

RULES OF PROCEDURE

for the Board of Directors of Klappir Green Solutions hf.

1. General

1. These rules of procedure have been set by the Board of Directors (hereinafter “**the Board**”) of Klappir Green Solutions hf. (hereinafter “**the Company**”) pursuant to article 70, paragraph 5 of Act no. 2/1995 on public limited companies (hereinafter the “**Act on Public Limited Companies**”) and to article 5.08 of the Company’s articles of association. Guidelines on corporate governance issued by the Iceland Chamber of Commerce, Nasdaq CSD Iceland and the SA Confederation of Icelandic Enterprise have also been considered. The provisions of these Rules of Procedure supplement the provisions of the Act on Public Limited Companies and the company’s Articles of Association.
2. Members of the Board shall submit the following information to the Board to facilitate the Board’s assessment of their independence, as well as any changes in their circumstances that may affect that assessment:
 - a. Name, date of birth and address.
 - b. Education, main job and resume.
 - c. When the board member joined the Board of the Company.
 - d. Other confidential positions, such as member of the board of other companies.
 - e. Shareholdings in the Company as well as in other related companies.
 - f. Other interests in the Company, such as stock options or participation in a reward scheme.
 - g. Interests in the Company’s main customers and competitors as well as in large shareholders in the Company.

When there are changes in the board member’s circumstances such that they can no longer be considered independent or there is a risk of a conflict of interest between the board member and the Company, then the board member shall immediately notify the Board of the circumstances. This information shall be reviewed and confirmed as correct at the Annual General Meeting each year.

Board members may resign at any time upon submission of written notice to the Company’s board.

3. These Rules of Procedure shall apply to the Company’s board members as defined in the Act on Public Limited Companies. Board members undertake to comply with these Rules of Procedure upon taking a seat on the Company’s board. These Rules of Procedure are intended to address the roles and the implementation of activities of the Company’s board. The rules also apply to some extent to the work of the Company’s CEO.
4. These Rules of Procedure shall be accessible at all times to the Company’s board members, CEO and auditors.
5. Only the Company’s board can make changes to these Rules of Procedure. Amendments to these Rules of Procedure require the approval of a simple majority of the Board.
6. The original of these Rules of Procedure, as amended, if applicable, shall always be present in the Company’s book of minutes.
7. Those who have a seat on the Company’s board when these Rules of Procedure are set shall sign the original of the Rules of Procedure. If the Board approves changes to the Rules of Procedure, then the board members shall sign the original of the rules as amended. The Rules of Procedure shall be presented to new board members who shall sign the originals as confirmation.

2. Composition of the Board, board meetings, announcements and agenda

2.1. The Board of the Company consists of as many parties as provided for in the Company's Articles of Association. The board of directors is elected at the Annual General Meeting in accordance with Article 5 of the Company's Articles of Association.

First meeting

2.2. Immediately after the Annual General Meeting, the newly elected board shall meet for the first formal meeting of the Board. The oldest member (by age) of the Company's board shall chair the meeting until the Board has elected a chairman.

The following matters shall be included on the agenda of the first meeting of the Board:

- a. Election of the Chairman of the Board. A simple majority of votes determines the election of the chairman. If there are equal votes, then lots shall be drawn. When the election is completed, the newly elected chairman will chair the meeting (hereafter "Chairman of the Board").
- b. Election of Vice Chairman. The same rules apply to this election as to the election of a chairman.
- c. It shall be decided at the first meeting who shall write the minutes of the Board.
- d. A review of announcements in connection with the Company's annual general meeting. The CEO shall ensure that announcements following the Annual General Meetings are sent to the competent parties immediately after the Company's Annual General Meeting.
- e. Decision on the next board meeting.
- f. Other urgent matters as appropriate.

Reception of new board members

2.3. When a new board member takes a seat on the Board, they shall receive a copy of these Rules of Procedure. A new board member shall also be provided with a copy of the Company's Articles of Association, Rules on Insider Trading from the Financial Supervisory Authority, Guidelines on Corporate Governance, the Nordic Exchange's Rules for Issuers, the Companies Act and the Annual Accounts Act, as applicable. New board members shall also confirm that they are aware of the content of these rules. This information may be submitted electronically. A new board member shall also have access to the minutes of the Company's board meetings from the last operating year.

