



# NIÐURSTÖÐUR AÐALFUNDAR EIMSKIPAFÉLAGS ÍSLANDS HF.

## HALDINN Í RAFRÆNU STEYMI FRÁ HÖFUÐSTÖÐVUM FÉLAGSINS

FIMMTUDAGINN 25. MARS 2021 KL. 16:00

Meðfylgjandi eru niðurstöður fundarins.

Tillögur á dagskrárlíðum 1-10 voru samþykktar með öllum þeim atkvæðum sem farið var með á fundinum.

### 1. Skýrsla stjórnar félagsins um starfsemi þess á liðnu starfsári og staðfesting ársreiknings fyrir síðastliðið reikningsár (dagskrárlíðir 1 og 2)

Ársreikningurinn og skýrsla stjórnar voru samþykkt.

### 2. Ákvörðun um ráðstöfun hagnaðar á reikningsárinu 2020 (dagskrárlíður 3)

Fyrir fundinum lá eftirfarandi tillaga stjórnar félagsins sem var samþykkt:

Fundurinn samþykkti að félagið greiði hluthöfum arð vegna reikningsársins 2018 sem nemur 2,47 krónum á hlut sem samsvarar um 64,9% af hagnaði ársins. Viðmiðunardagsetning arðgreiðslu verði við lok viðskipta á aðalfundardegi og arðleysisdagur<sup>1</sup> því 26. mars 2021 og arðsréttardagur<sup>2</sup> 29. mars 2021. Lagt er til að útborgunardagur<sup>3</sup> verði þann 15. apríl 2021.

### 3. Tillaga um endurnýjun heimildar til kaupa á eigin hlutum (dagskrárlíður 4)

Fundurinn samþykkti tillögu stjórnar um að endurnýja heimildina til næstu 18 mánaða.

### 4. Tillaga um lækkun hlutafjár vegna kaupa á eigin hlutum skv. endurkaupaáætlun (dagskrárlíður 5)

Fundurinn samþykkti tillögu stjórnar um lækkun hlutafjár vegna kaupa á eigin hlutum samkvæmt endurkaupaáætlun.

### 5. Tillaga um heimild til lækkunar hlutafjár (dagskrárlíður 6)

Fundurinn samþykkti tillögu stjórnar um lækkun hlutafjár.

### 6. Tillaga um starfskjarastefnu félagsins (dagskrárlíður 7)

Fundurinn samþykkti framlagða starfskjarastefnu.

Eftirfarandi er gildandi starfskjarastefna félagsins:

#### „STARFSKJARASTEFNA

#### 1. GRUNDVÖLLUR OG MARKMIÐ

Samkvæmt ákvæði 79. gr. a. í lögum 2/1995 um hlutafélög ber Eimskipafélagi Íslands hf. (”félagið”) að setja sér starfskjarastefnu varðandi laun og aðrar greiðslur til forstjóra og annarra stjórnenda félagsins sem og stjórnarmanna þess. Starfskjarastefnan skal samþykkt á aðalfundi félagsins og er hluthöfum þannig gert kleift að hafa áhrif á stefnu félagsins varðandi starfskjör.

Starfskjarastefnan er á ábyrgð stjórnar félagsins, sem tók mið af fimmtu útgáfu leiðbeininga Viðskiptaráðs Íslands um góða stjórnarhætti við gerð stefnunnar.

Markmið starfskjarastefnu þessarar er að gera starf hjá félaginu að eftirsóknarverðum kosti fyrir hæft starfsfólk og þar með tryggja samkeppnishæfni félagsins, framþróun og viðunandi arðsemi. Félagið gætir fyllsta jafnréttis við ákvörðun launa og annarra starfskjara. Allir starfsmenn njóta

<sup>1</sup> **Arðleysisdagur** er sá dagur sem viðskipti hefjast án arðsréttinda, þ.e. næsti viðskiptadagur eftir aðalfund.

<sup>2</sup> **Arðsréttardagur** er sá dagur sem hluthafar verða að vera skráðir í hlutaskrá til að eiga rétt á arði, þ.e. annar viðskiptadagur eftir aðalfund. Þetta þýðir að hluthafar sem hafa keypt hluti á aðalfundardegi munu fá greiddan arð.

<sup>3</sup> **Útborgunardagur** er sá dagur sem arður er greiddur út til hluthafa.

sömu starfskjara fyrir jafnverðmæt störf. Það er stefna Eimskips að laun og önnur kjör séu samkeppnishæf við sambærileg störf á markaði.

## **2. STARFSKJARANEFND**

Stjórn félagsins skal skipa starfskjaranefnd sem skipuð er þremur mönnum sem stjórn félagsins kýs úr sínum röðum. Nefndin starfar samkvæmt sérstökum starfsreglum sem stjórn félagsins setur henni. Hlutverk starfskjaranefndar er að vera leiðbeinandi fyrir félagsstjórn og framkvæmdastjórn um starfskjör æðstu stjórnenda félagsins og ráðgefandi um starfskjarastefnu. Skal nefndin jafnframt fylgjast með því að starfskjör lykilstarfsmanna séu innan ramma starfskjarastefnunnar og gefa félagsstjórn skýrslu þar um árlega í tengslum við aðalfund félagsins.

## **3. STARFSKJÖR STJÓRNARMANNA**

Stjórnarmönnum skal greidd föst mánaðarleg þóknun í samræmi við ákvörðun aðalfundar ár hvert, svo sem kveðið er á um í 79. gr. laga um hlutafélög. Gerir stjórnin tillögu um þóknunina fyrir komandi starfsár og tekur mið af þeim tíma sem stjórnarmenn verja til starfans, þeirri ábyrgð sem á þeim hvílir, afkomu félagsins auk þess sem litið skal til þóknunar til stjórnarmanna sambærilegra félaga. Heimilt er að greiða stjórnarmönnum sérstaklega fyrir ákveðin afmörkuð verkefni. Greiðslur fyrir slík verk skulu háðar samþykki stjórnar, annarra en þess stjórnarmanns sem um ræðir hverju sinni. Félagið skal tryggja stjórnarmönnum að þeir séu skaðlausir af kröfum sem á þá kunna að verða gerðar eða á þá kunna að falla vegna starfa fyrir félagið að svo miklu leyti sem ákvæði laga um hlutafélög leyfa. Óheimilt er að gera starfslokasamninga við stjórnarmenn.

## **4. STARFSKJÖR FORSTJÓRA**

Gera skal skriflegan ráðningarsamning við forstjóra. Í þeim samningi skulu koma fram helstu skyldur forstjóra og ábyrgðarsvið hans. Fjárhæð grunnlauna og annarra greiðslna til forstjóra skal taka mið af menntun, reynslu og fyrri störfum. Tilgreina skal önnur starfskjör í ráðningarsamningnum, svo sem greiðslur í lífeyrissjóð, orlof, hlunnindi og uppsagnarfrest. Auk þess er heimilt að semja við forstjóra um afkomutengdar greiðslur og/eða hlutabréfatengd réttindi að hlutafé í félaginu, skv. því sem getið er í 7. grein, og skulu slíkir samningar skoðast sem hluti af ráðningarsamningi.

Við ákvörðun uppsagnarfrests í ráðningarsamningi má hafa sérstök ákvæði um að uppsagnarfrestur skuli lengjast í hlutfalli við starfstíma forstjóra. Jafnframt skal, í ráðningarsamningi, geta um skilyrði uppsagnar forstjóra.

Endurskoða skal grunnlaun forstjóra árlega og skal við slíka endurskoðun hafa hliðsjón af frammistöðu forstjóra, þróun launakjara almennt í sambærilegum fyrirtækjum og afkomu félagsins.

Við gerð ráðningarsamnings við forstjóra skal haft að leiðarljósi að ekki komi til frekari greiðslna við starfslok en fram koma í ráðningarsamningi. Heimilt er þó við sérstök skilyrði að gera sérstakan starfslokasamning við forstjóra sem þjóni hagsmunum félagsins að mati stjórnar.

## **5. STARFSKJÖR FRAMKVÆMDASTJÓRA OG ANNARRA LYKILSTARFSMANNA**

Forstjóri ræður framkvæmdastjóra félagsins og aðra lykilstarfsmenn félagsins í samráði við stjórn félagsins. Við ákvörðun starfskjara framkvæmdastjóra gilda sömu sjónarmið og ákvæði sem rakin eru í 4. gr.

## **6. AÐRIR STARFSMENN**

Við ákvörðun starfskjara annarra starfsmanna skulu framkvæmdastjórar einstakra sviða taka mið af ofangreindum reglum eftir því sem við á. Starfskjör annarra starfsmanna skulu vera samkeppnishæf á mælikvarða viðkomandi lands.

## **7. KAUPAUKAR**

Stjórn félagsins er heimilt er að greiða forstjóra, framkvæmdastjórum og öðrum lykilstarfsmönnum félagsins kaupauka í formi reiðufjár og/eða hlutabréfatengdra réttinda á grundvelli sérstaks kaupaukakerfis sem samþykkt hefur verið af stjórn að fengnu álitni starfskjaranefndar.

Með kaupauka er átt við greiðslur og hlunnindi til starfsmanna, meðal annars reiðufé, sérstakar lífeyrisgreiðslur og hlutabréfatengd réttindi, þ.m.t. kauprétti, venjulega skilgreint með tilliti til

árangurs, sem ekki er þáttur í föstum starfskjörum starfsmanna, þar sem endanleg fjárhæð liggur ekki fyrir með nákvæmum hætti fyrirfram. Kaupauki getur að hámarki numið fjárhæð sem samsvarar þriggja mánaða grunnlaunum hjá forstjóra, en tveggja mánaða grunnlaunum hjá öðrum.

Skulu kaupaukar miðast við frammistöðu viðkomandi starfsmanna, afkomu félagsins, mikilvæga áfanga í rekstri og starfsemi félagsins, þ.á.m. hvort settum markmiðum hefur verið náð. Slíkir kaupaukar eða hlutabréfatengd réttindi skulu einungis vera starfsmönnum til boða sem starfa hjá félaginu þegar kaupaukinn er greiddur.

Ákveði stjórnin að gefa lykilstarfsmönnum félagsins kost á samningum um hlutabréfatengd réttindi skal áætlun um slíka samninga lögð fyrir hluthafafund félagsins til samþykktar eða synjunar, með upplýsingum um viðmiðunarverð hlutabréfa, tímalengd þeirra, fjölda hluta og fjölda starfsmanna sem áætlun nær til. Skal stjórnin gera fundinum grein fyrir þeim kostnaði sem félagið kann að hafa af áætlunum um hlutabréfatengd réttindi, verði þær samþykktar.

Gera skal skriflega samninga um hlutabréfatengd réttindi við einstaka starfsmenn. Þeir samningar skulu ávallt vera innan ramma laga um hlutafélög nr. 2/1995 og háð þeim skilyrðum sem þar koma fram.

Stjórnarmenn skulu ekki njóta hlutabréfatengdra réttinda.

Greiðsla kaupauka og gerð samninga um hlutabréfatengd réttindi er ávallt háð skilyrðum laga um hlutafélög nr. 2/1995.

## **8. LÁNVEITINGAR TIL STARFSMANNA**

Félagsstjórn skal óheimilt að veita starfsmönnum lán til hlutabréfakaupa í tengslum við fjármögnun á kaupum þeirra á hlutum í félaginu sbr. 2. mgr. 104. gr. laga nr. 2/1995 um hlutafélög.

## **9. ÁBYRGÐARTRYGGING STJÓRNENDA**

Á hverjum tíma skal félagið sjá til þess að í gildi sé ábyrgðartrygging vegna starfa stjórnenda þess, sem tryggir þeim skaðleysi vegna krafna sem kunna að vera gerðar vegna starfa þeirra fyrir félagið. Félagið tryggir stjórnendum ekki skaðleysi ef krafan er tilkomin vegna saknæmrar háttsemi viðkomandi stjórnanda, þannig að hún teljist ásetningur eða stórfellt gáleysi.

## **10. UPPLÝSINGAGJÖF**

Á aðalfundi skal stjórn gera grein fyrir kjörum forstjóra, framkvæmdastjóra, lykilstarfsmanna og stjórnarmanna. Upplýsa skal um heildarfjárhæð greiddra launa á árinu, greiðslur frá öðrum félögum í sömu fyrirtækjasamstæðu, fjárhæð kaupauka og hlutabréfatengdra réttinda, annars konar greiðslur sem tengjast hlutabréfum í félaginu, starfslokagreiðslur ef einhverjar eru, auk heildarfjárhæðar annarra greiðslna. Þá skal gera grein fyrir launum og starfskjörum stjórnar og æðstu stjórnenda í ársskýrslu félagsins.

Starfskjarastefna þessi skal vera aðgengileg á vefsíðu félagsins.

## **11. SAMÞYKKT STARFSKJARASTEFNU OG FLEIRA**

Starfskjarastefna þessi var samþykkt á stjórnarfundi félagsins þann 25. febrúar 2021 og öðlast gildi við samþykki aðalfundar.

Starfskjarastefna félagsins skal tekin til endurskoðunar ár hvert og borin undir aðalfund til samþykktar með eða án breytinga.

Er starfskjarastefnan bindandi fyrir stjórn félagsins að því er varðar ákvæði um samninga um hlutabréfatengd réttindi og hvers konar samninga eða greiðslur er fylgja þróun verðs á hlutabréfum í félaginu, sbr. 2. mgr. 79. gr. a. hlutafélagalaga. Að öðru leyti er starfskjarastefnan leiðbeinandi fyrir félagið og stjórn þess. Stjórn félagsins skal færa til bókar í fundargerðarbók veigamikil frávik frá starfskjarastefnunni og skulu þau frávik studd greinargóðum rökum. Gera skal grein fyrir frávikum á næsta aðalfundi félagsins.

## **GREINARGERÐ MEÐ STARFSKJARASTEFNU EIMSKIPAFÉLAGS ÍSLANDS HF.**

Með lögum nr. 89/2006 var m.a. gerð sú breyting á hlutafélagalögum að grein 79 a. var bætt inn í lögin. Greininni hefur síðan verið breytt með lögum nr. 87/2009 og lögum nr. 68/2010. Greinin leggur þá skyldu á stjórn Eimskipafélags Íslands hf. að leggja starfskjarastefnu fyrir aðalfund félagsins til samþykktar eða synjunar. Skal starfskjarastefnan mæla fyrir um laun og aðrar greiðslur til forstjóra og annarra lykilstarfsmanna félagsins, svo og stjórnarmanna þess.

Segir í lögunum að í starfskjarastefnu skuli koma fram grundvallaratriði varðandi starfskjör stjórnenda og stjórnarmanna og stefnu félagsins varðandi samninga við stjórnendur og stjórnarmenn. Jafnframt skal koma þar fram hvort og þá við hvaða aðstæður og innan hvaða ramma heimilt sé að greiða eða umbuna stjórnendum og stjórnarmönnum til viðbótar grunnlaunum þeirra og þá M eðal annars í formi afhendingar hluta, árangurstengdra greiðslna, hlutabréfa, kaup- og söluréttar, forkaupsréttar og annars konar greiðslna sem tengdar eru hlutabréfum í félaginu eða þróun verðs á þeim (hlutabréfatengd réttindi), lánasamninga, lífeyrissamninga og starfslokasamninga.

Var umrædd lagabreyting gerð vegna tilmæla Framkvæmdastjórnar Evrópubandalagsins 2004/913/EB frá 14. desember 2004 um að stuðla að viðeigandi fyrirkomulagi að því er varðar starfskjör stjórnenda í hlutafélögum sem eru skráð í Kauphöll.

Stjórn Eimskipafélags Íslands hf. hefur það að markmiði með tillögu að starfskjarastefnu, sem hér er lögð fyrir aðalfund félagsins, að marka félaginu raunhæfa starfskjarastefnu sem gerir félaginu fært að laða til sín starfsmenn í fremstu röð og tryggja þar með samkeppnishæfni félagsins á alþjóðlegum vettvangi að teknu tilliti til laga og reglna.

Samþykkt á aðalfundi þann 25. mars 2021.“

## 7. Kosning stjórnar félagsins (dagskrárliður 8)

Fundurinn kaus eftirfarandi einstaklinga í stjórn félagsins:

Baldvin Þorsteinsson  
Guðrún Blöndal  
Lárus L. Blöndal  
Margrét Guðmundsdóttir  
Ólóf Hildur Pálsdóttir

Fundurinn kaus eftirfarandi einstaklinga í varastjórn félagsins:

Jóhanna á Bergi  
Óskar Magnússon

## 8. Ákvörðun um þóknun til stjórnarmanna, varamanna og undirnefnda stjórnar (dagskrárliður 9)

Fundurinn samþykkti tillögum um þóknun stjórnarmanna, varamanna og undirnefnda stjórnar, sem verða því sem hér segir:

Stjórnarformaður	kr. 517.000 á mánuði
Varaformaður	kr. 495.000 á mánuði
Meðstjórnendur	kr. 341.000 á mánuði
Varamenn	kr. 137.500 fyrir hvern setinn fund, þó ekki hærra en kr. 341.000 fyrir hvern mánuð
Nefndarmenn í endurskoðunarnefnd	kr. 137.500 á mánuði
Nefndarmenn í starfskjaranefnd	kr. 137.500 á mánuði
Nefndarmenn í Tilnefningarnefnd	kr. 137.500 á mánuði

Stjórnarlaun og laun nefndarmanna eru ákveðin fyrirfram fyrir kjörtímabilið.

