



RULES OF PROCEDURE FOR

THE BOARD OF DIRECTORS

OF BRIM HF.



Article 1. Appointment of the Board of Directors

- 1.1** The Board of Directors of the company is composed of five members elected at an Annual General Meeting for a term of one year. The election of the Board of Directors is only valid if the gender ratio of its members is as equal as possible. The proportion of each gender shall not be less than 40%.

Article 2. Division of tasks among the Board of Directors

- 2.1** Immediately on the completion of the election of the Board of Directors, the Board members shall meet and divide tasks among themselves. The Board shall elect a Chairman and Vice-Chairman from among its members. Responsibility for other tasks shall be divided between members as deemed necessary. In the event that the CEO of the company is a member of the Board, the CEO may not be elected as Chairman.
- 2.2** The most senior member of the Board shall chair meetings, in accordance with Article 2.1, until the Board has elected its Chairman, in which case the Chairman shall take over.
- 2.3** The Chairman shall ensure that Board members receive instruction in the working practices of the Board and the affairs of the company.
- 2.4** A simple majority shall decide in the elections for commissions of trust. In the event of even votes, lots shall be drawn to decide the issue.

Article 3. Responsibilities of the Board of Directors

- 3.1** The Board of Directors of the company is the supreme authority in the affairs of the company between shareholders' meetings.
- 3.2** The Board shall attempt to ensure that the organisation and activities of the company are in good order at all times and in accordance with the applicable laws and regulations each time.
- 3.3** The Board is responsible for ensuring that the accounts and handling of the company's funds is sufficiently supervised.
- 3.4** The Board shall ensure that a share register is maintained according to law.
- 3.5** The Board shall define, on an annual basis, its important tasks, goals and the company's policies and prepare a plan for its work.
- 3.6** The majority of the Board of Directors signs for the company. Thus, the signature of three Board members obligates the company.
- 3.7** The Board is responsible for appointing the CEO of the company, issuing his letter of commission and for relieving him of his duties. A written employment contract, in which the salary and other terms of employment are defined, shall be reached with the CEO. The Board may appoint the Chairman of the Board to negotiate agreements with the CEO. The Remuneration Committee advises the Board as regards individual contracts.
- 3.8** The Board grants powers of procuration.
- 3.9** The Board shall set a schedule of goals for the company in accordance with its object according to its Articles of Association and set general principals to follow to achieve established goals. The Board monitors that the CEO establishes and follows business policies in

accordance with the schedule of goals.

- 3.10** The Board shall annually define the risk factors that the company needs to address and the manner in which such risks will be addressed. In addition, the Board shall ensure the availability of an acceptable system of internal auditing that is formal, documented and its function regularly verified.
- 3.11** The Board operates in formal meetings. In the event of communications between Board members and/or between Board members and the managers of the company on issues that relate to the decisions of the Board or premises for a decision, the Board must be informed of such event at the beginning of the next Board meeting.
- 3.12** The Board of Directors makes decisions on all matters considered unusual or major. The Board may, however, grant the CEO authorisation to handle such matters. Likewise, the CEO may handle such matters in the event that it is impossible to wait for the decision of the Board without significant disadvantage to the company. In such cases, the CEO must immediately inform the Chairman of the Board about the measures employed. Unusual and/major decisions include:
 - 1. The purchase or sale of fishing vessels.
 - 2. The purchase or sale of real property where a significant part of the operation of the company takes place.
 - 3. The pledging of the company's assets.
 - 4. Significant borrowings.

