

Statement of Corporate Governance

Board of Directors and Corporate governance

Board of Directors

The Board of Directors of Origo hf. consists of five Board members and two vice board members appointed for a one year term at a shareholders meeting. At a shareholders meeting on 2 May 2019 Guðmundur Jóhann Jónsson, Hildur Dungal, Hjalti Þórarinnsson, Ívar Kristjánsson and Svafa Grönfeldt were chosen without election to the Board. Elísabet Grétarsdóttir and Gunnar Zoega were chosen without election to be vice board members. Ívar Kristjánsson is Chariman of the Board and Hildur Dungal Vice Chairman. Gunnar Zoega left as vice board member in October 2019.

The Company's Board of Directors and vice board members consist of three men and three women and therefore complies with provisions in law on gender ratio which entered into effect on 1 September 2013. All five board members are independent of the Company. Board members' background and education is of various genre, among others economics, engineering and law, and one board member has a law degree. Furthermore, board members have extensive professional experience.

Corporate governance

The Board of Directors of Origo hf. emphasizes maintaining good management practices and aims to comply with the Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, NASDAQ OMX Iceland and the Confederation of Icelandic Employers in June 2015. The Board of Directors has laid down comprehensive rules wherein the competence of the Board is defined and its scope of work vis-à-vis the CEO. These rules include among other things rules regarding order at meetings, minutes, comprehensive rules on the competence of Directors to participate in discussions and decisions of issues presented to the Board and rules on confidentiality. They also contain rules on information disclosure by the CEO to the Board and the Board's power of decision but the signature of the majority of the Board is binding upon the Company.

The Company's current rules were approved at a Board meeting on 22 March 2018 and are accessible on the Company's website, www.origo.is.

The Board of Directors has appointed an Audit Committee and the committee's rules are accessible on the Company's website. The Audit Committee currently consists of the Chairman of the Board, one Board member and an external state authorised public accountant. Its main role and responsibility is to monitor work procedures in the preparation of the financial statements, procedures and efficiency of the Company's internal control, internal audit and, where relevant, risk management and other control factors. Furthermore, the committee presents motions to the Board regarding election of the Company's auditor and assesses the auditor's independence and monitors its work. The Board has also appointed Terms of Employment Committee and Technical Committee which main roles are to give advise to the Board and management on employment terms and issues relating to salary development and the technical environment of Origo. Compliance officer appointed by the Board is responsible for monitoring that rules on insider information and trading are adhered to. The Board has not appointed an appointment committee, but in revising the Board's corporate governance and the framework of operations, it is now the opinion of the Board that such a committee should be appointed and a proposal regarding this will be submitted to the annual general meeting.

In the year 2019, 13 Board meetings were held and 5 meetings in the Audit Committee in addition to meetings of the Terms of Employment Committee. Meetings have been attended by the majority of the Board of Directors and the majority of the committee members. The Audit Committee meets with the Company's auditors on a regular basis and participates in Board meetings when financial statements are being discussed.

To ensure that the Group's financial statements are in accordance with International Financial Reporting Standards the Company places emphasis on carefully defined responsibilities, appropriate separation of tasks and regular reporting and transparency in the operations. Monthly reporting and review for individual divisions is an important factor in the control on return and other key operating factors. Monthly statements are prepared and submitted to the Company's Board of Directors. The Company has established work procedures to ensure control in income recognition, operating expenses and other items affecting the Company's

operation. Risk management is reviewed on a regular basis in order to reflect changes in market conditions and the Company's operations.

With personnel training and work procedures the Group aims at maintaining disciplined control where all employees are aware of their role and responsibilities. Operating risk is managed by monitoring transactions and compliance with law. The Board has established equity management policy to ensure strong equity position and support stable future operating development.

Board of Directors at Origo hf.

According to the Company's Articles of Association the Board of Directors of Origo hf. is the highest authority in the Company's affairs between shareholders meetings. The Board decides on the policy of the Origo Group and follows up on the Group's main operations. The Board is provided with operating and investment plans for approval and the Board follows up on the progress within the year. The Board decides on organisation and follows up on that the Company's operations are in accordance with its resolutions. The Board shall ensure that sufficient controls are in place regarding the Company's finances and that proper order is in place regarding bookkeeping and accounting.

There are five members of the Board of Directors of Origo hf. and two vice board member and they are appointed for a one year term at the Annual General Meeting. In accordance with the Company's Articles of Association candidacy to take seat on the Board shall be notified to the Board at least five days prior to shareholders' meetings. Only individuals who notify their candidacy in this manner can be elected at the Annual General Meeting. The Chairman calls Board meetings and chairs them. Meetings shall be held whenever the Chairmen deems necessary, but in addition he is bound to call board meetings if one board member or the CEO so demands. Board meetings are only legal if three or more board members are present.

Role of CEO

The Board of Directors of Origo hf. hires the Company's Chief Executive Officer and decides on his remuneration. CEO is responsible for daily operations of the Company in line with its Articles of Association, policies and decisions made by the Board. The CEO shall work on policy making and advancement of the Company in addition to organising and follow up on its daily operations. Furthermore, the CEO's role is to ensure that the Company's operations are in line

with current legislation and rules at each time and ensure that the operations of subsidiaries are the same.

Shareholders meetings

Legal shareholders meetings wield supreme power over the affairs of the Company. Annual General Meetings shall be held before the end of June each year and shareholders meetings shall be held as decided by the Board of Directors or by request of the elected auditor or shareholders holding at minimum 1/20 of the share capital. A request for a shareholders meeting shall be submitted in writing, items for the agenda identified and then a meeting called within the legal time limit. A shareholders meeting shall be called with an advertisement in a newspaper or by other comparable means. Annual General Meeting shall be called with at minimum three weeks and maximum four weeks notice in accordance with changes to the Companies Act from 19 September 2009. The invitation to a meeting shall include matters to be discussed and documents and proposals which will be submitted to the meeting. One vote is attached to each share in the Company at shareholders meetings.

Changes to the Company's Articles of Association

The Company's Articles of Association can only be amended by a lawful shareholders meeting provided that the pending amendments in addition to the main details of the changes to be made have been notified in the call of the meeting. The Articles of Association may be amended with at least 2/3 of the votes cast as well as with the approval of shareholders controlling a minimum of 2/3 of the share capital represented in the meeting. Changes to the Origo hf.'s Articles of Association were most recently approved on 2 May 2019.

Auditors

The Company's auditors are elected at the Annual General Meeting for a period of one year at a time. KPMG ehf. was elected auditor of the Company at the 2019 Annual General Meeting and KPMG ehf. is also the auditor of the Company's subsidiaries in Iceland. KPMG in Sweden is the auditor of the Swedish subsidiary Applicon.

2019



Exemplary organisation in corporate governance

In early 2015 Nýherji was acknowledged as an "Exemplary organisation in corporate governance" as recognised by the Center of Corporate Governance of the University of Iceland, after a thorough appraisal by Capacent.