Articles of Association for the Education and Training Service Centre for the Employment Sector plc.

The company's name, domicile and purpose

Article 1.

The company is a private limited company (plc.) and its name is the Education and Training Service Centre for the Employment Sector plc. (FA). Where appropriate, the sub-title Education in the Labour Market shall be added for further explanation.

Article 2.

The company's domicile is at Skeifan 8, Reykjavik.

Article 3.

The Education and Training Service Centre for the Employment Sector plc. serves as a forum for cooperation between the Icelandic Federation of Labour (ASI), SA-Confederation of Icelandic Employers (SA), Confederation of State and Municipal Employees of Iceland (BSRB), the Ministry of Finance and the Association of Municipalities in Iceland on adult and occupational education in the Icelandic labour market in cooperation with other joint educational institutions under the auspices of member organisations of ASI, SA, BSRB, the Ministry of Finance and the Association of Municipalities in Iceland. Among the tasks of FA is to increase the supply of educational opportunities for people in the labour market who have limited formal basic education, immigrants and others, as well as other tasks of general concern for the community. FA is a centre for pedagogic advice and development in its field of work. FA intends to attain these goals through, among other things, its operations in the following fields:

1. Needs analysis, advice, target setting and quality control.
2. Content description and curricula, curriculum certification as well as preparation of course materials and pedagogic assistance.
3. Development of methods for recognition of non-formal and informal learning, including recognition of informal and non-formal study, in cooperation with the Ministry of Education.
4. Development of study and vocational guidance for people in the labour market with limited formal basic education, immigrants and others.
5. Uniform registration of study and study results.
6. Uniform certification of the supply of adult and vocational education.
7. Contracts with educational companies and educational contractors.
8. Cooperation agreements with educational funds, educational and continuing education centres.
9. Consultation with organised interest groups within ASI, SA, BSRB, the Ministry of Finance and the Association of Municipalities in Iceland and provision of services to
them within the company's field of work, as well as to joint institutions of these interest groups in the field of educational issues.

10. Cooperation with public authorities on common objectives and supervision of tasks to be negotiated.

11. Collection and distribution of information about the company's field of work.

The Education and Training Service Centre for the Employment Sector plc. is, among other things, meant to serve other joint educational institutions which operate under the auspices of member organisations of ASI, SA, BSRB, the Ministry of Finance and the Association of Municipalities in Iceland, and to endeavour to become a forum for their consultation and increased cooperation and joint operations. In the preparation of study plans, FA shall consult with other joint educational organisations in respect of issues which touch upon their fields of work.

The Education and Training Service Centre for the Employment Sector plc. is not meant to operate in a competitive market with an independent supply of course offerings, but rather to enter into contracts with associations and companies which operate in this market. In order to attain joint objectives, FA may enter into long-term cooperation contracts to promote a steady supply of education.

Dividend payments to the owners is not permitted, but all profits of the company's operations shall be used for the common good through strengthening of the company's operations in the field of education and educational issues in the Icelandic labour market.

The company's share capital

Article 4.

The company's share capital is ISK 625,000 - (ISK six hundred and twenty-five thousand). The share capital is divided into shares and the nominal amount of each share is ISK 1 or a multiple of that amount. All shares have equal rights relative to their amounts. One vote attaches to each ISK 1 of share capital. Only clubs, associations, legal entities and companies may hold shares in the company.

The company's Board of Directors may increase the company's share capital by ISK 5,375,000,000 in one or more stages.

Article 5.

A meeting of shareholders may with 2/3 of votes cast as well as with the agreement of shareholders who control at least 2/3 of its shares to which votes attach at the meeting of shareholders, increase the company's share capital through either subscriptions of new shares or the issue of bonus shares.

Share capital can only be reduced by a meeting of shareholders.
Article 6.

The company’s Board of Directors shall maintain a registry of shares as required by law. The registry may be kept in a secure loose-leave form or it may be computerised. The registry of shares shall be kept at the company’s office and all shareholders and public authorities may access it and study its contents.

The registry of shares shall show:

a. Shares in numerical order.

b. Names, addresses and national ID numbers of shareholders.

c. Date of registration of change of ownership.

The company's Board of Directors shall, if asked to do so by a shareholder or pledgee, issue a confirmation of an entry in the registry of shares.

Change of ownership of shares in the company.

Article 7.

Shares in the company may not be sold, pledged or donated without the approval of the company's Board of Directors.

Article 8.

