

# REMUNERATION COMMITTEE

Report for Annual General Meeting 2025

Date

4.3.2025

# REPORT OF REMUNERATION COMMITTEE

## LEGAL BASIS AND OBJECTIVE

Eimskipafélag Íslands hf. (“the Company”) shall according to Article 79(a) of Act No 2/1995 on Public Limited Companies set a Remuneration Policy regarding salary and other remuneration to the CEO and other managers of the Company and to Members of the Board of Directors. The Remuneration Policy shall be approved at the Annual General Meeting of the Company allowing the shareholders of the Company to have a possibility to influence the Company’s policy.

The Board of Directors is responsible for the Remuneration Policy of the Company. The object of the Remuneration Policy is to make the Company a desirable workplace for competent employees and thereby secure Eimskip’s competitiveness on an international basis, future development and acceptable profitability.

## ROLE OF THE COMMITTEE

The Board of Directors shall appoint a Remuneration Committee consisting of three members of the Board of Directors. The Committee operates under the authority of the Board and the Board is responsible for the appointment and activities of the Committee. The Committee shall work in accordance with the Rules of Procedure set by the Board. The remuneration committee shall be advisory to the Board of Directors and the CEO regarding terms of employment for the executives of the Company and when setting the Remuneration Policy.

The Committee shall report formally to the Board on its proceedings on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

One of the Committee’s tasks is to prepare a report for the Annual General Meeting of its work. The report shall include a description of the Committee’s activities for the term, along with proposals on amendments to the Remuneration Policy. In case the Committee decides to deviate from the Remuneration Policy in its proposals, it shall be recorded in the meeting minutes of the Committee. No such deviations were recorded during the term.

## COMPOSITION AND TERM

At the first meeting of the Board of Directors following the 2024 Annual General Meeting, the duly elected Board of Directors resolved to appoint Óskar Magnússon, Lárus Blöndal and Baldvin

Þorsteinsson as members of the Remuneration Committee. It was also resolved to appoint Óskar Magnússon as the Committee's Chair.

The Committee's remuneration is in accordance with the decision of the 2024 Annual General Meeting.

On 19 April 2024 the Board of Directors approved the updated Rules of Procedure for the Remuneration Committee, which are published at Eimskip's Investor website.

This Remuneration Committee will serve until the 2025 Annual General Meeting on 27 March 2025.

## EXECUTION OF THE REMUNERATION POLICY

Below is information regarding salaries, benefits and related expenses paid to the Board of Directors and Executive Management as published in the Company's Condensed Consolidated Financial Statements 2024.

### Salaries and benefits

Fee paid to the Board of Directors	Fee in ISK		Fee in EUR		Shares at year-end <sup>1)</sup>
	2024	2023	2024	2023	2024
	Óskar Magnússon, Chairman .....	11,760	13,359	79	90
Margrét Guðmundsdóttir, Vice-Chairman .....	8,460	9,406	57	63	12,772
Lárus L. Blöndal, Board Member .....	8,143	8,437	55	57	2,989
Guðrún Ó. Blöndal, Board Member .....	6,519	6,680	44	45	0
Ólaf Hildur Pálsdóttir, Board Member .....	6,642	6,680	44	45	29,027
Baldvin Thorsteinsson, Alternate of the Board .....	1,814	2,068	12	14	227,336

### Salaries and benefits paid to Executive Management

2024	In ISK		In EUR		Shares at year-end <sup>1)</sup>	Options granted <sup>3)</sup>
	Base salary	Other <sup>2)</sup>	Base salary	Other		
Vilhelm Már Thorsteinsson, CEO .....	49,972	11,069	335	74	232,380	262,800
Executive Management <sup>4)</sup> .....	286,573	72,614	1,920	486	372,894	1,097,190

2023	In ISK		In EUR		Shares at year-end <sup>1)</sup>	Options granted <sup>3)</sup>
	Base salary	Other <sup>2)</sup>	Base salary	Other		
Vilhelm Már Thorsteinsson, CEO .....	45,370	22,589	304	152	232,380	197,100
Executive Management <sup>4)</sup> .....	268,055	111,693	1,798	749	366,549	897,520

<sup>1)</sup> Number of shares held directly by members of the Board of Directors and Executive management or parties related to them.