2.4. The Chairman of the Board and the CEO shall ensure that new board members are introduced to the Company's operations as soon as possible, to ensure that new board members receive the necessary information and guidance regarding the Board's procedures and the affairs of the Company, including its policies, goals and operations.

Second board meeting

2.5. The following matters shall, all things being equal, be discussed at the second board meeting.

- a. The Rules of Procedure for the Board are discussed. board members shall confirm the Rules of Procedure by signing them.
- b. Discussions and, as the case may be, decisions on appointments to the boards of subsidiaries.
- c. A presentation of the Board's work plan for the operating year and the Company's next Annual General Meeting shall be discussed and approved.

General meetings

2.6. Board meetings shall normally be held monthly. Board meetings shall be held at the Company's offices. Meetings may be held elsewhere if the subject matter of the meeting or other circumstances so warrant. The Chairman of the Board shall send notification of his absence at least one day in

advance. board members are permitted to participate in board meetings using electronic communications equipment or other electronic media.

- 2.7. The Chairman of the Board convenes board meetings if he deems it necessary in addition to regular board meetings. The Chairman of the Board must convene a board meeting at the request of any board member, the CEO or the auditor of the Company. board members shall turn to the Chairman or CEO with requests to have individual matters included on the agenda of board meetings.
- 2.8. Notice of board meetings shall normally be sent at least seven (7) days in advance. The Chairman of the Board may, however, decide on a shorter period if he deems it unavoidable due to exceptional circumstances. If the Chairman of the Board deems the circumstances so urgent that a board meeting must be held immediately, he may decide to hold the meeting with the help of electronic communications equipment or other electronic media. Notice of board meetings shall be sent by e-mail to the e-mail address provided by the board member. The notice of the meeting shall specify the issues to be discussed at the meeting.
- 2.9. Meeting documents shall, as a rule, be accessible to board members through the Company's portal at least two (2) days before the meeting. Exceptions may be made to these notice periods if there is an urgent need in the opinion of the Chairman of the Board. board members shall ensure the security of data, in whatever form it is in their custody, however it is related to their duties, and shall ensure that unauthorized persons do not gain access to it.
- 2.10. The following matters shall be discussed at general meetings of the Board:
 - a. Minutes of the last meeting and their approval.
 - b. Report of the CEO on the Company's operations.
 - c. An overview of the balance of accounts and the Company's status in relation to operating and financial budgets.
 - d. The Company's financial position and solvency.
 - e. Review and follow-up of decisions made at previous board meetings.
 - f. Prospects and opportunities for the Company for the future.
 - g. Other matters about which the Board should be informed, or which are informative for the board members.
- 2.11. The Chairman of the Board chairs board meetings or the Vice Chairman in his absence. A simple majority of votes determines the outcome of board meetings in all matters. However, important decisions may not be made without all board members having the opportunity to discuss the matter, if possible.
- 2.12. Matters shall generally not be presented for discussion at board meetings unless the board members have received documents relating to the matters or sufficient information about them before the meeting and have had time to familiarize themselves with their contents. If a matter is to be considered off the agenda, board members may request a postponement until the next meeting. The Chairman of the Board shall comply with such request unless the urgent interests of the company require otherwise.
- 2.13. At board meetings, board members may demand that the CEO and other key employees of the company provide the information and data necessary for the Board to be able to carry out its tasks.
- 2.14. The CEO attends board meetings and has the right to discuss and make proposals unless the Board decides otherwise in individual cases.
- 2.15. The board shall ensure that the Company's compliance officer has access to meeting documents and may, as the case may be, decide to attend board meetings. The board may decide to invite other parties to the meeting as deemed necessary.

