

**NOVA KLÚBBURINN HF.**

**REMUNERATION POLICY**

**1 LEGAL BASIS AND OBJECTIVE**

- 1.1 Nova Klúbburinn hf. („the **Company**“) is obligated under Article 79(a) of Act No. 2/1995 on Public Limited Companies to set a Remuneration Policy regarding the remuneration of the Board of Directors, the CEO and other members of management. This Remuneration Policy rules shall apply mutatis mutandis to the Company’s subsidiary, Nova hf.
- 1.2 The Remuneration Policy is designed to attract, develop, and retain high-performing and motivated employees in a competitive market. The policy reflects the Company’s objectives for good corporate governance as well as a sustained long-term value creation for shareholders.
- 1.3 When deciding on terms of employment, responsibilities and results shall be taken into account. The company maintains full equality in determining wages and other terms of employment.
- 1.4 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 Company’s Remuneration Policy.
- 1.5 The Remuneration Policy applies to all employees of the Company and Nova and the Board of Directors.

**2 REMUNERATION COMMITTEE**

- 2.1 The Board of Directors shall appoint a Remuneration Committee consisting of two members. The committee shall work in accordance with the Rules of Procedure of the Remuneration Committee set by the Board.
- 2.2 Both committee members shall be independent of the company and its day-to-day management, in addition to which the committee members shall be independent of the company's auditors. Employees of the Company and the CEO may not be members of the committee. The committee members shall have knowledge and experience in accordance with the committee's work.
- 2.3 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 setting a Remuneration Policy.
- 2.4 The committee shall also supervise that terms of employment of ranking employees are in line with the Remuneration Policy and report annually to the Board of Directors in connection with the Annual General Meeting.

### **3 REMUNERATION OF THE BOARD OF DIRECTORS**

- 3.1 Members of the Board of Directors shall receive a fixed, monthly or quarterly payment in accordance with the decision of the Annual General Meeting of the Company. Members of the sub-committees of the Board of Directors shall also be paid a fee in accordance with the decision of the Annual General Meeting each year.
- 3.2 The Board of Directors shall submit a proposal on the remuneration for the upcoming operating year, based on the proposal of the Remuneration Committee. In this respect, account shall be taken of the extent of responsibilities, time commitment, the results of the Company and the objectives of this Remuneration Policy.

### **4 REMUNERATION OF THE CHIEF EXECUTIVE DIRECTOR - CEO**

- 4.1 A written employment contract shall be prepared between the Company and the CEO. The contract shall contain details of main duties and responsibilities, amount of base salaries and other remuneration. Other details of remuneration, such as contribution to pension funds, holiday allowance and other benefits, as well as terms of notice, shall be stated in the employment contract.
- 4.2 The base salary of the CEO and other remuneration shall be decided on annually and be competitive in the market in which the company operates, taking into account milestones and performance measures that can both be financial and non-financial.
- 4.3 The employment contract should include and stipulate all payments upon termination of the contract.

### **5 SENIOR EXECUTIVES AND OTHER KEY EMPLOYEES – TERMS OF EMPLOYMENT**

- 5.1 The CEO employs the Senior Executives and other key employees of the Company, in consultation with the Board of Directors. Terms of their employment contracts shall take into account same aspects and principles as referred to in Clause 4.

### **6 OTHER EMPLOYEES**

The Senior Executives shall, when applicable, take the above into consideration when deciding on the terms of employment of other employees. Remuneration of other employees shall be competitive on the labour market of the country in question.

### **7 INCENTIVE SCHEMES**

- 7.1 The Board of Directors is authorized to incentivize the CEO, Senior Executives and key employees with performance-based bonuses, subject to an incentive plan being approved by the Board of Directors upon recommendation by the Remuneration Committee.
- 7.2 Incentives are payments and benefits to employees beyond their fixed salary which is normally contingent of performance and where the amount of cannot be determined beforehand, the payments can be in the form of cash bonus payments and specific pension rights.
- 7.3 Incentives 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 or incentives can only be offered to employees who are still working for the Company at the time when the bonuses are due for payment.

## **8 SHARE OPTIONS**

- 8.1 The Board of Directors is authorized to enter into share option agreements with the CEO, Senior Executives and key employees of the Company and/or Nova in accordance with a share option plan approved by the shareholder meeting of the Company.
- 8.2 If the Board of Directors decides to offer further share options to key employees of the Company and/or Nova, a share option plan, shall be presented to shareholders meeting, for approval or rejection, with information on the reference price of shares, vesting period, number of shares and a list of option holders under the program.
- 8.3 Any share option provided pursuant to this Clause 8 shall always be subject to the conditions set forth in Act, No. 2/1995 on Public Limited Companies.

## **9 EQUAL PAY**

- 9.1 The company emphasizes that all its employees get equal pay and the same terms for the same or equivalent work, so that there is no unobjective wage difference. Equal pay means that pay should be determined in the same way for all employees, regardless of gender, race, ethnicity, religion, age or other irrelevant factors. The criteria on which the wage decision is based should therefore not constitute unobjective discrimination.
- 9.2 The company undertakes to work in accordance with the law on equal pay and it is an integral part of the company's policy. An equal pay system is operated in accordance with the Gender Equality Act and the equal pay standard ÍST85. The CFO is responsible for the equal pay policy and the equal pay system, as well as for enforcing the requirements related to the equal pay system.
- 9.3 Equality shall be observed in the allocation of any kind of remuneration and benefits, direct or indirect, and employees shall enjoy the same terms in terms of pension, holiday, and sickness rights regardless of gender, race, ethnicity, religion, age or other unobjective factors.

## **10 APPROVAL OF THE REMUNERATION POLICY AND OTHER MATTERS**

- 10.1 The Remuneration Policy shall be presented to the shareholders at the Annual General Meeting for their approval. It shall be subject to annual review and approval by the Annual General Meeting.
- 10.2 The Remuneration Policy is binding for the Board of Directors regarding stock incentives and any payment under which directors are remunerated in shares, share options or any other right to acquire shares or to be remunerated on the basis of share price movements and any substantial change in such schemes as per paragraph 2 Art. 79 a. of The Act on Public Limited Companies. In all other aspects the policy shall be viewed as guidelines.

- 10.3 The CEO shall guarantee that the salaries of employees will be within the framework of the company's remuneration policy at any given time.
- 10.4 Any deviation from the policy shall be recorded and justified in the Board's minutes. The Board of Directors shall inform the Annual General Meeting of such deviations.
- 10.5 This Remuneration Policy shall be accessible at the Company's website.

This Remuneration Policy has been approved at the Annual General Meeting of the Company on (29) March 2023.