



**Skeljungur**

## **Skeljungur hf.'s AGM 2020**

**Skeljungur hf.'s Annual General Meeting will be held at 16:00, Thursday March 5th, 2020, at Skeljungur's headquarters, Borgartún 26, 105 Reykjavík.**

### **Agenda**

1. Appointment of the Chairman and Secretary of the Annual Meeting.
2. A report from the Board of Directors on Skeljungur's main activities in 2019.
3. Presentation of the audited annual accounts for 2019, for the approval of the AGM.
4. Voting regarding how Skeljungur's profit (or loss) during the fiscal year shall be handled.
5. Voting on a proposal regarding an authorization to purchase Skeljungur's own shares.
  - The proposal is to the effect that the Annual General Meeting authorizes the company's board to purchase on behalf of the company the company's own shares up to 10% of the company's share capital.
6. Voting on a proposal to reduce Skeljungur's share capital.
  - The proposal entails that the share capital of the company shall be reduced from the nominal value of ISK 2,152,031,847 to the nominal value of ISK 1,985,675,666 through the cancellation of all the company's own shares which the company itself currently holds, in the nominal amount of ISK 166,356,181. Consequently, no payments will take place from the company in relation to the reduction of the share capital according to the proposal.
7. Voting regarding proposal to amendments to Skeljungur's articles of association.
  - The proposals are as follows:
    - i) Amendments to Art. 4, to the effect that the authorization to issue shares in different nominal amount than 1 ISK is cancelled; to the effect that the authorization for the board to increase the company's share capital with the subscription of new shares in order to fulfill the company's obligations in accordance with options, purchase and/or subscription agreements with its employees is extended until 1 September 2021, whereas the maximum nominal amount of such increase is reduced to ISK 1,622,156; and to the effect that the board is authorized to increase the share capital of the company in the nominal amount of up to ISK 215,203,184 as long as the increase does not exceed 10% of the outstanding share capital of the company.
    - ii) Amendments to Art. 6, to the effect that an explanation is added stating that shareholders cannot utilize their shareholders' rights in the company unless they have been registered in the company's register of shares.
    - iii) An amendment pertaining to Art. 7, which shall be deleted in its entirety.
    - iv) Amendments to Art. 8, to the effect that the maximum period for the board's authorization to purchase shares in the company shall be extended from 18

months to 5 years; to the effect that the term “shares” shall be used instead of “share capital”; and with an iteration that an annotation of the above authorization in the articles of association shall not be deemed to constitute an actual amendment to the articles of association.

- v) Amendments to Art. 9, deleting the provision stating that a registration at a securities depository shall be deemed to be proof of the ownership of the company’s shares.
- vi) Amendments to Art. 10, to the effect that shareholders may not be forced by the provisions of the articles of association, or amendments thereto, to increase their ownership of shares in the company or be subject to redemption of their shares unless authorized by law; and to the effect that a provision stating that redemption rights shall be in accordance with the Act. No. 108/2007 on Securities Transactions shall be deleted in its entirety.
- vii) Amendments to Art. 11, to the effect that it shall be authorized to use electronic exchange of documents and email in the correspondence between the company and its shareholders.
- viii) Amendments to Art. 13, pertaining to proxies; pertaining to the rights of shareholders, the members of the board, accountants, the company’s CEO and, if decided by the board, other experts to attend shareholders’ meetings; pertaining to the authorization to call a shareholders’ meeting with an advertisement in the newspapers or by electronic means; on the content of the call to a shareholders’ meeting, on shareholders’ rights; the final agenda of an AGM or another shareholders’ meeting; to the effect that matters which are not on the agenda for a shareholders’ meeting shall not be voted upon as a final resolution unless agreed upon by all shareholders; and on amendments lawfully made to existing resolutions.
- ix) Amendments to Art. 14, to the effect that the provisions of paragraph 3 of Art. 14, on the shareholders’ rights to have matters addressed at a shareholders’ meeting, shall be deleted, as the substance of the provision has been inserted into Art. 13 according to a proposal above.
- x) Amendments to Art. 16, to the effect that a discussion on the company’s remuneration policy shall be addressed as item no. 4 on an AGM’s agenda instead of item no. 8.
- xi) Amendments to Art. 21, which shall be deleted in its entirety, as the substance of the provision shall be inserted into Art. 13 according to a proposal above.
- xii) Amendments to Art. 23, with an iteration that a meeting of the board of directors shall be competent to make decisions when a majority of the board is present and that the call to the meeting was lawful; where the term “book of records” is replaced by “minutes from meeting”; and with an additional provision to the effect that the chairman of the board shall see to it that the board agrees on rules of procedure.
- xiii) Amendments to Art. 24, with an addition to paragraph 1 of Art. 24 to the effect that the board shall wield supreme powers over the affairs of the company between shareholders’ meetings within the boundaries of the articles of

association and law; and to the effect that the term “code of conduct” for the CEO shall be used in place of “term of reference”.

