

**RULES OF PROCEDURE  
FOR THE BOARD OF  
NOVA KLÚBBURINN HF.**

**1 PURPOSE**

- 1.1 These rules of procedure ("Rules of Procedure") are implemented pursuant to Art. 70(5) of Act no. 2/1995, on Public Limited Liability Companies (the "Companies Act"), taking into account the guidelines of the Iceland Chamber of Commerce, SA Confederation of Icelandic Enterprise and Nasdaq Iceland on corporate governance (the "Guidelines"), as applicable.
- 1.2 The Rules of Procedure are set to determine the role and performance of the Board of Directors (the "Board" and each individual director as "Director") of Nova Klúbburinn hf. (the "Company"). These Rules of Procedure shall apply mutatis mutandis to the Company's subsidiary, Nova hf.

**2 ELECTION OF DIRECTORS AND DIVISION OF DUTIES**

- 2.1 The appointment, dismissal and conduct of the Board shall be regulated in accordance with the articles of association of the Company (the "Articles").
- 2.2 The Board is elected for a term of one year at the annual general meeting of the Company in accordance with the Articles.
- 2.3 Immediately following election, the Board shall convene a board meeting where the Directors divide duties between themselves. A chairman of the Board (the "Chairman") shall be elected by a simple majority of votes. If the votes on the aforementioned offices are divided equally, lots shall be cast to decide on the election.
- 2.4 At the beginning of term of office, newly elected Directors shall be informed of the Company's operation and activities and get acquainted with the laws and regulations that apply to the Company.
- 2.5 Directors may at any time resign from their office following a written notice to the Board.

**3 ROLE AND DUTIES OF THE BOARD**

- 3.1 The Board is the supreme authority in the affairs of the Company between shareholder meetings.
- 3.2 The Board maintains general control of the Company's activities being in conformity with the Companies Act, other applicable law, the Articles and shareholder resolutions.
- 3.3 The tasks of the Board shall include, but not be limited to:
- (a) holding supreme authority between shareholder meetings, promote the development and long- term performance of the Company and supervise its operations. The Board shall regularly assess the performance of the Company's executive directors and how the Company's policies are implemented;

- (b) hiring the Chief Executive Officer ("CEO") of the Company and defining the role and scope of the CEO's activity within the Company;
- (c) monitoring the Company's operations and financial position;
- (d) ensuring that the Company's accounting and information processing are carried out with appropriate diligence;
- (e) obtaining information on the Company's operations and position on regular basis;
- (f) approving the Company's financial statements;
- (g) presenting proposals to shareholder meetings (including annual general meetings), such as allocation of profits;
- (h) formulating policies, setting goals and defining risk criteria by which the Company is to operate; and
- (i) performing all tasks assigned to the Board as provided for in the Companies Act, the Articles or other applicable laws.

3.4 The signatures of a majority of the Board shall bind the Company. The Board may grant other members of the Board, the CEO and others an authorization to sign on behalf of the Company. Only the Board may delegate power of procuration.

3.5 The Board shall take decisions in all matters that are to be considered as unusual or of major significance (outside the scope of the Company's daily operations). The Board may, however, grant the CEO the authority to deal with such matters. Decisions that are unusual or of major significance are inter alia:

- (a) decisions on any construction, purchase, sale and mortgaging of any real estate of the Company;
- (b) decisions on any change of the Company's objective, purchase, sale, or mortgaging of any subsidiary or affiliate of the Company;
- (c) decisions on the Company's lending and other major financial arrangements;
- (d) decisions on entering into any agreement or arrangement with any Director, shareholder or employee of the Company (outside the ordinary course of the employment relationship), or any of their connected parties, as defined in article 3 of Act, No. 21/1991, on Bankruptcy etc. (the "**Bankruptcy Act**"); and
- (e) the entry into, termination or amendment of any agreement, contract or transaction outside the normal course of the business of the Company, that materially deviate from the annual operating plan as approved by the Board, or is not on arm's length terms.

#### **4 ROLE AND DUTIES OF THE CHAIRMAN OF THE BOARD**

4.1 The Chairman is responsible for the Board carrying out its duties in an efficient and orderly manner and shall promote efficiency in all its decision-making.

4.2 The Chairman's main duties are to:

- (a) promote the compliance of the Board's procedures with laws, regulations and good corporate governance and the best possible working conditions for the Board;
- (b) promote the provision of information and guidance to new Directors with regards to conduct of the Board, the affairs of the Company and the main aspects of the management of the Company;

- (c) promote the provision of accurate and clear information and documents to enable the Board to perform their duties;
- (d) prepare the work schedule of the Board during the election period and the agenda of Board meetings, convene Board meetings and conduct them. If the Chairman is unable to attend a meeting, the Chairman shall appoint a Board member to take over his/her role;
- (e) keep track of records relating to the Board's activities, e.g. minutes and meeting documents, or entrust that task to others; and
- (f) represent the Board vis – à – vis the CEO, the Company's shareholders and the media.

