of Association. The Board of Directors shall also provide all information it can supply that chartered accountants or inspection staff request.
- 6.2. Elected chartered accountants shall record how they perform their auditing and other important work.
- 6.3. Chartered accountants shall specifically check whether the company's Annual Financial Report and accompanying documents accord with the law, rules, Articles of Association, and good accounting practices, and point out to the Board of Directors whether they do.

7. Shared interests

- 7.1. Individual board members shall inform the Board of Directors of parties with whom they have shared interests, whether the ties are personal or financial. The company shall always have updated written information on the parties sharing interests with board members. The information under this article shall always be accessible at board meetings.
- 7.2. Board members may not participate in any matters regarding: a) their transactions, b) the transactions of companies in which they own a direct or indirect share, in which they are board members, spokespersons for, or in which they have substantial interests, c) parties deemed related to them through family or otherwise, d) board members' competitors or parties related to them.
- 7.3. If a board member is deemed to have shared interests under this article or is otherwise disqualified because of other events, he shall not get access to documents regarding the disposition of the relevant matter. A board member shall then recuse himself from a meeting during the discussion of and voting on the matter.

- 7.4. The chairman of the Board of Directors or the managing director can demand that a board member recuse himself before the presentation of a matter and delivery of documents if they deem the board member to be disqualified from dealing with the matter.
- 7.5. The Board of Directors determines board members' disqualification under the provisions of the Public Limited Companies Act no. 2/1995.
- 7.6. The minutes of a meeting shall note a board member's recusal from the meeting, and that he did not get access to documents.

8. Decisions on particular transactions

- 8.1. The company's Board of Directors may not participate in decisions on particular transactions unless their scope is substantial relative to the company's size.
- 8.2. Individual board members shall not be involved in decisions on particular transactions.

9. Disclosures to the Board of Directors

- 9.1. Disclosures to board members about customers and particular transactions shall occur only through the company's board of directors. Answers to enquiries shall always be presented at meetings of the Board of Directors and not just to the enquiring board member. The minutes of a meeting shall record enquiries and answers.
- 9.2. Board members may not directly contact employees to gather information.

10. Services to related parties

- 10.1. The Board of Directors shall charge the company's chartered accountants or inspection staff with systematically reviewing services to related parties, including conditions and terms, renegotiations, and status, and compare them to corresponding transactions with other customers and submit a reasoned opinion.
- 10.2. Services mean loans and securities issued to related parties, as well as other related parties' obligations to relevant financial companies, such as underwriting facilities and futures agreements. This means not only services provided during the period but also the treatment of obligations that have already been established, regarding, for example, defaults, changes to terms and securities, debt restructuring, etc.
- 10.3. Related parties are deemed to be those having connections to the company that may make providing services to them or companies to which they are connected suspicious due to conflicts of interest.
- 10.4. Related parties can include, for example, a) members or reserve members on the company's Board of Directors, the boards of the company's subsidiaries and associated companies, management, key employees and the spouses, children and parents of these parties, b) shareholders directly or indirectly holding an ownership interest of 5% or more in the company or deemed to be one of its 10 biggest shareholders, c) companies in which parties under subparagraphs a. and b. own at least a 10% share, work for or serve in managerial positions for.

11. Handling of board members' business proposals

- 11.1. All business proposals from board members or parties connected to them shall be presented to the company's Board of Directors or its chairman for approval or rejection.

12. Membership on the boards of subsidiaries and associated companies

- 12.1. If the Board of Directors deems it correct for a board member to take a seat on the Board of Directors of a subsidiary or associated company, such a decision shall be discussed in detail regarding the effect of the board membership on the relevant board member's supervisory role and the need for him to take a seat on that Board of Directors.
- 12.2 Each year, the Board of Directors, after obtaining the managing director's proposal, shall decide which companies shall fall under this article.

13. Confidentiality, liability for damages, and criminal liability

- 13.1 Members of the Board of Directors, the managing director, chartered accountant, employees, and everyone undertaking tasks on behalf of the company are bound by confidentiality regarding all that they acquire knowledge of in doing their job regarding the business or private affairs of the company's customers unless laws mandate providing information. Confidentiality continues even if employees quit their job.
- 13.2 When a board member retires, he shall see to it that documents he has received in connection with his work on the Board of Directors do not get into the hands of unauthorised parties.

14. Reception and instruction of new board members

- 14.1 Following their election, new board members require detailed information on the company and its operations. A new board member shall usually get the following information on:
- 1) The company's operations.
 - 2) Products and services.
 - 3) Policy and business plan.
 - 4) Risk management and position on risk.
 - 5) Jobs mentioned below.
 - 6) The managing director's work and scope of authority
- 14.2. A new board member shall get the most important documents on the company so that he can acquaint himself with its operations and the laws and regulations applying to financial companies. The following documents are useful to new board members:
- 1) The company's Articles of Incorporation.
 - 2) The Board of Directors' Work Procedures.
 - 3) The Board of Directors' work plan.
 - 4) Instructions on accessing the company's rules.
 - 5) Previous year's minutes of the Board of Directors' meetings.
 - 6) Financial information.
 - 7) Organisation chart.
 - 8) Summary of current laws and regulations regarding the company's operations.
 - 9) The last Annual Financial Statement and Interim Financial Statement.
 - 10) Reports and letters from internal and external chartered accountants.
- 14.3. A new board member has the right to a briefing from parties very familiar with the company who can answer his questions, e.g., the CEO, a board member and an internal chartered accountant.

Approved by the Board of Directors of Icelandic Investors Ltd. 14 May 2020

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