



EIMSKIPAFÉLAG ÍSLANDS HF. CORPORATE GOVERNANCE STATEMENT

ABOUT EIMSKIP

Eimskipafélag Íslands hf. (Eimskip) is a leading transportation company in the North Atlantic with connections to international markets and is specialized in worldwide freight forwarding services, with the vision of providing excellence in transportation solutions and services. Eimskip specializes in shipping, logistics and supply chain management and offers its customers solutions on land, sea and air with special emphasis on the handling and storing of any type of temperature-controlled cargo, frozen or chilled, and dry cargo.

CORPORATE GOVERNANCE

With this statement on the Corporate Governance of Eimskip it is declared that the Company is complying with the accepted practices in the 5th edition of Corporate Governance Guidelines, issued by the Iceland Chamber of Commerce, SA - Business Iceland and Nasdaq Iceland.

Corporate Governance practices are designed to ensure open and transparent relationship between the Company's management, its Board of Directors, its shareholders and other stakeholders. The Corporate Governance in Eimskip is also designed to ensure sound and effective control of the Company's affairs and a high level of business ethics.

The Corporate Governance Statement of Eimskip is accessible on the Company's website, www.eimskip.com, and is published in a special chapter in the Company's Financial Statements.

The Corporate Governance Guidelines are accessible on www.corporategovernance.com.

LAWS AND REGULATIONS

Eimskip is a limited liability company that is governed by Act no. 2/1995 on Limited Liability Companies (Company Act). Acts are accessible on the Parliament's website, www.althingi.is.

EIMSKIP'S FINANCIAL STATEMENTS

Eimskip's financial year is the calendar year. The Company's Financial Statements are accessible on the Company's website, www.eimskip.com.

SHAREHOLDER RELATIONS

The supreme authority of the Company is in the hands of the shareholders who attend shareholders' meetings at least once a year. Share register is held at the Company's headquarters where it is available to shareholders.

Company news that are considered to affect Eimskip's share price are published through the company news release distribution network of Nasdaq Nordic and on the Company's IR website, www.eimskip.com/investors. Other news is published on the Company's website, www.eimskip.com.

Proposals or questions from shareholders to the Board of Directors shall be sent to investors@eimskip.com and compliance@eimskip.com.

THE BOARD OF DIRECTORS OF EIMSKIP

The Board of Directors holds supreme authority between shareholders' meetings. It shall ensure that the Company's organization and operations are in good order. It shall promote the development and long-term performance of the Company and supervise its operations. The Board of Directors has statutory role which it is responsible for, unless the Board grants permission by law to transfer authority by delegation.

Board meetings are called with one-week notice. A meeting schedule is made for the financial year in advance. The invitation contains the agenda for the meeting. The CEO and the CFO attend Board meetings and other members of the Executive Management attend as required. In 2019, the total number of Board meetings was 18 and the Board was competent to make decisions in all meetings.

The Board consists of five Directors and two alternate Directors and they are all elected annually at the Annual General Meeting. Those who intend to run for the Board of Directors shall notify the Board of Directors of their candidacy at least five days before a shareholders' meeting. The majority of the Directors of the Board are independent of the Company and its day-to-day management, and four Directors are independent of the Company's significant shareholders. The alternate members of the Board are either not independent of the Company or its significant shareholders. The Board evaluates whether Directors are independent of the Company and its significant shareholders. Moreover, the Board evaluates the independence of new Directors before the Company's Annual General Meeting and makes available to shareholders the result of its evaluation.

Annually, the Board of Directors conducts an assessment of its work, size, composition and procedures and also evaluates the work of the Company's CEO, the Company's operations and development and whether it is in line with the Company's objectives. The assessment entails e.g. evaluation of the strengths and weaknesses of the Board's work and practices and takes into consideration the work components the Board believes may be improved. The evaluation is built on self-assessment, but the assistance of outside parties may be sought as appropriate. The evaluation includes an examination of whether the Board has operated in accordance with its Rules of Procedure and how the Board operates in general. Examination must be made whether important matters relating to the Company have been adequately prepared and if enough time is provided for discussions within the Board. Additionally, individual Directors must be considered with respect to both attendance and participation in meetings. The assessment for the financial year 2019 was concluded in February 2020.