## 9. Kosning endurskoðenda (dagskrárliður 10)

PricewaterhouseCoopers ehf., Skógarhlíð 12, 105 Reykjavík, var kjörið endurskoðunarfélag Eimskipafélags Íslands hf. fyrir árið 2021.

#### **10. Tillaga varðandi starfsreglur stjórnar (dagskrárliður 11)**

Tillaga frá Gildi-lífeyrissjóð til aðalfundar var felld með 64.508.924 atkvæðum á móti 56.220.903 atkvæðum. Hluthafar sem fóru með 40.444.927 atkvæði sátu hjá.

Stjórn félagsins hittist í kjölfar aðalfundarins og skipti með sér verkum.

Baldvin Þorsteinsson var kosinn stjórnarformaður og Lárus Blöndal var kosinn varaformaður stjórnar.

**ANNUAL GENERAL MEETING OF EIMSKIPAFÉLAGS ÍSLANDS HF.  
HELD IN LIVE WEBCAST FROM THE COMPANY'S HQ  
THURSDAY 25 MARCH 2021 AT 16:00 (GMT)**

Enclosed are the results of the meeting.

Agenda items no. 1 – 10 were all approved with all the share capital that attended the meeting.

**1. The report of the Board of Directors on the activities of the Company for the financial year 2020 and confirmation of the consolidated financial statements for the financial year 2020 (agenda item no. 1 and 2)**

The consolidated financial statements and report of the Board of Directors were approved.

**2. Decision on the handling of the net earnings for 2020 (agenda item no. 3)**

The meeting approved that the Company pays a dividend of ISK 2.47 per share to shareholders for the year 2020, corresponding to approximately 64,9% of the Company's net earnings. Ex-Date is 26 March 2021, the Record Date is 29 March 2021 and the Payment Date is 15 April 2021.

**3. Proposal to grant the Board of Directors an authorization to purchase own shares (agenda item no. 4)**

The meeting approved the proposal on updating the authorization to purchase own shares.

**4. Proposal to reduce share capital in relation to the share-buy back program (agenda item no. 5)**

The meeting approved the proposal to reduce share capital in relation to the share-buy back program.

**5. Proposal to reduce the share capital of the Company (agenda item no. 6)**

The meeting approved the proposal to reduce the share capital of the Company.

**6. Proposal on the Company's Remuneration Policy (agenda item no. 7)**

The meeting approved the proposed Remuneration Policy. Therefore the Company's current Remuneration Policy reads as follows:

**„REMUNERATION POLICY**

**1. LEGAL BASIS AND OBJECTIVE**

Eimskipafélag Íslands hf. ("the Company") is obligated according to Article 79(a) of Act No 2/1995 on Public Limited Companies to 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 Board of Directors took the guidelines of the Iceland Chamber of Commerce, SA Confederation of Icelandic Enterprise and Nasdaq Iceland on corporate governance, fifth edition, into account when preparing the policy.

The object of this Remuneration Policy is to make the Company a desirable workplace for competent employees and thereby secure Eimskip's competitiveness, future development and acceptable profitability. The company maintains full equality in determining wages and other terms of employment. All employees are paid equal wages and enjoy the same terms of employment for work of equal value. It is Eimskip's policy that wages and other terms are competitive with comparable jobs in the market.

## **2. REMUNERATION COMMITTEE**

The Board of Directors shall appoint a Remuneration Committee consisting of three members of the Board of Directors. 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 setting a Remuneration Policy. The committee shall also supervise that terms of employment of ranking employees are in line with the Remuneration Policy and report annually to the Board of Directors in connection with the Annual General Meeting.

## **3. REMUNERATION OF THE BOARD OF DIRECTORS**

Members of the Board of Directors shall be paid a monthly salary, according to decision taken by the Annual General Meeting in that respect, as specified in paragraph 79 of the Act on Public Limited Companies. The Board of Directors shall submit a proposal for the period until the next Annual General Meeting and shall take into account the time spent by the Board Members on their duties, their personal liability, as well as the operational and economic performance of the Company and the Board of Directors shall also take into account remuneration of members of the Boards of Directors of comparable companies. Additional payments may be effected to individual Board Members for specifically defined projects. Payments for such tasks shall be subject to approval by the other Board Members. The Company shall secure immunity for the Board of Directors for all claims that can eventually be made against them, connected to their work on behalf of the Company, within the limits allowed under the act on Public Limited Companies. It is not permitted to make redundancy contracts with individual Board Members.

## **4. CEO – TERMS OF EMPLOYMENT**

A written employment contract shall be prepared between the Company and the CEO, containing details of his main duties and responsibilities. The amount of his basic salaries and other remuneration shall take into account his education, working experience and previous employment. Other details of his remuneration, such as contribution to pension funds, holiday allowance and other benefits, as well as terms of notice, shall be mentioned in the employment contract. Bonuses and stock incentives shall also be included in the employment contract, as specified in paragraph 7 of this Remuneration Policy.

When stipulating the period of notice for termination of the employment contract, the period may be directly related to the duration of the employment of the CEO. The employment contract shall also stipulate the terms of notice.

The basic salary of the CEO shall be revised annually and shall evaluate the performance of the CEO, the development of salaries for similar positions in comparable companies and the general performance and operations of the Company.

The employment contract should include and stipulate all payments due to the CEO upon termination of the contract. Under special circumstances it is however permitted to prepare a separate redundancy contract if the Board of Directors is of the opinion that it is in line with the Company's interests.

## **5. SENIOR EXECUTIVES AND OTHER KEY EMPLOYEES – TERMS OF EMPLOYMENT**

The CEO employs the Senior Executives and other key employees of the Company, in consultation with the Board of Directors. Terms of their employment contracts shall take into account same aspects and principles as mentioned in paragraph 4.

## **6. OTHER EMPLOYEES**

The Senior Executives shall, when applicable, take the above into consideration when deciding on the terms of employment of other employees. Remuneration of other employees shall be competitive on the labor market of the country in question.

## **7. INCENTIVES**

The Board of Directors is authorized to incentivize the CEO, Senior Executives and key employees with cash and/or stock options, based on an incentive plan that has been approved by the Board of Directors upon recommendation by the Remuneration Committee.

Incentives are payments and benefits to employees beyond fixed salary which is normally contingent of performance and where the amount of cannot be determined beforehand, the payments can be in the form of cash bonus payments and specific pension rights . The maximum



amount of incentives is three months base salary for the CEO, but two months base salary for others.

Incentives shall be directly related to the working performance of the individual employees, their status and responsibility, the economic performance of the Company, the achievements of certain operational goals, including reaching certain budget targets. Such bonuses or incentives can only be offered to employees who are still working for the Company at the time when the bonuses are due for payment.

If the Board of Directors decides to offer further stock incentives to key employees of the Company, a stock incentive plan, including stock options, shall be presented to shareholders meeting, for approval or rejection, with information on the reference price of shares, vesting period, number of shares and a list of employees under the program. The Board shall present to the Annual General Meeting a cost estimate of stock incentive plans.

The Company shall enter into written stock incentive agreements with employees. The agreements shall always be subject to the conditions of the act no. 2/1995 on Public Limited Companies.

Members of the Board of Directors shall not be entitled to stock incentives.

Payments of bonuses and offering of stock incentives is always subject to the terms and conditions of Act No. 2/1995 on Public Limited Companies.

## **8. LOANS TO EMPLOYEES**

The Board of Directors is not permitted to grant loans to employees regarding financing of shares in the Company in accordance with 2 paragraph of Art. 104 of act no. 2/1995 on Public Limited Companies.

## **9. DIRECTORS AND OFFICERS LIABILITY INSURANCE**

The Company shall at any given time have in place a directors and officers liability insurance policy relating to managers work, to indemnify and hold them harmless from and against claims that can be made in relation to their work for the company. The Company will not indemnify managers in the event a claim results from a culpable behavior of a manager, defined as willful misconduct or gross negligence.

## **10. DISCLOSURE**

At the Annual General Meeting the Board of Directors shall disclose to the shareholders the terms of employment of the CEO, Senior Executives, key employees and Board Members of the Company. The Board of Directors shall disclose the total amount paid in salaries in any form in the previous financial year, payments from other companies within the Group, and stock incentives and all other forms of payment pertaining to stock in the Company and retirement payments, if any. Further to this, the salary and remuneration of the Members of the Board of Directors and managers of the Company shall be outlined in the Annual Report of the Company.

This Remuneration Policy shall be accessible at the Company's website.

## **11. APPROVAL OF THE REMUNERATION POLICY AND OTHER MATTERS**

This Remuneration Policy was approved in a meeting of the Board of Directors of the Company on February 25<sup>th</sup>, 2021 and will come into force with its approval by the Annual General Meeting of the Company.

The Remuneration Policy is subject to annual review and approval of the Annual General Meeting, with or without amendments.

The Remuneration Policy is binding for the Board of Directors regarding stock incentives and any payment under which directors are remunerated in shares, share options or any other right to acquire shares or to be remunerated on the basis of share price movements and any substantial change in such schemes as per paragraph 2 Art. 79 a. of The Act on Public Limited Companies. In all other aspects the policy shall be viewed as guidelines. The Board of Directors shall note in the minutes of the meeting any major deviation from the Remuneration Policy and such deviation shall be well justified. The Board of Directors shall inform the Annual General Meeting of such a deviation.

## **EXPOSITION WITH THE REMUNERATION POLICY FOR EIMSKIPAFÉLAG ÍSLANDS HF.**

Act no. 89/2006 added Article 79 a. to the act on Public Limited Companies. The article has been amended with laws no. 87/2009 and no. 68/2010. The article requires the Board of Directors to set forth a Remuneration Policy prior to the general meeting of the shareholders where it is put to a vote. The Remuneration Policy shall stipulate the salary and other payments to the CEO and other key employees, as well as the Board of Directors. The Act also states that the Remuneration Policy shall include all fundamentals on terms of employment of executives and Board Members along with the Company's policy on agreements with ranking employees and Board Members. It shall moreover include details on if, how, under what circumstances and within what limits the management and directors can receive additional awards in the form of delivery of shares, performance-based payments, stock options and any and all payment having to do with Company shares or the future value of such shares (stock incentives), loan contracts, pension funds, retirement or redundancy payments.

The before mentioned legislative change was made on the grounds of Commission Recommendation 2004/913/EC of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies.

With this Remuneration Policy, hereby submitted to the Annual General Meeting of the shareholders, the Board of Directors of Eimskipafélag Íslands hf. aims to set forth a Remuneration Policy that will enable the Company to attract leading individuals and thereby guaranteeing the Company's competitiveness on an international basis and compliance with law and regulations.

Approved at the Annual General Meeting on March 25<sup>th</sup> 2021.

## **7. Election to the Board of Directors (agenda item no. 8)**

The meeting elected the following individuals to serve on the Board of Directors of the Company until next Annual General Meeting:

Baldvin Þorsteinsson  
Guðrún Blöndal  
Lárus L. Blöndal  
Margrét Guðmundsdóttir  
Ólöf Hildur Pálsdóttir

The meeting elected the following individuals to serve as the alternate Board of Directors of the Company until next Annual General Meeting:

Jóhanna á Bergi  
Óskar Magnússon

## **8. Decision on remuneration to the members of the Board of Directors, the alternate Board members and subcommittees (agenda item 9)**

The meeting approved the proposal of the Board of Directors on remuneration to the members of the Board of Directors, the alternate Board members and subcommittees. The remuneration shall 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.

**9. Election of auditors (agenda item no. 10)**

The meeting approved to elect PricewaterhouseCoopers ehf., Skógarhlíð 12, 105 Reykjavík, as the Company's auditing company for the year 2021.

**10. Proposal regarding the Company's Rules of Procedure for the Board of Directors (agenda item no. 11)**

Proposal from Gildi Pension Fund to the Annual General Meeting was rejected by 64.508.924 votes. 56.220.903 voted in favor and 40.444.927 votes abstained.

Following the Annual General Meeting the Board of Directors met and decided on allocation of responsibilities.

Baldvin Þorsteinsson was elected as Chairman of the Board of Directors and Lárus Blöndal was elected as Vice Chairman.

**SAMPYKKTIR**  
**FYRIR**  
**EIMSKIPAFÉLAG ÍSLANDS HF.**

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Útgefnar 25. mars 2021

*VIP*

# SAMÞYKKTIR

## FYRIR

### EIMSKIPAFÉLAG ÍSLANDS HF.

#### 1 HEITI FÉLAGSINS, HEIMILI OG TILGANGUR

- 1.1 Heiti félagsins er Eimskipafélag Íslands hf.
- 1.2 Félagið er hlutafélag.
- 1.3 Heimilisfang félagsins er í Reykjavík.
- 1.4 Tilgangur félagsins er rekstur, eignarhald og fjárfestingar í félögum í flutningastarfsemi og annar skyldur rekstur.

#### 2 HLUTAFÉ FÉLAGSINS

##### Hlutafé – hlutir - atkvæði

- 2.1 Hlutafé félagsins er kr. 175.200.000.
- 2.2 Hver hlutur er ein króna.
- 2.3 Á hluthafafundum fylgir eitt atkvæði hverjum hlut í félaginu.

(Sérákvæði um hlutafjárhækkanir og önnur sérákvæði er að finna í grein 15, ef við á).

##### Aukning hlutafjár

- 2.4 Hluthafafundur einn getur samþykkt aukningu hlutafjár í félaginu hvort heldur með áskrift nýrra hluta eða útgáfu jöfnunarhluta.

##### Forgangsréttur

- 2.5 Hluthafar skulu hafa forgangsrétt að aukningu á hlutum í hlutfalli við skráða hlutaeign sína. Heimilt er að víkja frá ákvæði þessu sbr. 3. mgr. 34 gr. laga nr. 2/1995 um hlutafélög.

##### Hlutabréf - hlutaskrá

- 2.6 Hlutabréf félagsins eru gefin út með rafrænum hætti samkvæmt ákvæðum laga nr. 131/1997 um rafræna eignaskráningu verðbréfa.
- 2.7 Hlutaskrá samkvæmt ákvæðum laga um rafræna eignaskráningu verðbréfa skoðast sem fullgild sönnun fyrir eignarétti að hlutum í félaginu, og skal arður á hverjum tíma, svo og tilkynningar allar, sendast til þess aðila, sem á hverjum tíma er skráður eigandi viðkomandi hluta í hlutaskrá félagsins.

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## **Sala hluta og eigendaskipti**

2.8 Engar hömlur eru lagðar á rétt hluthafa til sölu á hlutum sínum. Um eigendaskipti og framkvæmd þeirra fer eftir gildandi lögum um rafræna eignaskráningu verðbréfa og reglna sem settar eru á grundvelli þeirra.

## **Réttindi og skyldur hluthafa**

2.9 Hluthafar eru skyldir, án nokkurrar sérstakrar skuldbindingar af þeirra hálfu, að lúta samþykktum félagsins eins og þær eru nú eða síðar kann að verða breytt á lögmætan hátt. Hluthafar verða ekki, hvorki með félagssamþykktum né breytingum á þeim, skyldaðir til að auka hlutafjáreign sína í félaginu og eigi heldur að sæta innlausn á hlutum sínum. Hluthafar bera ekki ábyrgð á skuldbindingum félagsins fram yfir hlut sinn í félaginu, nema þeir taki á sig slíka ábyrgð með sérstökum löggerningi. Þessu ákvæði verður hvorki breytt né heldur fellt niður með neinum ályktunum hluthafafundar.

2.10 Engin sérréttindi fylgja neinum hlut í félaginu.

## **Samskipti við hluthafa**

2.11 Heimil er notkun rafrænna skjalasamskipta og rafpósts í samskiptum milli félagsins og hluthafa í stað þess að senda eða leggja fram skjöl rituð á pappír. Nær heimildin til hvers kyns samskipta milli félagsins og hluthafa svo sem um boðun hluthafafunda, greiðslu arðs eða annarra tilkynninga sem félagsstjórn ákveður að send skuli hluthöfum. Eru slík rafræn samskipti jafngild samskiptum rituðum á pappír. Skal félagsstjórn setja reglur um framkvæmd rafrænna samskipta og þær kröfur sem gerðar eru til hugbúnaðar sem skal vera hluthöfum aðgengilegur. Þeir hluthafar sem hyggjast nýta sér rafræn samskipti við félagið með þessum hætti skulu staðfesta það í samræmi við þær reglur sem félagsstjórn setur.

## **3 STJÓRNSKIPULAG**

3.1 Með stjórnun félagsins fara:

1. Hluthafafundir.
2. Stjórn félagsins.
3. Forstjóri.

## **4 HLUTHAFAFUNDIR**

4.1 Æðsta vald í öllum málefnum félagsins, innan þeirra takmarka sem samþykktir þess og landslög setja, er í höndum lögmætra hluthafafunda.

### **Réttur til þátttöku**

4.2 Rétt til setu á hluthafafundum hafa hluthafar, umboðsmenn hluthafa, endurskoðendur félagsins og forstjóri, þótt ekki sé hluthafi. Þá getur stjórnin boðið sérfræðingum setu á einstökum fundum, ef leita þarf álits þeirra eða aðstoðar.