- xiv) Amendments to Art. 25, to the effect that the CEO shall follow the provisions of the articles of associations and the instructions of the board, where the reference to shareholders’ meetings is deleted; and where the provision on the CEO’s authorization to buy and sell real-estate on the company’s behalf for up to ISK 25 million in each case without the board’s approval is deleted as well.
- xv) Amendments to Art. 26, deleting a provision stating that the annual accounts for the company shall be prepared no later than two weeks before the AGM each year and handed over to the accountants for review.
- xvi) Amendments to Art. 28, to the effect that a reference to the Act. No. 144/1994 is added.

#### 8. Voting regarding proposal to a new Remuneration Policy.

- The proposals are as follows:
  - i) Better defined goals for remuneration policy and its scope. It is proposed that the Policy applies for Skeljungur as a parent company and on a consolidated basis. The Board of Directors is entrusted to ensure the implementation within the Group.
  - ii) A clear definition of roles between board members, Remuneration committee members and CEO, regarding the implementation of individual features of the policy.
  - iii) Minimum benchmarks should be defined and included in CEO and Executive team employment contracts.
  - iv) Proposed is a change to the bonus program and it is made simpler. In addition, a tighter framework is set for the maximum remuneration, as the remuneration may not surpass three months’ salary, or 25% on top of employee’s years’ salary.
  - v) The bonus program is based on the following fundamentals. The plan’s performance benchmarks are twofold:
    - a. The Skeljungur operating performance (EBITDA). Success in this benchmark can remunerate an employee up to two months’ salary.
    - b. Other goals and personal performance. Success in this benchmark can remunerate an employee up to one month’s salary.
  - vi) It is proposed that the permission to pay employees who retire after 20-40 years service for Skeljungur particular bonuses is deleted. On the other hand, the CEO is given permission to pay an employee a bonus of up to two months’ salary given special circumstances. These circumstances include exemplary performance exceeding expectations, important milestones, or if employee contribution or workload exceeds the norm.
  - vii) Shares in the Company may not be given in the form of a delivery of shares, call or put options, the right of first refusal of shares or any other remuneration related to the shares in the Company or the development of the share price, unless the before-mentioned is authorized by shareholders or if it is necessary to hold up agreements which are in force when this policy is adopted.

- viii) Information reporting at AGM and in the financial statement from the Board is defined regarding bonus payments
9. Voting on proposal for the remuneration of Directors, Sub-Committees and Auditors.
  10. Report and voting on proposal from the Nomination Committee to change the committee's code of conduct.
    - The proposals are as follows:
      - i) Article 2. (e): In the Committee's roles and obligations it is proposed to add that the Committee shall also evaluate the independence of sitting board members but not only candidates to the board as is now stated.
      - ii) Article 2. (h and i): It is proposed that the board member in the Nomination Committee does not take part of writing the report of the Committee and does not take part in writing the proposal to the AGM.
      - iii) Article 2 (k): It is proposed to add that if a request for a shareholders' meeting and a proposal for a board election is made, even though it's not an annual general meeting, the Nomination Committee shall act as if it were the annual general meeting, mutatis mutandis.
      - iv) Article 3: It is proposed that if an independent committee member is unable to perform his duties due to an impediment the Board shall appoint another one in his place. The Board must ensure that such person meets the independence and competence requirements and other provisions of these rules.
      - v) Article 5 (paragraph 1): It is proposed that the board member in the Committee does not have voting rights. If the votes are even the vote of the chairman shall be decisive.
      - vi) Article 5 (paragraph 2): It is proposed that the independent members of the committee decide which meetings the board member shall be involved in. As a rule, the board member shall not attend meetings with other board members, the Company's CEO, shareholders, other candidates or other meetings which the committee deems it unfit that he attends. The same rules apply regarding the board members access to the Committee's data and files.
  11. Report and proposal from the Nomination Committee regarding Board membership.
  12. Election of Board Members.
  13. Election of Nomination Committee.
  14. Election of Auditor.
  15. Other matters.

## Shareholders' rights

Parties who are registered as shareholders, according to the company's share register at the time of the meeting, may exercise their rights at the shareholders' meeting. The share register refers to transactions in Nasdaq Iceland on March 2, 2020. \* If shareholders trade after that time, they can bring a receipt from the

trading to the meeting and have the share register updated. A shareholders' meeting is legitimate if legitimately convened, regardless of attendance.