3. Minutes

- 3.1. Minutes of board meetings shall be kept of what happens at Board meetings, in accordance with Article 5.04 of the Company's Articles of Association. The minutes shall include the following:
- a. Name and ID number of the Company.
 - b. Meeting location, meeting date and meeting time.
 - c. Number of the board meeting. Names of those present at the meeting.
 - d. Whether and when external parties enter the meeting and when they leave the meeting, e.g. the Company's auditor.
 - e. Name of the chair of the meeting and the person writing the minutes.
 - f. Agenda of the meeting.
 - g. Meeting documents that were made available to the board members before the meeting or handed over or shown at the meeting. Copies of them shall be kept with the minutes.
 - h. The result of each item on the meeting agenda, including what decisions were made, what was postponed, questions at the meeting, etc.
 - i. Whether and why a board member, CEO or other person withdraws from a meeting during the discussion or decision regarding an agenda item, and whether the person in question has had access to documents concerning a discussion or decision.
 - j. When and where the next board meeting will be held.
- 3.2. A board member or CEO who does not agree with the decision of the Board has the right to have their dissenting opinion recorded in the minutes.
- 3.3. Minutes of board meetings shall be made accessible to all board members as soon as possible. Minutes shall be submitted for approval at the beginning of the next board meeting or with an approved and secure electronic signature between meetings. All board members shall sign minutes. Board members who were not present at the board meeting covered by the minutes shall confirm that they have read the contents of the minutes by signing them.
- 3.4. Signed minutes that have been entered in the Company's minutes book are considered to be valid proof of what was said at board meetings.

4. Tasks of the Board - remit

- 4.1. The scope of work of the Board is governed by Article 5. of the Company's Articles of Association. These rules complement those provisions.
- 4.2. **Objective:** The Company's board shall set goals for the Company in accordance with its purpose and shall formulate policies and plans to achieve the set goals. The board must ensure that there is no deviation from the Company's goals and policies, while at the same time reviewing them when necessary. Each year, the Board defines its most important tasks for the coming operating year.
- 4.3. **Supervision and work schedule:** The board shall ensure that the organization and operations of the Company are satisfactory, for example regarding accounting, internal control and financial budgets. To this end, the Board shall submit and approve a work plan to ensure that the Board regularly discusses the issues provided for by law and regulations. The board of the Company shall confirm, at least annually, its operating and financial plans, investment plan and human resources plan.
- 4.4. **Major decisions:** The Company's board makes decisions in all matters that must be considered unusual or significant. The board may decide to implement this provision in more detail with a special appendix to these Rules of Procedure. The board may, however, authorize the CEO or the Chairman of the Board to handle such matters. The CEO may also handle such matters if it is not possible to wait for the decision of the Board without significant inconvenience to the Company's operations. In such cases, the CEO shall immediately notify the Chairman of the Board of the matter, and other members of the Board shall be informed as soon as possible.
- 4.5. **Performance evaluation:** Each year, the Board shall evaluate its work, size, composition, procedures, work ethic, working methods and the development of the company as well as the performance of the CEO and subcommittees. In such assessment, the Board shall, among other things, assess the

strengths and weaknesses in its operations and procedures and consider what the Board believes can be improved in its operation. The board may evaluate its work itself or it may seek expert help as appropriate.

4.6. The board shall meet annually without the CEO and evaluate its work, taking into account guidelines on corporate governance, issued by the Iceland Chamber of Commerce, the Confederation of Icelandic Employers and Nasdaq CSD Iceland. At this meeting, the work of the company's CEO shall also be evaluated.

4.7. In exceptional cases, the Company's board of directors may appoint individual board members, one or more, to consider matters and prepare them for processing at a board meeting, and this shall be recorded in the minutes. This division of tasks does not mean that board members are exempt from their supervisory duties or other statutory roles.

4.8. Chairman of the Board

- a. The Chairman of the Board represents the Board and represents it vis-à-vis third parties regarding the Company's issues, for example in the media, unless the Board decides otherwise. The Chairman of the Board also acts on behalf of the Company, together with the CEO, in accordance with traditions within the company and the nature of the matter. The Chairman of the Board represents the Board vis-à-vis the CEO and is also the liaison between the Board and other employees of the company.
- b. The Chairman of the Board is responsible for ensuring that the Board fulfils its role in an efficient and organized manner. He chairs meetings and must ensure that sufficient time is given for discussion and decision-making, especially regarding larger and more complex issues. He shall also promote the active participation of all members of the Board in discussions and decision-making.
- c. The Chairman of the Board shall take the initiative to have the Board evaluate its work annually and to regularly review the Rules of Procedure and other rules that have been followed at board level. The Chairman of the Board shall also ensure that the Board regularly receives accurate and clear information and data about the Company so that it can fulfil its supervisory duties.
- d. The Chairman of the Board generally handles communication with the Company's shareholders on behalf of the Board, and he shall inform the Board of such communication as appropriate.
- e. The Chairman of the Board shall monitor the progress of the Board's decisions within the company and confirm their implementation to the Board.