4.3 Stjórn er heimilt að ákveða að hluthafar geti tekið þátt í fundarstörfum hluthafafunda með rafrænum hætti án þess að vera á fundarstað. Telji stjórn

að tiltækur sé nægilega öruggur búnaður til að gefa hluthöfum kost á að taka þátt í fundarstörfum með rafrænum hætti án þess að vera á fundarstað og ákveði stjórn að nýta þessa heimild skal þess sérstaklega getið í fundarboði.

#### **Rafrænir hluthafafundir**

- 4.4 Stjórn er heimilt að ákveða að hluthafafundur verði aðeins haldinn rafrænt.
- 4.5 Telji stjórnin gerlegt að halda fundinn algjörlega rafrænt með viðeigandi búnaði og gefa hluthöfum þannig kost á þátttöku í fundarstörfum og atkvæðagreiðslu skal í fundarboði koma fram upplýsingar um tæknibúnað auk upplýsinga um það hvernig hluthafar tilkynni um rafræna þátttöku sína og hvar þeir nálgist upplýsingar, leiðbeiningar og aðgangsorð til þátttöku í fundinum. Jafngildir innslegið aðgangsorð í tölvuforrit undirskrift viðkomandi hluthafa og telst viðurkenning á þátttöku hans í hluthafafundinum.
- 4.6 Hluthafar sem hyggjast nýta sér rafræna þátttöku skulu tilkynna skrifstofu félagsins þar um með 5 daga fyrirvara og leggja þar fram skriflegar spurningar varðandi dagskrá eða framlögð skjöl sem þeir óska svara við á fundinum.
- 4.7 Hluthafar skulu hafa aðgengi að leiðbeiningum um þátttöku í hluthafafundi með rafrænum hætti ásamt aðgangsorði og nauðsynlegum hugbúnaði til slíkrar þátttöku. Jafngildir innslegið aðgangsorð í tölvuforrit undirskrift viðkomandi hluthafa og telst viðurkenning á þátttöku hans í hluthafafundinum.

#### **Atkvæðagreiðsla utan fundar**

- 4.8 Ef stjórn telur ekki framkvæmanlegt að gefa hluthöfum kost á þátttöku í hluthafafundi rafrænt skal hluthöfum gefinn kostur á að greiða atkvæði um tillögur eða taka þátt í kosningum bréflaga. Setur stjórn reglur um framkvæmd slíkrar kosningar.

#### **Umboð**

- 4.9 Hluthafi getur látið umboðsmann sækja hluthafafund fyrir sína hönd. Umboðsmaður skal leggja fram skriflegt eða rafrænt umboð og skal það dagsett umboð. Umboð gildir aldrei lengur en í eitt ár frá dagsetningu þess.
- 4.10 Umboð verða ekki afturkölluð svo gilt sé gagnvart félaginu eftir að þeim hefur verið framvísað við afhendingu fundargagna eða eftir setningu hluthafafundar, hvort heldur sem fyrr er.

#### **Lögmæti hluthafafunda**

- 4.11 Hluthafafundur er lögmætur án tillits til fundarsóknar, ef löglega er til hans boðað.

#### **Aðalfundur**

- 4.12 Aðalfund skal halda innan fimm mánaða frá lokum reikningsárs ár hvert. Aðalfundir skulu boðaðir með sama hætti og aðrir hluthafafundir skv. ákvæðum í greinum 4.16 til 4.21.

## Dagskrá aðalfundar

4.13 Á aðalfundi skulu þessi mál tekin fyrir:

1. Skýrsla stjórnar félagsins um starfsemi þess síðastliðið starfsár. Jafnframt skal stjórnin leggja fyrir stutta samantekt um hlutfjáreign einstakra hluthafa, rétt þeirra til að greiða atkvæði og um helstu breytingar sem orðið hafa á árinu.
2. Staðfesting ársreiknings og tekin ákvörðun um hvernig fara skuli með hagnað eða tap félagsins á reikningsárinu.
3. Tekin ákvörðun um þóknun til stjórnarmanna.
4. Tillögur félagsstjórnar um starfskjarastefnu.
5. Kosning stjórnar félagsins sbr. grein 5.1.
6. Kosning endurskoðanda sbr. grein 10.1.
7. Tillögur frá hluthöfum sem ber að taka á dagskrá samkvæmt grein 4.22 sbr. 4. mgr. 88. gr. hlutafélagalaga.
8. Önnur mál.

4.14 Ef hluthafar, sem ráða yfir minnst 1/3 hlutfjárins, krefjast þess skriflega á aðalfundi, skal fresta ákvörðun um lið 2 til framhaldsaðalfundar, sem haldinn skal í fyrsta lagi einum mánuði og í síðasta lagi tveimur mánuðum síðar. Frekari frests er ekki unnt að krefjast.

4.15 Ársreikningur félagsins, skýrsla stjórnar og skýrsla endurskoðanda skulu liggja frammi á skrifstofu félagsins hluthöfum til sýnis 7 dögum fyrir aðalfund.

## Boðun hluthafafunda

4.16 Stjórn félagsins skal boða til hluthafafunda þegar hún telur þess þörf, svo og samkvæmt fundarályktun eða þegar kjörinn endurskoðandi eða hluthafar, sem ráða yfir minnst 5% hlutfjárins, krefjast þess skriflega og greina fundarefni.

4.17 Þegar lögmæt krafa um fundarhald er fram komin skal stjórninni skylt að boða til fundar innan 14 daga frá því er henni barst krafan. Hafi félagsstjórn eigi boðað til fundar innan þess tíma er heimilt að krefjast þess að til fundarins verði boðað skv. ákvæðum 2. mgr. 87. gr. hlutafélagalaga.

4.18 Hluthafafundir skulu boðaðir með rafrænum hætti og/eða auglýsingu í fjölmiðlum.

## Boðunarfrestur

4.19 Hluthafafundir skulu boðaðir með skemmst þriggja vikna fyrirvara en lengst fjögurra vikna fyrirvara.

4.20 Til hluthafafunda skal boðað með rafrænum hætti þannig að tryggður sé skjóttur aðgangur að fundarboðinu á jafnréttisgrundvelli. Skulu notaðir traustir miðlar sem tryggja trausta útbreiðslu upplýsinga til almennings á Evrópska efnahagssvæðinu. Jafnframt skal boðað til hluthafafunda með auglýsingu í innlendum fjölmiðli.

4.21 Í fundarboði skal að minnsta kosti greina:

- 1) Fundarstað, fundartíma og drög að dagskrá. Ef taka á til meðferðar á fundi tillögu til breytinga á samþykktum félagsins skal greina meginefni tillögunnar í fundarboði.

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- 2) Skýrar og nákvæmar reglur um þátttöku og atkvæðagreiðslu á hluthafafundi.
- 3) Hvar og hvernig nálgast megi:
  - a) Skjöl sem lögð verða fyrir hluthafafund.
  - b) Ályktunartillögur og/eða athugasemdir félagsstjórnar eða undirnefnda hennar varðandi hvert atriði að drögum að dagskrá hluthafafundar.
  - c) Ályktunartillögur hluthafa sem félagið hefur mótttekið.
- 4) Vefsíðu þar sem finna má upplýsingar sem hluthafar skulu hafa aðgang að í tengslum við hluthafafund samkvæmt lögum.

### **Tillögur frá hluthöfum**

- 4.22 Hver hluthafi á rétt á að fá ákveðin mál tekin til meðferðar á hluthafafundi, ef hann gerir um það skriflega kröfu til félagsstjórnar með það miklum fyrirvara að unnt sé að taka málið á dagskrá fundarins.

### **Dagskrá**

- 4.23 Dagskrá skal lögð fram á skrifstofu félagsins hluthöfum til sýnis, ásamt endanlegum tillögum sem koma eiga til afgreiðslu, eigi skemur en 7 sólarhringum fyrir fund.

### **Breytingartillögur**

- 4.24 Löglega frambornar viðauka- og breytingartillögur má bera upp á fundinum sjálfum, enda þótt þær hafi ekki áður legið frammi hluthöfum til sýnis.

### **Mál sem ekki eru á dagskrá**

- 4.25 Mál sem ekki hafa verið greind í dagskrá er ekki hægt að taka til endanlegrar úrlausnar á hluthafafundi nema með samþykki allra hluthafa í félaginu, en gera má um þau ályktun til leiðbeiningar fyrir félagsstjórn.
- 4.26 Komi fram tillögur undir dagskrárliðnum "Önnur mál" verða þau ekki tekin til endanlegrar úrlausnar sbr. gr. 4.23.

### **Fundarstjóri**

- 4.27 Hluthafafundum stjórnar fundarstjóri sem fundurinn kýs, og tilnefnir hann fundarritara með samþykki fundarins. Fundarstjóri skal leysa úr öllum atriðum sem snerta lögmæti fundarins og framkvæmd hans samkvæmt samþykktum þessum og lögum. Jafnframt ákveður hann form umræðna, meðferð málefna á fundinum og atkvæðagreiðslur.

### **Fundargerðabók**

- 4.28 Halda skal sérstaka fundargerðabók og skrá þar allar fundarsamþykktir og úrslit atkvæðagreiðslna, svo og gagnorðar fundargerðir. Fundargerð skal lesa upphátt fyrir fundarlok og skrá athugasemdir sem fram koma. Fundargerð skal undirrituð af fundarstjóra og fundarritara. Skulu fundargerðirnar síðan vera full sönnun þess sem fram hefur farið á hverjum hluthafafundi.

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## Atkvæðavægi

- 4.29 Á hluthafafundi ræður afl atkvæða úrslitum, nema öðruvísi sé mælt fyrir í samþykktum þessum eða landslögum. Tillaga fellur á jöfnum atkvæðum. Ef tveir menn eða fleiri fá jafnmörg atkvæði í kosningu skal hlutkesti ráða.

## 5 STJÓRN FÉLAGSINS

- 5.1 Aðalfundur félagsins kýs árlega 5 menn í stjórn félagsins og 2 til vara. Um hæfi þeirra fer að lögum. Varamenn taka sæti í stjórn félagsins í forföllum aðalmanna samkvæmt ákvæðum í starfsreglum stjórnar.
- 5.2 Gæta skal þess að kynjahlutfall í stjórn og varastjórn sé sem jafnast og hlutfall hvors kyns aldrei lægra en 40%.

## Framboð

- 5.3 Þeir sem hyggjast gefa kost á sér til stjórnarkjörs skulu tilkynna félagsstjórn um framboð sitt skemmst 10 dögum fyrir hluthafafund. Í tilkynningu um framboð til stjórnar skal gefa, auk nafns frambjóðanda, kennitölu og heimilisfangs, upplýsingar um aðalstarf, önnur stjórnarstörf, menntun, reynslu og hlutafjäreign í félaginu. Þá skal einnig upplýsa um hagsmunatengsl við helstu viðskiptaaðila og samkeppnisaðila félagsins, sem og hluthafa sem eiga meira en 10% hlut í félaginu.
- 5.4 Félagsstjórn skal fara yfir framboðstilkynningar og gefa hlutaðeigandi, með sannanlegum hætti, kost á því að bæta úr þeim göllum sem eru á tilkynningunni innan tiltekins frests. Ef ekki er bætt úr göllum á framboðstilkynningunni innan frestsins, úrskurðar félagsstjórn um gildi framboðs. Unnt er að skjóta niðurstöðu félagsstjórnar til hluthafafundar sem fer með endanlegt úrskurðarvald um gildi framboðs.
- 5.5 Upplýsingar um frambjóðendur til stjórnar skulu lagðar fram hluthöfum til sýnis á skrifstofu félagsins eigi síðar en 2 dögum fyrir hluthafafund.

## 6 STJÓRNARKJÖR

- 6.1 Stjórnarkjör fer fram sem hlutfallskosning, sbr. 6. mgr., b. liður, 63. gr. hlutafélagalaga nr. 2/1995.
- 6.2 Stjórnarkjör skal jafnan vera skriflegt, ef tillögur koma fram um fleiri menn en kjósa skal.

## 7 VERKASKIPTING STJÓRNAR – ÞÁTTTAKA Í STJÓRNARFUNDUM

- 7.1 Stjórnin kýs sér formann úr sínum hópi, en að öðru leyti skiptir hún með sér verkum eins og þurfa þykir.
- 7.2 Formaður kveður stjórnina til funda og stýrir þeim. Stjórnarfundur skal halda hvenær sem hann telur þess þörf. Fundur skal og jafnan halda ef einhver stjórnarmanna eða forstjóri krefjast þess.
- 7.3 Stjórnarmönnum er heimil þátttaka í stjórnarfundum með fjarskiptabúnaði.

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## 8 STJÓRNARFUNDIR

### Lögmæti stjórnarfundu

- 8.1 Stjórnarfundur er ákvörðunarbær þegar fjórir stjórnarmenn af fimm taka þátt í fundarstörfum. Mikilvæga ákvörðun má þó ekki taka án þess að allir stjórnarmenn hafi haft tæk á því að fjalla um málið, sé þess kostur.

### Atkvæðagreiðslur

- 8.2 Afl atkvæða ræður úrslitum á stjórnarfundum. Í meiriháttar ákvörðunum þarf þó samþykki fjögurra af fimm stjórnarmönnum, svo sem kveðið er á um í starfsreglum stjórnar. Tillögur falla á jöfnum atkvæðum.

### Fundargerðabók

- 8.3 Stjórnendur skulu halda fundargerðabók um það sem gerist á stjórnarfundum og staðfesta hana með undirskrift sinni.

### Markmið og skyldur

- 8.4 Stjórnin hefur æðsta vald í málefnum félagsins milli hluthafafunda og setur félaginu markmið í rekstri með hagsmunum þess og hluthafa að leiðarljósi í samræmi við tilgang félagsins. Stjórnin ræður félagsmálum milli hluthafafunda og skuldbindur félagið með ályktunum sínum og samningum. Stjórnin ræður forstjóra, einn eða fleiri, ákveður ráðningarkjör og gerir við hann skriflegan ráðningarsamning.
- 8.5 Stjórnin veitir prókúruumboð. Undirskrift meirihluta stjórnarmanna þarf til að skuldbinda félagið, en í meiriháttar ákvörðunum þarf undirskrift fjögurra af fimm stjórnarmönnum, eins og kveðið er á um í starfsreglum stjórnar.
- 8.6 Félagsstjórn starfar skv. starfsreglum sem stjórnin setur á grundvelli laga um hlutafélög.

### Stjórnarnefndir

- 8.7 Ef kjörnar eru nefndir á vegum stjórnarinnar skv. ákvæðum í starfsreglum skulu niðurstöður þeirra einungis vera leiðbeinandi fyrir stjórnina en hún ekki bundin af þeim við afgreiðslu einstakra mála nema mælt sé fyrir um á annan veg í lögum.

## 9 FORSTJÓRI

- 9.1 Forstjóri annast daglegan rekstur félagsins í samræmi við þær reglur sem honum eru eða verða settar af stjórn félagsins. Hinn daglegi rekstur tekur ekki til ráðstafana, sem eru óvenjulegar eða mikils háttar.
- 9.2 Forstjóri skal sjá um að bókhald félagsins sé fært í samræmi við lög og venjur og meðferð eigna félagsins sé með tryggilegum hætti.
- 9.3 Forstjóri er skyldur til að hlíta öllum fyrirmælum stjórnar. Honum ber að veita endurskoðanda allar þær upplýsingar sem hann óskar.

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## 10 REIKNINGAR OG ENDURSKOÐUN

- 10.1 Reikningsár félagsins er almanaksárið. Ársreikningurinn skal endurskoðaður af endurskoðunarfélagi. Á aðalfundi skal kjósa endurskoðunarfélag til eins árs í senn.

## 11 EIGIÐ HLUTAFÉ FÉLAGSINS

- 11.1 Félaginu er heimilt að eiga eigið hlutafé allt að 10%. Atkvæðisréttur fylgir ekki hlutum sem félagið á sjálf. Hluti getur félagið aðeins eignast samkvæmt heimild hlutahafafundar til handa félagsstjórn. Heimild til handa félagsstjórn til kaupa á eigin hlutafé má ekki vera til lengri tíma en 5 ára hverju sinni. Í starfsreglum stjórnar skal setja reglur um kaup og sölu á eigin hlutum.
- 11.2 Aðalfundur Eimskipafélags Íslands hf. haldinn 25. mars 2021 veitir stjórn félagsins heimild til að eignast, í einum eða fleiri viðskiptum, allt að 10% af hlutafé félagsins. Heimild þessi skal nýtt í þeim tilgangi að koma á formlegri endurkaupaáætlun eða til þess að gera hluthöfum almennt tilboð um kaup á eigin bréfum, t.d. með útboðsfyrirkomulagi, enda sé jafnræðis hluthafa gætt við boð um þátttöku í slíkum viðskiptum eða til þess að kaupa eigin bréf í einstökum viðskiptum. Heimild þessi stendur í 18 mánuði og takmarkast við að eignarhald félagsins, og dótturfélaga þess, fari ekki umfram 10% af heildarhlutafé félagsins á hverjum tíma. Endurgjald fyrir keypta hluti skal vera í samræmi við 3. mgr. 55. gr. laga nr. 2/1995. Aðrar eldri heimildir til kaupa á eigin hlutabréfum falla úr gildi við samþykkt heimildar þessarar.

