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# Remuneration Policy

2020

## **1. Purpose**

The policy of Síminn hf. Board in relation to the CEO's, managements, and board members remuneration is to attract qualified managers who have the company's interest at heart and support the company's long-term operational and performance goals. The objective of this Remuneration Policy is to make the work at Síminn hf. a desirable choice for employees, thereby ensuring the company a leading position in Iceland. In order for this to happen, it is necessary for the Board of Directors to be able to offer competitive salaries and other payments in line with what is customary in comparable companies and that there is a certain consistency in the terms of employment of senior management and other employees of the company.

## **2. Board remuneration**

Board members shall be paid fixed monthly fee in accordance with the decision of the Annual General Meeting each year, as provided for in article 79. Act on Public Limited Companies. The Board suggests the remuneration for the upcoming operating year and shall take into account the time spent by the Board members on the job, the responsibility that rests on them, and the Company's performance. Members of the Board shall receive a fixed fee for attendance at sub-committees of the Board, which shall be determined by the Company's Annual General Meeting.

## **3. CEO'S remuneration**

An employment contract/contracts shall be made in writing with the CEO. His/her terms shall always be competitive. The amount of basic salary and other payments to the CEO shall be based on education, experience, previous work, responsibility and scope of work. Other terms of employment shall be specified in the employment contract such as payments on pension fund, holiday pay, benefits and notice period. It is permissible to negotiate with the CEO for an initial payment for his/her employment at the company. The Board is also authorized to reward the CEO in addition to the basic salary, cf. article 4. In the making of an employment contract with the CEO, the guiding principle must be that no further payments will be made at the time of termination of employment than stated in the employment contract. However, under special conditions, in the opinion of the Board, it is permissible to conclude a separate termination agreement with the CEO's retirement.

## **4. Remuneration to senior management and employees**

The Board of Directors has nominated a special Remuneration Committee to advise the Board on the remuneration of senior executives and arrangements for incentive

systems and stock option. The Remuneration Committee regularly informs the Board of its work and makes the proposal it deems necessary or appropriate.

The CEO may submit a proposal for the Board of Directors and the Remuneration Committee to reward senior executives in addition to basic salaries in the form of performance-related remuneration or other forms of remuneration linked to the development of the price of shares in the Company and support the Company's long-term operating and performance objectives. When deciding whether to grant senior management remuneration in addition to the basic salary, the position, responsibility, performance and future possibilities of the relevant manager within the company shall be taken into account.

The principal terms of performance-related payments in the form of shares, purchase and put options, pre-emptive rights and other types of payments related to shares in the company or the development of the price of shares in the company shall be submitted to shareholders meeting for approval.

The Board of Directors of the Company shall be entitled to make a stock option plan, based on article 10. Act on Income Tax no. 90/2003 and conclude a stock option agreement with employees of the company and its subsidiaries, with the exception of Míla ehf. on purchase of share capital in Siminn hf. since the shareholders meeting of the company has approved such a plan and has been authorized to issue new share capital in order to fulfil the obligations that the company may undertake through the making of such stock option agreements.

#### **5. Approved Remuneration Policy and more**

The Company's Remuneration Policy shall be processed at the Annual General Meeting, which shall be reviewed annually and submitted to the Annual General Meeting for approval or refusal. The Remuneration Policy is binding for the Company's Board of Directors with the respect to provisions on stock option agreements and any kind of agreements or payments that follow the development of the price of shares in the Company, cf. paragraph 2 article 79 a. Act on Public Limited Companies. In other respects, the Remuneration Policy is a guide for the company and its board. The Board of Directors of the Company shall record in minutes of the meeting any deviation from the Remuneration Policy and these deviations shall be supported by clear arguments. Deviations shall be accounted for at the company's Annual General Meeting.