



## **EIMSKIPAFÉLAG ÍSLANDS HF.**

### **FOURTH AMENDED AND RESTATED RULES OF PROCEDURE**

for

### **THE BOARD OF DIRECTORS**

#### **Article 1 General**

- 1.1 Eimskipafélag Íslands hf., (the "Company") organized under the laws of Iceland and registered under the number 690409-0460 (the "Company") is a public limited company incorporated under Icelandic law. The Company's objective is the operation, ownership and investments in transportation companies and other related activities.
- 1.2 These rules of procedure (the "Rules") are set based on the provisions contained in the Act No 2/1995 on Public Limited Companies. These rules supersede and replace the rules of procedure adopted by the Board on July 9, 2012.
- 1.3 The provisions of these Rules are intended to supplement the provisions of the Act on Public Limited Companies and the Company's Articles of Association. Board members undertake to comply with these Rules, and other Rules issued in accordance with the Rules, when serving on the Board of Directors of the Company.

#### **Article 2 Division of tasks and responsibility of the Board of Directors**

- 2.1 The Board of Directors consists of five Directors and two Alternate Directors, elected at each annual general meeting of the Company, and its term of office shall be until the next annual general meeting (or such earlier time as the shareholders may determine in accordance with the Company's Articles of Association or applicable law). Each Director shall nominate his Alternate Director, who shall replace him on the Board if he can't attend a Board meeting. The chairman can also decide to call in one Alternate Director to a Board meeting even though all five Directors will attend. In such instances, the Alternate Director has the right to debate and submit proposals to the meeting, but has no voting right. The Alternate Directors shall take a seat on the Board of Directors in accordance with Article 3.2.
- 2.2 The Board of Directors shall hold a meeting immediately following each annual general meeting. At that meeting, the Board of Directors shall elect its chairman and vice-chairman and shall delegate other tasks among the members as applicable. The senior member of the Board of Directors shall preside over the election of the chairman. The affirmative vote of four out of five Directors shall determine the outcome of the election of the chairman and vice chairman.

- 2.3 Between shareholders' meetings, the Board of Directors wields the ultimate authority in matters pertaining to the Company, in accordance with law and the Company's Articles of Association. The Board of Directors shall discuss all major decisions regarding Company policy. It is the role of the Chief Executive Officer of the Company to administer Company operations in accordance with the law and the policy and decisions of the Board.
- 2.4 The Board of Directors elects, within one month from the Annual General Meeting, sub-committees that operate on behalf of the Board. Three members shall be elected to an **Audit Committee** and three members to a **Remuneration Committee**. The sub-committees shall operate in accordance with rules set by the Board of Directors. The sub-committees operate under instructions of the Board of Directors, which is responsible for the appointment and activities of the sub-committees.
- 2.5 The sub-committees shall ensure that accurate information on main projects and execution of works of each committee is available to the Board of Directors in Board meetings or upon request by the Board of Directors. All Board members shall receive the same information and shall at any time have access to the minutes of each sub-committee. Sub-committees shall give the Board a reports on their projects at least annually.
- 2.6 The Board of Directors shall annually consider the appointment of an internal auditor.
- 2.7 Members of the Board of Directors shall familiarize themselves with and be bound by the provisions of statutory law and general rules of the Stock Market, the rules of the Financial Supervisory Authority and the rules of the NASDAQ Iceland. The members of the Board of Directors shall pay special attention to the obligation placed on them as primary insiders in the Company.
- 2.8 According to Article 130 of the Act No 108/2007 is the Board of Directors responsible for ensuring compliance with rules issued by the Financial Supervisory Authority on treatment of insider information and insider trading. The Board of Directors shall appoint a compliance officer and an alternate compliance officer. The compliance officer is responsible for ensuring compliance with the above rules by the Company and shall submit a report to the Board of Directors on compliance matters as often as needed and at least annually.
- 2.9 The Board of Directors shall set rules on the treatment of insider information, insiders trading and how information shall be publicly disclosed. The rules shall include, among other things, the definition of insiders, when confidential information is considered inside information, how primary insiders shall trade with the shares in the Company etc. The above mentioned rules shall ensure that the Company and its insiders comply with the rules and regulations of the securities market.