<sup>2)</sup> Cash incentives, pension contributions and house and car benefits.

<sup>3)</sup> The granted options during 2022 and 2024 are valued according to the Black and Scholes option pricing model with the assumptions applied when granted. The options granted have a vesting period of 3 years. The calculated total cost for the 3 years is disclosed in this table.

<sup>4)</sup> The Executive Management team comprises Björn Einarsson, EVP of Sales and Business Management; Bragi Thór Marinósson, EVP of International Operations; Edda Rut Björnsdóttir, EVP of Iceland Domestic Operations; David Ingi Jónsson, General Counsel; Harpa Hödd Sigurðardóttir, EVP of Human Resources and Communication; Hilmar Karlsson, CIO; Hilmar Pétur Valgardsson, COO; and Rósa Guðmundsdóttir, CFO.

In 2024, Jónína Guðný Magnúsdóttir and María Björk Einarisdóttir stepped down from the Executive Management team. Rósa Guðmundsdóttir assumed the role of CFO in September. In November, Edda Rut Björnsdóttir transitioned from EVP of Human Resources and Communication to EVP of Iceland Domestic Operations, and Harpa Hödd Sigurðardóttir was appointed EVP of Human Resources and Communication.

In 2023 social security contribution was included in the numbers, comparison numbers have been corrected.

### *Performance based compensation*

According to Article 7.1. of the Company's Remuneration Policy the Board of Directors is authorized to incentivize the CEO, Executive Management and key employees with performance-based compensation, based on an incentive plan that has been approved by the Board of Directors upon recommendation by the Remuneration Committee. Bonuses are payments and benefits to employees beyond their fixed salary which is normally contingent of performance and where the amount cannot be determined beforehand, the payments can be in the form of cash bonus payments and specific pension rights. The maximum amount of bonuses is three months base salary for the CEO, but two months base salary for others. Bonuses shall be directly related to the working performance of the individual employees, their status and responsibility, the economic performance of the Company, the achievements of certain operational goals, including reaching certain budget targets. Such bonuses can only be offered to employees who are still working for the Company at the time when the bonuses are due for payment. There will be no performance based compensation relating to the financial year 2024, but the performance based compensation system is in place for the financial year 2025.

### *Share Option Plan*

The Share Option Plan that was approved at the Company's Annual General Meeting in 2022 is still effective. The Annual General Meeting authorized the Board of Directors to issue up to 2,628,000 shares, amounting to 1.5% of total issues shares at the time of the approval.

The Board's first round allocation to certain key employees of the Company globally on 29 March 2022, amounting to 1,839,600 shares which constitute 1.05% of the Company's share capital when the share option plan was approved. Thereof 1,090,620 shares were allocated to the CEO and the Executive Management and the respective agreements signed.

The Board's second allocation to certain key employees of the Company globally was made on 6 November 2024, amounting to 1,090,620 shares which constitute 0.62% of the Company's share capital when the share option plan was approved. Thereof 486,180 shares were allocated to the CEO and the Executive Management and the respective agreements signed.

The exercise price of the first round allocation is ISK 546 pr. share and the price of the second round allocation is ISK 353 pr. share, i.e. the Company's average share price in ISK for the last 10 business days, as recorded on Nasdaq Iceland prior to the allocation date. The exercise price shall be adjusted (for reduction) for future dividend payments and corresponding capital allocation to the shareholders from the Company's assets on a krona-to-krona basis. The exercise price shall also be adjusted

(upwards) with 3% annual interest, added to risk-free interest until the first day of each exercise period. Vesting time is three (3) years from the date of allocation and exercise period is immediately upon the conclusion of the minimum vesting period (3 years from the date of allocation), whereas the option holder can exercise 33.33% of total options (period 1), a year thereafter, the option holder can exercise 33.33% of total options (period 2) and a year thereafter, the option holder can exercise 33.33% of total options (period 3). The total cost of the first-round allocation according to the Black & Scholes method is estimated EUR 1.4 million (ISK 205.0 million) during the vesting period and the total cost of the second-round allocation according to the same estimated method is EUR 463.6 thousand (ISK 68.7 million) as which accrued costs amounting to EUR 328 thousand (ISK 48.7 million) were recognized during the year 2024.

