

Rules of Procedure for the Audit Committee of Borgun hf.

1. Appointment

The Board of Directors of Borgun appoints three members to the Audit Committee. Two of the Committee's members shall be members of the Board of Directors. The CEO of the Company may not be a member of the Committee. Members of the Committee must be independent of the Company and its auditors, possess the required expertise and experience, and at least one member of the Committee must be an expert in the field of financial reporting and auditing. The Committee appoints a Chairman at its first regular meeting. The Chairman may act on behalf of the Committee between meetings.

2. Secretary

The Committee selects a Secretary from amongst Committee members or Borgun employees. The Secretary records minutes of the discussions and decisions taken at the meetings. Minutes shall be signed by the Committee members and Secretary. Committee members who were absent must sign the minutes to confirm their familiarity with their contents.

3. Role

The Audit Committee shall have the following responsibilities:

1. To monitor work processes in financial reporting.
2. To monitor the organisation and effectiveness of the Company's internal control mechanism, internal audit, if appropriate, and risk management.
3. To monitor the auditing of annual and consolidated financial statements.
4. To assess the independence of the external auditor or audit firm and monitor other activities of the auditor or audit firm.
5. To submit a proposal for an external auditor or audit firm to the Board of Directors.
6. To submit a proposal for an internal auditor to the Board of Directors.
7. To review the service agreement and Formal Statement of Duties of the internal auditor. Such a review must be carried out at least once every three years.
8. To follow up on necessary improvements identified in internal and external audits.
9. Other matters entrusted to the Committee by the Board.

4. Plan of Operation

The Chairman of the Committee is responsible for preparing a plan of operation for the upcoming operating year, listing scheduled meetings and agendas.

5. Meetings of the Committee

The Chairman of the Committee presides over the meetings. The presence of the majority of the Committee members constitutes a quorum. Important decisions, however, may not be taken unless all Committee members have had the opportunity, if possible, to discuss the matter. All matters

brought before a meeting shall be decided by a simple majority. Proposals are rejected if votes are even. Matters that are thus rejected may be taken up for discussion by the Company's Board of Directors.

6. Information Acquisition

The Committee may seek information that it deems necessary to perform its duties from the CEO and other employees of the Company. Information requests shall be sent by formal means. The Committee shall have unrestricted access to information that it deems necessary to perform its duties.

The Committee may seek professional, independent advice that it deems necessary to perform its duties. This shall be formally notified to the Chairman of the Board.

7. Information Supply

The Board of Borgun shall be informed regularly about the Committee's activities. The Committee shall submit a report on its activities to the Board at the end of the operating year and more frequently if necessary. Written documentation submitted at Committee meetings must be accessible to all members of the Board.

8. Rules of procedure for the Board of Directors

In other respects, the Board's Rules of Procedure apply to the work of the Committee as appropriate, e.g. regarding specific eligibility and obligation of confidentiality.

Thus adopted at a meeting of the Audit Committee on 15 October 2020.