

## Veritas Corporate Governance Statement - Operating Year 2021

Veritas management focuses on adopting the best practices in corporate governance and having transparency, integrity, and high ethical standards as guiding lights. Our management also upholds the values adopted for our group of companies as a whole: reliability, candour, and progress.

### Best practices in corporate governance

Emphasizing quality corporate governance, Veritas management aims to adhere to the Corporate Governance Guidelines approved, among others, by The Icelandic Chamber of Commerce, either complying with these guidelines or explaining any deviations in this statement.

Deviations from the Corporate Governance Guidelines are as follows:

- The shareholders have not seen the benefits of establishing a nomination committee as suggested in the Icelandic Corporate. An active dialogue is ongoing at all times between the board and shareholders, which ensures an effective way of exchanging opinions regarding the composition of the board, and ensuring that the board is adequately diverse as far as their know-how, experience, and background is concerned, based on Veritas goals, needs, and operation, and that gender equality is served.
- The board of Veritas does not consider it beneficial to appoint sub committees. The board of directors consists of only three individuals, two of which are deemed independent towards the company and key shareholders. The capability of the board to perform account control and make decisions on management compensation is considered satisfactory, and appointment of sub committees thereby deemed unnecessary.

### Laws and regulations

Veritas operates under the Act No. 2/1995 (The Icelandic Companies Act).

Veritas board has adopted by-laws in 15 articles pursuant to Article 70(5), Act No. 2/1995 (The Icelandic Companies Act). Veritas board by-laws establish detailed guidelines for the functioning of the board, assessment of performance and accountability, including competences and separation of duties. Veritas board by-laws are available from Veritas website.

Veritas has adopted a Code of Conduct embodying, among others, the corporate values which are the foundation of our culture: reliability, candour, and progress. Those values incarnate the principles which represent the corporate culture of our group of companies. Veritas Code of Conduct is also available from our subsidiaries' websites and is also part of our group of companies' Employee' Handbook.

### Ownership

By end of 2021, Veritas is 100% owned by Gudrunarborg ehf. The ownership of Gudrunarborg, on the other hand, is as follows:

- Stormtree ehf. – 90%, owned by Hreggvidur Jonsson, Veritas Chair of the Board until year end 2021 (also serving as a member on the boards of MEDOR and Vistor until year end 2021), and Johann Jonsson, member of the board of Distica.
- Stjankur ehf. – 4%, owned by Hrund Rudolfsdottir, Veritas CEO.
- Others – 6%.

## **Internal audits and risk management**

Veritas auditors are chosen for a one-year period by the general assembly. During Veritas general assembly which took place on 18 March 2021, KPMG was chosen for another year. Their Chief Audit Executive is Hlynur Sigurdsson, chartered accountant. Hlynur has been Veritas' accountant since 2013 and Veritas' Chief Audit Executive since 2016.

The auditors hold no stock in Veritas and have no other conflict of interests towards the company. The auditors' mission is to review Veritas annual accounts vis-à-vis the International Financial Reporting Standards.

## **Society and sustainability**

Veritas published its first social responsibility and sustainability report in 2021 for the fiscal year of 2020. A report for the fiscal year of 2021 will be published at the 2022 annual meeting. Despite our group of companies having always striven to exert a positive, constructive impact on the environment and the community, a formal report on non-financial indicators and social and environmental impact is now a part of the companies' progress. Publishing this report is an important milestone in our path to minimise any undesirable repercussions and increase our constructive impact on the community.

## **Diversity policy**

Three to four members served on the boards of Veritas and its subsidiaries in 2021. On all boards gender balance was in compliance with the Corporate Governance Guidelines.

## **Composition and functions of the Board of Directors and the Executive Board**

Veritas Board of Directors consisted of three members in 2021: Hreggvidur Jonsson (Chair of the Board), Hordur Arnarson, and Thoranna Jonsdottir. In the beginning of 2022, Hreggvidur Jonsson decided to step down as a chairman and board member. Helga Melkorka Óttarsdóttir was appointed to the board at Veritas General Assembly on 7 January 2022, on the same occasion Thoranna was appointed Chair of The Board.