## **5 APPOINTMENT, ROLE AND DUTIES OF THE CEO**

- 5.1 The Board decides whether a CEO shall be hired, decides on his/her salary and terms of employment.
- 5.2 The CEO is responsible for daily management of the Company. The CEO has decision-making power in all matters of the Company that are not entrusted to others specifically according to law, the Articles or by a decision of the Board.
- 5.3 The CEO shall seek the assistance of the Board in cases where decisions concern significant interests of the Company and/or unusual measures.
- 5.4 The CEO shall ensure that the Directors regularly receive detailed information about the finances, structure and operation of the Company in order to enable Directors to carry out their duties.

## **6 BOARD MEETINGS, CALLING OF MEETINGS, VOTING ETC.**

- 6.1 Board meetings shall be convened when necessary, although there shall be a minimum of ten meetings per year. The Chairman must convene a meeting if any Director, the CEO or the Company's auditor so requests.
- 6.2 Board meetings shall be convened at least five (5) days in advance, unless special circumstances require shorter notice period. The Chairman convenes a Board meeting. The notice of the meeting shall be in writing and sent by e-mail, in which the agenda of the meeting shall be specified. Meeting documents shall, as a general rule, be sent to Directors no later than two (2) days prior to a Board meeting.
- 6.3 Generally, Board meetings shall be held via video conference or at the Company's offices, and Directors may participate in the functions of the Board by telephone or with assistance of telecommunication equipment.
- 6.4 If a Director is unable to attend a meeting, he/she shall announce his/her absence to the Chairman.
- 6.5 The CEO attends Board meetings and has the freedom of speech and proposal, unless otherwise decided by the Board. The Board may invite other employees of the Company to attend a Board meeting to participate in individual matters. The Company's auditors shall be called to attend Board meetings when the accounts of the Company are discussed and if any Director so requests.
- 6.6 The Chairman shall direct Board meetings.
- 6.7 The Board shall be quorate when its meetings are attended by a majority of the Directors, providing that the meeting was called in accordance with these Rules of Procedure. However,

important decisions may not be taken unless all the Directors have had an opportunity to discuss the matter, to the extent such discussion is possible.

- 6.8 In all matters dealt with by Board meetings, issues shall be resolved by a simple majority of votes unless otherwise required by law or the Articles. If the votes are divided equally, the Chairman's vote shall prevail.

## **7 CONFLICT OF INTEREST**

- 7.1 The Directors and the CEO may not take part in decisions or discussions on matters that concern the Company if their interest in such matters may conflict with the Company's interest.
- 7.2 The Company shall maintain an overview of the Directors' equity holding, board positions or any interest which may cause conflict. Directors shall confirm their status yearly and inform the Company of any changes as soon as they occur.
- 7.3 The Directors and the CEO are obligated to inform the Board of any potential conflict of interest or any doubt about their competence. The Board itself determines the competence of individual Directors or the CEO in specific matters. A Director or CEO involved may not participate in a vote on his or her competence.
- 7.4 A decision on entering into any agreement or arrangement with any Director, shareholder or employee of the Company (outside the ordinary course of the employment relationship or the daily operations of the Company), or any of their connected parties, as defined in article 3 of Bankruptcy Act, shall be submitted to the Board for approval or rejection.

## **8 MINUTES OF MEETING**

- 8.1 The Chairman shall ensure that minutes are kept to record business transacted at Board meetings and decisions taken by the Board, or entrust that task to others.
- 8.2 The following shall be recorded in the minutes book:
- (a) where and when the meeting was held;
  - (b) the meetings number;
  - (c) who attended the meeting, who directed it and who recorded the meeting;
  - (d) the agenda of the meeting;
  - (e) what documents were presented to the meeting;
  - (f) a short report on the discussions of the meeting;
  - (g) what decisions were taken and/or resolutions adopted;
  - (h) any dissenting opinion in relation to any decision taken at the meeting; and
  - (i) when and where the next Board meeting is to be held.
- 8.3 Draft minutes shall be sent to the Directors and the CEO within five (5) business days of the Board meeting and Directors provided with the opportunity to make comment to the draft. The final version of the minutes shall be presented to the Board for approval at the following Board meeting.
- 8.4 Minutes shall be kept in a secure manner and shall be readily accessible to the Directors, the CEO and the auditors of the Company.

