

# Eimskipafélag Íslands hf.

## Annual General Meeting 17 March 2022

To be held electronically via LUMI solution and at the Company's Headquarters Sundabakki 2, Reykjavík.

### Meeting Agenda

1. The report of the Board of Directors on the activities of the Company for the financial year 2021
2. Confirmation of the Company's consolidated financial statements for the financial year 2021
3. Decision on the handling of the net earnings for 2021
4. Proposal to grant the Board of Directors an authorization to purchase own shares cf. Art. 11.2 of the Company's Articles of Association
5. Proposal to reduce share capital by ISK 2,150,000 nominal value with payment to shareholders
6. Proposal on the Company's Remuneration Policy
7. Election to the Board of Directors
8. Decision on remuneration to the members of the Board of Directors, the alternate Board members and subcommittees
9. Election of auditors
10. Other issues, lawfully presented

## Proposed resolutions for the Annual General Meeting 2022

Shareholders can access all meeting documents at the Company's website: [www.eimskip.com/investors](http://www.eimskip.com/investors)

Please register for the AGM [here](#). Registration is a condition for participating in the meeting and shareholder's attendance will be calculated irrespective of whether shareholders are present at the headquarters or participate via Lumi.

### 2. Confirmation of the Company's consolidated financial statements for the financial year 2021

The Board of Directors of Eimskipafélag Íslands hf. proposes that the Consolidated Financial Statements for 2021 are approved.

### 3. Decision on the handling of the net earnings for 2021

The Board of Directors proposes that the Company pays a dividend of ISK 14.27 per share to shareholders for the year 2021. The proposed total amount is ISK 2.5 billion, corresponding to approximately 44.0% of the Company's net earnings. Ex-Date is 18 March 2022<sup>1</sup>, the Record Date is 21 March 2022<sup>2</sup> and the Payment Date is 20 April 2022<sup>3</sup>.

#### Notes relating to the proposal:

The Company delivered best results ever in 2021 and cash-flow during the year as well as cash position at year-end are very strong. The dividend policy allows for a proposed dividend of between 10% and 65% of net earnings of the previous year to be distributed to shareholders. This proposal is well within the maximum allowed dividend under the policy however the Board of Directors aims for consistency in dividend payments between years and the proposal reflects that.

### 4. Proposal to grant the Board of Directors an authorization to purchase own shares cf. Art. 11.2 of the Company's Articles of Association

The Board of Directors proposes that Article 11.2 of the Company's Articles of Association relating to the authorization to purchase own shares will be amended and that the following provision will replace the current article in its entirety:

*"The Annual General Meeting of Eimskipafélag Íslands hf. held on 17 March 2022 grant the Board of Directors the authorization to acquire up to 10% of the Company's share capital in one or more transactions. This authorization may be used for setting up formal share repurchase programs or for the purpose of offering shareholders generally to sell their shares to the Company, through auction, provided equal treatment of shareholders is safeguarded when such offer is made. This authorization has a fixed term of 18 months and is limited so that the ownership of the Company, and subsidiaries, do not exceed 10% of the Company's share capital. The purchase price shall be in accordance with Article 55, paragraph 3 of Act No. 2/1995. Other older authorizations to purchase own shares are cancelled by accepting this authorization."*

#### Notes relating to the proposal:

At the 2021 Annual General Meeting the authorization was granted to purchase own shares for 18 months from 25 March 2021 to 25 September 2022. By this proposal the authorization will be valid until 17 September 2023. The proposal is set forth on the basis that the authorization to the Board of Directors is general and allows the Board to introduce a formal share purchase program and/or to make an offer to shareholders generally to sell their shares to the company through an offering, provided equal treatment of shareholders is safeguarded. This would of course only be carried out to the extent permitted by law. If the proposal is accepted this would apply to any future purchase by the company of own shares. The purpose of the share repurchase is capital share reduction

<sup>1</sup> **Ex-Date** is the day when trading commences without dividends, i.e. the next business day after the AGM.

<sup>2</sup> **Record Date** is the day shareholders have to be registered in the share registry to be entitled to receive dividends, i.e. the second business day after the AGM. Shareholders that purchase shares on the day of the AGM will receive dividends.

<sup>3</sup> **Payment date** is the day when dividends are paid out to shareholders.

and/or to fulfil the Company's obligations that the Company may undertake in accordance with the stock option plan as proposed in item 6 below.

Formal share repurchase programs follow detailed provisions on the submission of information and course of action apply if the Board of Directors resolves to offer shareholders to sell their shares, safeguarding equal treatment and transparency of such transactions relating to own shares.

## **5. Proposal to reduce the share capital by ISK 2,150,000 nominal value with payment to shareholders**

The Board of Directors of the Company submits the following proposal:

*"The Annual General Meeting of Eimskipafélag Íslands hf., held on 17 March 2022, resolves to reduce the Company's share capital of ISK 2,150,000 nominal value by payment in the amount of ISK 1,075,000,000. The amount will be paid to shareholders proportionally in accordance with their shareholding at the end of 27 April 2022, if all legitimate preconditions have then been met, or at the first available time thereafter when all legitimate preconditions for the payment have been met."*

Therefore the Board of Directors proposes that Article 2.1 of the Company's Articles of Association relating to the share capital will be amended and taking into account proposal no. 5 that the following provision will replace the current article in its entirety:

*"The Company's share capital is ISK 173,050,000."*

### **Notes relating to the proposal:**

The Company introduced in Q3 2019 a target long-term capital structure. The Company aims to maintain an equity ratio near 40% and to have modest leverage ratio of 2-3x net interest-bearing debt against EBITDA. The aim was to increase transparency and predictability and thereby increasing service to investors and capital markets analysts.

