

# Rules of Procedure of the Board of Directors

## Icelandair Group hf.

### **1. Division of tasks and election of Board members**

1.1. The Board of Directors of the Company is comprised of five persons which shall be elected at each Annual General Meeting. Board Members may also be elected at extraordinary Shareholders' meetings.

1.2 The Board of Directors shall convene immediately following each Annual General Meeting to elect a Chairman and Vice-Chairman and assign other tasks as applicable.

1.3 The first meeting following the Annual General Meeting shall be presided over by the Member of the Board holding the highest tenure of service. If more than one Board member have served equally long the member of the highest age shall preside.

1.4 Simple majority decides the election on delegation of tasks among the Board members. If votes are equal, a toss decides the vote.

### **2. The representative of the Board of Directors and other activities**

2.1 The Chairman is the official representative of the Board of Directors. The Chairman may assign others to represent the Board. The Chairman and the Chief Executive Officer are the official representatives of the Company towards external parties in accordance with the Company's general rules.

2.2 In the event that the Chairman is incapacitated, the Vice-Chairman shall take his place.

2.3 The Board of Directors shall be informed on the Act on Public Limited Companies, the Competition Act, the Act on Market Abuse the Act on Markets in Financial Instruments and other applicable laws.

2.4 The Board of Directors shall familiarize themselves with Rules on Treatment of Insider Information and Nasdaq Iceland's Rules for Issuers set in accordance with the Act on Markets in Financial Instruments, including the Company's rules in this regard.

2.5 The Board of Directors shall represent all Shareholders and protect their general interests, and may not act to favor the interests of those Shareholders that appointed them or supported them to be elected to the Board of Directors.

2.6 It is assumed that Directors have sufficient time to perform their duties.

2.7 As a general rule, the tasks and responsibilities of the Board of Directors shall be conducted at Board meetings. If communication regarding the Company's interests takes place, between Board members or between Board members and the management of the Company, in-between formal Board meetings, those issues shall form part of the agenda and shall be discussed at the subsequent Board meeting and as such entered to the record of Minutes.

2.8 If, under extraordinary circumstances, the Chairman should deem it impossible to wait and convene a Board meeting, he 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, and entered in the record of Minutes.

2.9 Board members shall inform whether they intend to stand for election to the Board when the Annual General Meeting is called each year.

### **3. Calling of Board meetings**

3.1 Board meetings shall be called as frequently as needed, but generally not less than bi-monthly. Each year an annual overview of activities shall be introduced, which holds the year's agenda for regular Board meetings as well as other meetings.

3.2 The Chairman, or the Chief Executive Officer as his representative, calls Board meetings with at least seven days' notice by the means of a letter, e-mail or other certifiable means. If a matter is urgent a Board meeting can be called with shorter notice and the same applies if all Board members agree on waiving the notice period.

3.3 Material to be covered at each Board meeting shall be submitted to Board members through the Board's portal, at least five days in advance of a meeting or as soon as possible.

3.4 The Chief Executive Officer shall update the Board on the Company's financial status, operations and operating results monthly.

3.5 The Chairman shall ensure that Board members are provided with and have adequate access to all material and information, in any form (including information from sub-committees), needed for them to perform their fiduciary duties in accordance with these Rules of Procedure, the Company's Articles of Association and applicable laws.

3.6 The Chairman is obligated to call a Board meeting if requested by a Board member or the Chief Executive Officer.

3.7 The agenda for each Board meeting shall be available at least three days before the meeting.

3.8 The Board of Directors shall meet without the presence of the Company's management to evaluate their performance at least annually.

### **4. Legality of resolutions and Chairman of the meeting**

4.1 The Board is not legally convened unless all Board members have duly received an invitation cf. Article 3.2. The Board is not legally convened unless at least half of the Board members are in attendance.

4.2 The Chairman of the Board chairs Board meetings. A simple majority decides the vote on all proposals. If votes are equal, the proposal does not pass.

### **5. Disqualification**

5.1 Board members and the Chief Executive Officer shall not take part in any vote of the Board of Directors regarding transactions between the Company and themselves, lawsuits brought against them or lawsuits against any third-party where they have substantial interests which may be contrary to the Company's interests. Board members and the Chief Executive Officer shall report to the Board any matter that falls within any of the foregoing categories prior to the Board initiating any action with respect to such matters.

5.2 If a Board member or the Chief Executive Officer are considered to be disqualified in matters set out in Article 5.1, they shall not have access to any material in respect of such matters. Furthermore, they shall recuse themselves from the Board meeting during the handling of the matter related.