Article 4. Board representation

- 4.1** The Chairman of the Board is the spokesperson for the Board and represents the Board in the affairs of the company, unless the Board decides otherwise. The Chairman also represents the company externally, together with the CEO, depending on the circumstance each time. In the event that the Chairman is unable to fulfil his duties due to absence, the Vice-Chairman shall undertake his duties.
- 4.2** The Chairman of the Board and/or the CEO are, as a rule, members of the Boards of subsidiaries, and one of them shall be the Chairman of such Board.
- 4.3** Major decisions in the management of the subsidiaries of HB Grandi hf. shall always be submitted to the Board of Directors of the company, and it shall be assumed that the decisions of the Boards of subsidiaries are advisory in nature for the Board of HB Grandi hf. in each case.
- 4.4** In other respects, the Chairman of the Board of Directors votes on behalf of the company in all shareholders' meetings in the companies in which the company may own shares unless the Board decides otherwise. The Chairman of the Board may appoint another party to exercise this right.
- 4.5** The Chairman of the Board represents the Board with respect to the CEO. The CEO shall inform the Chairman of the Board of the main aspects in the operation of the company as per request in order to enable him to undertake his role as Chairman of the Board. In addition, the Chairman of the Board is responsible for communications between the Board and the shareholders of the company.
- 4.6** The Chairman of the Board, moreover, is responsible for the following aspects:
 - 4.6.1** Ensuring that the working practices of the Board are in accordance with laws, regulations

and good working practices and that the Board enjoys the best possible working conditions.

- 4.6.2** Keeping all Board members informed of issues concerning the company and encouraging the activity of the Board in all discussions and decision making. The Chairman of the Board shall ensure that there is sufficient time for discussions and decision making, in particular with respect to larger and more complex issues.
- 4.6.3** Following the progress of the execution of Board decisions and confirming their implementation to the Board.
- 4.6.4** Ensuring that the Board updates regularly its knowledge of the company and its operations, in addition to ensuring that the Board receives, generally in its work, detailed and explicit information and data in order to be able to perform its work. In addition, endeavouring to arrange for Board members to receive proper guidance regarding the main issues involving corporate governance, for example regarding their statutory duties and responsibilities.
- 4.6.5** Ensuring that new members of the Board receive necessary information and guidance in the procedures of the Board and the company's affairs, including the company's policies, its objectives, risk parameters and operations.
- 4.6.6** Ensuring that the rules of procedure of the Board are reviewed annually.
- 4.6.7** Taking the initiative in the annual performance assessment of the Board and its sub-committees.
- 4.7** The Chairman of the Board may not assume responsibilities for the company other than those that may be considered a normal part of his work as a chairman, with the exception of individual projects which the Board assigns to him.

Article 5. Convening meetings, etc.

- 5.1** Board meetings shall be held as often as necessary and according to an approved meeting schedule, or as a general rule, on a monthly basis. Board meetings shall be held in offices of the company but may be held elsewhere according to circumstances.
- 5.2** Teleconferencing equipment may be used to participate in Board meetings according to Article 8.2 in the company's Articles of Association.
- 5.3** The Chairman is under obligation to call a meeting of the Board if any of the Board members, the CEO or the auditor so request.
- 5.4** The CEO attends meetings of the company's Board of Directors and has the right to debate and to submit proposals, unless the company's Board of Directors decide otherwise in individual instances.
- 5.5** The auditor is entitled to attend Board meetings when such a meeting addresses the financial statements that he endorsed. He shall, moreover, be under obligation to attend a Board meeting if any Board member so requests.
- 5.6** As a rule, Board meetings are to be called with 5 days' notice. The Chairman of the Board, however, can decide on a shorter deadline if he considers this to be unavoidable due to special circumstances.
- 5.7** Meetings are to be called by e-mail or by telephone. The convening notice shall specify the

agenda. The Chairman of the Board is under obligation to ensure that the members of the Board have sufficient time to familiarise themselves with any data that may be submitted to the meeting.

Article 6. Decision-making powers, voting, etc.

- 6.1** The presence of the majority of the principal members of the Board constitutes a quorum, provided that the meeting has been called in accordance with the provisions of **Article 5**.
- 6.2** An important decision may not, however, be made unless all the members have been in a position to debate the matter if possible.
- 6.3** Issues that have not been stated in the agenda of the Board meeting will not be finalised at the same meeting if a request for the deferment of the matter is stated during the meeting.
- 6.4** The Chairman of the Board chairs Board meetings, and the Vice-Chairman does so in his absence.
- 6.5** All matters brought before a Board meeting shall be decided by majority vote. In case of a tie vote, the Chairman shall have the deciding vote.
- 6.6** In the event that Board members wish to take a look at a particular issue outside Board meetings, they must seek the assistance of the CEO and not that of other company employees.
- 6.7** In the event of a legitimate request for a shareholders' meeting to make decisions on issues that the Board has debated, the Board shall wait for the conclusions of the shareholders' meeting before such issues are processed.