At year end 2024 the total amount of outstanding share options according to the plan amount to 2,601,000. Therefore 27,000 shares have been handed in as the employment of a share option holder with the Company has terminated.

## **THE COMMITTEE'S PROPOSALS**

*Proposal to the Board of Directors regarding remuneration to the members of the Board of Directors, the alternate Board members and subcommittees*

Article 3 of the Company's Remuneration Policy concerns remuneration of the Board of Directors. Members of the Board of Directors shall be paid a monthly salary, according to decision taken by the Annual General Meeting in that respect, as specified in Art. 79 of the Act on Public Limited Companies.

The Board of Directors shall submit a proposal for the period until the next Annual General Meeting and shall take into account the time spent by the Board Members on their duties, their personal liability, as well as the operational and economic performance of the Company and the Board of Directors shall also take into account remuneration of members of the Boards of Directors of comparable companies.

According to information from Statistics Iceland, published on 22 January 2025, the wage index has risen by 6.4% in the last twelve months and the basic wage index has risen by 6.5% for the same period. The wage index has risen by 26,2% in the period March 2022 to January 2025 and the basic wage index has risen by 25,0% for the same period.

The remuneration for the Chairman of the Board of Directors was last amended at the Company's 2022 AGM and is currently below remuneration of comparable companies. The proposal is to change this item from ISK 700,000 to ISK 800,000 per month which amounts to 14.2% increase over the course of these three years, March 2022 to January 2025.

The remuneration for the Vice-Chairman was last amended at the Company's 2024 AGM to ISK 570,000 and was ISK 550,000 prior to that and is currently below remuneration of comparable companies. The proposal is to change this item from ISK 570,000 to ISK 600,000 per month which amounts to 5.3% increase.

The remuneration for the Directors was last amended at the Company's 2024 AGM to ISK 380,000 and was ISK 350,000 prior to that and is currently below remuneration of comparable companies. The proposal is to change this item from ISK 380,000 to ISK 400,000 per month which amounts to 5,3% increase.

It should be noted that this proposal ensures conformity in the salaries of the Board of Directors.

The Remuneration Committee does not propose any amendments to the salary for members of the Company's Committees.

With reference to the Company's Remuneration Policy and what has been stated above the Remuneration Committee proposes that the remuneration of the Board of Directors for the year 2025 will be as follows:

Chairman ISK 800,000 per month

Vice-Chairman ISK 600,000 per month

Directors ISK 400,000 per month

Alternates ISK 140,000 per attended meeting, but shall never exceed ISK 400,000 per month.

Minimum fee between annual general meetings shall be ISK 400,000

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.

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

The Remuneration Committee does not suggest alterations to the current policy and proposes that the presented Remuneration Policy is approved. The Remuneration Policy is presented as a separate document to the Board of Directors and the Annual General Meeting, both in markup and clean versions.

#### **OTHER**

The Remuneration Committee had satisfactory access to the Company's documents and had a good co-operation with the Board of Directors, CEO, and other members of the management during the term.

The Remuneration Committee is of the opinion that it has complied with its duties as set by Icelandic law, the Company's shareholders and Board of Directors, and thereby fulfilled the objectives of the Remuneration Policy of the Company.

Reykjavík, 4<sup>th</sup>, March 2025

Óskar Magnússon  
Chairman of Remuneration Committee

Lárus Blöndal  
Member of Remuneration Committee

Baldvin Þorsteinsson  
Member of Remuneration Committee