Main responsibilities of the Board of Directors

- To hold supreme authority between shareholders' 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.
- To take the initiative, together with the CEO, on formulating policies and setting goals and risk parameters for the Company, both in the short and long term.
- To establish an active system of internal controls. This means, among other things, that the arrangement of the internal controls system shall be formalized, documented and its functionality verified regularly.
- To ensure that the Company's operations are in conformity with existing laws and regulations.
- To handle the recruitment and dismissal of the Company's CEO.

Extraordinary or major matters which require the approval of four out of five Directors and are therefore not a part of the CEO's day-to-day operations are defined in the Rules of Procedure for the Board of Directors.

Rules of Procedure for the Board of Directors

The Board of Directors has established its Rules of Procedure which were amended and approved at a Board meeting on 26 April 2019. A copy can be obtained from the Company's website, www.eimskip.com.

The Board of Directors has appointed two subcommittees, Audit Committee and Remuneration Committee.

The principal duties of the Audit Committee are to review all financial information and procedures regarding information disclosure from day-to-day management and the Company's independent auditors and to ensure the independence of the Company's independent auditors. The role and main responsibilities of the Audit Committee are set out in its rules of procedure.

Members of the Audit Committee are Lárus L. Blöndal, Chairman, Vilhjálmur Vilhjálmsson and Ólafur Viggó Sigurbergsson. In 2019, the Audit Committee held a total of four meetings.

The role of the Remuneration Committee includes preparing the Company's remuneration policy and ensuring its enforcement and negotiating with the CEO on wages and other employment terms. The role and main responsibilities of the Remuneration Committee are set out in its rules of procedure.

Members of the Remuneration Committee are Hrund Rudolfsdóttir, Chairman, Vilhjálmur Vilhjálmsson and Gudrún Blöndal. The Remuneration Committee held two meetings in 2019.

Nomination Committee

The Board of Directors has not proposed to a shareholders' meeting to appoint a Nomination Committee with the role of proposing candidates to serve as Directors on the Board. The Board of Directors receives and reviews candidates' applications in accordance with the Company Act.

The Board of Directors

Baldvin Þorsteinsson, Chairman of the Board

Baldvin was born in 1983 and lives in Iceland. He has worked for Samherji hf. in various roles since 2007 after earning a BS degree in Industrial Engineering from the University of Iceland. In the years 2013-2016, he was the CEO of Iceland Drilling, of which Samherji is a major shareholder. When rejoining Samherji in 2016, he was made Manager of Business Development. Baldvin joined the board of Olíuverzlun Íslands in 2011 and became the board's chairman in 2017, until he stepped down at the end of 2018 when the company was sold. Baldvin has been on the Board of Directors since 6 September 2018 and currently serves as the Chairman of the Board and a member of the Remuneration Committee. He owns 160,000 shares in the Company, but no share options, but is not independent of Samherji Holding ehf., which own, in total, 50.6 million shares in the Company.

Hrund Rudolfsdóttir, Vice-Chairman of the Board

Hrund was born in 1969 and lives in Iceland. She is the CEO of Veritas Capital ehf. Previously she was Corporate Director of Human Resources at Marel hf. from 2009 and Director of Operations and Investments at Moderna Finance ehf. /Milestone ehf. from 2007 to 2009. Hrund was CEO of L&H Holding, CEO and Chief of Operations of Lyf &

heilsa hf. from 2001 to 2006. She is currently a board member of Iceland Chamber of Commerce, Artasan hf., Distica hf. and Lumina ehf. Hrund took her master's degree in International Marketing and Management at Copenhagen Business School in 2000 and AMP in IESE NY in 2018. She also earned a Cand.Oecon. degree at the University of Iceland in 1994. Hrund has been on the Board of Directors since 3 April 2013 and currently serves as the Vice Chairman of the Board and as a Chairman of the Remuneration Committee. She is an independent Board member and does neither own shares nor share options in the Company. She has no interest links with the Company's main clients, competitors or major shareholders. Hrund is an independent Board member.