Article 7. Minutes and Board meeting documentation

- 7.1** The Chairman of the Board shall ensure the maintenance of minutes concerning anything that happens during Board meetings and the decisions of the Board.
- 7.2** The following shall be recorded in the minutes:
 - a. Name and ID No. of the company.
 - b. Where and when the meeting was held.
 - c. Number of the Board meeting.
 - d. Attendees at the meeting and who chairs the meeting.
 - e. Meeting agenda.
 - f. Whether, and if so when, outside parties join in the meeting and when they leave.
 - g. Meeting documents made accessible to Board members before the meeting or delivered or showed at the meeting.
 - h. Short report on discussions at meeting and what decisions have been made.
 - i. Whether and why the Chairman, CEO or other person leaves the meeting during discussions or decision on an item of the agenda and whether the person in question had access to data for debate or decision.
 - j. When and where the next Board meeting will be held.
 - k. Who acted as secretary.
- 7.3** Any Board member, or the CEO, not in agreement with a decision by the Board are entitled to have their opinion entered in the minutes.
- 7.4** The minutes shall be signed by all the attending Board members and the CEO. Minutes

that have been recorded in the company's book of minutes are considered full proof of all that transpired in Board meetings.

- 7.5** Board members who did not attend the Board meeting to which the minutes apply shall confirm with their signature that they have read the minutes.
- 7.6** If the minutes are not fully finished at the end of the meeting, a draft copy of the minutes shall be sent to the Board members as soon as possible in the manner decided by the Chairman of the Board. Members of the Board of Directors must have submitted to the secretary any comments they may have as regards the draft copy before the beginning of the next meeting. The minutes shall be submitted for approval at that meeting.
- 7.7** All the data necessary for Board members to make an informed decision on their position with regard to an issue shall be delivered to them in a timely manner before a Board meeting. Meeting documentation shall be preserved with the minutes of Board meetings and be accessible to Board members on the restricted website of the Board.

Article 8. Board sub-committees

- 8.1** The Board of Directors appoints the members of committees answerable to the Board and establishes their rules of procedure which further define their appointment, role and work practices in accordance with Article 8.8 in the Articles of Association of the company.
- 8.2** The election of the committee members shall take place within one month from the end of the Annual General Meeting each year according to the rules of procedure of the committees. Particular care must be taken to ensure the independence of the committee members.
- 8.3** Three members are to be appointed to the Audit Committee according to its rules of procedure.
- 8.4** Three members are to be appointed to the Remuneration Committee according to its rules of procedure.
- 8.5** Sub-committees operate under the authority of the Board and are its responsibility.
- 8.6** The opinion of sub-committees is advisory with respect to the Board, and the committees operate under the responsibility of the Board.
- 8.7** Sub-committees shall submit to the Board written reports on their activities at least once a year.
- 8.8** The company's Board shall have access to the minutes of the sub-committees within the restricted area of Board's website.

Article 9. Obligation of confidentiality

- 9.1** Board members are bound by professional secrecy as regards the affairs of the company, the affairs of its customers and other issues of which they become aware in their work as Board members and which must remain confidential according the company's Articles of Association, laws or by their nature, unless the matter in question is something that the Board decides to make public or where such disclosure is provided for in the provisions of the Act on Public Limited Companies or the company's Articles of Association. The obligation of professional secrecy remains in effect after cessation of employment.
- 9.2** Board members must securely preserve all data that they receive in order to carry out their

duties as Board members. Board members shall deliver to the company all data they may have received in connection with individual issues relating to the company if the Chairman of the Board feels this is necessary.

- 9.3** As a rule, Board members, other than the Chairman of the Board, should not express themselves to the media or the general public as regards the affairs of the company, except with the permission of the Chairman.

