

Report remuneration committee 2020

Appointment of remuneration committee, committee role and responsibilities.

The board of Iceland Seafood appointed a new remuneration committee after a shareholders meeting on March 25th 2020, Liv Bergþórsdóttir, Jakob Valgeir Flosason and Halldór Leifsson were appointed as members of the Remuneration Committee.

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 2021.

Group Bonus Scheme

In accordance with its Remuneration Policy, the Group operates a formal bonus scheme for Managing Directors at each business unit (Spain, Ireland, UK and Iceland) 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 June 10 the remuneration committee reviewed the bonus scheme for 2020, due to covid it was fairly sure that bonus for the year 2020 would not be paid, and on the remuneration committee meeting on August 19 it was decided to recommend to the board that no bonuses would be paid in 2020. At its meeting on February 19, the remuneration committee reviewed and recommended to the board to approve a bonus scheme for 2021, which followed the same base principles as in the year's before. The 2021 Bonus Scheme allowed for potential four different levels of bonus payments dependent upon the level of PBT target. 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 each business unit. The scheme also has various conditions attached, including:

- i. No payments to be made before the local auditor has approved accounts,
- ii. Employee must be employed on 31st March of the following year to qualify for a bonus payment
- iii. Scheme is discretionary

Any payments outside of the scheme rules are subject to Remuneration Committee and board approval.

Group Option Scheme

An updated Share option plan was approved by the Annual General Meeting on March 19th 2020. During the year, share options of ISK 8.920.000 were granted to three employees, options of ISK 3.558.334 were exercised during the year of four employees and options of ISK 832.292 were cancelled as an optionee resigned from his position. At year end, thirteen employees within the Group held options to buy 37.375.001 shares in the company. The total amount of unused permission under the Share option plan is ISK 19.002.136 today. In total €53k were expensed in the Company's accounts during 2020 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:

	2020	2019	Shares at 2020 year end*
Liv Bergþórsdóttir, Chairman	46	21	548
Bergþór Baldvinsson, Board Member	20		273.998
Halldór Leifsson, Board Member	20		273.998
Ingunn Agnes Kro, Board Member	26	20	
Jakob Valgeir Flosason, Board Member	26	18	268.998
Gunnlaugur K Hreinsson, Alternate Board Member	3		14.997
Magnús Bjarnason, former Chairman	11	49	2.262
Benedikt Sveinsson, former Board Member		4	
Bjarni Ármannsson, CEO	335	266	290.000
Helgi Anton Eiríksson, former CEO		412	
Other Executive management**	217	589	550
Total salaries and benefits for the BOD and executive management	<u>704</u>	<u>1.379</u>	<u>1.125.351</u>

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

** Reynir Jónsson, CFO and Lee Camfield, former COO (2019)

The table below shows the breakdown of remuneration to executive management in 2020 and 2019.

Executive management remuneration 2020

	Base salary	Allowances	Bonus*	Total
Bjarni Ármannsson, CEO	309	-	26	335
Other Executive management	180	6	30	217
	490	6	56	552

Executive management remuneration 2019

	Base salary	Allowances	Bonus*	Total
Bjarni Ármannsson, CEO	266	-	-	266
Helgi Anton Eiríksson, former CEO	374	8	30	412
Other Executive management	566	5	18	589
	1.206	14	48	1.267

*Bonuses paid for performance in previous year

In January 2019 Bjarni Ármannsson was appointed as CEO of Iceland Seafood, 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 these management changes were fully recognised in the 2019 Financial statement.

Proposals for AGM

The Board of Directors proposes that the remuneration to Board members for the year 2021 will be as follow:

- Chairman of the Board ISK 600,000 per month
- Other Board Members ISK 300,000 per month
- Chairman of Audit Committee ISK 100,000 per meeting
- Other 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.