### **Article 3 Calling of Board meetings**

- 3.1 The Board of Directors shall in general have monthly scheduled meetings, and Directors shall be available to meet more frequently as required. Board meetings shall be held if one or more Board members request it or if the Chief Executive Officer of the Company considers it necessary.

- 3.2 If a Director is not able to join a Board Meeting his Alternate Director shall be called to the meeting. An Alternate Director shall also join a Board Meeting when called to the meeting. If a Director becomes ineligible to sit on the Board of Directors he shall unconditionally relinquish his position and be replaced by his Alternate Director.
- 3.3 The Chairman shall call Board meetings and shall guarantee that other Board members are invited. He or she may assign the Chief Executive Officer of the Company the task of calling Board meetings. Board meetings shall be called by means of an e-mail sent to an e-mail address specified by the Board members. Board meetings shall be called with at least seven days' notice (subject to section 3.3) and, at the same time, an agenda and other pertinent information shall be submitted to each Board member. Should a Board member or the Chief Executive Officer of the Company request a Board meeting, the meeting shall be called within seven days from the date the request is received by the chairman, and the meeting must be held within two weeks.
- 3.4 If, under unusual circumstances, the Chairman should deem it impossible to wait the requisite number of days to call and convene a Board meeting, the Board of Directors may decide to carry out voting among Board members either in writing or by phone. A decision to this effect shall be confirmed at the Board meeting immediately following such written or telephonic voting.
- 3.5 In general, Board meetings shall be held on the premises of the Company, with participation of remote Board members over the telephone. Otherwise, they shall be held at a location determined by the Chairman, who shall preside over all meetings of the Board of Directors.

#### **Article 4 Voting**

- 4.1 Meetings are deemed lawful if they have been called in a lawful manner and are attended by at least four out of the five Board members. Each Board member shall wield one vote at meetings of the Board of Directors. The number of votes shall determine the outcome of matters subjected to a vote.
- 4.2 An attempt shall be made to allow all Board members to discuss major decisions and significant corporate actions. Should a Board member request that the handling of a specific matter will be postponed until the next meeting, it is appropriate that the Board honors that request unless the matter is urgent.
- 4.3 Board meetings can be held by means of telephone or other communication systems as to permit all persons to communicate to each other simultaneously and instantaneously..
- 4.4 A simple majority of votes of all members of the Board of Directors (i.e. the affirmative vote of at least three directors) decides matters in Board meetings, however, the affirmative votes of at least four out of five Directors shall be required to approve significant corporate actions. A proposal is rejected if votes are equal. Significant corporate actions include, but are not limited to, the following actions:
  - 4.4.1 the sale, merger, combination, recapitalization, reclassification or other reorganization of the Company or its subsidiaries or any increase in the authorized share capital of the Company;

- 4.4.2 (a) the incurrence or modification of any indebtedness of the Company and its subsidiaries in excess of EUR 5 million, (b) the acquisition of or investment in another company or business, and/or (c) the sale or disposition of any material asset, in each case other than in accordance with the Company's business plan and the budget;
- 4.4.3 the sale, grant or issuance of any equity interests in the Company or its subsidiaries, including options, warrants, and any rights, interests and agreements to acquire or that are convertible into or exchangeable for equity interests in the Company or its subsidiaries, as well as any phantom equity or similar rights in the Company or its subsidiaries (it being understood that all such sales, grants and issuances shall be subject to the shareholder's preemptive rights (unless waived));
- 4.4.4 any material transaction between a shareholder or any of its affiliates, on one hand, and the Company or any of its subsidiaries, on the other hand;
- 4.4.5 the entering by the Company or any subsidiaries into any partnership, alliance or joint venture relationship;
- 4.4.6 approval of a business plan and a budget, expenditures in excess of the approved budget and any material modifications or amendment to the business plan or budget;
- 4.4.7 the termination and hiring of the Chief Executive Officer of the Company and the determination of the terms of their respective service contracts for him and other executive officers of the Company, including salary, bonus, equity incentives and fringe benefits;
- 4.4.8 (a) entry into any transaction or agreement to dissolve, wind up, liquidate or compose the Company or any of its subsidiaries or make any assignment for the benefit of creditors; (b) taking of any action to commence voluntary proceedings under any bankruptcy law; and/or (c) seeking of consent to the appointment of any custodian, receiver, liquidator, trustee or assignee in bankruptcy or similar insolvency proceeding related to the Company or its subsidiaries;
- 4.4.9 the redemption or repurchase of the Company's equity or debt interests;
- 4.4.10 any proposals at the annual general meeting regarding payment to the Company's shareholders of dividends, distributions and other payments;
- 4.4.11 the entering into of any death, retirement, profit sharing, bonus, share option or other scheme for the benefit of any of the officers or employees of the Company or the making of any material variation (including any increase in the percentage amount of the contributions) of any such scheme, other than in accordance with the approved business plan, the budget and the approved remuneration policy;
- 4.4.12 any adjustment or alteration of the accounting policies of the Company or its subsidiaries, the way in which the accounting policies are adopted by the Company or its subsidiaries, and/or the basis upon which the annual profit and loss account and balance sheet of the Company and its subsidiaries is prepared, except in each case as required by applicable laws and regulations;
- 4.4.13 any amendment to (or repeal of) these Rules of Procedures, proposal for any amendments to the Company's Bylaw (or Articles of

