



# Remuneration Policy of Síminn hf.

## 1. INTRODUCTION

- 1.1 This remuneration policy is based on paragraph 1 of Article 79a of Act No. 2/1995 on Public Limited Companies and takes into account the guidelines of the Iceland Chamber of Commerce, Nasdaq Iceland hf., and the Confederation of Icelandic Employers on corporate governance. According to the Articles of Association of Síminn hf. (hereinafter referred to as "the Company"), this remuneration policy is not binding except as stipulated by law but shall serve as a guiding principle for the Board in accordance with Act No. 2/1995 on Public Limited Companies.
- 1.2 The Company's Board of Directors aims to attract and retain qualified executives who prioritize the interests of the Company and support its long-term operational and performance goals. The purpose of this remuneration policy is to make employment at the Company attractive, offer competitive compensation, and thereby ensure the Company maintains a leading position in Iceland.
- 1.3 To achieve this, the Board must be able to offer competitive salaries and other benefits in line with comparable companies while maintaining consistency in the remuneration of senior executives and other employees.
- 1.4 Decisions on remuneration shall consider responsibility and performance while ensuring compliance with recognized principles of equality.

## 2. REMUNERATION COMMITTEE

- 2.1 The Board of Directors appoints a Remuneration Committee in accordance with its rules of procedure.
- 2.2 The Board approves the rules of procedure for the Remuneration Committee. The Board is responsible for the work of the Committee, which operates under its authority.
- 2.3 The Remuneration Committee shall prepare decisions for the Board regarding the Company's remuneration policy and the remuneration of the CEO, executives, and board members as per Article 79a of Act No. 2/1995 on Public Limited Companies, and make recommendations as deemed necessary or appropriate.



### **3. REMUNERATION OF THE BOARD AND COMMITTEE MEMBERS**

- 3.1 Board members shall receive compensation as determined annually by the Annual General Meeting. Committee members of Board subcommittees shall also receive compensation in accordance with the Annual General Meeting's decision.
- 3.2 The Board proposes the compensation for the Board and committee members for the upcoming fiscal year based on the recommendations of the Remuneration Committee. This proposal shall consider the time commitment, responsibilities, the Company's financial performance, and the objectives of this remuneration policy.

### **4. REMUNERATION OF THE CEO**

- 4.1 A written employment contract shall be made with the CEO, clearly stating remuneration terms, including base salary, variable pay, pension contributions, vacation entitlements, other benefits, and notice period.
- 4.2 The CEO's remuneration shall be competitive in the market where the Company operates and shall reflect responsibilities, skills, education, experience, and previous positions. Consideration shall also be given to the scope of the role and internal company factors, such as salary distribution.
- 4.3 The employment contract with the CEO shall stipulate that no additional payments will be made upon termination beyond those specified in the contract, and the notice period shall be a maximum of 12 months.
- 4.4 The Board may negotiate a signing bonus with the CEO and enter into severance agreements, provided that severance payments reflect the CEO's terms, notice period, and the circumstances of the termination.

### **5. REMUNERATION OF SENIOR EXECUTIVES**

- 5.1 The CEO hires and negotiates employment contracts with other senior executives. Written employment contracts shall clearly define remuneration terms, including base salary, variable pay, pension contributions, vacation entitlements, other benefits, and notice periods.
- 5.2 Senior executives' remuneration shall be competitive in the market where the Company operates and shall reflect responsibilities, skills, education, experience, and previous positions. Consideration shall also be given to the scope of the role and internal company factors, such as salary distribution.
- 5.3 Employment contracts with senior executives shall stipulate that no additional payments will be made upon termination beyond those specified in the contract, and the notice period shall be a maximum of 12 months. Severance agreements may be entered into, provided severance



payments reflect the executive's terms, notice period, and the circumstances of the termination.

## **6. LIABILITY INSURANCE**

6.1 The Company shall ensure that liability insurance is in place at all times to cover current and former board members and senior executives for their duties on behalf of the Company. The Company shall indemnify the Board and executives against claims arising from their duties, provided such claims do not result from willful misconduct or gross negligence.

## **7. VARIABLE REMUNERATION – PERFORMANCE-BASED PAYMENTS**

7.1 The Company may, following the recommendation of the Remuneration Committee and Board approval, establish incentive schemes providing payments and benefits to employees (including the CEO and senior executives) in the form of cash and special pension contributions that are not part of fixed remuneration, where the final amount is not predetermined.

7.2 Performance-based bonuses may not exceed an amount equivalent to four months' base salary for the CEO and senior executives. Bonuses shall be linked to individual performance, company profitability, and/or significant milestones in the Company's operations, including the achievement of set goals. Bonuses shall only be available to employees employed by the Company at the time of payment. Bonus decisions shall ensure alignment between Company performance or achieved milestones and the maximum potential bonus amount. Provisions for clawback shall be included if payments are made based on demonstrably inaccurate data.

## **8. VARIABLE REMUNERATION – STOCK OPTION PLANS FOR ALL EMPLOYEES**

8.1 The Company may implement long-term incentive schemes in the form of stock options, aiming to align the interests of the Company's employees and subsidiaries with the Company's performance and long-term objectives. To this end, the Company shall establish a stock option plan that meets the conditions of item 7, Article 10 of Act No. 90/2003 on Income Tax, which must be approved at the Company's shareholder meeting.

## **9. STOCK OPTIONS FOR THE CEO AND SENIOR EXECUTIVES**

9.1 The Board of Directors may grant stock options to the CEO, senior executives, and key employees of the Company and its subsidiaries in accordance with a specific stock option plan approved by the Company's shareholder meeting. A maximum of 75,000,000 shares may be allocated under an approved stock option plan.

## **10. PAY EQUITY**

- 10.1 The Company shall ensure equal pay and benefits for employees performing the same or equivalent work, regardless of gender. Equal pay means that wages shall be determined based on the same criteria for all employees, regardless of gender, race, nationality, religion, age, or other irrelevant factors. The criteria used for determining wages shall not result in unjustified discrimination.
- 10.2 Equality shall be observed in the allocation of all types of remuneration and benefits, direct or indirect. Employees shall enjoy the same rights regarding pensions, vacation, and sick leave regardless of gender, race, nationality, religion, age, or other irrelevant factors.

## **11. DISCLOSURE AND ACCOUNTABILITY**

- 11.1 The Board shall publish this remuneration policy in connection with the Company's Annual General Meeting. At the Annual General Meeting, specific attention shall be drawn to the Company's total remuneration costs and any authorization to issue stock options that may dilute shareholder equity. Additionally, the expected cost of stock option plans and the implementation of previously approved remuneration policies shall be disclosed.
- 11.2 The Company's financial statements shall include details on total remuneration for the Board, CEO, and key executives in accordance with accounting standards.
- 11.3 The CEO shall ensure that employee salaries remain within the framework of the Company's remuneration policy.
- 11.4 If the Board deviates from this remuneration policy, it must justify its decision in each case, and such justification shall be recorded in the Board meeting minutes.

## **12. APPROVAL AND REVISION OF THE REMUNERATION POLICY**

- 12.1 The Company's remuneration policy shall be approved at the Annual General Meeting, with or without amendments. The Remuneration Committee and Board shall review this policy annually.
- 12.2 This remuneration policy shall be published on the Company's website.

Reykjavík, February 18, 2025

Board of Directors of Síminn hf.