Guðrún Ó. Blöndal

Guðrún was born in 1960 and lives in Iceland. She has been on the Board of Directors of Eimskip since 6 September 2018. Previously she was a CEO of Nasdaq CSD Iceland (Nasdaq Central Securities Depository Iceland) from 2013 to March 2018, and a CEO of Arion Custody Services, subsidiary of Kaupthing hf., from 2002 until it merged with Arion bank hf. in 2012. She held various positions in Kaupthing hf. from 1984 to 2002 such as an Executive Director, Corporate Director of Human Resources, Director of Marketing and Director in Asset Management. In 2012 until 2013 she was a Board Member of the Enterprise Investment Fund slhf., Reginn hf., Míla ehf., Vörður Insurance Company and Vörður Life Insurance. Guðrún is an alternate board member of Landsbankinn hf. Guðrún earned a Cand.Oecon. degree at the University of Iceland in 1990. Guðrún currently serves as a member of the Remuneration Committee. She is an independent Board member and does neither own shares nor share options in the Company. Apart from being an alternate board member in Landsbankinn she has no interest links with the Company's main clients, competitors or major shareholders.

Lárus L. Blöndal

Lárus was born in 1961 and lives in Iceland. He is a Supreme Court Attorney and a Partner at Juris Law Offices. Lárus was a Partner at Almenna lögfræðistofan from 1990 to 2008. Lárus is currently a board member of Orkusalan hf. and the Chairman of the board of ISFI (Icelandic State Financial Investments). He has been a member of the Competition Appeals Committee since 2000 and its Vice-Chairman since 2009 and a member of the National Olympics and Sport Association's executive committee since 2001, becoming its Vice-President in 2006 and its President in 2013. He has previously been a board member of the Icelandic Bar Association, the University of Iceland's Human Rights Institute, the University of Iceland's Research Centre in Environmental and Natural Resources law, Hótel Borg ehf., Fastus ehf., the Housing Financing Fund, Chairman of the National Olympic and Sport Association's legal committee, and a member of various other official committees and boards. Lárus has been a Supreme Court Attorney since 1998 and a District Court Attorney since 1990. He graduated with a Cand.jur. degree from the University of Iceland in 1987. Lárus has been on the Board of Directors since 27 March 2014 and currently serves as the Chairman of the Audit Committee. He is an independent Board member and owns 3,190 shares in the Company but no share options. He has no interest links with the Company's main clients, competitors or major shareholders.

Óskar Magnússon

Óskar was born in 1954 and lives in Iceland. He is a well-known writer and has published two collections, short stories and two novels in recent years. He is a farmer and co-owner and chairman of Kerfélagið ehf., the owner of the tourist nature attraction Kerid Crater. Óskar is currently a vice chairman of the board of Samherji hf., a board member of Samherji Holding ehf. and a chairman of the Icelandic landowners Association. He has previously been a board member of the Icelandic Bar Association. Óskar was Publisher/CEO and major shareholder of Árvakur hf. from 2009 to 2015, President/CEO

of Tryggingamiðstöðin hf. and TM Life Insurance hf. from 2004 to 2007, President/CEO of Vodafone Iceland from 2001 to 2004, Executive Chairman of Baugur from 1998 to 1999 and President/CEO of Hagkaup hf. supermarkets, that later became part of Baugur Corporation, from 1993 to 1998. Óskar has been a Supreme Court Attorney since 1993. He graduated with an LL.M. degree in International Business Law from George Washington University Law School in 1986, and with a Cand.jur. degree from the University of Iceland in 1983. He owns 15,000 shares in the Company, but no share options. Óskar is not independent of Samherji Holding ehf., which own, in total, 50.6 million shares in the Company.

Vilhjálmur Vilhjálmsson, Alternate Member of the Board

Vilhjálmur was born in 1953 and lives in Iceland. He is a Chairman of the Board of Directors of Hampiðjan hf. Vilhjálmur was the CEO of HB Grandi hf. from 2012 to 2018, and a pelagic director of HB Grandi hf. from 2005 to 2012. Before joining HB Grandi hf. Vilhjálmur was office manager and later the CEO of Tangi, Vopnafjörður based fishing and fish processing company from 2001 to 2004. Vilhjálmur started his career in fisheries at age 11 and worked as a seaman from age of 15 alongside his studies. Later Vilhjálmur started working ashore as sales director at Fiskafurðir ehf Fishproducts Ltd. and at the Federation of Icelandic fishing vessels owners where he worked for 8 years before joining Tangi. Vilhjálmur is a Fish Industry Technic from the Icelandic Technical College and is a master of navigation from Reykjavik Navigational School. He is an independent Board member and does neither own shares nor share options in the Company. He has no interest links with the Company's main clients, competitors or major shareholders. Vilhjálmur is a member of the Audit Committee and the Remuneration Committee.