## 12 BREYTINGAR Á SAMÞYKKTUM FÉLAGSINS

- 12.1 Samþykktum félagsins má einungis breyta á löglegum hluthafafundi félagsins, enda sé þess rækilega getið í fundarboði, að slík breyting sé fyrirhuguð og í hverju hún felst í meginatriðum. Ákvörðun verður því aðeins gild að hún hljóti samþykki minnst 2/3 hluta greiddra atkvæða, svo og samþykki hluthafa sem ráða yfir minnst 2/3 hlutum þess hlutafjár sem farið er með atkvæði fyrir á hluthafafundinum.

## 13 SLIT Á FÉLAGINU

- 13.1 Nú þykir ráðlegt eða nauðsynlegt að slíta félaginu, og fer þá um tillögur þar að lútandi skv. XIII. kafla hlutafélagalaga.

## 14 SAMRUNI OG SKIPTING

- 14.1 Um samruna eða sameiningu félagsins við önnur félög eða skiptingu fer eftir ákvæðum XIV. kafla hlutafélagalaga.

## 15 SÉRÁKVÆÐI UM HLUTAFJÁRHÆKKANIR OG FLEIRA

- 15.1 Stjórn félagsins er heimilt að ákveða hækkun hlutafjár um allt að 110.000.000 hluti að nafnvirði með útgáfu nýrra hluta, í einu lagi eða í áföngum. Heimildin gildir til 27. mars 2019 og fellur niður þann dag að því leyti sem hún hefur ekki þegar verið nýtt. Heimildin skal aðeins nýtt til frekari vaxtar félagsins og fjárfestinga. Hluthafar hafa ekki forgangsrétt til áskriftar

að hlutum sem gefnir eru út samkvæmt þessari heimild. Hinir nýju hlutir skulu veita réttindi í félaginu frá skráningardegi hlutafjánhækkunar.

## 16 ÖNNUR ÁKVÆÐI

- 16.1 Þar sem ákvæði samþykktá þessara segja ekki til um hvernig með skuli farið, skal hlíta ákvæðum laga nr. 2/1995 um hlutafélög.



Fyrirsagnir í samþykktum þessum eru ekki hluti þeirra, heldur einungis til hægðarauka við lestur þeirra.

Samþykktir þessar voru samþykktar á hluthafafundi í dag og eru núgildandi samþykktir félagsins.

Reykjavík, 25. mars 2021

Fyrir hönd Eimskipafélags Íslands hf.

P. P.  
Vilhjálmur Þorsteinsson

**ARTICLES OF ASSOCIATION**  
**FOR**  
**EIMSKIPAFÉLAG ÍSLANDS HF.**

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**Issued 25 March 2021**

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**ARTICLES OF ASSOCIATION**  
**FOR**  
**EIMSKIPAFÉLAG ÍSLANDS HF.**

**1 THE NAME OF THE COMPANY, DOMICILE AND OBJECT**

- 1.1 The name of the Company is Eimskipafélag Íslands hf.
- 1.2 The Company is a public limited liability company.
- 1.3 The Company is domiciled in Reykjavík.
- 1.4 The Company's object is the operation, ownership and investment in transportation companies and other related activities.

**2 SHARE CAPITAL OF THE COMPANY**

**Share capital – shares - votes**

- 2.1 The Company's share capital is ISK 175,200,000.
- 2.2 Each share is divided into one ISK.
- 2.3 One vote is attached to each share at shareholders' meetings.

(Special provisions on increase of share capital and other special provisions are contained in Clause 15, if relevant).

**Increase of share capital**

- 2.4 Only a shareholders' meeting may decide to increase the Company's share capital, either by subscription of new shares or issuance of compensation shares.

**Preemptive rights**

- 2.5 Shareholders shall have a preemptive right to purchase new shares in proportion to their registered holdings. Exemptions from this are authorized; cf. Paragraph 3 of Article 34 of Act no. 2/1995 respecting Limited Liability Companies the ("**Company Act**").

**Shares – share register**

- 2.6 The Company's shares shall be issued electronically in accordance with the provisions of Act No. 131/1997 on Electronic Registration of Title to Securities.
- 2.7 A share register in accordance with the provisions of the Act on Electronic Registration of Title to Securities shall be regarded as sufficient proof of ownership over shares in the Company and dividends and all notifications shall be sent to the party which is at any time registered as an owner of the relevant shares in the Company's share register.

## **Sale of shares and changes of ownership**

- 2.8 No restrictions are placed by the Company on the shareholder's right to sell his shares. The provisions of the Act on Electronic Registration of Title to Securities and rules based on such Act shall govern the change of ownership.

## **Rights and obligations of shareholders**

- 2.9 Shareholders are obligated, without any statement on their behalf, to abide by the Articles of Association as they are issued or later lawfully amended. Shareholders will not, neither according to the Articles of Association or subsequent amendments, become obligated to increase their holdings in the Company and shall not be subjected to redemption of their shares. Shareholders are not responsible for the Company's obligations exceeding their holding in the Company unless they take on such liability in a legally binding document. This provision will not be changed or discontinued by any resolution of a shareholders' meeting.

- 2.10 No special rights accompany any shares.

## **Communication with shareholders**

- 2.11 Electronic file communication and e-mailing is permitted between the Company and shareholders instead of sending and submitting written documents. The authorization extends to any kind of communication between the Company and shareholders, e.g. invitations to shareholders' meetings, distribution of dividends and other notifications which the Board of Directors sends the shareholders. Such electronic communication is equal to correspondence written on paper. The Board of Directors shall set rules stipulating the conduct of electronic communication and the standards of the software used for this purpose. The rules shall be accessible to shareholders. Shareholders who wish to communicate electronically with the Company shall send the Company a confirmation thereof in accordance with the rules set by the Board of Directors.

## **3 CORPORATE GOVERNANCE**

- 3.1 The Company shall be governed by:
1. The Shareholders' Meetings.
  2. The Board of Directors.
  3. The CEO.

## **4 SHAREHOLDERS' MEETINGS**

- 4.1 The supreme power of the Company's affairs, within the boundaries set by these Articles of Association and Icelandic legislation is in the hands of lawful shareholders' meetings.

### **Right to participation**

- 4.2 Shareholders, shareholders' agents, the Company's accountants and the CEO, even if he is not a shareholder, have the right to participate in shareholders' meetings. Furthermore, the Board of Directors may invite specialists to attend the shareholders' meeting if their advice or assistance is required.



- 4.3 The Board of Directors is authorized to decide that shareholders may participate in shareholders' meetings by electronic means without being physically present. If the Board of Directors feels that the Company has equipment which is sufficiently safe to allow shareholders to participate in shareholders' meetings electronically without being physically present and the Board of Directors decides to use this authorization it shall be announced in the invitation to the meeting.

#### **Electronic Shareholders' Meetings**

- 4.4 The Board of Directors may decide that a shareholders' meeting only be held electronically.
- 4.5 If the Board of Directors feels that the meeting can be held only electronically with suitable equipment and thereby allowing shareholders to participate electronically, the invitation to the meeting shall clearly give information regarding the technical equipment and information on how shareholders notify the Company of their electronic participation and where they can receive information, instructions and a password for participation. An inserted password into a computer system is deemed to be equal to the shareholder's signature and is viewed as valid participation in the shareholders' meeting.
- 4.6 Shareholders who intend to participate electronically in shareholders' meetings shall notify the Company's office with 5 days' notice thereof and submit written questions regarding the agenda or documents to be presented at the meeting which they require answers to.
- 4.7 The shareholders shall have access to instructions regarding electronic participation in shareholders' meetings along with a password and necessary equipment for participation. An inserted password into a computer system is deemed to be equal to the shareholder's signature and is viewed as valid participation in the shareholders' meeting.

#### **Voting outside a meeting**

- 4.8 If the Board of Directors feels that it is not possible to allow shareholders to participate in shareholders' meetings electronically they shall be allowed to vote on proposals or participate in voting in writing. The Board of Directors shall set rules regarding the execution of such voting.

#### **Power of Attorney**

- 4.9 A shareholder may send an agent to the shareholders' meeting on his behalf. The agent shall submit a written power of attorney or an electronic power of attorney which shall be dated. The power of attorney shall never be valid for more than one year from its date.
- 4.10 A power of attorney will not be validly revoked after it has been submitted at the delivery of meeting documents or after the shareholders' meeting has been declared open, whichever happens first.

#### **Lawfulness of Shareholders' Meetings**

- 4.11 A shareholders' meeting is lawful without regard to attendance if it is lawfully called for.

## **Annual General Meeting**

4.12 An Annual General Meeting shall be held within five months from the end of the financial year each year. Annual General Meetings shall be called with the same method as other shareholders' meetings in accordance with the provisions of Clause 4.16 to 4.21.

## **Agenda of the Annual General Meeting**

4.13 The following matters shall be addressed at Annual General Meetings:

1. The Board of Director's report on the Company's operations in the past year shall be presented. At the same time the Board of Directors shall present a short summary of the shareholding of each shareholder and their right to vote; and other changes that have occurred in the past year.
2. Confirmation of annual accounts and decision on the handling of profit or loss of the financial year.
3. Decision on payments to board members.
4. Proposals of the Board of Directors regarding the remuneration policy.
5. Election of the Board of Directors in accordance with the provisions of Clause 5.1.
6. Election of auditor in accordance with the provisions of Clause 10.1.
7. Proposals from shareholders which shall be on the agenda according to the provisions of Clause 4.22, cf. paragraph 4 of Article 88 of the Company Act.
8. Other matters.

4.14 If shareholders who control at least 1/3 of the Company's share capital insist, a decision on item 2 on the agenda shall be postponed to the extended Annual General Meeting which shall be held no earlier than one month and no later than two months later. No further continuance can be requested.

4.15 The Company's annual accounts, report of the Board of Directors, and report of the auditor shall be available for review by the shareholders at the Company's offices 7 days before the Annual General Meeting.

## **Invitation to Shareholders' Meetings**

4.16 The Board of Directors shall call for shareholders' meetings when it deems it necessary, or when the elected auditor or shareholders controlling at least 5% of the share capital insist in writing and suggest an agenda for the meeting.

4.17 When a lawful claim for a shareholders' meeting is presented, the Board of Directors is obligated to call for a meeting within 14 days from receiving such a claim. If the Board of Directors has not called for a meeting within that time limit a meeting can be called for in accordance with the provisions of paragraph 2 of Article 87 of the Company Act.

4.18 Shareholders' meetings shall be called for by electronically means and by advertisement in media.

## **Notice**

- 4.19 Shareholders' meetings and shall be called for with a minimum of three weeks' notice and maximum four weeks' notice.
- 4.20 Shareholders' meetings shall be called for by electronically means which ensure swift access to the call on equal grounds. Trustworthy media shall be used which ensures the circulation of the invitation to the public in the European Economic Area. The meeting shall also be called for with an advertisement in Icelandic media.
- 4.21 The invitation shall at least include information regarding:
- 1) The place of the meeting, time and draft agenda. If a proposal on amendments to the Company's Articles of Association is to be addressed at the meeting the substance of the proposal shall be described in the invitation.
  - 2) Clear and precise rules on participation in and voting at shareholders' meetings.
  - 3) Where and how shareholders can get:
    - a) Documents that will be presented at the shareholders' meeting.
    - b) Proposals and/or comments of the Board of Directors or its committees on each item on the draft agenda.
    - c) Shareholder proposals as received by the Company.
  - 4) Website where information can be located on the issues that shareholders shall, according to law, have access to in connection to a shareholders' meeting.

## **Proposals from shareholders**

- 4.22 Each shareholder has the right to have certain matters addressed at the shareholder's meeting if he so requests in writing to the Board of Directors of the Company with time enough in advance so that the matter can be placed on the agenda and presented to shareholders before the meeting.

## **Agenda**

- 4.23 The agenda shall be available for shareholders' review at the Company's office, along with final proposals to be addressed at the meeting, no later than seven days before the meeting.

## **Proposals for changes**

- 4.24 Lawfully proposed additions- or amendments may be presented on the shareholders' meeting itself, even though they were not available for the shareholders' review prior to the meeting.

## **Matters not on the agenda**

- 4.25 Matters which have not been listed on the agenda may not be finally resolved at the shareholders' meeting without the consent of all shareholders in the

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Company. Those matters may however be resolved as directions to the Board of Directors.

- 4.26 If proposals under the heading "Other matters" are presented they may not be finally resolved at the meeting, cf. 4.23.

### **Chairman**

- 4.27 Shareholders' meetings are chaired by a chairman elected by the meeting and he will nominate a secretary with the approval of the meeting. The chairman shall solve all matters which arise concerning the lawfulness of the meeting and its conduct in accordance with these Articles of Association and Icelandic legislation. The chairman shall furthermore decide the form of discussions, procedures for addressing matters at the meeting and voting.

### **Minutes of Shareholders' Meetings**

- 4.28 Minutes of the meeting shall be kept in detail and all resolutions and results of voting recorded. The minutes shall be read out loud at the end of the meeting and comments on the minutes noted in the minutes. The minutes shall be signed by the chairman of the meeting and secretary. The minutes shall constitute full proof of the events of shareholders' meetings.

### **Weight of votes**

- 4.29 A simple majority of votes will decide matters at shareholders' meetings unless otherwise stipulated in these Articles of Association or Icelandic law. A proposal is rejected if votes are equal. If two or more persons receive the equal amount of votes in elections a coin toss shall determine the election.

## **5 BOARD OF DIRECTORS**

- 5.1 The Annual General Meeting of the Company annually elects 5 members and two alternate members for the Board of Directors. Their ability is determined by law. Alternate board members attend meetings of the Board of Directors when board members are unable to participate in meetings in accordance with the Rules of Procedures of the Board of Directors.
- 5.2 The proportion between genders in the Board of Directors shall be as even as possible and the proportion of each gender shall never go below 40%.

### **Candidacy**

- 5.3 Those who intend to run for the Board of Directors shall notify the Board of Directors of their candidacy at least 10 days before a shareholders' meeting. The notification shall list the name, identification number and address of the candidate along with information about his or her main employment, other board memberships, education, experience and shareholdings. Candidates shall furthermore list any interest connected to shareholders, directors, officers, clients or competitors of the Company and shareholders controlling more than 10% of the Company.
- 5.4 The Board of Directors shall review notifications of candidacy and give the candidate, in a verifiable manner, the opportunity to correct any flaws the notification has within a specific time limit. If the flaws are not corrected within the given time limit the Board of Directors shall decide on the validity

of candidacy, which such decision shall control. The Board's decision can be put to the decision of the shareholders' meeting which shall have supreme power in deciding the validity of the candidacy.

- 5.5 Information about candidates for the Board of Directors shall be available for shareholders' review at the Company's offices no later than 2 days before the shareholders' meeting.

## **6 ELECTION OF THE BOARD OF DIRECTORS**

- 6.1 The election of board members shall be based on proportional voting, cf., Paragraph 6 of item b of Article 63 of the Company Act.
- 6.2 The election shall usually be written if the number of candidates is greater than the number of board members to be elected.

## **7 DIVISION OF TASKS – PARTICIPATION IN MEETINGS**

- 7.1 The Board of Directors elects a chairman of the board from the members of the board. Otherwise the Board of Directors divides tasks as necessary.
- 7.2 The chairman of the Board of Directors calls board meetings and chairs the meetings. Board meetings shall be held whenever the chairman deems necessary. A meeting shall be held if any board member or the CEO requests.
- 7.3 The board members may participate in board meetings through communication systems (e.g. telephone).

## **8 MEETINGS OF THE BOARD OF DIRECTORS**

### **Lawfulness of board meetings**

- 8.1 A board meeting is able to make decisions when at least four of board members participate in meetings. If possible, an important decision may not be taken without all members of the Board of Directors having had a chance to discuss the matter.

### **Voting**

- 8.2 A simple majority of votes of all directors (i.e., the affirmative vote of at least three directors) decides matters in board meetings, provided, however, that the affirmative votes of at least four out of five directors shall be required to approve significant corporate actions, as is further provided for in the Rules of Procedure for the Board of Directors ("Rules of Procedure"). A proposal is rejected if votes are equal.

### **Minutes of meetings**

- 8.3 Board members shall keep minutes of meetings and confirm the minutes with their signature.

### **Goals and obligations**

- 8.4 The Board of Directors has supreme powers in matters concerning the Company between shareholders' meetings and sets the Company's goals regarding its business and represents the Company's and the shareholder's interests in accordance with the object of the Company. The Board of Directors governs the social affairs of the Company between shareholders' meetings and binds the Company with its resolutions and agreements. The Board of Directors hires a CEO, one or more, decides his terms of employment and executes a written contract of employment.
- 8.5 The Board of Director grants power of procuration. Signatures of the majority of the Members of the Board are binding for the Company. For important decisions the signatures of four out of five Members of the Board is required, as is stipulated in the Rules of Procedures.
- 8.6 The Board of Directors works in accordance with rules set by the Board of Directors in accordance with the Company Act.

### **Board committees**

- 8.7 If committees working on behalf of the Board of Directors are elected in accordance with provisions of the Rules of Procedure their conclusions shall only be directive for the Board of Directors and it is not bound by their conclusions when resolving matters unless otherwise stipulated by law.