The company's Board of Directors has preemptive rights on the company's behalf to shares for sale. If not exercised by the company, shareholders shall have preemptive rights to shares for sale in proportion to their shareholdings. In the event of a disagreement about the price of shares, it shall be decided by two impartial assessors who shall be court appointed at the company's domicile.

A holder of preemptive rights has two months in which to exercise his rights after notification to the Board of Directors of an offer. However, no more than three months may pass from the time a purchase is decided until the purchase price is paid. If a holder of preemptive rights enters into an offer made by a third party, that offer's terms of payment shall apply.

Shareholders cannot be made to accept redemption of their shares unless law requires otherwise.

If there is a change of ownership of shares in the company in a lawful manner in accordance with the foregoing, the Board of Directors shall enter the new shareholder's name in the share registry when he reports the change of ownership and proves his rights.
Meetings of shareholders

Article 9.

Supreme authority in the affairs of the company, within the limits set by law and the company’s Articles of Association, rests in the hands of a legitimate meeting of shareholders.

Article 10.

An Annual General Meeting shall be held each year at the company’s domicile before the end of June.

The company's Board of Directors shall convene a meeting of shareholders by a registered letter to each shareholder entered into the company's registry of shares or in another equally verifiable manner. A meeting of shareholders shall be convened with no more than four weeks notice and no later than seven days before the meeting. A meeting's agenda shall be noted in the announcement of the meeting. Shareholders may, through a written power of attorney, authorise representatives to attend a meeting of shareholders and exercise their voting rights.

Article 11.

A meeting of shareholders is legitimate if it is lawfully convened and attended by shareholders or their representatives who control at least 2/3 of the company's share capital. If a meeting is not legitimate because of flaws in this respect, a new meeting shall be convened within a month on seven days notice, and that meeting shall be legitimate for discussion of issues which were to be addressed at the earlier meeting irrespective of the number of shareholders in attendance. A meeting of shareholders elects a chairperson and a secretary of the meeting.

A simple majority of votes determines outcomes at a meeting of shareholders unless otherwise provided by law or these Articles of Association.

However, the agreement of all shareholders is required:

a. to obligate shareholders to contribute money in excess of their subscriptions towards the company's needs;

b. to limit shareholders' rights to transactions in their shares;

c. to make substantial changes in the company's purpose, or
d. to change the provisions of the Articles of Association in respect of the shareholders' shares in the company or equality between them.

Motions for amendment of the company's Articles of Association or its merger with other companies or enterprises may not be taken up at a meeting without advance notice in the announcement of the meeting.
Article 12.

At an Annual General Meeting the following shall be on the agenda:

1. The company's Board of Directors shall describe to shareholders the company's profit performance and operations during the past operational year.
2. The company's balance sheet and profit and loss account for the past operational year shall be submitted for approval together with comments by auditors or the company's surveyors.
3. The company's Board of Directors shall be elected as well as auditors or surveyors.
4. A decision shall be taken on the handling of any company profit or loss during the financial year.
5. A decision shall be taken on payments to members of the Board of Directors and auditors/surveyors for their work during the operational year.
6. Discussions and voting on other issues which are lawfully raised.

Article 13.

Profit shall only be allocated in support of activities in accordance with the company's purposes. The company may not use profit, rights or assets for other tasks than such as are in agreement with the company's purpose and operations, in each case subject to prior decisions of the Board of Directors.

Article 14.

A minute book shall be kept for recording business transacted at meetings of shareholders.

The chairperson shall chair the meeting and decide issues of disagreement.

Extraordinary meetings shall be held as decided by the Board of Directors or as requested by shareholders who control at least one tenth of the company's share capital. The request shall be made in writing, the agenda of the meeting shall be specified, and the meeting shall then be convened within fourteen days. If the Board of Directors does not convene a meeting, or an Annual General Meeting for that matter, after receiving such a request, the Minister's intervention may be sought in accordance with the second paragraph of Article 62 of the Act on private limited companies.

The company's Board of Directors and executive

Article 15.

The company's Board of Directors shall comprise eight members, three nominated by ASI, three nominated by SA, one nominated by BSRB, and one nominated jointly by the Ministry of Finance and the Association of Municipalities in Iceland, elected at an Annual General Meeting for one year at a time. ASI shall nominate one alternate for its representatives, SA one alternate for its representatives, BSRB one alternate for its representative and the Ministry of Finance and
the Association of Municipalities in Iceland one joint alternate for their representative. The company's Board of Directors manages all affairs of the company between meetings of shareholders. The signatures of a majority of the Board of Directors obligates the company. Meetings of the Board of Directors are legitimate if a majority of members of the Board are in attendance. Issues are decided by majority vote. Minutes shall be kept on meetings of the Board of Directors.

