

# EIMSKIPAFÉLAG ÍSLANDS HF.

## ANNUAL GENERAL MEETING 25 MARCH 2021

To be held at Gullteigur conference room, Grand Hotel, Sigtúni 28, 104 Reykjavík.

### Meeting Agenda

1. The report of the Board of Directors on the activities of the Company for the financial year 2020
2. Confirmation of the Company's consolidated financial statements for the financial year 2020
3. Decision on the handling of the net earnings for 2020
4. Proposal to grant the Board of Directors an authorization to purchase own shares
5. Proposal to reduce share capital in relation to the share buy-back program
6. Proposal to reduce share capital
7. Proposal on the Company's Remuneration Policy
8. Election to the Board of Directors
9. Decision on remuneration to the members of the Board of Directors, the alternate Board members and subcommittees
10. Election of auditors
11. Proposal regarding the Company's Rules of Procedure for the Board of Directors
11. Other issues, lawfully presented

## Proposed resolutions for the Annual General Meeting 2021

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

### 2. Confirmation of the Company's consolidated financial statements for the financial year 2020

The Board of Directors of Eimskipafélag Íslands hf. proposes that the Consolidated Financial Statements for 2020 are approved.

### 3. Decision on the handling of the net earnings for 2020

The Board of Directors proposes that the Company pays a dividend of ISK 2.47 per share to shareholders for the year 2020. The proposed total amount is ISK 446.7 million, corresponding to approximately 64.9% of the Company's net earnings. Ex-Date is 26 March 2021<sup>1</sup>, the Record Date is 29 March 2021<sup>2</sup> and the Payment Date is 15 April 2021<sup>3</sup>.

### 4. Proposal to grant the Board of Directors an authorization to purchase own shares

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 25 March 2021 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:

On a shareholders meeting of 24 July 2018 an authorization was granted to purchase own shares until 24 January 2020 when it expired. At the 2020 Annual General Meeting the authorization was extended for 18 months from 26 March 2020 to 26 September 2021. By this proposal the authorization will be valid until 25 September 2022. 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, including the Act on Securities Transactions. If the proposal is accepted this would apply to any future purchase by the company of own shares.

The Company has in recent years distributed a relative low amount of dividend to shareholders. Cash flow from operation has been strong and is estimated to continue in 2021. By this proposal the Company is moving closer to target equity ratio of 40%.

Formal share repurchase programs refer to transactions that fall under point 1 of paragraph 3 in Article 115 and paragraph 2 in Article 119 of the Act on Securities Transactions and regulations set on the basis of those provisions. 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 share capital in relation to the share-buy back program

<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.

The Board of Directors submits the following proposal:

*„Annual General Meeting of Eimskipafélag Íslands hf., held on 25 March 2021, resolves to reduce the Company's share capital of ISK 6,100,000 from ISK 187,000,000 to ISK 180,900,000 nominal value. The reduction will be executed by reducing the Company's own shares amounting to the above mentioned amount, in accordance with the provisions of the Act No 2/1995.“*

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 that the following provision will replace the current article in its entirety:

*"The Company's share capital is ISK 180,900,000."*

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

On 10 June and 1 December 2019 the Board of Directors of the Company decided to initiate a share buy-back program cf. an authorization in Article 11.2 of its Articles of Association, in order to reduce the share capital of the Company. A total of 4,857,774 shares were purchased in the two share buy-back programs and therefore this proposal is put forth. It is being proposed that almost all the Company's own shares will be cancelled. If this proposal is accepted the share capital of the Company will be reduced from ISK 187,000,000 to ISK 180,900,000 nominal value. The share capital will be reduced when all legitimate conditions have been met.

The Board of Directors presented this proposal to the 2020 Annual General Meeting, but withdrew it on 17 March 2020 in light of the economic uncertainty in Iceland and in the world due to COVID-19 and to ensure that the Company would maintain its financial strength. As a result this proposal was not on the agenda of the 2020 Annual General Meeting. However the Board declared that it would table this proposal to a separate shareholders meeting at a later stage, when that uncertainty would be over.

## **6. Proposal to reduce the share capital of the Company**

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

*"The Annual General Meeting of Eimskipafélag Íslands hf., held on 25 March 2021, resolves to reduce the Company's share capital of ISK 5,700,000 nominal value by payment in the amount of ISK 1,675,800,000. The amount will be paid to shareholders proportionally in accordance with their shareholding at the end of 30 April 2021, 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 175,200,000."*

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

When the Company published the interim report for Q3 2019, at the end of November, a target long-term capital structure and a three-year target CAPEX plan was introduced. The Company aims to maintain an equity ration near 40% and to have modest leverage ration of 2-3x net interest-bearing debt against EBITDA. The aim is to increase transparency and predictability and thereby increasing service to investors and capital markets analysts.

No distribution of dividends was made to shareholders in 2020 due to COVID-19 pandemic. The Company has in recent years distributed a relative low amount of dividend to shareholders. Cash flow from operation has been strong and is estimated to continue in 2021. A three year CAPEX plan does not anticipate substantial investments and by this proposal the Company is moving closer to target equity ratio of 40% which lowers by 1.7 to 2.0% with this amendment.

Reduction of share capital is one of the methods available to meet the target and therefore this proposal is now set forth for the advantage of shareholders. The share capital will be reduced when all legitimate conditions have been met.

The Board of Directors presented this proposal to the 2020 Annual General Meeting, but withdrew it on 17 March 2020 in light of the economic uncertainty in Iceland and in the world due to COVID-19 and to ensure that the Company would maintain its financial strength. As a result this proposal was not on the agenda of the 2020 Annual General Meeting. However the Board declared that it would table this proposal to a separate shareholders meeting at a later stage, when that uncertainty would be over.

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

The Board of Directors suggests minor alterations to the Remuneration Policy and that it will be approved. The Remuneration Policy was published along with the AGM convocation and is accessible at the Company's Investor website: [www.eimskip.com/investors](http://www.eimskip.com/investors)

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

The Report of Eimskip's Nomination Committee and its proposals regarding nomination of candidates to the Board was published along with the final proposals of the Board of Directors. The report is available on the Company's Investor website. Candidates that were not a part of the Committee's proposal of nomination of Board members did not automatically become candidates to the Annual General Meeting.

According to the Company's Articles of Association the deadline for declaring candidacy to the Board of Directors has passed. According to the Company's Articles of Association the Annual General Meeting elects five members and two alternate members for the Board of Directors and therefore the candidates will be elected to the Board of Directors without ballot at the meeting. Information on the candidates is attached.

## **9. 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 2021 will be as follows:

Chairman	ISK 517,000 per month
Vice-Chairman	ISK 495,000 per month
Directors	ISK 341,000 per month
Alternates	ISK 137,500 per attended meeting, but shall never exceed ISK 341,000 per month
Members of the Audit Committee, the Remuneration Committee, and the Nomination Committee	ISK 137,500,000 per month

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

## **10. Election of auditors**

The Board of Directors proposes to the Annual General Meeting that PricewaterhouseCoopers ehf., Skógarhlíð 12, 105 Reykjavík, will be elected as the Company's auditing firm for the year 2021.

## **11. Proposal regarding the Company's Rules of Procedure for the Board of Directors**

Proposal from Gildi Pension Fund to the Annual General Meeting cf. attached document.