The fact that outlook for 2022 is favourable and cash flow expected to remain strong, taking into account the three-year CAPEX and Investment plan, allows for adjusting the capital structure in line with targets. By this proposal the Company is remaining close to target equity ratio of 40%.

The share capital will be reduced when all legitimate conditions have been met.

## **6. Proposal on the Company's Remuneration Policy**

The Board of Directors suggests alterations to the current Remuneration Policy according to the attached document "Remuneration Policy" and proposes that it will be approved. The current Remuneration Policy allows the Board of Directors to incentivize the CEO, Executive Management and certain number of key employees with stock options as part of their remuneration. This authorization has not been utilized nor implemented so far but with this proposal the current stock incentive authorization is put into a clear plan. The main alterations are in clause 7.2 in the current Remuneration Policy.

### **Notes relating to the proposal:**

The current Remuneration Policy authorizes the Board of Directors to grant the CEO, Executive Management Team and other key employees performance-based payments in the form of stock incentives. This has not been utilized thus far, but these proposals seek to put a clear framework in place for a share option plan which has been approved by the Board of Directors, upon recommendation from the Remuneration Committee. Even though this proposal includes authorization to allocate options for shares equal to 1.5% of Company's share capital as of today, the Board of Directors is not obliged to fully utilize the authorization and the Board intends to utilize the authorization, in part or full, over the course of time and will decide on the final implementation.

The share option plan sets forth a long-term incentive program intended to align the interests of the CEO, Executive Management Team and other key employees of the Company, on one hand,

and its shareholders, on the other hand, with a system which takes capital costs into account and adjusts for dividend payments, and as such seeks the equality of share option holders and shareholders. Share option holders do not profit from the share option plan without measures having a positive effect on the Company's share price in the long term and the program is designed in such a manner that short term effects on the Company's share price are not taken into account. The program also stipulates that the CEO, Executive Management Team and other key employees must retain a certain number of shares until certain multiple of their base salary is reached, when taxes have been deducted, until the relevant employees are no longer employed with the Company, pursuant to point 4 of Art. 79. a. Para. 1. of the Icelandic Act on Limited Liability Companies. The share option plan otherwise corresponds with the aforementioned Art. 79. a., Para. 1 of the Act on Limited Liability Companies, as well as the Guidelines of the Iceland Chamber of Commerce, the SA Confederation of Icelandic Enterprise and Nasdaq Iceland on Corporate Governance, 6<sup>th</sup> Edition.

Eimskip is an international company, with operations in 20 countries, and one of the largest enterprises in Iceland. The dynamics and nature of the global transportation market requires the Company to have experienced and qualified members in the Executive Management Team as well as strong management in all Group companies. The Board of Directors emphasizes the importance of paying competitive salaries and providing key employees with a modest incentive program. However, Eimskip is not, and does not intend to be, leading in salary payments on management level, neither in Iceland nor other countries where it operates.

The Company's Board of Directors intends, with these proposals put before the AGM, to set a realistic Remuneration Policy which will enable the Company to attract employees of the highest quality to ensure the Company's competitiveness globally, while in compliance with all applicable laws and regulations.

## **7. Election of the Board of Directors**

The Report of Eimskip's Nomination Committee and its proposals regarding nomination of candidates to the Board is published along with these final proposals of the Board of Directors. The report is available on the Company's Investor website.

Candidates that are not a part of the Committee's proposal of nomination of Board members will not automatically become candidates to the Annual General Meeting. According to the Company's Articles of Association written notices on candidature to the Board of Directors can be announced until ten days before the Annual General Meeting, or before 16:00 (GMT) on 7 March 2022. Final information on the candidates to the Board of Directors will be published no later than two days prior to the Annual General Meeting, cf. Art. 63 a. of act no. 2/1995 on Public Limited Companies.

## **8. Decision on remuneration to the members of the Board of Directors, the alternate Board members and subcommittees**

The Board of Directors proposes that the remuneration of the Board of Directors for the year 2022 will be as follows:

Chairman	ISK 700,000 per month
Vice-Chairman	ISK 550,000 per month
Directors	ISK 350,000 per month
Alternates	ISK 140,000 per attended meeting, but shall never exceed ISK 350,000 per month
Members of the Audit Committee, the Remuneration Committee, and the Nomination Committee	ISK 140,000 per month

The remuneration of the Board of Directors and committee members is fixed and shall apply to the next term.

## **9. Election of auditors**

The Board of Directors proposes to the Annual General Meeting that PricewaterhouseCoopers ehf., Skógahlíð 12, 105 Reykjavík, will be elected as the Company's auditing firm for the year 2022.