- Association), and any conversion of the Company into another form of entity;
- 4.4.14 any decision to make the Company or any of its subsidiaries a listed company on an applicable stock exchange;
  - 4.4.15 any commencement, compromise or settlement of any claim, lawsuit, arbitration or similar proceedings that is or is reasonably like to be material to the Company or any of its subsidiaries;
  - 4.4.16 any transactions where the amount exceeds 25% of the book value of the Company's net assets;
  - 4.4.17 disposal of own shares in the Company in order to fulfill its Option Agreements with its employees or for other business purposes at the discretion of the Board of Directors, given the aim that share are sold at market value and if the Board of Directors deems necessary to deviate from market value such a decision shall be reasoned in the minutes; and
  - 4.4.18 any commitment, authorization or agreement to take any of the foregoing actions.
- 4.5 In the event that individual Directors wish to take up individual issues outside Board Meetings, they shall direct themselves to the Chief Executive Officer or the Chief Financial Officer and not to any other employee of the Company unless there is a special mandate in place.
- 4.6 If a lawful requirement, to convene a Shareholders' Meeting to discuss matters that the Board of Directors has been discussing, has been placed, the Board of Directors shall await the conclusion of the Shareholders' Meeting before concluding on such a matter.

## **Article 5 Disqualification**

Board Members and the Chief Executive Officer of the Company shall not take part in any votes of the Board of Directors relating to (i) transactions between the Company and themselves, (ii) lawsuits brought against such persons with respect to which the Company may provide indemnification, or (iii) transaction between the Company and any third party or lawsuit against any third party, in either case in which they have a substantial financial interest which may be contrary to the Company's interests. Board Members and the Chief Executive Officer of the Company shall report to the Board any matter that falls within any of the foregoing categories prior to the taking of any Board action with respect to such matter.

## **Article 6 Record of Minutes**

- 6.1 The Chairman of the Board shall ensure that the matters addressed at Board meetings shall be recorded by the Company's General Counsel or a person that is called in by the Board especially to do the recording, which shall participate in Board meetings, and keep an electronic Record of Minutes, as well as an enclosure folder, as appropriate. The minutes shall be submitted to all Board members within two work days after the meeting and presented for approval and signature by those in attendance of that meeting at the next Board meeting. The Company's General Counsel or the person that is called in shall

preserve signed Records of Minutes in appropriate manner. If a given Board member was not in attendance or did not participate in a given decision, this shall be stated in the Record of Minutes.

6.2 The following shall be recorded in the electronic Record of Minutes:

- 6.2.1 Time and location of the meeting
- 6.2.2 Names of attendees
- 6.2.3 Meeting agenda
- 6.2.4 A short description of matters on the agenda
- 6.2.5 Resolutions of the Board
- 6.2.6 Adjournment of the meeting
- 6.2.7 Time and place of the next scheduled meeting
- 6.2.8 The name of the person recording the minutes

6.3 The meetings shall be recorded in accordance with the form attached in Appendix 1.

6.4 Board members and the Chief Executive Officer are permitted to have short comments on the minutes recorded in the Record of Minutes. An electronic copy of the Record of Minutes as well as an enclosure folder shall be duly kept and shall be available to Board members, Chief Executive Officer of the Company and Company auditors, in each case to the extent related to the carrying out by such persons of their respective duties and obligations.