5.3 The Chairman of the Board or the Vice-Chairman in the event of the Chairman being incapacitated, can resolve that certain Board members be barred from participating in discussions related to a disqualification.

5.4 The Board of Directors can propose that the Chairman of the Board, or the Vice-Chairman as relevant, are deemed disqualified to discuss certain matters.

## **6. Record of Minutes**

6.1 The Chairman of the Board shall ensure that the matters addressed, and resolutions passed at Board meetings are duly recorded. The following shall without exception be recorded in the Record of Minutes for each meeting: A. Names of attendees. B. Description of matters on the agenda. C. Resolutions of the Board.

6.2 The Record of Minutes shall reflect which documents were submitted before the meeting and which documents were submitted during the meeting.

6.3 The Secretary of the meeting shall ensure that a draft Record of Minutes is available for the Board of Directors no later than three business days following each meeting.

6.4 The Record of Minutes shall be approved and signed by attendees. Board members and the Chief Executive Officer are authorized to have short comments on the Minutes recorded, but all Board members shall sign them. If an individual Board member did not attend a meeting they shall confirm that they have familiarized themselves with the Record of Minutes.

6.5 If the Record of Minutes is not settled at the end of the meeting it shall be presented for approval at the next Board meeting, or as soon as possible. If eligible attendees, cf. Article 6.4 wish to make a short comment on the Record of Minutes it shall be made no later than at the beginning of next Board meeting.

6.6 A Record of Minutes shall also be made for strategic planning meetings of the Board of Directors.

6.7 The Board of Directors shall regularly evaluate whether it is necessary to change the meeting agenda for the year or if the prioritization of items should be different.

## **7. Scope of Board activities and the Board of Director's shares in the Company**

7.1 The Board of Directors shall oversee the Company's operations in accordance with its Articles of Association, applicable laws and regulations.

7.2 The Board of Directors, along with the Chief Executive Officer, shall formulate the Company's strategy for the short and longer term. Information that relates to strategic planning shall be made accessible to the Board in a timely manner, at least three business days before the matter is to be discussed at a Board meeting.

7.3 The Board shall ensure that the Company's affairs are in good order and its operations properly carried out. The Board shall, with the assistance of the Company's external auditors ensure that accounting and investments are carried out with appropriate diligence.

7.4 The Board shall make decisions in matters that are unusual or major within Icelandair Group hf. and its subsidiaries. The Board can however assign that responsibility to the Chief Executive Officer or another such person that the Chief Executive Officer appoints. The authorization limits for employees to enter financial commitments on behalf of the Company shall be set forth in Addendum II to these Rules of Procedures. Unusual or major matters include, but are not limited to, the following:

- 7.4.1 The sale, merger, recapitalization, reclassification or other reorganization of Icelandair Group or its subsidiaries or any increase in the authorized share capital of Icelandair Group;
- 7.4.2 The incurrence or modification of any indebtedness of Icelandair Group or its subsidiaries which exceeds the limits set forth in Addendum II to these Rules of Procedures;
- 7.4.3 Any transaction where the amount exceeds the limits set forth in Addendum II to these Rules of Procedures;
- 7.4.4 Approval of a business plan and a budget, expenditures exceeding the approved budget and any material amendments to a business plan or budget;
- 7.4.5 The acquisition or investment in another company or the sale or disposal of a subsidiary or any material asset (other than in accordance with an approved business plan).

7.5 The Board shall not make decisions that relate to daily operations unless they are major decisions or matters that the Chief Executive Officer defers to Board voting.

7.6 Under extraordinary circumstances the Board of Directors can assign a certain Board member, or one or more of the representatives of the Board, a matter to handle.

7.7 The Chairman of the Board shall annually report to the Board on individual Board members' holdings of shares in the Company.

7.8 The Board shall ensure the implementation and practice of proper risk management within the Company, e.g., in relation to work-related accidents, external events, legal risk and emergency response.

7.9 The Chief Executive Officer shall consult with the Board when appointing new members of senior management at the Company and its subsidiaries.

7.10 The Board of Directors may consult with external advisors when considered necessary.

## **8. The Chairman of the Board**

8.1 The Chairman of the Board shall ensure that new Board members are provided with all necessary information relating to their obligations as members of the Board, including Guidelines on insider trading. These should include the Company's strategic objectives, risk guidelines and operations. To facilitate the successful introduction to the Company, the Chairman, along with the Chief Executive Officer, shall have a meeting with new Board members where the aforementioned matters are presented. Moreover, new Board members' access to the Board's portal where all necessary information is kept, shall be ensured.

8.2 The Chairman of the Board shall ensure that the Board keeps abreast of updates and developments in the Company's operations in an organized and documented manner.