## **9 SUBMISSION OF INFORMATION**

- 9.1 All Directors have an equal right and access to information about the Company provided to the Board or individual Directors, whether in the case of documents presented at Board meetings or individual inquiries from Directors.
- 9.2 The following matters shall be addressed at regular Board meetings:
- (a) Approval of the agenda;
  - (b) Review and approval of last meeting's minutes;
  - (c) A report on the Company's operation;
  - (d) A key performance indicator report and management accounts;
  - (e) Evaluation in terms of whether information provided in the meeting or a decision made may constitute inside information; and
  - (f) Other matters referred to Board;
- 9.3 In addition to matters addressed at regular Board meetings the following matters shall i.a. be addressed by Board as specified:
- (a) A market benchmarking report shall be submitted and presented to the Board quarterly;
  - (b) A six-month settlement shall be submitted and presented to the Board semi-annually;
  - (c) The audited financial statements of the Company and the consolidated financial statements of the Group shall be completed before the end of March each year and presented to the Board no later than one week thereafter. The Company's auditor shall be present when the statements are presented to the Board;
  - (d) The operating plan for the Company's next operating year shall be submitted to the Board within the last quarter of each year;
  - (e) Appointment of members to Board committees annually, or as needed;
  - (f) Approval of Board meeting dates and work schedule, annually;
  - (g) Review and approval of key policies, annually;
  - (h) Evaluation of the Board's work, practices and procedures, the Company's operations and the work of the Board committees, the CEO and other employees, as applicable; and
  - (i) Review and approval the Company's Recovery and Business Continuity plan bi-annually.
- 9.4 Other than specified in these rules of procedure the responsibility, power and duties of the Board of Directors are governed by the Articles, applicable law, regulations and rules.
- 9.5 The Directors shall also be entitled to all information concerning the Company's operations that they deem necessary to carry out their work, however, the Directors shall not have access to information on individual customers of the Company. The Chairman shall mediate in the collection of information and data from the Company's management.

## **10 SUB-COMMITTEES OF THE BOARD**

- 10.1 The Board is responsible for the appointment and activities of its sub-committees, and they operate under its authority. The establishment of a sub-committee does not reduce the responsibilities of the Board or relieve it of any liability.
- 10.2 The Board shall establish an Audit Committee in accordance with the Icelandic Act no. 17/2006, on Annual Accounts. The Audit Committee's composition, role, duties, authority etc. are stipulated in the Audit Committee's Rules of Procedure. Information on Audit Committee meetings, including agendas, documents distributed before and at the meetings and minutes, shall be accessible for all Board members.
- 10.3 The Board shall establish a Remuneration Committee. The Remuneration Committee's composition, role, duties, authority etc. are stipulated in the Remuneration Committee's Rules of Procedure and the Company's Remuneration Policy. Information on Remuneration Committee meetings, including agendas, documents distributed before and at the meetings and minutes, shall be accessible for all Board members.
- 10.4 The Board may establish other sub-committees if considered appropriate and feasible to deal with specific tasks, taking into account the size and composition of the Board and the Company's activities. The composition, role, duties, authority etc. of each sub-committee shall be dealt with in separate rules approved by the Board.
- 10.5 The Board's sub-committees shall ensure that the Board regularly receives accurate information on the main projects of the committee and shall at least annually submit to the Board a report on their projects.
- 10.6 The Board's sub-committees shall annually evaluate their own work.

## **11 PERFORMANCE EVALUATION**

- 11.1 The Board annually reviews and evaluates its work, procedures, and efficiency, or has a performance evaluation carried out with the assistance of external parties.
- 11.2 Such self-assessment/performance evaluation includes e.g. evaluation of strength and weaknesses in the Board's work and procedures, and consideration of matters that can be improved.
- 11.3 The evaluation shall be in line with the Guidelines at any given time and shall include an examination of whether the Board has operated in accordance with these Rules of Procedure.

## **12 NON-DISCLOSURE OBLIGATIONS; CONFIDENTIALITY**

- 12.1 Directors shall be subject to an obligation not to disclose matters concerning the Company, its customers, and other matters which they become aware of in the course of their work as Directors and should not be divulged according to the Articles, law, or the nature of the matter, except in the case of a matter that the Board decides to make public or this follows from the provisions of the Companies Act, other laws or the Articles. The duty of confidentiality remains after resignation.
- 12.2 Directors shall keep all documents they receive to perform their duties as Directors in a secure manner. Directors shall hand in all documents they may have received in connection with individual matters of the Company when they resign from the Board.
- 12.3 In general, discussions, decisions, and processing of individual matters by the Board shall not be discussed publicly, unless this is specifically approved by the Board, or law require publication of meeting results.

**13 AUDITORS AND ANNUAL ACCOUNTS**

- 13.1 The Board shall enter into a written agreement with the Company's elected auditor. The Company's auditor shall have unrestricted access to all data and information that may be relevant for their work for the Company.
- 13.2 The Board shall have the Company's annual accounts prepared in accordance with Act no. 3/2006 on Annual Accounts, generally accepted accounting principles and the provisions of the Accounting Act no. 145/1994.
- 13.3 The annual accounts of the Company shall be presented to the Board for approval, and the Board, together with the CEO, shall approve the annual accounts of the Company with their signatures. If a Director or the CEO considers that the annual accounts should not be approved, or if he or she has objections that he or she considers the shareholders should be made aware of, he or she shall state his or her opinion in his endorsement.

**14 AMENDMENTS TO THE BOARD'S RULES OF PROCEDURE ETC.**

- 14.1 These Rules of Procedure shall be reviewed at least annually.
- 14.2 Only the Company's Board can amend these Rules of Procedure. Amendments require approval of a simple majority of the Directors.

APPROVED AS RECORDED ABOVE AT A MEETING OF THE COMPANY'S BOARD ON 27 SEPTEMBER 2022.