

Motions for a Nomination Committee proposed by the Board of Directors

to the Company's Shareholders' Meeting on 20 September 2018

The background of the motions was a proposal to this effect received by the Company's Board from the shareholder Eaton Vance Management to prepare the establishment of a Nomination Committee. The motion, with specific amendments suggested by Gildi - Pension Fund, was adopted at VÍS's Annual General Meeting on 22 March this year. The amendments provided, in particular, for a special shareholders' meeting to be held in 2018, so that the new arrangements would be followed in electing the Board of Directors in 2019.

A draft of amendments to the Articles of Association and proposed protocols for the Nomination Committee were prepared in accordance with the Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, NASDAQ Iceland and the Confederation of Icelandic Employers. The intention is for the Guidelines to supplement and clarify the provisions of the Articles of Association and protocols.

Agenda Item 1 is a motion to amend the Company's Articles of Association. Other listed Agenda Items are subject to the Shareholder's Meeting approval of Agenda Item 1.

Agenda Item 1

Motion to amend the Company's Articles of Association

The Board moves that the following amendments be made to the Company's Articles of Association:

I.

A new Art. 15 a and heading shall be added following Art. 15, which shall read as follows:

Nomination Committee

A Nomination Committee shall operate within the Company. The Nomination Committee shall nominate candidates to sit on the Company's Board of Directors prior to its Annual General Meeting and shareholders' meetings where elections of Directors are on the Agenda.

The Nomination Committee shall have an advisory role, including:

- a. inviting candidates to apply to serve as directors of the Company;*
- b. assessing the legitimacy of candidates applying;*
- c. assessing the qualifications, experience and knowledge of potential directors;*
- d. assessing the independence of potential directors;*
- e. assessing the optimal combination of directors for the Board, having regard among other things to the gender ratio;*
- f. submitting a reasoned proposal for the composition of the Board.*

The number of Committee members shall be three to five, elected at the Company's Annual General Meeting. A special shareholders' meeting may be held to elect a Nomination Committee; such a shareholders' meeting shall not be held later than six months before the Annual General Meeting.

The majority of the Committee shall be independent of the Company and its management. The same considerations shall serve as the basis for evaluating the independence of Committee members as apply for assessing the independence of directors. In addition, at least one Committee member must be independent of shareholders in the Company with a qualifying holding in the Company, either singly or in collaboration with others.

The Company's directors may hold a seat on the Nomination Committee but may not comprise a majority of the Committee. Nor may they serve as the Committee chairman. This applies equally to the Chairman of the Board and other directors. Company managers or other employees may not hold a seat on the Committee.

Persons who intend to stand for election to the Nomination Committee shall notify the Board of Directors of their candidature no less than five days prior to the shareholders' meeting on a form for the purpose. The Board of Directors shall review the notifications of candidacies and verifiably provide the persons concerned with an opportunity of remedying any defects in the notifications within a given time limit. Information on candidates for the Nomination Committee shall be available for shareholders' inspection at the Company's office no later than two days prior to the shareholders' meeting.

The Nomination Committee's protocols shall be approved by a shareholders' meeting.

II.

The following new Point 5 shall be added to the first paragraph of Art. 13 and the numbers of other Points will change accordingly:

Election of a Nomination Committee.

Point 6 (which will become Point 7) shall read as follows:

A decision on remuneration to directors and members of the Nomination Committee.

III.

The second paragraph of Art. 19 shall be worded as follows:

A shareholders' meeting shall elect the Board of Directors by proportional voting from those persons who have given notice of their candidacy to the Nomination Committee as provided for in the fourth paragraph of Art. 19 of these Articles of Association. The term of office of the Board shall be until the next Annual General Meeting. Election to the Board of Directors shall generally be by ballot if more persons are nominated than are to be elected.

IV.

The fourth paragraph of Art. 19 shall be worded as follows:

Persons who intend to stand for election shall notify the Nomination Committee of their candidature no less than fourteen days prior to the shareholders' meeting on a form for the purpose. The Nomination Committee shall review the notifications of candidacies and verifiably provide the persons concerned with an opportunity of remedying any defects in the notifications within a given time limit. Information on candidates for the Board of Directors, together with the proposal of the Nomination Committee, shall be available for shareholders' inspection at the Company's office no later than two days prior to the shareholders' meeting.

V.

The following amendments shall be made to the fifth paragraph of Art. 19:

The words "incumbent Board of Directors" in the first sentence shall be replaced by: Nomination Committee.

A new final sentence shall be added which shall read as follows:

In applying this provision regard must be had for provisions of Art. 15 as appropriate.

Explanatory Notes:

It is proposed that the main substance of the Nomination Committee's duties and powers be added to the Company's Articles of Association. Such an arrangement provides a stronger foundation for the Committee's existence and substance with the support of an increased majority of shareholders.

Agenda Item 2

Proposed protocols for a Nomination Committee

The Board submits a draft of protocols for the Nomination Committee for adoption by the shareholders' meeting.

Explanatory Notes:

The draft protocols for the Nomination Committee would give the Committee a good deal of latitude in shaping its protocols, while nonetheless operating within the powers provided for in the Articles of Association.

Agenda Item 3

Election of the Nomination Committee

The Company's Board of Directors moves that a Nomination Committee be elected.

Explanatory Notes:

Persons who intend to stand for election to the Nomination Committee shall notify the Board of Directors of their candidature no less than five days prior to the shareholders' meeting on a form for the purpose. The Board will review nominations received and request additional documentation and information as deemed necessary. Information on candidates for the Nomination Committee will be made available on the Company's website no later than two days prior to the shareholders' meeting.

Agenda Item 4

A decision on remuneration to Nomination Committee members

It is moved that the remuneration for subcommittee membership will be ISK 95,000 for each meeting and double that amount for the Chairman.

Explanatory Notes:

The Board of Directors moves that the remuneration for membership of the Nomination Committee be ISK 95,000 for each meeting and double that amount for the Chairman. The amount corresponds to remuneration to members of the Board's subcommittees.