Hrund Rudolfsdottir is Veritas Chief Executive Officer and is the ultimate responsible for Veritas business development and day-to-day operations.

In addition to the CEO, Veritas Executive Board is composed of our subsidiaries' general managers, Veritas Chief Financial Officer, Veritas Chief Information Officer, and Veritas Internal Service and Human Resources Manager.

Veritas Executive Board was composed in 2021 by:

- Hrund Rudolfsdottir, CEO, Veritas
- Thordur Arnar Thordarson, General Manager, Vistor
- Julia Ros Atladottir, General Manager, Distica
- Brynjulfur Gudmundsson, General Manager, Artasan
- Sigtryggur Hilmarsson, General Manager, MEDOR
- Olafia Asa Johannesdottir, General Manager, Stod
- Kjartan Steinsson, Chief Financial Officer, Veritas
- Petur Veigar Petursson, Manager, Internal Service, Human Resources Manager, Veritas
- Hakonia J. Gudmundsdottir, Chief Information Officer, Veritas.

The executive board had regular meetings three times a month as well as ad hoc meetings, as needed.

### **Board meetings**

Five (5) board meetings were held in 2021 in March, June, September, October and December. All board members and the CEO were physically present at meetings which generally were held at the company headquarters (Horgatun, Gardabaer). No on-line meetings were held in 2021. The September meeting was an extended one where the five-year strategy was discussed. All board members attended the meetings and actively took part in them. The CFO participated during the discussion of financials. In addition, the managers of subsidiaries and support units briefly attended some meetings to give reports on their operations. The meeting agenda and relevant documents were posted on a closed digital platform three days before each board meeting.

Please refer to Veritas website to review the [By-laws of the Board of Directors \(Veritas\)](#)

### **About the board members**

Hreggvidur Jonsson, Chair of The Board until year end 2021, is born on 18 June 1963, and lives in Reykjavík. He is also Veritas main owner with an approximately 79% share through the private company Stormtree ehf. Hreggvidur holds a BA degree in Economics from Macalester College, St. Paul, Minnesota, and an MBA degree from the Harvard Business School. Hreggvidur has extensive management experience in various sectors of Iceland's economy. Prior to establishing Veritas in 2002, he was the CEO of Northern Lights Communications (now 365 media), and before that he was the Chief Financial Officer of Íslenska útvarpsfélagid. He was also a consultant for McKinsey & Company (Sweden). Hreggvidur was Veritas CEO and Vistor's CEO between 2002 and 2013. Hreggvidur has served on the boards of numerous corporations and civil organisations, such as Festi hf., and was also Chairman of the Board of The Icelandic Chamber of Commerce from 2012 to 2016.

Thoranna Jonsdottir is born on 19 December 1968 and lives in Stokkseyri. She is a management consultant with her own company Delta Consulting. Thoranna is also an assistant professor at Reykjavik University where she previously served as dean of the Department of Business, and as senior executive director of strategy and operations. She was Business Development Chief Officer at Audur Capital, Veritas, and Vistor, as well as the first general manager of Artasan. Thoranna has extensive experience in executive training and consulting, particularly in the field of change management, strategic planning, and corporate governance. She is the chairman of the board of Landsbref and has served on various corporate boards including Festi, Kronan, Íslandsbanki, and Lyfja. Thoranna is a PhD in Management and Corporate Governance from the Cranfield University, holds an MBA degree from IESE - Barcelona Campus, and a MSc degree in Pharmacology from The University of Iceland.

Hordur Arnarson is born on 24 November 1962 and lives in Reykjavik. He is the CEO of Landsvirkjun, Iceland's state-owned energy company. Hordur was hired by Marel in 1985 and was their CEO between 1999 and 2009. He has extensive experience in international management and has served on the boards of various companies and industry associations. Hordur holds a degree in Electronic Engineering from the University of Iceland and is a PhD in Engineering from the Technical University of Denmark. He has also attended various seminars at INSEAD and Harvard Business School.

