



## **Rules of Procedure for the Nomination Committee**

### **1. Objective**

In order to promote good corporate governance within Arion Bank hf. (the "Bank") and to ensure that Board members of the Bank have wide and versatile qualifications and experience, the Bank shall have in place a nomination committee (the "Committee").

### **2. Composition of the Committee**

The Committee shall consist of three members, appointed annually for a term of one year. Two Committee members shall be appointed annually at the Annual General Meeting of the Bank. The applicable arrangement for the voting of Board members in the Bank's Articles of Association and the Act on Limited Liability Companies No 2/1995 shall apply to the voting of Committee members. The two Committee members appointed by the shareholders must be independent of the Bank and its day to day management, where at least one member shall be independent of the largest shareholder of the Bank or any group of shareholders acting in concert. The same criteria shall apply to the assessment of independence of Committee members as to the assessment of the independence of Board members.

The appointment of Committee members shall be based on their knowledge and experience of corporate governance. It is preferable that Committee members have experience with assessment and appointment of members to boards of directors.

Neither managers nor other employees of the Bank shall act as members of the Committee.

The third member of the Committee shall be the chairman of the Board of Directors or another Board Member appointed by the Board.

The Committee shall, at its first meeting following its appointment, appoint its Chairman. The Committee shall also elect its secretary.

The Annual General Meeting shall decide on the remuneration of the Committee members.

### **3. Main role**

The Committee has an advisory role regarding the election of Board members by putting forth a proposal, at each Annual General Meeting and extraordinary shareholders meeting where Board election is on the agenda, of candidates to serve on the Board of Directors and make a proposal on their remuneration.

In the meeting invitation for each Annual General Meeting of the Bank, or for other shareholder meetings where Board election is on the agenda, the Committee shall request proposals from shareholders for candidates to serve on the Board of Directors. The Committee's request shall include clear instructions on how shareholders may submit their proposals, and how individuals may submit their candidacy, including the relevant deadline for submissions. Such instructions shall also be made publically available.

Based on shareholders' proposals and submissions of candidacy, the Committee shall propose to the shareholders candidates to serve on the Board of Directors and publish its proposal along with other declarations of candidacy at least 2 days prior to the Annual General Meeting or other shareholder meetings where Board election is on the agenda. In its proposal for candidates, the Committee shall propose which candidate shall serve as the Chairman and the Vice Chairman of the Board of Directors of the Bank. The Committee shall also propose to the Annual General Meeting the remuneration payable to the members of the Board of Directors. The Committee's proposal of candidates and remuneration shall be sent to all shareholders or made publically available.



Proposals of the Committee shall include reasons for the proposal of each candidate with clear references and explanations for his/her qualifications, with reference to these Rules, the Bank's Articles of Association and applicable rules and guidelines on the qualifications of Board members in financial undertakings.

When performing its tasks, the Committee shall take into consideration the interests of all shareholders of the Bank. The Committee shall further aim to ensure that the proposed candidates collectively possess sufficient knowledge, skill, diversity and experience necessary for the operations of the Bank as a financial undertaking.

The Committee shall perform the following tasks in respect of its main role of preparing proposals for candidates to serve on the Board of Directors and their remuneration:

1. Assess the suitability of candidates, based on their knowledge, skills, experience and time commitment, as well as reputation and personal qualities, considering statutory qualifications under applicable rules on the qualifications of board members in financial undertakings and guidelines on the assessment of suitability.
2. Assess the independency of candidates on the basis of the Icelandic Guidelines on Corporate Governance published by the Iceland Chamber of Commerce, Business Iceland and Nasdaq Iceland.
3. Assess the time commitment expected.
4. Endeavour for a diverse composition of the Board of Directors and to comply with the Bank's Articles of Association, including provisions on gender equality within the Board of Directors.
5. Prepare and submit to the Annual General Meeting or other shareholders' meeting (as applicable) appropriate information on the suitability assessment result, and a formal proposal on the election of members to the Board of Directors, including a proposal for Chairman and Vice Chairman.
6. Prepare and submit to the Annual General Meeting or other shareholders' meetings (as applicable) a formal proposal on remuneration and other fees payable to the members of the Board of Directors.

#### **4. Meetings**

Meetings of the Committee shall be held as often as considered necessary, although there shall be a minimum of two meetings a year.

The Chairman shall convene meetings with sufficient notice. The Committee is competent to make decision when the majority of Committee members attend the meeting. The majority of votes decide issues at Committee meetings, but when votes are even, the Chairman's vote decides the issue. In the absence of the Chairman, the vote of the Vice Chairman is decisive.

The Chairman shall ensure that a record of minutes is kept to record what occurs at Committee meetings and the Committee's decisions. Minutes of the Committee shall only be accessible to Committee members, unless the Committee decides otherwise.

The Committee shall enjoy independence in its work and may engage with consultants and experts for the execution of its role and tasks, to the extent it reasonably deems necessary for it to be able to carry out its role. Such consultants shall be independent of the Bank, its management and the Board of Directors.

#### **5. Confidentiality**

Subject to any applicable laws, the Committee shall have access to relevant information and material which the Committee believes it requires in order to carry out its duties. The Committee is authorized to request the assistance of members of the Board of Directors and the CEO.



All information obtained or created by the Committee on the Bank, including information on its operations and activities, is confidential. The same applies to all other confidential information obtained, received or prepared by the Committee. Any personal data shall be processed in accordance with applicable legal requirements.

Professional secrecy and confidentiality survive the expiration of Committee membership.

#### **6. Publication of information**

The Bank shall announce the names of the members of the Committee on its website no later than six months before the Bank's Annual General Meeting.

The Committee's proposals shall be made available on the Bank's website. The Committee shall also inform the Annual General Meeting of the manner in which it has arranged its work and explain its proposals.

These Rules shall be published on the Bank's website.

**Approved at an Annual General Meeting on 17 March 2020**