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## 1. Objective

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- 1.1. The object of this Remuneration Policy is to attract top talents and make a career with Iceland Seafood International hf. (the “**Company**”) a desirable option for first class personnel and shall reflect the diverse market conditions of the Company’s subsidiaries. In order to do so, the Board of Directors of the Company must be able to offer a competitive salary within the different markets the Company operates, as well as other payments such as bonuses and stock options. This Remuneration Policy is structured in line with Article 79 a of Act No. 2/1995 on Public Limited Liability Companies and the Guidelines on Management of Companies, issued by the Iceland Chamber of Commerce, Nasdaq Iceland and the Confederation of Icelandic Employers and shall be reviewed annually.
- 1.2. Furthermore, the Remuneration Policy shall promote that the interests of the Board members and employees are in fact linked to the Company's long-term results. It shall also prevent the remuneration of the Company's management from having the effect of encouraging excessive risk-taking.
- 1.3. The Company is committed to act in a fair, equitable and respectful way to its employees, in accordance with its equality and social responsibility policies.

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## 2. Remuneration Committee

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- 2.1. The Remuneration Committee shall be comprised of two to three members, elected by the Board of Directors of the Company. The Committee shall work in accordance with rules of procedure of the Remuneration Committee.
- 2.2. The Committee shall be advisory to the Board of Directors and management regarding the terms of employment for the Executive Team, including the Chief Executive Officer and shall propose the Remuneration Policy. The Committee shall supervise that the terms of employment for the Executive Team are within the boundaries of the Remuneration Policy and report to the Board of Directors annually thereof in connection with the Annual General Meeting of the Company.

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## 3. Board Of Directors – Terms of Employment

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- 3.1. Board members shall receive a set monthly compensation in accordance with the decision of the Annual General Meeting of the Company, as stipulated in Article 79 of Act no. 2/1995 on Public Limited Liability Companies. The Board of Directors shall propose the amount of the compensation for the upcoming operating year and shall take into account how much time Board members spend on the job, the responsibility accompanying the job, the capability of the individual Board member and the Company’s earnings.
- 3.2. Members of sub-committees of the Board shall receive a set fee for each sub-committee’s meeting they attend. The fee shall be decided by the Annual General Meeting of the Company.

3.3. Reserve directors shall receive a set fee for each meeting they attend. The fee shall be decided by the Annual General Meeting of the Company.

3.4. Board members and reserve directors shall not be granted stock options.

#### 4. Senior Executives – terms of employment

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4.1. A written contract shall be made between the Company and the Senior Executives, including the Chief Executive Officer. Their terms of employment shall be competitive by international standards.

4.2. The amount of the salary and other payments to the Senior Executives shall be decided on the basis of their education, qualifications, experience and previous occupation. Other terms of employment shall be specified in the contract, along with pension and vacation rights, perquisites and terms of notice. An initial payment at recruitment is permitted.

4.3. When deciding on the terms of notice special clauses relating to the extension of the term of notice in proportion with the Senior Executives period of employment are permitted. Furthermore, the contract shall specify the terms of notice.

4.4. The Senior Executives salaries shall be reviewed annually. The assessment of the Remuneration Committee, the development of wages in comparable companies and the earnings of the Company shall be taken into consideration at such review.

4.5. Changes to the Senior Executives employment contracts and/or new contracts regarding the Senior Executives terms of employment shall always be made in consultation with the Remuneration Committee and shall fulfil the conditions laid down in the Remuneration Policy.

#### 5. Compensation to Senior Executives

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5.1. The Remuneration Committee may propose to the Board of Directors that the Executive Team and divisional senior management should be rewarded in addition to their set terms of employment in the form of additional payments, benefits or other compensation, *inter alia*, in the following manner:

5.1.1. With performance-based bonus payments. The Remuneration Committee shall determine, in the best interest of the Company, the yearly maximum amount of bonus payments for Senior Executives, i.e. the CEO, CFO and the MDs of the Company's subsidiaries. The payments shall be based on a predetermined performance criterion, i.e. the Group's overall performance, the individual performances of the Executive and the performance of the department he / she operates.

Performance-based bonus payments shall be deferred for a reasonable period of time and allow for repayment if the payments have been determined on the basis of manifestly incorrect data.

- 5.1.2. With stock options in accordance with the Company's stock option plan approved at the Company's shareholders meeting.

When granting stock options similar contracts previously granted to the employee shall be taken into consideration, regardless of whether the option was used or not. A stock option shall as a rule only be useable by those who are currently employed by the Company when the option is active.

- 5.1.3. With additional payments in the employee's individual pension savings fund and life insurance policies.
- 5.1.4. With the use of automobiles, mobile phones, computers and home internet connection provided by the Company.

When deciding whether the Executive Team and divisional senior management should be granted rewards in addition to their set terms of employment, the performance of the respective employee shall be taken into consideration, but also the status of the employee, responsibility and influence on the future prospects of the Company and other factors laid down in Article 79 a of Act No 2/1995 on Public Limited Liability Companies.

## **6. Compensation to other employees**

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- 6.1. When deciding on the terms of employment of other employees those who decide their terms of employment shall take the rules mentioned above in Sections 4 and 5 into consideration.

## **7. Information**

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- 7.1. At the Annual General Meeting of the Company, the Board of Directors shall report on the terms of individual Board of Directors and Senior Executives of the Company.
- 7.2. All documents in relation to the Remuneration Policy shall be made available to shareholders at least two weeks before the Company's Annual General Meeting. At the Annual General Meeting, special attention shall be drawn to the company's total costs due to the remuneration policy and an authorization to issue stock option agreements that may dilute shareholders' shareholdings.
- 7.3. At the Annual General Meeting, the estimated costs of stock option plans shall also be reported and the implementation of a previously approved remuneration policy reported.

## **8. Approval of the Remuneration policy and other matters**

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- 8.1. The Remuneration Policy shall be presented to the shareholders in the Annual General Meeting for their approval. The Remuneration Policy shall be subject to annual review.
- 8.2. The Remuneration Policy has a binding effect for the Board of Directors regarding stock

options of the company and any payment under which directors are remunerated in shares of the company as per paragraph 3 of Article 79 a of Act no. 2/1995.

- 8.3. In all other aspects the Remuneration Policy should be used by the Remuneration Committee, the Board of Directors and the Company in an advisory capacity. The Board of Directors shall note in the minutes of the meeting any deviations from the Remuneration Policy and justifications for such deviations. The Board of Directors shall inform the Annual General Meeting of such a deviation.