

REMUNERATION COMMITTEE

Report for Annual General Meeting 2024

Date

13.2.2024

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 2023 Annual General Meeting, the duly elected Board of Directors resolved to appoint Óskar Magnússon, Guðrún Blöndal and Baldvin

Thorsteinsson 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 2023 Annual General Meeting.

On 28 March 2023 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 2024 Annual General Meeting on 7 March 2024.

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 2023.

Salaries and benefits

Fee paid to the Board of Directors

	Fee in ISK		Fee in EUR		Shares at year-end*
	2023	2022	2023	2022	2023
	Óskar Magnússon, Chairman	14,207	14,392	95	101
Margrét Guðmundsdóttir, Vice-Chairman	10,003	11,230	67	79	12,772
Lárus L. Blöndal, Board Member	8,972	8,981	60	63	2,989
Guðrún Ó. Blöndal, Board Member	7,103	9,055	48	64	0
Ólöf Hildur Pálsdóttir, Board Member	7,103	7,062	48	50	29,027
Baldvin Thorsteinsson, Alternate of the Board	2,199	3,894	15	27	227,336

Salaries and benefits paid to Executive Management

2023	In ISK		In EUR		Shares at year-end*	Options granted
	Base salary	Other **	Base salary	Other		
Vilhelm Már Thorsteinsson, CEO	45,370	26,901	304	180	232,380	197,100
Executive Management***	268,055	131,650	1,798	883	366,549	897,520

2022	In ISK		In EUR		Shares at year-end*	Options granted
	Base salary	Other **	Base salary	Other		
Vilhelm Már Thorsteinsson, CEO	41,593	38,677	292	272	237,226	197,100
Executive Management***	258,913	124,277	1,820	874	374,192	897,520

* Number of shares held directly by members of the Board of Directors and Executive management or parties related to them.

** Cash incentives, pension contributions and house and car benefits.

***The Executive Management consists of Björn Einarsson EVP of Sales and Business Management, Bragi Thór Marinósson EVP of International Operations, Böðvar Örn Kristinsson EVP of Iceland Domestic Operations, Davíð Ingi Jónsson General Counsel, Edda Rut Björnsdóttir EVP of Human Resources and Communication, Hilmar Karlsson CIO, Hilmar Pétur Valgardsson COO of Operations and María Björk Einarisdóttir CFO. Böðvar Örn Kristinsson left the Executive Management in November 2023.

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 allocated share

options 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 exercise price of the share options is ISK 546 pr. share determined by the average price of shares traded on Nasdaq Iceland stock exchange over the 10 trading days 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 according to the Black & Scholes method is estimated EUR 1.4 million (ISK 205 million) during the vesting period as which accrued costs amounting to 327.7 thousand EUR (ISK 48.7 million) were recognized during the year.

At year end 2023 the total amount of outstanding share options according to the plan initiated in 2022 amount to 1,649,070. Therefore 190,530 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

The Remuneration Committee proposes that the remuneration of the Board of Directors for the year 2024 will be as follows:

Chairman ISK 700,000 per month

Vice-Chairman ISK 570,000 per month

Directors ISK 380,000 per month

Alternates ISK 140,000 per attended meeting, but shall never exceed ISK 380,000 per month

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.

The remuneration remains the same as last year apart from the Vice-Chairman which increases by ISK 20,000 and of the Directors which increase by ISK 30,000.

Proposal on the Company's Remuneration Policy

The Remuneration Committee does not suggest material alterations to the current policy, only formal alterations, 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, 13th, February 2024

Óskar Magnússon
Chairman of Remuneration Committee

Guðrún Blöndal
Member of Remuneration Committee

Baldvin Thorsteinsson
Member of Remuneration Committee