## **9 CEO**

- 9.1 The CEO handles the day to day operations of the Company in accordance with the rules the Board of Directors has or will set forth. The day to day operations do not include matters which are unusual or of great significance.
- 9.2 The CEO shall make sure the Company's accounts are kept in accordance with law and practice and that the Company's assets are kept in a secure manner.
- 9.3 The CEO is obligated to abide by all instructions of the Board of Directors. He shall give the auditor any information he requests.

## **10 ACCOUNTING AND AUDITING**

- 10.1 The financial year of the Company is the calendar year. The annual accounts shall be audited by an auditing company. An auditor or auditor company shall be elected at an Annual General Meeting for a term of one year.

## **11 THE COMPANY'S SHARES**

- 11.1 The Company is authorized to own up to 10% of the Company's share capital. Votes are not attached to shares owned by the Company. The Company can only acquire shares in accordance with the authorization of a shareholders' meeting to the Board of Directors. An authorization to the Board of Directors to purchase shares in the Company may not be valid for more than 5 years at a time. Rules concerning purchasing and selling shares shall be stipulated in the rules of the Board of Directors.
- 11.2 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.

## **12 AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

12.1 The Articles of Association may only be amended by a lawful shareholders' meeting as long as the proposal for the amendment is described in the invitation to the meeting. The decision is only valid if approved by 2/3 of the votes and approved by shareholders controlling at least 2/3 of the votes represented at the shareholders' meeting.

## **13 DISSOLUTION**

13.1 Should it be advisable or necessary to dissolve the Company, proposals thereof shall be governed by Chapter XIII of the Company Act.

## **14 MERGER**

14.1 The provisions of Chapter XIV of the Company Act shall apply to a merger of the Company with other companies.

## **15 SPECIAL PROVISIONS ON INCREASE OF SHARE CAPITAL**

15.1 The Board of Directors of the Company is authorized to decide upon an increase of the share capital by up to EUR 110,000,000 shares nominal value by issuing new shares, in a single tranche or in multiple tranches. The authorization is valid until 27 March 2019 and lapses on that day to the extent that it has not already been utilized. The authorization shall only be applied in relation to additional growth of the Company and investments. Shareholders do not have pre-emptive subscription rights to shares issued under this authorization. The new shares shall grant rights in the Company from the recording of the increase of the share capital.

## **16 OTHER PROVISIONS**

16.1 Where the provisions of these Articles of Association do not stipulate the form of proceedings the provisions of the Company Act no. 2/1995 shall be abided by.



Information in reduced form within parentheses shall not be considered part of the Articles of Association, rather provided for the sake of convenience.

This is an English translation of the Icelandic original Articles of Association. The original Icelandic text is the authoritative text. Should there be discrepancy between this translation and the authoritative text, the Icelandic original prevails.

Reykjavík, 25 March 2021

On behalf of the Board of Directors  
of Eimskipafélag Íslands hf.

Pr. Pr.  
*Vilhjalmur Þronthorsson*





**UMBOÐ TIL AÐ GREIÐA ATKVÆÐI**  
**Aðalfundur Eimskipafélags Íslands hf. 2021**

Ég undirrituð/aður hluthafi í Eimskipafélagi Íslands hf., kt. 690409-0460 veiti hér með fundarstjóra fundarins, eða þeim sem hann vísar til, fullt og ótakmarkað umboð til að mæta fyrir mína hönd á aðalfundi félagsins árið 2021 og fara þar með atkvæðisrétt minn. Skulu atkvæði greidd svo sem hér segir:

		<b>Með</b>	<b>Á móti</b>	<b>Situr hjá</b>
2.	Staðfesting ársreiknings fyrir síðastliðið reikningsár			
3.	Ákvörðun um ráðstöfun hagnaðar á reikningsárinu 2020			
4.	Tillaga um heimild til kaupa á eigin hlutum			
5.	Tillaga um lækkun hlutafjár vegna kaupa á eigin hlutum skv. endurkaupaáætlun			
6.	Tillaga um heimild til lækkunar hlutafjár			
7.	Tillaga um starfskjarastefnu félagsins			
8.	Kosning stjórnar félagsins (sjálfkjörið)	n/a	n/a	n/a
9.	Ákvörðun um þóknun til stjórnarmanna, varamanna og undirnefnda stjórnar			
10.	Kosning endurskoðenda			
11.	Tillaga varðandi starfsreglur stjórnar félagsins			
12.	Önnur mál, löglega upp borin	n/a	n/a	n/a

Hafi ekki verið fyllt í alla liði hér að ofan hefur umboðsmaður:  
fulla heimild til að greiða atkvæði sem hann telur réttast  
tekur ekki frekari þátt í atkvæðagreiðslu.

Umboð þetta gildir á aðalfundi 2021 og framhaldsaðalfundi ef til hans kemur.  
Umboðið má afturkalla hvenær sem er.

Upplýsingar um hluthafa:

Fullt nafn:
Kennitala:
Hlutafjäreign:
Tölvupóstur:
Sími:

\_\_\_\_\_  
Staður og dagsetning

\_\_\_\_\_  
Undirritun hluthafa eða þess sem skuldbundið getur hluthafa

Vottar að rétttri dagsetningu og undirritun:

\_\_\_\_\_  
Nafn og kennitala

\_\_\_\_\_  
Nafn og kennitala

**POWER OF ATTORNEY TO VOTE  
2021 AGM of Eimskipafélag Íslands hf.**

I, the undersigned shareholder in Eimskipafélag Íslands hf., reg. No. 690409-0460, hereby duly appoint the chairman of the Annual General Meeting, with full powers, including the power of substitution, to attend the AGM on my behalf and there exercise and execute my voting rights. My votes shall be casted in the following manner:

		<b>For</b>	<b>Against</b>	<b>Abstain</b>
2.	Confirmation of the Company's 2020 Consolidated Financial Statements			
3.	Decision on 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	n/a	n/a	n/a
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			
12.	Other issues, lawfully presented			

If an item has not been marked it means that:

the Chairman of the Meeting has full authority to cast votes as he deems right  
the shareholder does not participate any further in the voting

This power of attorney is valid on the 2021 AGM and extended AGM if applicable.  
This power of attorney can be withdrawn at any time.

Information on the shareholder:

Full name:
Id. No.:
Number of shares:
Email:
Phone:

\_\_\_\_\_  
Place and date

\_\_\_\_\_  
Signature of the shareholder,  
or the person authorized to sign on shareholder's behalf

Witness to the correct date and signature:

\_\_\_\_\_  
Name and Id. No.

\_\_\_\_\_  
Name and Id. No.

# EIMSKIPAFÉLAG ÍSLANDS HF.

## AÐALFUNDUR 25. MARS 2021

Haldinn í fundarsalnum Gullteig á Grand hótél, Sigtúni 28, 105 Reykjavík.

### Dagskrá

1. Skýrsla stjórnar félagsins um starfsemi þess á liðnu starfsári
2. Staðfesting ársreiknings fyrir síðastliðið reikningsár
3. Ákvörðun um ráðstöfun hagnaðar á reikningsárinu 2020
4. Tillaga um heimild til kaupa á eigin hlutum
5. Tillaga um lækkun hlutafjár vegna kaupa á eigin hlutum skv. endurkaupaáætlun
6. Tillaga um heimild til lækkunar hlutafjár
7. Tillaga um starfskjarastefnu félagsins
8. Kosning stjórnar félagsins
9. Ákvörðun um þóknun til stjórnarmanna, varamanna og undirnefnda stjórnar
10. Kosning endurskoðenda
11. Tillaga varðandi starfsreglur stjórnar félagsins
12. Önnur mál, löglega upp borin

## Ályktunartillögur fyrir aðalfund 2021

Öll gögn vegna aðalfundar er að finna á vefsíðu félagsins: [www.eimskip.com/investors](http://www.eimskip.com/investors)

### 2. Staðfesting ársreiknings fyrir síðastliðið reikningsár

Stjórn Eimskipafélags Íslands hf. leggur til við aðalfund félagsins að ársreikningur fyrir árið 2020 verði samþykktur.

### 3. Ákvörðun um ráðstöfun hagnaðar á reikningsárinu 2020

Félagsstjórn leggur til við aðalfund að greiddur verði út arður vegna reikningsársins 2020 sem nemur 2,47 krónum á hlut. Nemi heildarfjárhæð arðgreiðslunnar 446,7 milljónum króna sem samsvari um 64,9% af hagnaði ársins. Viðmiðunardagsetning arðgreiðslu verði við lok viðskipta á aðalfundardegi og arðleysisdagur<sup>1</sup> því 26. mars 2021 og arðsréttardagur<sup>2</sup> 29. mars 2021. Lagt er til að útborgunardagur<sup>3</sup> verði þann 15. apríl 2021.

### 4. Tillaga um endurnýjun heimildar til kaupa á eigin hlutum

Stjórn félagsins leggur fram eftirfarandi tillögu um heimild til kaupa á eigin bréfum og breytingu á grein 11.2 í samþykktum félagsins í heild sinni:

*„Aðalfundur Eimskipafélags Íslands hf. haldinn 25. mars 2021 veitir stjórn félagsins heimild til að eignast, í einum eða fleiri viðskiptum, allt að 10% af hlutafé félagsins. Heimild þessi skal nýtt í þeim tilgangi að koma á formlegri endurkaupaáætlun eða til þess að gera hluthöfum almennt tilboð um kaup á eigin bréfum, t.d. með útboðsfyrirkomulagi, enda sé jafnræðis hluthafa gætt við boð um þátttöku í slíkum viðskiptum eða til þess að kaupa eigin bréf í einstökum viðskiptum. Heimild þessi stendur í 18 mánuði og takmarkast við að eignarhald félagsins, og dótturfélaga þess, fari ekki umfram 10% af heildarhlutafé félagsins á hverjum tíma. Endurgjald fyrir keypta hluti skal vera í samræmi við 3. mgr. 55. gr. laga nr. 2/1995. Aðrar eldri heimildir til kaupa á eigin hlutabréfum falla úr gildi við samþykkt heimildar þessarar.“*

#### **Greinargerð stjórnar:**

Á hluthafafundi þann 24. júlí 2018 var samþykkt heimild til kaupa á eigin hlutum sem féll úr gildi 24. janúar 2020. Á aðalfundi 2020 var heimildin framlengd í 18 mánuði frá 26. mars 2020 til 26. september 2021. Með þessari tillögu gildir heimildin til 25. september 2022. Tillaga þessi felur í sér að stjórn félagsins sé veitt almenn heimild til þess að koma á formlegri endurkaupaáætlun og/eða til þess að gera hluthöfum almennt tilboð um kaup á eigin bréfum, t.d. með útboðsfyrirkomulagi, enda sé jafnræðis hluthafa gætt við boð um þátttöku í slíkum viðskiptum. Þessa heimild mætti einungis nýta að uppfylltum skilyrðum laga, þar með talið ákvæðum laga um verðbréfavíðskipti. Verði tillagan samþykkt mun ákvæði svo breyttrar greinar 11.2 gilda um kaup félagsins á eigin hlutum.

Arðgreiðslur til hluthafa hafa verið tiltölulega lágar undanfarin ár. Sjóðsstreymi frá rekstri hefur verið sterkt og gert er ráð fyrir að það haldi áfram árið 2021. Með þessari tillögu nálgast félagið frekar markmið sitt um að viðhalda eiginfjárlutfalli nálægt 40%.

Um endurkaupaáætlanir gilda ákvæði 1. tl. 3. mgr. 115 gr. og 2. mgr. 119. gr. laga um verðbréfavíðskipti og reglugerð sett samkvæmt þeim lögum. Ítarlegar reglur gilda um veitingu upplýsinga og framkvæmd ákveði stjórn að gera hluthöfum tilboð um kaup á eigin bréfum, þar sem hafa skal jafnræði og gagnsæi að leiðarljósi.

<sup>1</sup> **Arðleysisdagur** er sá dagur sem viðskipti hefjast án arðsréttinda, þ.e. næsti viðskiptadagur eftir aðalfund.

<sup>2</sup> **Arðsréttardagur** er sá dagur sem hluthafar verða að vera skráðir í hlutaskrá til að eiga rétt á arði, þ.e. annar viðskiptadagur eftir aðalfund. Þetta þýðir að hluthafar sem hafa keypt hluti á aðalfundardegi munu fá greiddan arð.

<sup>3</sup> **Útborgunardagur** er sá dagur sem arður er greiddur út til hluthafa.

## 5. Tillaga um lækkingu hlutfjár vegna kaupa á eigin hlutum skv. endurkaupaáætlun

Stjórn félagsins leggur fram eftirfarandi tillögu um lækkingu á eigin hlutum:

*„Aðalfundur Eimskipafélags Íslands hf., haldinn þann 25. mars 2021, samþykkir að lækka hlutfé félagsins um 6.100.000 kr., úr 187.000.000 kr. í 180.900.000 kr. að nafnverði. Lækkunin verður framkvæmd með lækkingu á eigin hlutum félagsins sem nema framangreindri fjárhæð, að uppfylltum skilyrðum laga um hlutfélög.“*

Þannig leggur stjórn til að grein 2.1 í samþykktum verði breytt til samræmis og muni verða svohljóðandi verði tillagan samþykkt:

*„Hlutfé félagsins er kr. 180.900.000.“*

### **Greinargerð stjórnar:**

Þann 10. júní 2019 og 1. desember 2019 tók stjórn félagsins ákvörðun um framkvæmd endurkaupaáætlana skv. heimild í grein 11.2. í samþykktum þess, í þeim tilgangi að lækka útgefið hlutfé félagsins. Samtals voru keyptir 4.857.774 hlutir í áætlununum tveimur og þess vegna er tillagan lögð fram. Lagt er til að nær allir eigin hlutirnir verði ógiltir. Verði tillagan samþykkt lækkar hlutfé félagsins úr 187.000.000 kr. í 180.900.000 kr. að nafnvirði. Lækkunin verður framkvæmd þegar lög mált skilyrði eru uppfyllt.

Stjórn lagði þessa tillögu fram til aðalfundar 2020 en dró hana til baka þann 17. mars 2020 í ljósi óvissu í efnahagsumhverfi Íslands og heimsins alls vegna COVID-19 og til að tryggja að félagið viðhélði sínum fjárhagslega styrk. Var hún því ekki lögð fram til afgreiðslu aðalfundar 2020, en tiltekið að hún yrði lögð fram á hluthafafundi síðar, þegar sú óvissa sem þá var uppi yrði afstaðin.

## 6. Tillaga um heimild til lækkunar hlutfjár

Stjórn félagsins leggur fram eftirfarandi tillögu um lækkingu hlutfjár:

*„Aðalfundur Eimskipafélags Íslands hf. haldinn fimmtudaginn 25. mars 2021 samþykkir að færa niður hlutfé félagsins um kr. 5.700.000 að nafnverði með greiðslu sem nemur kr. 1.675.800.000. Fjárhæðin verður greidd út til hluthafa félagsins hlutfallslega í samræmi við hlutfjáreign þeirra í lok dags. 30. apríl 2021, ef lögboðnar forsendur eru þá uppfylltar, eða við fyrsta mögulega tímamark þar eftir þegar lögboðnar forsendur fyrir útgreiðslunni hafa verið uppfylltar.“*

Þannig leggur stjórn til að grein 2.1 í samþykktum verði breytt til samræmis og a.t.t. tillögu 5 muni verða svohljóðandi verði tillagan samþykkt:

*„Hlutfé félagsins er kr. 175.200.000.“*

### **Greinargerð stjórnar:**

Við uppgjör þriðja ársfjórðungs 2019 í lok nóvember var framtíðar fjármagnsskipan félagsins og þriggja ára fjárfestingaráætlun kynnt. Markmið félagsins er að viðhalda eiginfjárlutfalli nálægt 40% og hóflegu skuldsetningarhlutfalli sem væri 2-3 sinnum nettó vaxtaberandi skuldir á móti EBITDA. Markmiðið með þessu var að auka gagnsæi og fyrirsjáanleika og þar með auka þjónustu við fjárfesta og greinendur á markaði.

Enginn arður var greiddur út til hluthafa árið 2020 vegna áhrifa COVID-19 faraldursins. Arðgreiðslur til hluthafa hafa verið tiltölulega lágar undanfarin ár. Sjóðsstreymi frá rekstri hefur verið sterkt og gert er ráð fyrir að það haldi áfram árið 2021. Ný þriggja ára fjárfestingaráætlun gerir ekki ráð fyrir verulegum fjárfestingum og með þessari tillögu nálgast félagið frekar markmið sitt um að viðhalda eiginfjárlutfalli nálægt 40% en það myndi lækka um 1,7 til 2,0% með þessari breytingu.

Lækkun hlutafjár er ein þeirra leiða sem fær er til að ná þessum markmiðum og þess vegna er tillagan lögð fram nú til hagsbóta fyrir hluthafa. Lækkunin verður framkvæmd þegar lögmælt skilyrði eru uppfyllt.

Stjórn lagði þessa tillögu fram til aðalfundar 2020 en dró hana til baka þann 17. mars 2020 í ljósi óvissu í efnahagsumhverfi Íslands og heimsins alls vegna COVID-19 og til að tryggja að félagið viðhélði sínum fjárhagslega styrk. Var hún því ekki lögð fram til afgreiðslu aðalfundar 2020, en tiltekið að hún yrði lögð fram á hluthafafundi síðar, þegar sú óvissa sem þá var uppi yrði afstaðin.