### **Shareholders rights to request items on the agenda**

Shareholders have the right to request items to be put on the agenda and to submit proposals if requested in writing no later than on Monday 24, February 2020 by 16:00. Such proposals shall be sent to [fjarfestar@skeljungur.is](mailto:fjarfestar@skeljungur.is) and will be published on the company's website. If a shareholder has requested that a matter shall be a part of the agenda or submitted a proposal before this date, the final agenda and proposals shall be updated on the company's website no later than three days before the meeting. Proposals not listed in the agenda of the shareholders' meeting cannot be resolved at the meeting unless approved by all shareholders of the company. Such matters may however be formed into a guidance for the Board of Directors.

### **Rules on attendance at the AGM**

All shareholders may attend the meeting and make a statement. Shareholders can send their questions to [fjarfestar@skeljungur.is](mailto:fjarfestar@skeljungur.is) or present their questions at the meeting. Shareholders' may be companies by a consultant. The consultant has neither the right to make a proposal nor any voting rights at the meeting. Shareholders may allow the consultants to speak for their hand.

Shareholders who cannot attend the meeting can provide others with power of attorney. A power of attorney form is available on the Company's website. The agent must submit the power of attorney at the meeting or have send to [fjarfestar@skeljungur.is](mailto:fjarfestar@skeljungur.is) in advance. The power of attorney shall never be valid for more than one year from its date. It may be revoked at any time, but not after the meeting has commenced.

### **Rules on voting**

At a shareholders meeting, each ISK 1 in shares shall have one vote. Skeljungur's total share capital is 2,152,031,847, Skeljungur's own shares are total 166,356,181. At the meeting a simple plurality of votes will decide issues, unless the Company's Articles of Association or national laws stipulate otherwise. If a proposal receives an equal number of votes, for and against, it is considered defeated.

Voting will only be in writing if demanded at the meeting by a voting party or the meeting chairman makes such a ruling. Election of the Board shall be in writing if candidatures exceed the number of board members. Election of Board members shall be a majority election between individuals, unless a rightful claim to a proportional or a multiplication election is received from shareholders controlling a minimum of 1/10 of the share capital. Such request must have been received by the Board of the Company before 16:00 Saturday February 29, 2020 at [fjarfestar@skeljungur.is](mailto:fjarfestar@skeljungur.is). In case votes break even at elections lots drawn will decide issues.

Voting will not be electronical.

Shareholders may request for voting papers to be sent to them with a written request. Such a request shall have been received no later than at 16:00 on Saturday February 29, 2020 at [fjarfestar@skeljungur.is](mailto:fjarfestar@skeljungur.is). Alternatively, shareholders can collect their voting papers at the company's headquarters and vote there.

For more information about the rights of shareholders, refer to Act no. 2/1995 on Public Limited Companies, which are available on the Alþingis's website, [www.althingi.is](http://www.althingi.is).

### **Candidature information**

Notifications about candidature for the Board of Directors must be submitted before 16:00 Saturday February 29, 2020, at [tilnefningarnefnd@skeljungur.is](mailto:tilnefningarnefnd@skeljungur.is) or at the Company's office at Borgartún 26, Reykjavik. Candidature form that can be found on the Company's website shall be used. It is noted that the

Nomination Committee will not be able to assess candidature that are received after 16:00 on February 20, 2020 and those candidature can therefore not be proposals for the committee. If the committee's proposal changes as set out in the call to a meeting, a new proposal will be published no later than February 24, 2020. Information about all candidates will be published on the Company's website no later than two days before the Annual General Meeting.

Notification about candidature to the Nomination Committee must be submitted before 16:00 Saturday February 29, 2020, at [fjarfestar@skeljungur.is](mailto:fjarfestar@skeljungur.is) or at the Company's office at Borgartún 26, Reykjavík. Information about candidates will be published on the Company's website no later than two days before the Annual General Meeting.

#### **Other information**

The shareholders' meeting will be conducted in Icelandic. The meeting documents will be available in Icelandic and English.

The meeting will be paperless. Agenda for the annual general meeting and meeting data including proposals from the Board to the meeting, will be available on the Company's website. The data will also be displayed to shareholders during work hours of the Company at the Company's headquarters at Borgartún 26 in Reykjavík, before the meeting.

Shareholders and their agents can register for the meeting at the meeting location from 15:30 on the meeting date. Shareholders can also register in advance, until 14:00 on the day of the meeting, by sending an e-mail to [fjarfestar@skeljungur.is](mailto:fjarfestar@skeljungur.is). Please note that if pre-registered, changes to ownership after March 2, cannot be taken into account. Please send your request with a name and id.no. and if appropriate a filled out mandate to [investors@skeljungur.is](mailto:investors@skeljungur.is)

All documents can be found on the Company's website, <https://en.skeljungur.is/shareholder-meeting-2020>

**See also proposals to the meeting.**

**Reykjavík, February 13, 2020**

**Board of Skeljungur hf.**