

Rules of Procedure for the Governance and Remuneration Committee of Borgun hf.

1. Appointment

Borgun's Board of Directors appoints two to three members to a Governance and Remuneration Committee, and selects the Committee Chairman from its own ranks, no later than at the second regular Board meeting after the Annual General Meeting. Committee members may be members of the Board of Directors, but an outside expert may also be recruited to serve on the Committee. The majority of the Committee shall be independent of the Company and its day-to-day managers. If there are only two Committee members, both shall be independent of the Company and its day-to-day managers.

2. Secretary

The Committee selects a Secretary from amongst Board 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 Governance and Remuneration Committee shall have the following responsibilities:

- To formulate Borgun's remuneration policy to be submitted for approval by the Board at the Annual General Meeting
- To formulate Borgun's bonus plan, if applicable
- To monitor the execution of Borgun's remuneration policy and bonus plan
- To prepare proposals to the Board on the wage terms of the CEO and other executives who answer to the Board
- To prepare the Board's self-assessment and evaluation of the performance of the CEO
- To prepare a corporate governance statement for the annual report
- To assess the need for a governance audit and review and follow up on such audits
- To review the documents assigned to the Committee in accordance with Annex 1 to the Rules of Procedure for the Board
- 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. The plan of operation is submitted to the Board for approval.

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. The information request shall be sent by formal means, and the CEO shall generally receive a copy if the request is sent to another employee.

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 Governance and Remuneration Committee on 14 October 2020.