Jóhanna á Bergi, Alternate Member of the Board

Jóhanna was born in 1970 and lives in the Faroe Islands. Jóhanna is the CEO of Atlantic Airways Ltd. and has been since 2015. Jóhanna was the CEO of P/f Faroe Ship, Eimskip's subsidiary in the Faroe Islands, from 2006 to 2015, Sales Director of JFK and Kósin Seafood from 1998 to 2006 and Sales Manager of Faroe Seafood France from 1994 to 1998. She is currently a board member of the Faroese Confederation of Sports and Olympic Committees, Nordoyatunnilin, Föroya Grunnurin and Visit Faroe Islands. Jóhanna has a master's degree in Management from Robert Gordon University in the UK. She further holds an EE degree from the Danish School of International Marketing and Export. Jóhanna has been an alternate member of the Board since 3 April 2013, is an independent Board member and does neither own shares nor share options in the Company. She has no interest links with the Company's main clients, competitors or major shareholders.

The Chief Executive Officer

The Company's CEO is responsible for the day-to-day operations, in accordance with law, regulations and the Company's Articles of Association and follows the policies and instructions laid down by the Board. The CEO must at all times conduct his work with integrity and take account of the Company's interests. Day-to-day operations do not include matters which are unusual or of great significance. The CEO shall make sure that the Company's accounts are kept in accordance with law and practice and that the Company's assets are kept in a secure manner. The CEO is obligated to abide by all instructions of the Board of Directors and shall give the auditor any information requested. The CEO does not have the authority to make decisions concerning any matters that are assigned to others by law or are reserved to the Board under its Rules of Procedure. The CEO shall ensure that Directors of the Board are regularly provided with accurate information on the Company's finances, development and operations to enable them to perform their duties and the information shall be in the form and of the quality determined by the Board. The information shall be available when needed and as up-to-date and

accurate as possible. The CEO is to acquaint the Board with all major issues involving the operations of the Company or its subsidiaries and is to attend the Board meetings. He participates in the Boards of the subsidiaries within the group.

Vilhelm Már Thorsteinsson, Chief Executive Officer

Vilhelm was born in 1971 and lives in Iceland. He joined Eimskip as the Company's CEO in January 2019. Previously he worked at Íslandsbanki, a major bank in Iceland, and predecessors for twenty years. He was Managing Director of Corporate & Investment Banking at Íslandsbanki from 2017 to 2019 and Managing Director of Corporate Banking from 2008 to 2017. Vilhelm earned MBA degree from Pace University in New York, B.Sc. degree in Business Management, Majoring in Logistics, from Reykjavík University and is a licensed Securities broker. He is a board member or CEO, or both, of various subsidiaries of Eimskipafélag Íslands hf. Vilhelm owns 66.050 shares in the Company but no share options.

The Executive Management

The Executive Management of Eimskip consists of the Chief Executive Officer and the Directors of Finance, Operations, International Operations, Human Resources, Iceland Sales and Business Management and Iceland Domestic Operations. All the executives have an extensive experience within the Company.

Egill Örn Petersen is the Chief Financial Officer, Hilmar Pétur Valgarðsson is the Chief Operational Officer, Bragi Thor Marinósson is the Executive Vice President of International Operations, Elín Hjálmsdóttir is the Executive Vice President of Human Resources, Björn Einarsson is the Executive Vice President of Iceland Sales and Business Management and Gudmundur Nikulásson is the Executive Vice President of Iceland Domestic Operations.

Further information on the Executive Management is provided in the Annual Report on the Company's website, www.eimskip.com.

INTERNAL CONTROL AND RISK MANAGEMENT

The role of internal control is to facilitate the management of an operation and it has been defined as a process which is shaped by a company's Board of Directors, the management team and other employees. The purpose of internal control is to build foundation for the company to reach success and efficiency in its operations, reliability of financial information and consistency with laws and regulations.

Risk management is the process of analyzing and assessing the risk factors which could prevent the Company from achieving its set goals. It also includes that remedial action is taken to minimize the anticipated effects of such risk factors

Eimskip's internal control and risk management procedures regarding financial processes is designed to minimize the risk of material misstatements. The Company does not have an internal audit function, but it uses internal control systems that are monitored by the Audit Committee.

An independent auditing firm is elected at the Annual General Meeting each year. The auditors are supposed to review the Company's accounting records and material related to the Company's operations and financial position and they are always to have access to the Company's books and documents. They must examine the Company's Consolidated Financial Statements in accordance with International Standards on Auditing. Significant findings regarding accounting and internal control deficiencies are reported to the Board of Directors through the Audit Committee. Independent auditors are not allowed to own shares in the Company.