## 7. Tillaga um starfskjarastefnu félagsins

Stjórn félagsins leggur til minniháttar breytingar á starfskjarastefnu félagsins. Starfskjarastefnan var birt með aðalfundarboðinu og má nálgast á fjárfestasíðu félagsins [www.eimskip.com/investors](http://www.eimskip.com/investors)

## 8. Kosning stjórnar félagsins

Skýrsla tilnefningarnefndar Eimskips og tillögur hennar um tilnefningu stjórnarmanna var birt með lokatillögum stjórnar til aðalfundar. Skýrsluna má einnig nálgast á fjárfestasíðu félagsins. Einstaklingar sem nefndin tilnefndi ekki voru ekki sjálfkrafa í kjöri til stjórnar félagsins á aðalfundi.

Almennur frestur skv. samþykktum til að bjóða sig fram til stjórnar er útrunninn. Samkvæmt samþykktum félagsins kýs aðalfundur fimm menn í stjórn og tvo til vara og er því sjálfkjörið. Upplýsingar um frambjóðendur eru hjálagað.

## 9. Ákvörðun um þóknun til stjórnarmanna, varamanna og undirnefnda stjórnar

Stjórn félagsins leggur til að stjórnarlaun vegna ársins 2021 verði sem hér segir:

Stjórnarformaður	kr. 517.000 á mánuði
Varaformaður	kr. 495.000 á mánuði
Meðstjórnendur	kr. 341.000 á mánuði
Varamenn	kr. 137.500 fyrir hvern setinn fund, þó ekki hærra en kr. 341.000 fyrir hvern mánuð
Nefndarmenn í endurskoðunarnefnd	kr. 137.500 á mánuði
Nefndarmenn í starfskjaranefnd	kr. 137.500 á mánuði
Nefndarmenn í Tilnefningarnefnd	kr. 137.500 á mánuði

Stjórnarlaun og laun nefndarmanna eru ákveðin fyrirfram fyrir kjörtímabilið.

## 10. Kosning endurskoðenda

Stjórn félagsins leggur til við aðalfund að PricewaterhouseCoopers ehf., Skógarhlíð 12, 105 Reykjavík, verði kjörið sem endurskoðunarfélag Eimskipafélags Íslands hf. fyrir árið 2021.

## 11. Tillaga varðandi starfsreglur stjórnar félagsins

Tillaga frá Gildi-lífeyrissjóð til aðalfundar samkvæmt hjálögðu fylgiskjali.

# 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.

## Tillaga til ályktunar

á aðalfundi Eimskipafélags Íslands hf. 2021

Gildi-lífeyrissjóður óskar eftir því að eftirfarandi tillaga verði sett á dagskrá aðalfundar Eimskipafélags Íslands hf. þann 25. mars næstkomandi og borin þannig upp til samþykktar á fundinum:

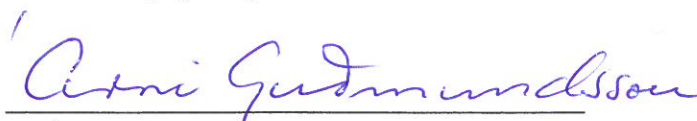
*„Aðalfundur Eimskipafélags Íslands hf. haldinn þann 25. mars 2021 beinir því til stjórnar félagsins að gera breytingar á starfsreglum sínum með þeim hætti að eftirfarandi yfirstrikaður texti verði felldur út úr gr. 2.1. í starfsreglum stjórnar:*

*2.1 The Board of Directors consists of five Directors and two Alternate Directors, elected at each annual general meeting of the Company, and its term of office shall be until the next annual general meeting (or such earlier time as the shareholders may determine in accordance with the Company's Articles of Association or applicable law). Each Director shall nominate his Alternate Director, who shall replace him on the Board if he can't attend a Board meeting. ~~The chairman can also decide to call in one Alternate Director to a Board meeting even though all five Directors will attend. In such instances, the Alternate Director has the right to debate and submit proposals to the meeting, but has no voting right. The Alternate Directors shall take a seat on the Board of Directors in accordance with Article 3.2.~~*

### Greinargerð:

Samkvæmt gildandi starfsreglum stjórnar Eimskips getur stjórnarformaður samkvæmt gr. 2.1 að eigin frumkvæði og án sérstakrar ástæðu ákveðið að kalla til einn varamann til viðbótar við þá fimm stjórnarmenn sem ætla sér að sitja stjórnarfund. Varamaður hefur þá rétt til þess að leggja fram tillögur og taka til máls en ekki atkvæðisrétt. Ákvæðið er óvenjulegt og færir að mati sjóðsins stjórnarformanni hverju sinni heldur mikið vald til þess að ákveða einhliða mætingu varamanns á stjórnarfund. Eðlilegra er að varamaður sé kallaður til þegar aðalmaður getur af einhverjum ástæðum ekki tekið þátt í stjórnarstörfum.

Reykjavík, 15. mars 2021



Árni Guðmundsson framkvæmdastjóri

# EIMSKIPAFÉLAG ÍSLANDS HF.

## ANNUAL GENERAL MEETING 25 MARCH 2021

### Candidates to the Board of Directors and Alternate Board of Directors

#### Board of Directors

##### **Baldvin Þorsteinsson**

Baldvin is the Director of European operations at Samherji hf. Previously he was the CEO of Iceland Drilling hf. from 2013 to 2016. He is currently a chairman of the board of Olíuverzlun Íslands hf., a board member of Iceland Drilling hf., and a board member of the Canadian fishing company Newfoundland Resources Limited Ltd. and the Norwegian fishing company Nergard A/S. He earned a BS degree in Industrial Engineering from the University of Iceland in 2007. Baldvin is currently the Chairman of the Board of Eimskipafélag Íslands hf. Baldvin owns 160,000 shares in the Company but does not have a share options agreement. He is not independent of Samherji Holding ehf., which holds 63.2 million shares in the Company.

##### **Guðrún Blöndal**

Guðrún was a CEO of Nasdaq CSD Iceland from 2013 to 2018. Previously she was the CEO of Arion Custody Services, subsidiary of Kaupthing hf., from 2002 until it merged with Arion bank hf. in 2012. She held various positions in Kaupthing hf. from 1984 to 2002 such as an Executive Director, Human Resource Manager, Marketing Manager and Asset Manager. In 2012 to 2013 she was a Board Member at the Enterprise Investment Fund slhf., Reginn hf., Míla ehf., Vörður Insurance Company and Vörður Life Insurance. Guðrún is an alternate board member at Landsbankinn hf. Guðrún earned a Cand.Oecon degree at the University of Iceland in 1990. She is currently an independent Board member at Eimskipafélag Íslands hf. and does neither own shares nor share options in the Company. Apart from being an alternate board member in Landsbankinn she has no interest links with the Company's main clients, competitors, or major shareholders and will be an independent Board member.

##### **Lárus Blöndal**

Lárus is a Supreme Court Attorney and a Partner at Juris Law Offices. Lárus was a Partner at Almenna lögfræðistofan from 1990 to 2008. Lárus is currently a board member of Orkusalan hf., RARIK Orkuthróun ehf. and the Chairman of the board of ISFI (Icelandic State Financial Investments). He has been a member of the Competition Appeals Committee since 2000 and its Vice-Chairman since 2009 and a member of the National Olympics and Sports Association's executive committee since 2001, becoming its Vice-President in 2006 and its President in 2013. He has previously been a board member of the Icelandic Bar Association, the University of Iceland's Human Rights Institute, the University of Iceland's Research Centre in Environmental and Natural Resources Law, Hótel Borg ehf., Fastus ehf., the Housing Financing Fund, Chairman of the National Olympic and Sport Association's legal committee, and a member of various other official committees and boards. Lárus has been a Supreme Court Attorney since 1998 and a District Court Attorney since 1990. He graduated with a Cand.jur.degree from the University of Iceland in 1987. Lárus is currently an independent Board member at Eimskipafélag Íslands hf. and owns 3,190 shares in the Company but no share options. He has no interest links with the Company's main clients, competitors, or major shareholders and will be an independent Board member.

##### **Margrét Guðmundsdóttir**

Margrét is the Managing Director of Eignarhaldsfélagið Lyng ehf. and is a Board member of that company. She is also a Board Member at Krónan, Hekla hf., Hekla Fasteignir ehf. and Paradís ehf. Margrét was the Chairman of the European Surgical Trade Association from 2011 to 2013 and a member of its Board from 2009 to 2015. She was the Chairman of Félag atvinnurekenda from 2009 to 2013, a member of the

Board of Reiknistofa bankanna from 2010 to 2011 and 2016 to 2018, the Board of Isavia from 2017 to 2018 and the Board of SPRON from 2008 to 2009.

Margrét was the CEO of Austurbakki, later Icepharma hf., from 2005 to 2016. Prior to that she was the Managing Director of Skeljungur from 1995 to 2005, Managing Director of Kuwait Petroleum (Denmark) A/S from 1986 to 1995 and Office Manager at Dansk ESSO (later Statoil) from 1982 to 1986. Margrét was Deputy Managing Director of AIESEC International in Brussels from 1978 to 1979. Margrét holds a Cand. oecon. degree in economics and business administration from the University of Iceland, a Cand. merc. degree from the Copenhagen Business School and Executive education from CEDEP/Insead in France. Margrét does neither own shares nor share options in the Company. She has no interest links with the Company's main clients, competitors, or major shareholders and will be an independent Board member.

### **Ólöf Hildur Pálsdóttir**

Ólöf Hildur is the CFO of atNorth ehf. and has held that position since the year 2019. Prior to that she worked as an independent Financial Advisor for a year, and at Arion bank and its predecessors from 2000 to 2017 in various roles e.g. as Head of Credit Structuring and Analysis, Deputy Head of IR, Investment strategist and fund manager. Ólöf Hildur has been a board member of Reginn and Alternate Board member of VÍS. Ólöf holds a Cand. Oecon degree from the University of Iceland.

Ólöf Hildur does neither own shares nor share options in the Company. She has no interest links with the Company's main clients, competitors, or major shareholders and will be an independent Board member.

## **Alternate Board of Directors**

### **Jóhanna á Bergi**

Jóhanna is the CEO of Atlantic Airways Ltd. Jóhanna was the CEO of P/f Faroe Ship, Eimskip's subsidiary in the Faroe Islands, from 2006 to 2015, Sales Director of JFK and Kósin Seafood from 1998 to 2006 and Sales Manager of Faroe Seafood France from 1994 to 1998. She is currently a board member of the Faroese Confederation of Sports and Olympic Committees, Nordoyatunnilin, Föroya Grunnurin, and Visit Faroe Islands. Jóhanna has a Master's degree in Management from Robert Gordon University in the UK. She further holds an EE degree from the Danish School of International Marketing and Export. Jóhanna is an independent Board member and does neither own shares nor share options in the Company. She has no interest links with the Company's main clients, competitors, or major shareholders and will be an independent Board member.

### **Óskar Magnússon**

Óskar is a well-known writer and has published two collections, short stories and three novels in recent years. He is a farmer and co-owner and chairman of Kerfélagið ehf., the owner of the tourist nature attraction Kerid Crater. Óskar is currently a vice-chairman of the board of Samherji hf., a board member of Samherji Holding ehf. and a chairman of the Icelandic landowners Association. He has previously been a board member of the Icelandic Bar Association. Óskar was Publisher/CEO and major shareholder of Árvakur hf. from 2009 to 2015, President/CEO of Tryggingamiðstöðin hf. and TM Life Insurance hf. from 2004 to 2007, President/CEO of Vodafone Iceland from 2001 to 2007, Executive Chairman of Baugur from 1998 to 1999 and President/CEO of Hagkaup hf. supermarkets, that later became part of Baugur Corporation, from 1993 to 1998. Óskar has been a Supreme Court Attorney since 1993. He graduated with an LL.M. degree in International Business Law from George Washington University Law School in 1986, and with a Cand.jur. degree from the University of Iceland in 1983. Óskar is currently an alternate member of the board of Eimskipafélag Íslands hf. He owns 15,000 shares in the Company, but no share options, but is not independent of Samherji Holding ehf., which holds, in total, 63.2 million shares in the Company.

# NOMINATION COMMITTEE

Report for Annual General Meeting

Date

11.3.2021

# REPORT OF NOMINATION COMMITTEE

## ROLE OF THE COMMITTEE

The Nomination Committee is a sub-committee of the Board of Directors which shall assist the Board with the process of Board succession planning, identification and nomination of Board candidates, alternate Board candidates as well as members of the Board's committees. The Nomination Committee was formed at the 2020 Annual General Meeting and began its work in the beginning of January 2021.

The Nomination Committee reviews and evaluates the structure, size and composition (including the balance of skills, knowledge, experience, diversity, tenure and independence) of the Board and its committees, making recommendations to the Board regarding any changes. The Committee establishes a dialogue with the Company's major shareholders, with the aim of providing insights on the Board composition and to seek shareholder input.

## COMPOSITION

The Nomination Committee shall be composed of three Board Members, unless the Board decides otherwise. The Board appoints the members of the Committee and its Chairman at the first Board meeting following the Annual General Meeting who's term shall be valid until a new Board is elected at the next Annual General Meeting of the Company. The Chairman of the Board of Directors shall not chair the Committee. The majority of the Nomination Committee shall be independent of the Company. The members shall possess the knowledge and expertise needed to perform the tasks of the Committee.

The members of the Nomination Committee are Hrund Rudolfssdottir (Chairman), Óskar Magnússon and Vilhjálmur Vilhjálmsson.

## ACTIVITIES DURING THE YEAR

<i>Date</i>	<i>Main projects</i>
<i>January 8<sup>th</sup> 2021</i>	Preparation meeting. Rules of procedure review, work until AGM discussed and suitability assessment reviewed.
<i>January 25<sup>th</sup> 2021</i>	Preparation meeting. Meetings with shareholders organized.
<i>January 27<sup>th</sup> 2021</i>	The Board informed of the Committees intentions
<i>February 1<sup>st</sup> 2021</i>	Advertisement published on Nasdaq



<i>February</i>	Meetings with largest shareholders that hold 88% of shares
<i>March 2nd</i>	Preparation meeting
<i>March 3<sup>rd</sup>-8th</i>	Interview with Board candidates
<i>March 9<sup>th</sup>, 10<sup>th</sup> and 11th</i>	Preparation meetings, discussion with shareholders and candidates, finalization of report

### **THE COMMITTEE'S DEFINITION OF KEY COMPETENCIES AND KNOWLEDGE**

It is the Committee's conclusion that in order to be a strong Board member for Eimskipafélag Íslands general knowledge of extensive operations is the most important asset as well as knowledge of corporate governance. In addition, it is important that the Board is combined of diverse individuals with knowledge of the Company's core business.

The Company's Board of Directors as a whole must be composed of individuals with extensive business knowledge, both domestically and internationally. Board members must have good insight into Icelandic society and business environment, the labor market and business practices. The individuals who make up the Board of Directors need to have a solid career, and successful relations with the government and stakeholders.

### **THE COMMITTEE'S PROPOSAL**

The number of candidates received by the Committee exceeded the number of available seats in the Board of Directors, and the Committee is pleased that so many qualified candidates showed interest in the Company.

Candidates that are not a part of the Committee's proposal of nomination of Board members will not automatically become candidates to the Annual General Meeting and they will not be covered in this report. The general deadline for declaring candidacy to the Board of Directors passes 10 days before the Annual General Meeting, or at 16:00 (GMT) on 15 March 2021.

It is the Committee's opinion that the appointment of the Company's Board of Directors has been successful in recent years during a time of transformation, and that the combined knowledge of Board Members has been broad and extensive. Board Members have co-operated well together and made decisions at demanding times without hesitation in a considered and informed way. Thus, the Committee believes that a similar composition of the Board is suitable now that two Board Members, Hrund Rudolfsdóttir and Vilhjálmur Vilhjálmsson, are resigning.

Based on that view and the general criteria mentioned above, the Committee recommends that the remaining Board Members and Alternate Board Members will be re-elected.

After reviewing the application documents, conducted interviews, and evaluated candidates the Committee considers that all applicants meet the general eligibility criteria. The Nomination Committee considers Margrét Guðmundsdóttir and Ólöf Hildur Pálsdóttir the most suitable individuals to take a seat on the Board of the Directors.

**Therefore, the recommended composition of the Board of Directors are;**

- Baldvin Þorsteinsson
- Guðrún Blöndal
- Lárus Blöndal
- Margrét Guðmundsdóttir
- Ólöf Hildur Pálsdóttir

**Recommended candidates to the Alternate Board of Directors**

- Jóhanna á Bergi
- Óskar Magnússon

## **RECOMMENDED CANDIDATES FOR BOARD OF DIRECTORS**

### **Baldvin Þorsteinsson**

Baldvin is the Director of European operations at Samherji hf. Previously he was the CEO of Iceland Drilling hf. from 2013 to 2016. He is currently a chairman of the board of Olíuverzlun Íslands hf., a board member of Iceland Drilling hf., and a board member of the Canadian fishing company Newfoundland Resources Limited Ltd. and the Norwegian fishing company Nergard A/S. He earned a BS degree in Industrial Engineering from the University of Iceland in 2007. Baldvin is currently the Chairman of the Board of Eimskipafélag Íslands hf. Baldvin owns 160,000 shares in the Company but does not have a share options agreement. He is not independent of Samherji Holding ehf., which holds 63.2 million shares in the Company.