8.3 The Chairman of the Board shall endeavor to ensure that Board members are regularly updated on changes to their personal, or the Company's, legal obligations and responsibility to ensure that the Board conforms to legislation and good Corporate Governance.

8.4 The Chairman of the Board is responsible for the Board's communication with Shareholders and shall relay their opinions back to the Board. The Chairman shall furthermore encourage open and honest communication within the Board as well as between the Board and the senior management of the Company.

8.5 The Chairman of the Board shall initiate the review of these Rules of Procedure, at least annually.

8.6 The Chairman of the Board shall organize the agenda of Board meetings, in cooperation with the Chief Executive Officer, as well as call and chair the Board meetings. Moreover, the Chairman shall ensure that there is sufficient time for discussions and decision making at Board meetings, especially in relation to major and more complicated matters.

8.7 The Chairman of the Board shall monitor the implementation and progress of the Board's decisions within the Company and make sure that the Board is updated on such progress accordingly.

8.8 The Chairman of the Board shall ensure that an annual assessment of the Board's work is performed during each operating year.

8.9 The Chairman of the Board shall ensure that the Board annually defines the most significant matters of each year.

8.10 The Chairman of the Board shall ensure that the Board regularly defines and re-evaluates its role.

8.11 The Chairman of the Board shall ensure that the Board is provided with the best possible working conditions.

## **9. The Chief Executive Officer: Employment agreement**

9.1 The Board appoints the Chief Executive Officer of the Company, makes a written employment agreement with them and, if it so chooses, terminates their employment. The Remuneration Committee decides the salary and other benefits entailed in the employment agreement cf. Article 12.1.2.

9.2 The employment agreement shall be in writing and filed with other important documents of the Company.

## **10. The Chief Executive Officer: Scope of activity**

10.1 The Chief Executive Officer is responsible for the daily operations of the Company as authorized by the Board of Directors and shall in that respect follow the strategy and instructions laid down by the Board.

10.2 Daily operations do not extend to unusual or major decisions. The Chief Executive Officer can only implement such measures with the explicit authority of the Board, unless it is deemed impossible to wait for the Board's decision without considerably compromising the Company's operations or interests. In such instances the Board shall immediately be informed of the measures taken.

10.3 The Chief Executive Officer shall ensure that the Company's operations, accounting and finances are in good order and conducted in accordance with laws and best practices, and that the Company's assets are handled and cared for in a proper and secure manner.

10.4 The Chief Executive Officer shall make decisions on all operational matters that do not explicitly fall within the power of others according to law, the Company's Articles of Association or these Rules of Procedure.

10.5 The Chief Executive Officer has primary responsibility for the formulation and implementation of the Company's strategy, including its subsidiaries.

10.6 The Chief Executive Officer shall make suggestions to the Board regarding power of procuration. If the Chief Executive Officer has power of procuration, they handle negotiations on behalf of the Company falling within their authority..

10.7 The Chief Executive Officer shall attend regular Board meetings and present to the Board on the operations of the Company. The Chief Executive Officer can require other employees to attend the meetings as appropriate.

10.8 The Chief Executive Officer shall attend all Board meetings, unless otherwise decided by the Board.

10.9 The Board of Directors shall in cooperation with the Chief Executive Officer decide the division of duties between the Board and the management team.

## **11. Subsidiaries**

11.1 The boards of the Company's subsidiaries and affiliates defer to the laws and Articles of Association which apply to them.

11.2 The boards of the Company's subsidiaries shall be appointed in consultation with the board of Icelandair Group hf.

11.3 All decisions that are considered major for the operations or financial position of the subsidiaries shall be submitted to the Board of the Company. The same applies to all changes made to their agreed strategy and investments in excess of their approved investment expenditure.

## **12. Board committees: Scope of activities**

### **12.1. Audit committee**

12.1.1 The Board of Directors shall annually elect three members to serve on the Company's Audit Committee.

12.1.2 The Audit Committee performs its activities independently within the scope stipulated by the Board.

12.1.3 The Audit Committee shall, in collaboration with the Chief Financial Officer and the Director of Risk Management , coordinate the risk management and internal control measures of the Company and supervise the external auditor's work.

12.1.4 The Audit Committee shall monitor applicable accounting regulations and changes in that regard. The Committee shall possess knowledge in the field of accounting and consult the Board of Directors on that matter.

12.1.5 The Audit Committee supervises the auditing and shall follow up on the remarks and/or qualifications of the external auditors as relevant.