The Company goes through a detailed strategic and budgeting process each year and a strategy and budget report are prepared. The Board of Directors approves the Company's strategy and budget each year. Deviations from the strategy and budget are carefully monitored on a monthly basis.

Active risk management plays an important role in Eimskip to ensure stable operations and earnings. The risk management policy is aimed at minimizing potential negative effects on operations and earnings from marketing, operational and financial activities and to keep risks at acceptable levels.

The Board of Directors regularly communicates with the CEO regarding the identification of, description of and response to business risks which the Company may be faced with. Risk management within Eimskip is governed by the Board of Directors, while the Audit Committee is responsible for its review on a regular basis. The Executive Management is responsible for identifying material risks and developing the Company's risk management strategy.

The Company's risk exposure is discussed at Board meetings and its risk management and risk factors are discussed in the Annual Report.

Eimskip monitors its financial risk factors and has defined treasury policies and procedures which, among other, sets acceptable risk limits and stipulates how to identify, measure and manage financial risk exposure. The Company has in place a financial reporting and internal control manual to which the group reporting entities must adhere.

INFORMATION ON VIOLATION OF RULES DETERMINED BY THE APPLICABLE AUTHORITY

The Competition Authority in Iceland has a case concerning the Company in process, of which the outcome is not yet determined.

On 16 December 2019 the Supreme Court of Iceland rendered a judgement and confirmed the decision of the Financial Supervisory Authority, from March 2017, that the Company had violated Art. 122.1 of the Securities Act no. 108/2007 by not disclosing inside information in a timely manner.

CORPORATE SOCIAL RESPONSIBILITY

Eimskip is a registered participant of the UN Global Compact, the United Nation's initiative for social responsibility with respect to human rights, labor, environment and anti-corruption. With its participation, the Company has committed to manage its business operations so that the UN Global Compact and its Ten Principles become a part of the Company's strategy, culture and day-to-day operations. The Company has also committed to advocate the UN Global Compact and its Ten Principles through available communication channels and communicate annually on implementation efforts.

Eimskip's Corporate Social Responsibility (CSR) Policy is based on the Nasdaq ESG Reporting Guide, published in March 2017. The Nasdaq voluntary reporting guide focuses on 33 environmental, social and governance (ESG) performance indicators.

CRS policies

Eimskip has for over a century offered reliable transportation services and the Company's vision is to reach excellence in transportation solutions and services. Eimskip focuses on creating shared value for its shareholders, customers, employees, society and other stakeholders.

Environment

Eimskip respects its environment and seeks to limit its impact on the ecosystem and reduce its environmental footprint.

Society

Eimskip offers employees equal opportunities in a safe and healthy working environment and endeavors to be a good corporate citizen, recognizing its responsibility to work in partnership with the communities in which it operates.

Governance

Eimskip strives to ensure open and transparent relationship between the Company's management, its Board of Directors, its shareholders and other stakeholders.

In 2020, the focus will be on further implementing the Company's CSR policy within the Group, with increased measures and a strong ambition to achieve set goals, regarding reduction and publishing of the Company's ecological footprint. To support global and local environmental initiatives, Eimskip signed the Reykjavík Declaration on Climate Issues in November 2015 and has 2019 been working systematically on reducing its ecological footprint.

In 2019 a team of employees was appointed to review, select, and connect the operation and policies to the United Nations sustainable development goals. The emphasis will be on four goals that are related to the operation and policies. Regarding that, measurable projects will be worked on and implemented within Eimskip in 2020.

CODE OF CONDUCT

The Board of Directors approved a revision of the Company's Code of Conduct in February 2018. The Code of Conduct closely links to the Company's values: Achievement, Cooperation and Trust. The Code is also based on Eimskip's aim to secure good return for shareholders with profitable growth, create value for customers with outstanding solutions and services, be an outstanding workplace for employees with great team spirit and ambition and show concern for society with social responsibility and reduced ecological footprint.

Eimskip's Code of Conduct focuses on Human Resources, the Market and on Social Responsibility. It includes the Company's Human Rights Policy and its Anti-Corruption and Bribery Policy. The Code of Conduct is accessible on the Company's website, www.eimskip.com.

27. February 2020

Board of Directors