### **Guðrún Blöndal**

Guðrún was a CEO of Nasdaq CSD Iceland from 2013 to 2018. Previously she was the CEO of Arion Custody Services, subsidiary of Kaupthing hf., from 2002 until it merged with Arion bank hf. in 2012. She held various positions in Kaupthing hf. from 1984 to 2002 such as an Executive Director, Human Resource Manager, Marketing Manager and Asset Manager. In 2012 to 2013 she was a Board Member at the Enterprise Investment Fund slhf., Reginn hf., Míla ehf., Vörður Insurance Company and Vörður Life Insurance. Guðrún is an alternate board member at Landsbankinn hf. Guðrún earned a Cand.Oecon degree at the University of Iceland in 1990. She is currently an independent Board member at Eimskipafélag Íslands hf. and does neither own shares nor share options in the Company. She has no interest links with the Company's main clients, competitors, or major shareholders.

## **Lárus Blöndal**

Lárus is a Supreme Court Attorney and a Partner at Juris Law Offices. Lárus was a Partner at Almenna lögfræðistofan from 1990 to 2008. Lárus is currently a board member of Orkusalan hf., RARIK Orkuthróun ehf. and the Chairman of the board of ISFI (Icelandic State Financial Investments). He has been a member of the Competition Appeals Committee since 2000 and its Vice-Chairman since 2009 and a member of the National Olympics and Sports Association's executive committee since 2001, becoming its Vice-President in 2006 and its President in 2013. He has previously been a board member of the Icelandic Bar Association, the University of Iceland's Human Rights Institute, the University of Iceland's Research Centre in Environmental and Natural Resources Law, Hótel Borg ehf., Fastus ehf., the Housing Financing Fund, Chairman of the National Olympic and Sport Association's legal committee, and a member of various other official committees and boards. Lárus has been a Supreme Court Attorney since 1998 and a District Court Attorney since 1990. He graduated with a Cand.jur.degree from the University of Iceland in 1987. Lárus is currently an independent Board member at Eimskipafélag Íslands hf. and owns 3,190 shares in the Company but no share options. He has no interest links with the Company's main clients, competitors, or major shareholders.

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Margrét is the Managing Director of Eignarhaldsfélagið Lyng ehf. and is a Board member of that company. She is also a Board Member at Krónan, Hekla hf., Hekla Fasteignir ehf. and Paradís ehf. Margrét was the Chairman of the European Surgical Trade Association from 2011 to 2013 and a member of its Board from 2009 to 2015. She was the Chairman of Félag atvinnurekenda from 2009 to 2013, a member of the Board of Reiknistofa bankanna from 2010 to 2011 and 2016 to 2018, the Board of Isavia from 2017 to 2018 and the Board of SPRON from 2008 to 2009.

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Margrét does neither own shares nor share options in the Company. She has no interest links with the Company's main clients, competitors, or major shareholders.

## **Ólöf Hildur Pálsdóttir**

Ólöf Hildur is the CFO of atNorth ehf. and has held that position since the year 2019. Prior to that she worked as an independent Financial Advisor for a year, and at Arion bank and its predecessors from 2000 to 2017 in various roles e.g. as Head of Credit Structuring and Analysis, Deputy Head of IR, Investment strategist and fund manager. Ólöf Hildur has been a board member of Reginn and Alternate Board member of VÍS. Ólöf holds a Cand. Oecon degree from the University of Iceland.

Ólöf Hildur does neither own shares nor share options in the Company. She has no interest links with the Company's main clients, competitors, or major shareholders.

## RECOMMENDED CANDIDATES FOR ALTERNATE BOARD

### **Óskar Magnússon**

Óskar is a well-known writer and has published two collections, short stories and three novels in recent years. He is a farmer and co-owner and chairman of Kerfélagið ehf., the owner of the tourist nature attraction Kerid Crater. Óskar is currently a vice-chairman of the board of Samherji hf., a board member of Samherji Holding ehf. and a chairman of the Icelandic landowners Association. He has previously been a board member of the Icelandic Bar Association. Óskar was Publisher/CEO and major shareholder of Árvakur hf. from 2009 to 2015, President/CEO of Tryggingamiðstöðin hf. and TM Life Insurance hf. from 2004 to 2007, President/CEO of Vodafone Iceland from 2001 to 2007, Executive Chairman of Baugur from 1998 to 1999 and President/CEO of Hagkaup hf. supermarkets, that later became part of Baugur Corporation, from 1993 to 1998. Óskar has been a Supreme Court Attorney since 1993. He graduated with an LL.M. degree in International Business Law from George Washington University Law School in 1986, and with a Cand.jur. degree from the University of Iceland in 1983. Óskar is currently an alternate member of the board of Eimskipafélag Íslands hf. He owns 15,000 shares in the Company, but no share options, but is not independent of Samherji Holding ehf., which holds, in total, 63.2 million shares in the Company.

### **Jóhanna á Bergi**

Jóhanna is the CEO of Atlantic Airways Ltd. Jóhanna was the CEO of P/f Faroe Ship, Eimskip's subsidiary in the Faroe Islands, from 2006 to 2015, Sales Director of JFK and Kósin Seafood from 1998 to 2006 and Sales Manager of Faroe Seafood France from 1994 to 1998. She is currently a board member of the Faroese Confederation of Sports and Olympic Committees, Nordoyatunnilin, Föroya Grunnurin, and Visit Faroe Islands. Jóhanna has a Master's degree in Management from Robert Gordon University in the UK. She further holds an EE degree from the Danish School of International Marketing and Export. Jóhanna is an independent Board member and does neither own shares nor share options in the Company. She has no interest links with the Company's main clients, competitors, or major shareholders.

## CURRENT BOARD MEMBERS

### **Baldvin Þorsteinsson – Chairman of the Board**

Information about Baldvin can be read in text above.

### **Hrund Rudolfsdóttir – Vice-Chairman of the Board**

Hrund is the CEO of Veritas Capital ehf. Previously she was Corporate Director of Human Resources at Marel hf. from 2009-2013 and Director of Operations and Investments at Moderna Finance ehf./Milestone ehf. from 2007 to 2009. Hrund was CEO of L&H Holding, CEO and Chief of Operations of Lyf & heilsa hf. from 2001 to 2006. She is currently a board member of Iceland Chamber of Commerce, Artasan hf., Distica hf., Stoð ehf, Bandagisten A/S and Lumina ehf. Hrund took her Master's degree in International Marketing and Management at Copenhagen Business School in 2000. She also

earned a Cand.Oecon. degree at the University of Iceland in 1994. Hrund is an independent Board member and does neither own shares nor share options in the Company. She has no interest links with the Company's main clients, competitors, or major shareholders. Hrund is an independent Board member.

#### **Guðrún Ó. Blöndal – Board member**

Information about Guðrún can be read in text above.

#### **Lárus L. Blöndal – Board member**

Information about Lárus can be read in text above.

#### **Vilhjalmur Vilhjálmsson – Board member**

Vilhjalmur is the Chairman of the Board of Directors of Hampiðjan hf. Vilhjalmur was the CEO of HB Grandi hf. from 2012 to 2018, and a Manager of HB Grandi hf.'s pelagic sector from 2005 to 2012. Before joining HB Grandi hf. Vilhjalmur was office manager and later the CEO of Tangi, Vopnafjörður based fishery from 2001 to 2004. Vilhjalmur started his career in fisheries at age 11 and worked as a seaman from age of 15 alongside his studies. Later Vilhjalmur started working ashore at Fiskafurðir ehf. and at the Federation of Icelandic fishing vessels owners where he worked for 8 years before joining Tangi. Vilhjalmur is a Fish Industry Technician from the Icelandic Technical College and is a master of navigation from Reykjavik Navigational School. He is an independent Board member and does neither own shares nor share options in the Company. He has no interest links with the Company's main clients, competitors or major shareholders.

#### **Óskar Magnússon – Alternate of the Board**

Information about Óskar can be read in proposal text above.

#### **Jóhanna á Bergi – Alternate of the Board**

Information about Jóhanna can be read in proposal text above.

Reykjavík, 11 March 2021

Hrund Rudolfsdóttir  
Chairman of Nomination Committee

Óskar Magnússon

Vilhjalmur Vilhjálmsson

# Aðalfundur Eimskipafélags Íslands hf.

Aðalfundur Eimskipafélags Íslands hf. verður haldinn fimmtudaginn 25. mars 2021 kl. 16:00 í fundarsalnum Gullteig á Grand hótél, Sigtúni 28, 105 Reykjavík.

## DRÖG AÐ DAGSKRÁ

- Skýrsla stjórnar félagsins um starfsemi þess á liðnu starfsári
- Staðfesting ársreiknings fyrir síðastliðð reikningsár
- Ákvörðun um ráðstöfun hagnaðar á reikningsárinu 2020
- Tillaga um heimild til kaupa á eigin hlutum
- Tillaga um lækun hlutfjár vegna kaupa á eigin hlutum skv. endurkaupaáætlun
- Tillaga um heimild til lækunar hlutfjár
- Tillaga um starfskjarastefnu félagsins
- Kosning stjórnar félagsins
- Ákvörðun um þóknun til stjórnarmanna, varamanna og undirnefnda stjórnar
- Kosning endurskoðenda
- Önnur mál, löglega upp borin

## REGLUR UM ÞÁTTTÖKU OG ATKVÆÐAGREIÐSLU Á FUNDINUM

Hluthafar eiga rétt á að fá mál sett á dagskrá, leggja fram ályktunartillögur og spyrja spurninga, með skriflegum eða rafrænum hætti. Kröfu þar um skal fylgja rökstuðningur eða drög að ályktun sem berast skal stjórn félagsins eigi síðar en 10 dögum fyrir fund, fyrir kl. 16:00 þann 15. mars 2021. Nánari upplýsingar um réttindi hluthafa er að finna á vefsíðu félagsins: [www.eimskip.com/investors](http://www.eimskip.com/investors)

Eitt atkvæði fylgir hverjum hlut í félaginu að frádregnum eigin hlutum sem eru án atkvæðisréttar. Aðgöngumiðar, atkvæðaseðlar og önnur fundargögn verða afhent á fundarstað. Hluthöfum sem ekki sækja aðalfund stendur til boða að kjósa um dagskrármál með skriflegum hætti eða veita umboð. Ekki verður unnt að greiða atkvæði með rafrænum hætti á fundinum.

Eigi síðar en fimm dögum fyrir aðalfund þarf beiðni hluthafa um að kjósa með skriflegum hætti að berast félaginu. Hluthafar geta fengið atkvæðaseðla senda til sín, en einnig má nálgast þá í höfuðstöðvum félagsins þar sem greiða má atkvæði alla virka daga milli kl. 9:00 og 16:00. Atkvæðin skulu berast félaginu fyrir aðalfundinn. Hluthafar geta veitt skrifleg umboð að uppfylltum ákveðnum skilyrðum. Slík umboð skulu berast félaginu áður en aðalfundur hefst eða við skráningu á fundarstað. Nánari upplýsingar um atkvæðareglur og notkun umboða er að finna á vefsíðu félagsins: [www.eimskip.com/investors](http://www.eimskip.com/investors)

## AÐRAR UPPLÝSINGAR

Athygli hluthafa er vakin á því að tilhögun fundarhalds verður í samræmi við gildandi sóttvarnareglur á aðalfundardegi og ákvæði hlutafélagalaga um hluthafafundi. Ef breyta þarf tilhögun fundarhalds verður tilkynnt um það í fréttakerfi Nasdaq Iceland eigi síðar en tveimur sólarhringum fyrir aðalfund.

Í samræmi við núgildandi reglur verður þátttaka allra fundarmanna skráð, öllum fundarmönnum ber að nota andlitsgrímu og tryggt verður að fjarlægð milli ótengdra aðila sé meiri en 1 metri.

Skjöl sem lögð verða fyrir aðalfund er að finna á vefsíðu félagsins: [www.eimskip.com/investors](http://www.eimskip.com/investors)

Hluthöfum stendur einnig til boða að nálgast skjölin í höfuðstöðvum félagsins að Sundabakka 2, 104 Reykjavík, virka daga milli kl. 9:00 og 16:00.

Endanleg dagskrá og tillögur stjórnar verða birtar tveimur vikum fyrir fundinn. Berist tillögur frá hluthöfum verða þær birtar a.m.k. þremur dögum fyrir fundinn ásamt uppfærðri dagskrá. Samkvæmt 63. gr. a. hlutafélagalaga nr. 2/1995 skal tilkynna um framboð til stjórnar skriflega minnst tíu dögum fyrir aðalfund, eða fyrir kl. 16:00 þann 15. mars 2021. Framboðstilkynningu má nálgast á skrifstofu félagsins. Upplýsingar um framboðendur til stjórnar verða birtar eigi síðar en tveimur dögum fyrir aðalfund.

Aðgöngumiðar, atkvæðaseðlar og önnur fundargögn verða afhent frá kl. 15:30 á aðalfundardegi.

Reykjavík, 3. mars 2021

**Stjórn Eimskipafélags Íslands hf.**

# Annual General Meeting of Eimskipafélag Íslands hf.

Annual General Meeting of Eimskipafélag Íslands hf. will be held on Thursday 25 March 2021 at 16:00 at Gullteigur conference room, Grand hótél, Sigtúni 28, 105 Reykjavík.

## PROPOSED 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. Other issues, lawfully presented

## RULES ON PARTICIPATION AND VOTING

Shareholders are entitled to put items on the agenda, table proposed resolutions and ask questions, in writing or by electronic means. Request thereon shall include reasoning or a proposed resolution and has to be delivered to the Board of Directors no later than 10 days before the meeting, by 16:00 GMT on 15 March 2021. Further information on shareholders' rights is available on the Company's website: [www.eimskip.com/investors](http://www.eimskip.com/investors)

Each share in the Company carries one vote, except Treasury Shares that do not carry voting rights. Shareholders attending the Annual General Meeting in person will be registered at the entrance of the meeting and will receive their ballot and other relevant documents. Shareholders who do not attend the Annual General Meeting in person can vote on items on the agenda in writing, or by issuing a power of attorney. Shareholders will not be able to vote electronically at the meeting.

A shareholder's request to vote in writing must be received by the Company no later than five days prior to the Annual General Meeting. Shareholders can request to have their ballot sent to them or claim their ballots at the Company's headquarters where they can cast their votes on business days from 9:00 to 16:00. Votes must be received by the Company prior to the Annual General Meeting. Shareholders can grant written power of attorney, subject to certain formalities identified on the Company's website. Written powers of attorney must be received by the Company prior to the Annual General Meeting or when registering for the meeting. Further information on the voting rules and use of powers of attorney are available on the Company's website: [www.eimskip.com/investors](http://www.eimskip.com/investors)

## FURTHER INFORMATION

Shareholder's attention is brought to the fact that the meeting will be arranged in accordance with the COVID-19 measures from the Government of Iceland and Icelandic Act respecting Public Limited Companies, applicable at the meeting date. Should the Company need to alter the meetings arrangement a press release will be published at Nasdaq Iceland at least 48 hours before the meeting.

According to current rules all participants will be registered into the meeting and they shall all wear facemasks and respect one-meter social distancing between unrelated parties.

Documents of the Annual General Meeting are available at the Company's website: [www.eimskip.com/investors](http://www.eimskip.com/investors)

Shareholders can also access the documents at the Company's headquarters in Sundabakki 2, 104 Reykjavík, on business days from 9:00 to 16:00.

The final agenda and proposals from the Board of Directors will be published two weeks before the meeting. Resolution proposed by shareholders will be published at least three days prior to the meeting along with updated agenda. According to article 63 a. of Act on Public Limited Companies no. 2/1995 written notices on candidature to the Board of Directors can be announced until ten days before the Annual General Meeting, or before 16:00 (GMT) on 15 March 2021. Forms for declaration of candidacy to the Board of Directors can be accessed at the Company's offices. Information on all candidates to the Board of Directors will be made available no later than two days before the Annual General Meeting.

Shareholders and holders of power of attorney can register for the Annual General Meeting on the meeting day from 15:30 at the Company's headquarters.

Reykjavík, 3 March 2021

**Board of Directors of Eimskipafélag Íslands hf.**

# Eimskipafélag Íslands hf.

## Ályktunartillögur fyrir aðalfund 2021

Hluthöfum er bent á að endanlegar tillögur stjórnar verða lagðar fram tveimur vikum fyrir aðalfund. Öll gögn vegna aðalfundar er að finna á vefsíðu félagsins: [www.eimskip.com/investors](http://www.eimskip.com/investors)

### 2. Staðfesting ársreiknings fyrir síðastliðið reikningsár

Stjórn Eimskipafélags Íslands hf. leggur til við aðalfund félagsins að ársreikningur fyrir árið 2020 verði samþykktur.

### 3. Ákvörðun um ráðstöfun hagnaðar á reikningsárinu 2020

Félagsstjórn leggur til við aðalfund að greiddur verði út arður vegna reikningsársins 2020 sem nemur 2,47 krónum á hlut. Nemi heildarfjárhæð arðgreiðslunnar 446,7 milljónum króna sem samsvari um 64,9% af hagnaði ársins. Viðmiðunardagsetning arðgreiðslu verði við lok viðskipta á aðalfundardegi og arðleysisdagur<sup>1</sup> því 26. mars 2021 og arðsréttardagur<sup>2</sup> 29. mars 2021. Lagt er til að útborgunardagur<sup>3</sup> verði þann 15. apríl 2021.