Article 10. Disqualification

- 10.1** A Board member or the CEO may not participate in the handling of a matter relating to the preparation of an agreement between the company and themselves, a legal action against themselves or the preparation of agreement between the company and a third person or legal proceedings against a third person if they have considerable interests to safeguard and which might be in conflict with the company's interests. Members of the Board and the CEO are under obligation to inform of such happenstance.
- 10.2** All agreements that a Board member or CEO may enter into with the company, as well as all agreements between the company and a third party if a Board member or CEO has a significant interest in such agreement that could contravene the interests of the company, must be submitted to the Board for approval or rejection.
- 10.3** Board members must, as they become members of the Board, provide the Board of Directors with a report on their shareholding in the company. In addition, they must list the shareholding of related parties. They shall, moreover, submit a report to the Board of any changes to their shareholding.
- 10.4** Board members shall, when they become Board members, inform the Board of their membership on the boards of any other companies. They shall, moreover, inform the Board of Directors each time if they subsequently become board members of other companies or retire therefrom.

Article 11. Information supply

- 11.1** The CEO shall, at each Board meeting, provide the Board with a summary report on the operation of the company since the previous Board meeting. The Board may, during Board meetings, require the CEO and other key employees of the company to provide information and data necessary for the Board to be able to undertake its job and monitoring obligations. This includes information on finances and financial position and the development and operation of the company. The information shall be submitted in the format decided by the Board.

Article 12. Signing annual financial statements, etc.

- 12.1** The company's annual financial statements and consolidated statements must be submitted to the Board for discussion. The Board, together with the CEO, shall sign the annual statements and the consolidated statements.
- If a member of the Board or the CEO is of the opinion that the annual statements or the consolidated statements should not be approved or should he raise objections which he considers necessary to bring to the attention of the shareholders, he is required to give an

account of his objections in his report.

Article 13. Stock market rules

- 13.1** Members of the Board of Directors shall familiarise themselves and comply with the provisions of law, the general rules of the stock market, the rules of the Financial Supervisory Authority and the rules of the Icelandic Stock Exchange. Board members shall take particular care to fulfil the obligations applicable to their status as primary insiders.
- 13.2** The Board of Directors of the company establishes rules for the company as regards the treatment of insider information, insider trading and the manner in which information shall be published on the Icelandic Stock Exchange. The rules shall contain provisions e.g. on the definition of the company's insiders, when confidential information is considered insider information, the manner in which primary insiders are to engage in trading company shares, etc. The aforementioned rules are intended to ensure that the company and its insiders comply in all respects with the rules of the stock market and thereby strengthen the company's credibility.

Article 14. Performance assessment and further rules on the work of the Board

- 14.1** The Board must annually evaluate its work, size, structure, practices and rules of procedure and must also evaluate the work of sub-committees, the performance of the CEO and others responsible for the day-to-day management of the company. The Board shall review and assess the development of the company and determine whether it is in accordance with its goals.
- 14.2** The responsibilities, powers and work of the company's Board of Directors shall be governed, in respects other than provided for in these rules of procedure, by the Act on Public Limited Companies, the Act on Annual Accounts and other general acts of law and the company's Articles of Association.

Article 15. Amendments to the Board's rules of procedure

- 15.1** The Board's rules of procedure shall be reviewed on an annual basis and confirmed by the company's Board of Directors.
- 15.2** Only the Board of Directors of the company may amend these rules of procedure. A majority vote of the Board is required to amend these rules of procedure.

Article 16. Custody and treatment of the rules of procedure

- 16.1** As a rule, the original copy of these rules of procedure, as amended if appropriate, shall be located with the minutes registry of the company.
- 16.2** The parties who are the current members of the Board of the company on the adoption of these rules of procedure must sign the original copy of the rules of procedure. In the event that the Board approves amendments to the rules of procedure, the Board members must sign the original copy of the amended rules. New members of the Board must be briefed on



the rules of procedure and must sign the original copy in confirmation thereto.

- 16.3** Board members, the CEO and the auditors of the company must be supplied with a copy of the currently effective rules of procedure and the company's Articles of Association.

These rules of procedure for the Board of Directors of Brim hf. are established according to the fifth paragraph of Article 70 of Act No. 2/1995 on Public Limited Liability Companies and taking into account of the fifth edition of the Corporate Governance Guidelines issued by the Iceland Chamber of Commerce, Nasdaq Iceland and the SA Confederation of Icelandic Enterprise from May 2015 and the company's Articles of Association.

Approved at the meeting of the Board of Directors on 27 February 2020.

The Board of Brim hf.