## **Article 7 Share register**

7.1 The Board of Directors shall ensure that a list of shareholders (Share Register) is kept to ensure the recording of shareholders. The shares of the Company are electronically registered with the Icelandic Securities Depository in accordance with Act No 131/1997.

7.2 The Board of Directors shall further ensure the keeping of all other lists or minute books, which must be kept according to law.

## **Article 8 Chairman of the Board**

8.1 The Chairman is the representative of the Board of Directors, both internally and vis-à-vis external parties. He or she shall ensure compliance with all matters of form that is provided for in the law, the Company's Articles of Association, and these Rules of Procedure. At each Board meeting, the Chairman shall acquaint other Board members with matters that are of substantial interest to the Company and of which he or she has become aware since the last meeting.

8.2 As the representative of the Board, the Chairman wields formal authority vis-à-vis the Chief Executive Officer of the Company and other Company employees.

## **Article 9 Confidentiality**

- 9.1 Board members are obliged to observe confidentiality concerning all matters addressed at Board meetings, as well as all matters pertaining to the Company's transactions and business ideas, its plans, the affairs of its customers, and any other matters that, in accordance with the law or the nature of the issue at hand, should remain confidential. The obligation to observe confidentiality shall remain in effect even after the termination of Board membership. Other participants in Board meetings shall be subject to the same duty of confidentiality.
- 9.2 Board members undertake that they will not take undue advantage, either for their own benefit or for that of other parties outside the Company, of information or ideas to which they may gain access as a result of their work for the Company. This applies both to confidential information from external parties and to inside information communicated to Board members.

## **Article 10 Scope of Board activities**

- 10.1 The Board of Directors shall supervise Company operations and carry out general monitoring of operations. The tasks of the Board of Directors shall include, but not be limited to, the following:
- 10.1.1 Hiring the Chief Executive Officer of the Company and defining the rules of procedure and scope of activity for him or her;
  - 10.1.2 Monitoring the Company's operations and financial position;
  - 10.1.3 Ensuring that the Company's accounting and information processing are carried out with appropriate diligence;
  - 10.1.4 Obtaining information on the Company's operations and position on a regular basis, including monthly operating results to be presented to the Board in time for the monthly Board meetings;
  - 10.1.5 Ensuring that the Company is operated in accordance with the law pertaining to its operations;
  - 10.1.6 Presenting recommendations to shareholders' meetings concerning the allocation of profits;
  - 10.1.7 Making decisions on material contracts of the Company;
  - 10.1.8 Formulating the policy by which the Company is to operate;
  - 10.1.9 Ensuring that new Board members receive information and data on the Company which allows them to carry out their work as board members.
  - 10.1.10 Ensuring that the Company operates in accordance with the law in all particulars and that it complies with the disclosure obligation stipulated by law in matters concerning, inter alia, taxation, notifications to public authorities, etc.; and
  - 10.1.11 Evaluate its own work, size, composition and practice at least annually, by addressing the strengths and weaknesses of its work and practices, aiming to improve working methods and increase the

efficiency of the Board. Also, the Board shall evaluate the work of its sub-committees.

**Article 11**  
**Chief Executive Officer: Hiring and scope of activity**

- 11.1 The Board of Directors shall hire the Chief Executive Officer of the Company and grant powers of procurement to him/her or others, as applicable. The Board has also the authority to terminate the Chief Executive Officer's employment. A written employment contract shall be made between the Company and the Chief Executive Officer. The Chief Executive Officer's salary and other terms, among other things, shall be stated in the contract. The Chairman of the Board handles issues that may arise in relations to the terms of the Chief Executive Officer's contract.
- 11.2 The Chief Executive Officer shall be responsible for the daily operations of the Company, but shall not have the authority to make decisions concerning any matter that is assigned to others by law, that is reserved to the Board of Directors under these Rules of Procedure or that should normally fall within the sphere of activity of the Board of Directors. The Chief Executive Officer of the Company is required to ensure that Company operations are carried out in all respects in accordance with law, regulations, the Company's Articles of Association, these Rules of Procedure, and the decision of the Board of Directors, as applicable.
- 11.3 The Chief Executive Officer of the Company shall attend Board meetings and participate in discussions unless otherwise decided by the Board in individual instances. The Board may request other employees of the Company or its advisors to participate in meetings of the Board as appropriate.
- 11.4 The Chief Executive Officer of the Company shall acquaint the Board with all major issues involving the operations of the Company or its subsidiaries. The Chief Executive Officer shall at every Board Meeting submit a report outlining in broad terms the Company's operations since the last Board Meeting. At Board Meetings, the Board of Directors may require the Chief Executive Officer and other key employees of the Company to provide Directors with any information and documents necessary for them to perform their tasks.