The company's Board of Directors may not grant loans to its shareholders, members of the Board or company managers or provide them with collateral. The same rule applies to the spouses of these parties or individuals who are closely related to them or are otherwise close to them. This ban, however, does not extend to ordinary business loans.

**Article 16.**

The Board of Directors allocates tasks among its members. The positions of Chairman and Vice Chairman rotate between parties in accordance with the number of representatives on the Board. The Chairman shall convene meetings of the Board of Directors. Alternates shall be invited to meetings of the Board of Directors. Any member of the Board may request a meeting of the Board of Directors. The Chief Executive Officer shall have the same right. The Board of Directors shall determine its own operating rules with more detailed provisions for the discharge of its duties.

**Article 17.**

The company’s Board of Directors recruits a Chief Executive Officer and determines his salary and terms of employment. It shall also confer power of procuration for the company.

The Chief Executive Officer is in charge of the company’s daily operations and shall represent the company on all issues concerning its routine operations. He is responsible for bookkeeping and recruitment of staff. The Chief Executive Officer shall submit to the company's Board of Directors for decision all issues that are considered unusual, highly important and policy-shaping. The Chief Executive Officer shall provide members of the Board of Directors and auditors with all the information about the company’s operations which they may request and are required by law to be provided.

**The company's accounts and audit**

**Article 18.**

At the company's Annual General Meetings one certified accountant and an audit firm shall be elected. They shall examine the company’s accounts for each operational year and submit their findings to an Annual General Meeting. Auditors may not be selected from among members of the Board of Directors or the company’s staff nor may they be financially dependent on the company.
Article 19.

The operational year and the financial year is from January 1 to December 31 each year. The Board of Directors shall have completed the preparation of the financial statement and submitted it to the auditors not later than one month before an Annual General Meeting.

A financial statement, signed by the company's Board of Directors, with an auditor's endorsement, shall be displayed at the company's office at the latest one week before an Annual General Meeting for review by registered shareholders. A month after the financial statement's approval, but not later than eight months after the end of the financial year, the financial statement or consolidated accounts, as the case may be, shall be sent to the Register of Companies together with the report by the Board of Directors, the auditor's endorsement and information about the date of the financial statement's approval.

Amendments to the company's Articles of Association

Article 20.

These Articles of Association may be amended at a legitimate Annual General Meeting or at an extraordinary meeting with 2/3 of votes cast, or with the agreement of shareholders who control at least 2/3 share of the company's share capital for which votes are represented at the meeting, another quantity of votes not being stipulated in the Articles of Association or law, cf. Article 68 of the Act on private limited companies. Approval by a meeting of shareholders of an amendment to the Articles of Association of a private limited company shall be notified to the Register of Companies without delay, unless another deadline is specifically stipulated in these Articles of Association or law, but the amendment does not enter into force until it has been registered.

Article 21.

Motions for the company's liquidation and breakup shall be handled as amendments to these Articles of Association. To be valid, a decision to liquidate the company requires the votes of shareholders who control at least 2/3 of the company's share capital. A meeting of shareholders that has taken a lawful decision on the company's liquidation shall request certification by the Register of Companies of the election of a Winding-up Board. A meeting of shareholders that has taken a lawful decision on the liquidation or the break-up of the company, shall also determine the allocation of assets and payment of debts in such manner that only extrapolated share capital shall revert to the owners but assets in excess of debts shall otherwise be channelled to the common good and tasks consistent with the purpose of the company.
Final provision

Article 22.

In cases where the provisions of these Articles of Association do not stipulate how to proceed, the provisions of the Act on private limited companies shall be abided by, as well as such other provisions of law as may be applicable.

Thus agreed at a meeting of shareholders on 6 May, 2010

For the Icelandic Federation of Labour
Gylfi Arinbjörnsson

For the Confederation of State and Municipal Employees
Elin Björg Jónsdóttir

For the Association of Municipalities in Iceland
Inga Rún Ólafsdóttir

For SA-Confederation of Icelandic Employers
Guðrún Eyjólfsdóttir

For the Ministry of Finance
Steingrimur J. Sigfússon