4.9. Subsidiaries and affiliates

- a. The Chairman of the Board casts the Company's votes at shareholders' meetings of companies such as the Company's subsidiaries and affiliates unless the Board decides otherwise.
- b. The Board decides who sits on the boards of subsidiaries and affiliates on behalf of the company after receiving a proposal from the company's CEO.
- c. The boards of subsidiaries are legally responsible for their activities in accordance with applicable law. The board of a parent company makes the final decisions on key issues of subsidiaries.

5. Rights and obligations of directors

5.1. Board members shall, in addition to the general conditions according to law, be familiar with the laws and rules that apply to running the Company and to its operations. Board members shall familiarize themselves with and be bound by the provisions of law, the Company's Articles of Association, the general rules of the securities market and the Company's special rules on the handling of insider information and insider trading.

- 5.2. Board members shall be guided by the following:
- a) to make independent decisions in each case.
 - b) to safeguard the interests of all shareholders, as board members may not specifically safeguard the interests of those parties who supported their appointment to the Board.
 - c) to understand the Company's goals and projects and to conduct themselves in their work in such a way that the Company's goals are achieved.
 - d) to call for and familiarize themselves with all the data and information they deem necessary to gain an understanding of the Company's operations and to make informed decisions.
 - e) to ensure that the decisions of the Board are enforced.
 - f) to ensure that the company's operations comply with laws and regulations that apply to the running of the Company and to its operations.
 - g) to treat employees and other board members with respect and courtesy and promote a good work ethic among the Board.
 - h) to avoid conflicts of interest with the company.
- 5.3. **Insiders:** board members shall strictly adhere to Act no. 108/2007 on securities transactions, regulations issued subsequent to laws and rules of the Financial Supervisory Authority no. 1050/2012 on the handling of insider information and insider trading should they intend to start trading in shares of the Company or other companies within the same group. They shall also familiarize themselves with the Company's rules on the obligation to provide information and on insider trading.
- 5.4. **Duty of confidentiality** board members are bound by silence and confidentiality regarding all that they become aware of during the conduct of their work and concerning the affairs of the company, the business or private affairs of the Company's customers or other matters of which they become aware in the course of their work as board members, unless they are required by law to provide information. The duty of confidentiality remains, even after resignation from the Board. board members are not permitted to use the information and data they receive regarding their work for the Company in other work unrelated to the Company.
- 5.5. Board members shall securely store documents they receive from the Company in connection with their work. Board members who retire shall ensure that data they have received in connection with their administrative duties does not fall into the hands of unauthorized parties.
- 5.6. **Ineligibility** A board member or CEO may not participate in handling matters concerning the Company to which they have a personal connection. board members are deemed to be ineligible if, for example, a matter concerns their business or the company in which they have a share, sit on the board of directors or are a representative of, or the matter concerns a party with whom they have a personal or financial connection. The Company's board decides on the ineligibility of individual board members in case of doubt.
- 5.7. Board members are obliged to report incidents that may cause their disqualification, and they shall do so as soon as such matters arise. An ineligible board member is not authorized to participate in the handling of such a matter in any way and should therefore not have access to documents or be present at discussions or decision-making at board meetings. The minutes shall state that the board member has vacated his seat and that he or she has not been given access to documents.
- 5.8. **Interests:** All agreements that a board member or CEO enters into with the Company along with agreements between the Company and a third party if the board member or CEO has a significant interest in an agreement shall be submitted to the Company's board for approval or rejection.
- 5.9. board members and the CEO shall not take part in contract negotiations between themselves and the company, lawsuits against them, agreements between the Company and third parties or lawsuits against third parties where they have significant interest to protect, should there be any conflict with the interests of the Company.

- 5.10. Every board member and the CEO shall, when they start working for the Company, provide the Board with information on their shareholding in the Company and subsequently provide information on the purchase and sale of such shares. If a board member is considered independent, they shall inform the Board if they become aware that they can no longer be considered an independent board member.