**Article 12**  
**Preparation of annual accounts**

- 12.1 The Chief Executive Officer shall submit a draft of the Company's annual accounts in collaboration with the elected auditor of the Company. He or she shall also prepare a draft of the Board of Directors' report as required under applicable law and the consolidated financial statements. An elected external auditor shall review these drafts and present to the Board a draft of an auditor's certification of the annual accounts. Drafts of the Company's annual accounts and the draft of the auditor's certification shall be presented to the board within two months after the end of the financial year of the Company.
- 12.2 When the Board has reviewed the above documents and considers that they provide an accurate view of Company operations, the Board members shall sign the annual accounts. Should the Board form the opinion that information is missing, it shall request that information before signing.



- 12.3 These documents shall be delivered to the Register of Annual Accounts and other parties as required by law.
- 12.4 Auditors are required to attend Board meetings at which the review of annual accounts or interim financial statements is on the agenda. The Chairman may also request that auditors attend other Board meetings.

**Article 13**  
**Implementation of and amendments to the Rules**

- 13.1 The Board of Directors is responsible for ensuring that these Rules are followed. The Chairman of the Board supervises the implementation of the Rules as regards the preparation of the Record of Minutes and other matters.
- 13.2 Amendments to these Rules of Procedure shall require the approval of four out of five Board members.

**Article 14**  
**Further rules concerning the Board of Directors**

In addition to these Rules of Procedure, the Act on Public Limited Companies, the Act on Annual Accounts and other general Acts of Law, as well as the Company's Articles of Association, shall apply to the responsibility, authority and activities of the Board of Directors.

**Article 15**  
**The keeping and handling of the Rules**

- 15.1 In general, the original text of these Rules of Procedure, including, if appropriate, any changes that have been duly made to these Rules, shall be kept in the Company's Record of Minutes.
- 15.2 The original text of these Rules shall be signed by those who are members of the Board of Directors when the Rules are approved. If the Board duly approves changes to these Rules, then the members of the Board shall sign the modified original text of the Rules. These Rules shall be introduced to new members of the Board and in confirmation they shall sign the original text (as may be amended) of these Rules.
- 15.3 A copy of the valid Rules of Procedure and the valid Company's Articles of Association shall be handed to the members of the Board, the Chief Executive Officer and the auditors of the Company.

The above Third Amended and Restated Rules of Procedure for the Board of the Company are adopted in accordance with Paragraph 5 of Article 70 of the Public Limited Company Act No. 2/1995. The Rules were first approved at a Board meeting on December 2, 2009, then on July 9, 2012, and supersede the Rules of Procedure that were adopted by the Board on February 23, 2017.

Above Rules approved at a Board meeting on April 26, 2019.

## Appendix 1 – Form for Board Minutes



**[Meeting number] Board Meeting**

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS of Eimskipafélag Íslands hf., ID No. 690409-0460, held at [meeting place], [date and time]**

**Present Board:** [Board member names]  
**Present via phone:** [Board member names]  
**Absent:** [Board member names]  
**Present Other:** [CEO name]  
[Other persons]  
**In the Chair:** [Board member name]  
**Secretary:** [Secretary's name]

The Chairman proposed the following agenda:

1. [Agenda]

The following documents were produced to the meeting:

- a) [List meeting documents]

The meeting unanimously approved the proposed agenda and the Chairman moved to the first item on the agenda.

### **1. [Agenda item no. 1]**

[Discussion on meeting topics and approvals of the meeting]

Next meeting is planned to be at [date and time]

No further issues were discussed and the Chairman closed the Meeting at [xx:xx]

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

\_\_\_\_\_  
Secretary