

## Report remuneration committee 2019

### Appointment of remuneration committee, committee role and responsibilities.

The board of Iceland Seafood appointed a new remuneration committee after a shareholders meeting on February 5th 2019, Liv Bergþórsdóttir and Magnus Bjarnason were appointed as committee members. The roles and responsibilities of the remuneration committee are defined in its Rules of Procedures. The committee shall assist the Board in ensuring that compensation arrangements support the strategic aims of the Company and enable the recruitment, motivation and retention of senior executives while also complying with legal and regulatory requirements. It is preferable that the committee members have experience and knowledge on guidelines and common practise regarding decisions on executives' terms of employment. The committee met four times in the period from the time of appointment and to end of February 2020.

### Group Bonus Scheme

In accordance with its Remuneration Policy, the Group operates a formal bonus scheme for Managing Directors at each business unit and the Group's senior executive team, which is reviewed and approved by the Remuneration Committee and the Board of Directors. The scheme is focused upon delivery over and above the prior year's Profit Before Tax (PBT) performance. In certain circumstances the prior year's or current year's PBT are being adjusted for certain variables. At its meeting on March 14<sup>th</sup> 2019 the remuneration committee reviewed and recommended to the board to approve a bonus scheme for 2019, which followed the same base principles as in the year before. The 2019 Bonus Scheme allowed for potential four different levels of bonus payments dependent upon the level of PBT increase, with the first level set at 5% increase in PBT and the maximum level at 20% increase in PBT. The respective bonus payments were decided to be in the range from 10% to 32.5% of individual annual salaries. The targets were adjusted for business units that had negative or limited PBT in 2018, i.e. targets were increased as appropriate. The scheme also had various conditions attached, including:

- i. For a subsidiary where the MD was a significant equity partner that any payment would be reduced by one-third,
- ii. No payments to be made before the local auditor has approved accounts,
- iii. Employee must be employed on 31<sup>st</sup> March of the following year to qualify for a bonus payment,
- iv. If an employee joins part way through the year then a proportional payment will be applicable,
- v. Scheme is discretionary,
- vi. Any payments outside of the scheme rules are subject to Remuneration Committee approval.

### Group Option Scheme

Share options are granted to employees under the company's Share Option Plan. During the year share options of ISK 14.780.000 nominal value were issued to seven employees, options of ISK 11.779.166

were exercised during the year by six employees and options of ISK 5.005.207 were cancelled as the optionees resigned from their positions within the Group. At the year-end fifteen employees within the group held options to buy 32.845.627 shares in the company. In total €25k were expensed in the Company's accounts during 2019 in relation to the Share Option agreements.

## Remuneration to Board of Directors and Group executive management

The table below set out the remuneration to Board of Directors and executive management:

|   | 2019         | 2018         | Shares at 2019<br>year end* |
|---|--------------|--------------|-----------------------------|
| Magnús Bjarnason, Chairman (from Feb19)                                 | 49           | -            | 2.262                       |
| Liv Bergþórsdóttir, Board member (from Feb19)                           | 21           | -            | 548                         |
| Jakob Valgeir Flosason, Board member (from Feb19)                       | 18           | -            | 268.998                     |
| Ingunn Agnes Kro, Alternate Board member (from Feb19)                   | 20           | -            | -                           |
| Benedikt Sveinsson, former Board member (to Feb19)                      | 4            | 48           | -                           |
| Mark Holyoake, former Board member (to Feb19)                           | -            | 90           | -                           |
| Ingi Johann Guðmundsson, former Board member (to Sep18)                 | -            | 10           | -                           |
| Bjarni Ármannsson, CEO (Chairman from Sep18 to Feb19)                   | 266          | 15           | 283.064                     |
| Helgi Anton Eiríksson, former CEO                                       | 412          | 406          | -                           |
| Other Executive management**  | 589          | 641          | 310                         |
| <b>Total salaries and benefits for the BOD and executive management</b> | <b>1.380</b> | <b>1.210</b> | <b>555.182</b>              |

\*Number of shares (in thousands) held directly by Directors and Executive Management or parties related to them

\*\* Reynir Jonsson, CFO and Lee Camfield, former COO

At January 23<sup>rd</sup> 2019 Bjarni Ármannsson was appointed as the new CEO of Iceland Seafood, after having been the chairman of the board of the company since September 2018. Helgi Anton Eiríksson, who had been the CEO for 9 years, stepped down from his position. At the same time Lee Camfield COO, also left his position at Iceland Seafood. The expenses of the management changes were fully recognised in the 2019 Financial statement. .

The table below shows the breakdown of remuneration to executive management in 2019 and 2018:

### Executive management remuneration 2019

|  | Base salary  | Allowances | Bonus     | Total        |
|--|--------------|------------|-----------|--------------|
| Bjarni Ármannsson, CEO (former Chairman) | 266          |            |           | 266          |
| Helgi Anton Eiríksson, former CEO        | 374          | 8          | 30        | 412          |
| Other Executive management               | 566          | 5          | 18        | 589          |
|  | <b>1.206</b> | <b>14</b>  | <b>48</b> | <b>1.267</b> |

### Executive management remuneration 2018

|                                   | Base salary | Allowances | Bonus      | Total        |
|-----------------------------------|-------------|------------|------------|--------------|
| Helgi Anton Eiríksson, former CEO | 400         | 10         | 71         | 481          |
| Other Executive management**      | 546         | 6          | 121        | 673          |
|                                   | <b>946</b>  | <b>16</b>  | <b>192</b> | <b>1.154</b> |

\*\* Reynir Jonsson, CFO and Lee Camfield, former COO

## **Proposals for AGM**

The board of Iceland Seafood proposes the following remuneration to the board and committees in the year 2020.

- Chairman of the Board ISK 600,000 per month
- Other Board Members ISK 300,000 per month
- Members of sub committees and alternate board member ISK 50,000 per meeting.

The Remuneration Committee and the Board of directors have reviewed both the Remuneration Policy and the Stock Option plan of the company and do propose an updated version of both for the Annual General Meeting. Both the proposed Remuneration Policy and the Stock Option Plan are available on the Company's website.