6. CEO of the company

- 6.1. Appointment of the CEO: The Company's board hires the Company's CEO, draws up his job description, and terminates his employment. A written employment contract shall be made with the CEO, which shall stipulate, among other things
- á the CEO's salary and other terms of employment. The Company's board may entrust the Chairman of the Board with the task of negotiating with the CEO regarding his salary and other terms of employment. The Board shall approve the result of the negotiation.
- 6.2. The CEO handles the day-to-day operation of the company and shall in that respect follow the policy and instructions given by the Company's board. The CEO's authorization to handle day-to-day operations does not allow him or her to carry out unauthorized actions that are unusual, special or significant for the Company's operation; such measures may only be implemented by the CEO after obtaining special permission from the Board. The CEO shall consult with the Chairman of the Board regarding agreements with third parties in matters that do not fall within his scope of authority.
- 6.3. At each board meeting, the CEO shall report to the Board on the Company's activities since the previous board meeting. In this connection, the CEO shall ensure that board members regularly receive detailed information on the Company's finances, the status and organization of its affairs, and its operation. Such information shall, as a rule, be received by the Board in good time before the board meeting. The board may request that the CEO provides additional data and information regarding certain tasks carried out by the Board. The presentation of the information shall be in accordance with the decision of the Board at any given time.
- 6.4. 6.02 The CEO shall ensure that the Company's accounts are maintained in accordance with law and practice, and that the Company's assets are handled in a secure manner.
- 6.5. The CEO shall not sit on the boards of other companies except with the approval of the Board. The CEO shall present to the Board, annually, all commercial activities in which he or she has participated that are not related to the Company's operations.

7. Annual accounts

- 7.1. Each financial year, the Company's CEO shall, in collaboration with the Company's board, arrange the preparation of draft annual accounts, the Board's report and, as the case may be, consolidated accounts prepared in accordance with the Annual Accounts Act. The Company's annual accounts and consolidated accounts shall be submitted to the Company's board for processing, and the Board and the CEO shall sign the annual accounts and consolidated accounts.
- 7.2. The Chairman of the Board decides, based on the content of the auditor's report, whether to request the presence of Company's auditors at the board meeting which discusses the Company's annual accounts. The Company's auditors shall have the right to attend the board meeting which discusses the company's annual accounts signed by the auditors, who may express their opinion on whether the Company's financial statements and annual report contain the necessary information to assess the Company's financial position.
- 7.3. If a board member or the CEO considers that the annual accounts should not be approved or has objections which they consider should be brought to the attention of shareholders, then they shall state this in a written notice. The auditors' report is governed by the provisions of the Annual Accounts Act.

- 7.4. All suggestions and comments that the auditors wish to make to the Board or the CEO must be made in writing. This data shall be presented at a meeting of the Board and stored in a secure manner within the Company.
- 7.5. The Company's auditors shall keep a special audit book in which they record which audit work was carried out and whether the auditors have become aware of deficiencies in the Company's accounting and/or financial statements. Suggestions and comments that the auditors wish to make to the Board or the CEO must be recorded in the book. If auditors become aware of significant deficiencies, they shall notify the Chairman of the Board immediately.
- 7.6. The provisions of this chapter of the Rules of Procedure also apply to interim statements, as applicable.

8. Internal control and risk management

- 8.1. The Company's board is responsible for establishing an effective system of internal control. The board shall ensure that the arrangements for supervision are formal and documented, and that their effectiveness is regularly verified.
- 8.2. The board is responsible for defining the predominant risks associated with achieving the Company's main goals and objectives. The board shall define at least annually the risk factors that are most important for the Company to address. The CEO is responsible for ensuring that the Board's policies are implemented in accordance with decisions of the Board.
- 8.3. The CEO shall define the predominant risks associated with the Company providing reliable and correct financial information in accordance with legislation with which the company must comply. Subsequently, the CEO must submit the results of that analysis to the Board for confirmation.
- 8.4. The CEO shall prepare a plan for the Company's risk management based on risks that were identified in the Company's operations. The Company's board shall approve the plan.
- 8.5. The CEO is responsible for ensuring that the plan approved by the Board is implemented.
- 8.6. The CEO shall, regularly and at least annually, report to the Board on how the Company has managed to reduce, distribute and deal with such risks regarding the Board's approved plan.
- 8.7. The Company's auditors may be summoned to a board meeting when issues related to the Company's internal control and risk management are on the agenda, as the Board deems necessary.
- 8.8. The board shall annually assess whether an audit of the Company's internal control and risk management should be carried out and action taken to remedy deficiencies, if necessary.

The responsibilities, powers and duties of the Company's board are governed in other respects than those specified in these Rules of Procedure, by the Companies Act, the Annual Accounts Act and other general laws and the Company's Articles of Association.

Thus approved at the Company's board meeting on 27 April 2021.