12.1.6 The main task of the Audit Committee is to supervise the external auditor's audit plan, evaluate the scope of internal controls, communicate with the

external auditors, evaluate the auditor's qualification to perform specific tasks (supervision of independence), supervision of the auditor's remarks and supervision of the auditing financial costs.

12.1.7 The Audit Committee shall submit an annual summary report to the Board of Directors reporting on the Committee's tasks during the operating year. The report shall contain any remarks or suggestions received from the external auditors and information on how they were followed-up on within the Company.

## **12.2. Remuneration Committee**

12.2.1. The Board of Directors shall annually elect two members to serve on the Remuneration Committee.

12.2.2 The Remuneration Committee performs its activities independently within the scope stipulated by the Board.

12.2.3 The Remuneration Committee's role is to prepare and execute proposals for remuneration for the senior management of the Company, including the Chief Executive officer.

12.2.4 The Remuneration Committee has supreme authority in forming policies on options agreements and other bonus or variables payments granted to the senior management of the Company. Such policies shall be brought forth for the approval of shareholders at each Annual General Meeting.

12.2.5 The Committee shall ensure that management is not involved in making decisions related to their own remuneration and that shareholders' and management's interests are aligned with the long-term interests of the Company for the benefit of all stakeholders.

12.2.6 The main tasks of the Committee is to form the Company's remuneration policy, including on option agreements and bonus payments, devise a share incentive plan, supervise management's purchase of shares in the Company, documentation, make a comparison of management remuneration vis-à-vis similar companies, and making employee agreements. The Remuneration Committee shall furthermore ensure the routine review of the remuneration policy and that it is complied with.

12.2.7 The Remuneration Committee shall submit an annual summary report to the Board of Directors reporting on the Committee's tasks during the operating year. The report shall contain details of all employee agreements and/or employment termination agreements made with the Company's senior management.

## **12.3 Health & Safety Committee**

12.2.1. The Board of Directors shall annually elect two members to the Health & Safety Committee.

12.2.2 The Health & Safety Committee performs its activities independently within the scope stipulated by the Board of Directors.

12.2.3 The main task of the Health & Safety Committee is to ensure that the Company has formed an effective policy and procedures on safety matters.

12.2.8 The Health & Safety Committee shall regularly update the Board of Directors on any health or safety related issues as reported to them at Committee meetings.

### **13. Communication with the authorities**

13.1 The Board of Directors shall make sure that the Register of Enterprises and other authorities receive all the necessary information on the Company's operations or activities as required by law and regulation.

13.2 The Board of Directors shall supervise that information required by law and regulation is submitted to the NASDAQ Iceland stock exchange in an accurate and timely manner.

### **14. Execution of annual performance-evaluation**

14.1 The Board of Directors shall annually evaluate its performance, size, combination, procedures, e.g., in relation to submitting material at Board meetings and corporate governance. A special evaluation shall be conducted on the performance of the Chairman of the Board, the Chief Executive Officer and other senior management of the Company as well as the development of the Company.

14.2 The annual performance evaluation is aimed at improving the work and the efficiency of the Board. The evaluation ensures that the Board's strengths and weaknesses are identified and assessed so that improvements may be implemented.

14.3 The assessment is made through self-evaluation, however external advice can be sought as considered relevant and necessary.

14.4 The Board of Directors shall also evaluate the performance of their sub-committees.

### **15. Confidentiality**

15.1 The Chairman of the Board and the Chief Executive Officer are the sole authorized representatives of the Company and other Board members shall not publicly comment on the Company's affairs.

15.2 All matters and material shared with Board members in relation to their service on the Board of Directors are subject to strict confidentiality as per the Company's Articles of Association applicable law or general rules. As a general rule all matters shall be kept confidential unless the Board decides to make them public or is otherwise stipulated by law or the Company's Articles of Association. The duty of confidentiality survives termination of Board membership.

15.3 Board members shall familiarize themselves with the Company's rules on treatment of confidential information, cf. the Act on Markets in Financial Instruments no.115/2021.

### **16. Relation to other rules of the Company**

16.1 Board members shall further embrace the code of ethics and insider trading rules of the company as well as other relevant rules, e.g. such as set by the Financial Supervisory Authority and Nasdaq Iceland.

### **17. Amendment to the rules**



17.1 Amendments to these Rules of Procedure may only be implemented with the approval of the majority of the Board.

17.2 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.

17.3 A copy of the effective rules of Procedure and the Company's effective Articles of Association shall be handed out to the members of the Board, the Chief Executive Officer and the external auditors of the Company.

These Rules of Procedure were approved at a Board meeting on 12 September 2007.

The Rules were amended at a Board meeting on 15 November 2010, 10 August 2012, 9 February 2018 and 27 April 2023.