Helga Melkorka Ottarsdottir, Supreme Court Attorney, has many years of experience as an attorney, as well as extensive real-world business experience. Helga joined LOGOS in 2001 and was a managing partner

between 2013-2019. She holds an LL.M. degree in European law from Ruprecht Karls Universität, Germany and has litigated numerous cases before the Icelandic courts, the national competition authorities, the EFTA-Court and the EFTA Surveillance Authority (ESA). In addition to Competition Law and European Law, her main areas of expertise are Corporate Law and Financial Services and Regulation. Helga taught European Law as an Adjunct Lecturer at Reykjavik University, Faculty of Law and the University of Iceland, Faculty of Law. She has been on the board of several companies and organisations, i.a. the Icelandic Bar Association between 2003-2005 where she was a vice chairman in 2005-2006. Helga was on the board of the Chamber of Commerce between 2014-2022 and an ad hoc College Member of the EFTA Surveillance Authority since 2004.

### **Independence of the members of the board**

Hreggvidur Jonsson, through his ownership of Stormtree, is the biggest shareholder of Veritas, with a **79%** share. Besides serving in Veritas board, Hreggvidur performs a number of duties for the company for which he receives compensation in addition to his board member fees. Hence, he cannot be deemed independent towards the company.

Thoranna Jonsdottir holds no stock in Veritas and, according to the definition given in the Corporate Governance Guidelines, is not considered associated to key shareholders. Furthermore, Thoranna is not considered dependent to the company or its management according to the definition given in the Corporate Governance Guidelines.

Hordur Arnarson holds no stock in Veritas and, according to the definition given in the Corporate Governance Guidelines, is not associated to key shareholders. Furthermore, Hordur is not considered dependent to the company or its management according to the definition given in the Corporate Governance Guidelines.

Thoranna and Hordur are deemed independent both towards Veritas and its management, as well as towards key shareholders. According to the Corporate Governance Guidelines, the majority of the board is deemed independent towards the company, as well as towards key shareholders.

Helga Melkorka Ottarsdottir, who was appointed to the board in the beginning of 2022 is independent both from the company and its management, as well as towards key shareholders, according to the Corporate Governance Guidelines definitions.

### **Management performance assessment**

Veritas management conducts formal assessments of their own work, CEO's and Chair of the Board's work concerning business development. Those assessments are conducted biannually. The last assessment was performed in 2020 and the next one will be conducted in 2022.

The board closely monitors the evolution of key performance indicators and the Veritas development, including Veritas CEO's performance.

## **Chief Executive Officer**

Veritas CEO is Hrund Rudolfsdottir. She was born on 25 March 1969 and lives in Reykjavik. Hrund is ultimately responsible for business development and day-to-day operations at Veritas. She holds a MSc degree in International Business from Copenhagen Business School, and a Cand. Æcon. degree in Economics and Business from The University of Iceland. Hrund was Corporate Director of Human Resources at Marel from 2009 to 2013, and Director of Operation and Investments at Milestone ehf./Moderna Finance ehf. from 2007 to 2009. Before that, Hrund was the CEO of L&H Holding from 2003 to 2007, and CEO of Lyf & heilsa hf. from 2003 to 2006. She is a member of a few various corporate boards and boards of social organizations in Iceland. Hrund also serves on the boards of Veritas subsidiaries Artasan, Stod and Distica.

## **Information about violations of laws and regulations**

Veritas was not found guilty of any violations of laws and regulations by any regulatory authorities or adjudicating entities in 2021.

## **Communications among shareholders and the board of directors**

The Chair of the Board in 2021 owns through a private company a 79% share in Veritas. The Chief Executive Officer takes part in all board meetings and owns a 4% share in Veritas. Other shareholders have access to information during the board meetings.