### 4. Tillaga um endurnýjun heimild til kaupa á eigin hlutum

Stjórn félagsins leggur fram eftirfarandi tillögu um heimild til kaupa á eigin bréfum og breytingu á grein 11.2 í samþykktum félagsins í heild sinni:

*„Aðalfundur Eimskipafélags Íslands hf. haldinn 25. mars 2021 veitir stjórn félagsins heimild til að eignast, í einum eða fleiri viðskiptum, allt að 10% af hlutafé félagsins. Heimild þessi skal nýtt í þeim tilgangi að koma á formlegri endurkaupaáætlun eða til þess að gera hluthöfum almennt tilboð um kaup á eigin bréfum, t.d. með útboðsfyrirkomulagi, enda sé jafnræðis hluthafa gætt við boð um þátttöku í slíkum viðskiptum eða til þess að kaupa eigin bréf í einstökum viðskiptum. Heimild þessi stendur í 18 mánuði og takmarkast við að eignarhald félagsins, og dótturfélaga þess, fari ekki umfram 10% af heildarhlutafé félagsins á hverjum tíma. Endurgjald fyrir keypta hluti skal vera í samræmi við 3. mgr. 55. gr. laga nr. 2/1995. Aðrar eldri heimildir til kaupa á eigin hlutabréfum falla úr gildi við samþykkt heimildar þessarar.“*

#### **Greinargerð stjórnar:**

Á hluthafafundi þann 24. júlí 2018 var samþykkt heimild til kaupa á eigin hlutum sem féll úr gildi 24. janúar 2020. Á aðalfundi 2020 var heimildin framlengd í 18 mánuði frá 26. mars 2020 til 26. september 2021. Með þessari tillögu gildir heimildin til 25. september 2022. Tillaga þessi felur í sér að stjórn félagsins sé veitt almenn heimild til þess að koma á formlegri endurkaupaáætlun og/eða til þess að gera hluthöfum almennt tilboð um kaup á eigin bréfum, t.d. með útboðsfyrirkomulagi, enda sé jafnræðis hluthafa gætt við boð um þátttöku í slíkum viðskiptum. Þessa heimild mætti einungis nýta að uppfylltum skilyrðum laga, þar með talið ákvæðum laga um verðbréfavíðskipti. Verði tillagan samþykkt mun ákvæði svo breyttrar greinar 11.2 gilda um kaup félagsins á eigin hlutum.

Arðgreiðslur til hluthafa hafa verið tiltölulega lágar undanfarin ár. Sjóðsstreymi frá rekstri hefur verið sterkt og gert er ráð fyrir að það haldi áfram árið 2021. Með þessari tillögu nálgast félagið frekar markmið sitt um að viðhalda eiginfjárhlutfalli nálægt 40%.

Um endurkaupaáætlanir gilda ákvæði 1. tl. 3. mgr. 115 gr. og 2. mgr. 119. gr. laga um verðbréfavíðskipti og reglugerð sett samkvæmt þeim lögum. Ítarlegar reglur gilda um veitingu

<sup>1</sup> **Arðleysisdagur** er sá dagur sem viðskipti hefjast án arðsréttinda, þ.e. næsti viðskiptadagur eftir aðalfund.

<sup>2</sup> **Arðsréttardagur** er sá dagur sem hluthafar verða að vera skráðir í hlutaskrá til að eiga rétt á arði, þ.e. annar viðskiptadagur eftir aðalfund. Þetta þýðir að hluthafar sem hafa keypt hluti á aðalfundardegi munu fá greiddan arð.

<sup>3</sup> **Útborgunardagur** er sá dagur sem arður er greiddur út til hluthafa.



upplýsinga og framkvæmd ákveði stjórn að gera hluthöfum tilboð um kaup á eigin bréfum, þar sem hafa skal jafnræði og gagnsæi að leiðarljósi.

## 5. Tillaga um lækun hlutafjár vegna kaupa á eigin hlutum skv. endurkaupaáætlun

Stjórn félagsins leggur fram eftirfarandi tillögu um lækun á eigin hlutum:

*„Aðalfundur Eimskipafélags Íslands hf., haldinn þann 25. mars 2021, samþykkir að lækka hlutafé félagsins um 6.100.000 kr., úr 187.000.000 kr. í 180.900.000 kr. að nafnverði. Lækkunin verður framkvæmd með lækun á eigin hlutum félagsins sem nema framangreindri fjárhæð, að uppfylltum skilyrðum laga um hlutafélög.“*

Þannig leggur stjórn til að grein 2.1 í samþykktum verði breytt til samræmis og muni verða svohljóðandi verði tillagan samþykkt:

*„Hlutafé félagsins er kr. 180.900.000.“*

### **Greinargerð stjórnar:**

Þann 10. júní 2019 og 1. desember 2019 tók stjórn félagsins ákvörðun um framkvæmd endurkaupaáætlana skv. heimild í grein 11.2. í samþykktum þess, í þeim tilgangi að lækka útgefið hlutafé félagsins. Samtals voru keyptir 4.857.774 hlutir í áætlununum tveimur og þess vegna er tillagan lögð fram. Lagt er til að nær allir eigin hlutirnir verði ógiltir. Verði tillagan samþykkt lækkar hlutafé félagsins úr 187.000.000 kr. í 180.900.000 kr. að nafnvirði. Lækkunin verður framkvæmd þegar lögð skilyrði eru uppfyllt.

Stjórn lagði þessa tillögu fram til aðalfundar 2020 en dró hana til baka þann 17. mars 2020 í ljósi óvissu í efnahagsumhverfi Íslands og heimsins alls vegna COVID-19 og til að tryggja að félagið viðhélldi sínum fjárhagslega styrk. Var hún því ekki lögð fram til afgreiðslu aðalfundar 2020, en tiltekið að hún yrði lögð fram á hluthafafundi síðar, þegar sú óvissa sem þá var uppi yrði afstaðin.

## 6. Tillaga um heimild til lækkunar hlutafjár

Stjórn félagsins leggur fram eftirfarandi tillögu um lækun hlutafjár:

*„Aðalfundur Eimskipafélags Íslands hf. haldinn fimmtudaginn 25. mars 2021 samþykkir að færa niður hlutafé félagsins um kr. 5.700.000 að nafnverði með greiðslu sem nemur kr. 1.675.800.000. Fjárhæðin verður greidd út til hluthafa félagsins hlutfallslega í samræmi við hlutafjáreign þeirra í lok dags. 30. apríl 2021, ef lögboðnar forsendur eru þá uppfylltar, eða við fyrsta mögulega tímamark þar eftir þegar lögboðnar forsendur fyrir útgreiðslunni hafa verið uppfylltar.“*

Þannig leggur stjórn til að grein 2.1 í samþykktum verði breytt til samræmis og a.t.t. tillögu 5 muni verða svohljóðandi verði tillagan samþykkt:

*„Hlutafé félagsins er kr. 175.200.000.“*

### **Greinargerð stjórnar:**

Við uppgjör þriðja ársfjórðungs 2019 í lok nóvember var framtíðar fjármagnsskipan félagsins og þriggja ára fjárfestingaráætlun kynnt. Markmið félagsins er að viðhalda eiginfjárlutfalli nálægt 40% og hóflegu skuldsetningarhlutfalli sem væri 2-3 sinnum nettó vaxtaberandi skuldir á móti EBITDA. Markmiðið með þessu var að auka gagnsæi og fyrirsjáanleika og þar með auka þjónustu við fjárfesta og greinendur á markaði.

Enginn arður var greiddur út til hluthafa árið 2020 vegna áhrifa COVID-19 faraldursins. Arðgreiðslur til hluthafa hafa verið tiltölulega lágar undanfarin ár. Sjóðsstreymi frá rekstri hefur verið sterkt og gert er ráð fyrir að það haldi áfram árið 2021. Ný þriggja ára fjárfestingaráætlun

gerir ekki ráð fyrir verulegum fjárfestingum og með þessari tillögu nálgast félagið frekar markmið sitt um að viðhalda eiginfjárlutfalli nálægt 40% en það myndi lækka um 1,7 til 2,0% með þessari breytingu.

Lækkun hlutafjár er ein þeirra leiða sem fær er til að ná þessum markmiðum og þess vegna er tillagan lögð fram nú til hagsbóta fyrir hluthafa. Lækkunin verður framkvæmd þegar lögmalet skilyrði eru uppfyllt.

Stjórn lagði þessa tillögu fram til aðalfundar 2020 en dró hana til baka þann 17. mars 2020 í ljósi óvissu í efnahagsumhverfi Íslands og heimsins alls vegna COVID-19 og til að tryggja að félagið viðhélldi sínum fjárhagslega styrk. Var hún því ekki lögð fram til afgreiðslu aðalfundar 2020, en tiltekið að hún yrði lögð fram á hluthafafundi síðar, þegar sú óvissa sem þá var uppi yrði afstaðin.

## 7. Tillaga um starfskjarastefnu félagsins

Stjórn félagsins leggur minniháttar breytingar á starfskjarastefnu félagsins. Starfskjarastefnan er meðfylgjandi á sér skjali.

## 8. Kosning stjórnar félagsins

Skýrsla tilnefningarnefndar Eimskips og tillögur hennar um tilnefningu stjórnarmanna verður birt með endanlegum tillögum stjórnar til aðalfundar tveimur vikum fyrir aðalfund, eða þann 11. mars 2021. Almennur frestur skv. samþykktum til að bjóða sig fram til stjórnar rennur út 15. mars 2021 kl. 16:00. Endanlegar upplýsingar um frambjóðendur til stjórnar félagsins verða birtar eigi síðar en tveimur dögum fyrir aðalfundinn, sbr. 63. gr. a. hlutafélagalaga nr. 2/1995.

## 9. Ákvörðun um þóknun til stjórnarmanna, varamanna og undirnefnda stjórnar

Stjórn félagsins leggur til að stjórnarlaun vegna ársins 2021 verði sem hér segir:

Stjórnarformaður	kr. 517.000 á mánuði
Varaformaður	kr. 495.000 á mánuði
Meðstjórnendur	kr. 341.000 á mánuði
Varamenn	kr. 137.500 fyrir hvern setinn fund, þó ekki hærra en kr. 341.000 fyrir hvern mánuð
Nefndarmenn í endurskoðunarnefnd	kr. 137.500 á mánuði
Nefndarmenn í starfskjaranefnd	kr. 137.500 á mánuði
Nefndarmenn í Tilnefningarnefnd	kr. 137.500 á mánuði

Stjórnarlaun og laun nefndarmanna eru ákveðin fyrirfram fyrir kjörtímabilið.

## 10. Kosning endurskoðenda

Tillaga um kosningu endurskoðenda félagsins fyrir árið 2021 verður lögð fram með endanlegum tillögum stjórnar.

# Eimskipafélag Íslands hf.

## Proposed resolutions for the Annual General Meeting 2021

Final resolutions from the Board of Directors will be published two weeks before the AGM. 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

<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.

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**

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 strengths. 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 last 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 strengths. 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 is attached in a specific document.

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

The Report of Eimskip's Nomination Committee and its proposals regarding nomination of candidates to the Board will be published along with the Board's final proposals to the Annual General Meeting, two weeks prior to the meeting, or on 11 March 2021. According to the Company's Articles of Association written notices on candidature to the Board of Directors can be announced until ten days before the Annual General Meeting, or before 16:00 (GMT) on 15 March 2021. Final information on the candidates to the Board of Directors will be published no later than two days prior to the Annual General Meeting, cf. Art. 63 a. of act no. 2/1995 on Public Limited Companies.

## **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 will propose the Company's auditing firm for the year 2021 when it publishes the final proposals to the Annual General Meeting.

# EIMSKIPAFÉLAG ÍSLANDS HF.

## STARFSKJARASTEFNA

### 1. GRUNDVÖLLUR OG MARKMIÐ

Samkvæmt ákvæði 79. gr. a. í lögum 2/1995 um hlutafélög ber Eimskipafélagi Íslands hf. (“félagið”) að setja sér starfskjarastefnu varðandi laun og aðrar greiðslur til forstjóra og annarra stjórnenda félagsins sem og stjórnarmanna þess. Starfskjarastefnan skal samþykkt á aðalfundi félagsins og er hluthöfum þannig gert kleift að hafa áhrif á stefnu félagsins varðandi starfskjör.

Starfskjarastefnan er á ábyrgð stjórnar félagsins, sem tók mið af fimmtu útgáfu leiðbeininga Viðskiptaráðs Íslands um góða stjórnarhætti við gerð stefnunnar.

Markmið starfskjarastefnu þessarar er að gera starf hjá félaginu að eftirsóknarverðum kosti fyrir hæft starfsfólk og þar með tryggja samkeppnishæfni félagsins, framþróun og viðunandi arðsemi. Félagið gætir fyllsta jafnréttis við ákvörðun launa og annarra starfskjara. Allir starfsmenn njóta sömu starfskjara fyrir jafnverðmæt störf. Það er stefna Eimskips að laun og önnur kjör séu samkeppnishæf við sambærileg störf á markaði.

### 2. STARFSKJARANEFND

Stjórn félagsins skal skipa starfskjaranefnd sem skipuð er þremur mönnum sem stjórn félagsins kýs úr sínum röðum. Nefndin starfar samkvæmt sérstökum starfsreglum sem stjórn félagsins setur henni. Hlutverk starfskjaranefndar er að vera leiðbeinandi fyrir félagsstjórn og framkvæmdastjórn um starfskjör æðstu stjórnenda félagsins og ráðgefandi um starfskjarastefnu. Skal nefndin jafnframt fylgjast með því að starfskjör lykilstarfsmanna séu innan ramma starfskjarastefnunnar og gefa félagsstjórn skýrslu þar um árlega í tengslum við aðalfund félagsins.

### **3. STARFSKJÖR STJÓRNARMANNA**

Stjórnarmönnum skal greidd föst mánaðarleg þóknun í samræmi við ákvörðun aðalfundar ár hvert, svo sem kveðið er á um í 79. gr. laga um hlutafélög. Gerir stjórnin tillögu um þóknunina fyrir komandi starfsár og tekur mið af þeim tíma sem stjórnarmenn verja til starfans, þeirri ábyrgð sem á þeim hvílir, afkomu félagsins auk þess sem litið skal til þóknunar til stjórnarmanna sambærilegra félaga. Heimilt er að greiða stjórnarmönnum sérstaklega fyrir ákveðin afmörkuð verkefni. Greiðslur fyrir slík verk skulu háðar samþykki stjórnar, annarra en þess stjórnarmanns sem um ræðir hverju sinni. Félagið skal tryggja stjórnarmönnum að þeir séu skaðlausir af kröfum sem á þá kunna að verða gerðar eða á þá kunna að falla vegna starfa fyrir félagið að svo miklu leyti sem ákvæði laga um hlutafélög leyfa. Óheimilt er að gera starfslokasamninga við stjórnarmenn.

### **4. STARFSKJÖR FORSTJÓRA**

Gera skal skriflegan ráðningarsamning við forstjóra. Í þeim samningi skulu koma fram helstu skyldur forstjóra og ábyrgðarsvið hans. Fjárhæð grunnlauna og annarra greiðslna til forstjóra skal taka mið af menntun, reynslu og fyrri störfum. Tilgreina skal önnur starfskjör í ráðningarsamningnum, svo sem greiðslur í lífeyrissjóð, orlof, hlunnindi og uppsagnarfrest. Auk þess er heimilt að semja við forstjóra um afkomutengdar greiðslur og/eða hlutabréfatengd réttindi að hlutafé í félaginu, skv. því sem getið er í 7. grein, og skulu slíkir samningar skoðast sem hluti af ráðningarsamningi.

Við ákvörðun uppsagnarfrests í ráðningarsamningi má hafa sérstök ákvæði um að uppsagnarfrestur skuli lengjast í hlutfalli við starfstíma forstjóra. Jafnframt skal, í ráðningarsamningi, geta um skilyrði uppsagnar forstjóra.

Endurskoða skal grunnlaun forstjóra árlega og skal við slíka endurskoðun hafa hliðsjón af frammistöðu forstjóra, þróun launakjara almennt í sambærilegum fyrirtækjum og afkomu félagsins.

Við gerð ráðningarsamnings við forstjóra skal haft að leiðarljósi að ekki komi til frekari greiðslna við starfslok en fram koma í ráðningarsamningi. Heimilt er þó við sérstök skilyrði að gera sérstakan starfslokasamning við forstjóra sem þjóni hagsmunum félagsins að mati stjórnar.

## **5. STARFSKJÖR FRAMKVÆMDASTJÓRA OG ANNARRA LYKILSTARFSMANNA**

Forstjóri ræður framkvæmdastjóra félagsins og aðra lykilstarfsmenn félagsins í samráði við stjórn félagsins. Við ákvörðun starfskjara framkvæmdastjóra gilda sömu sjónarmið og ákvæði sem rakin eru í 4. gr.

## **6. AÐRIR STARFSMENN**

Við ákvörðun starfskjara annarra starfsmanna skulu framkvæmdastjórar einstakra sviða taka mið af ofangreindum reglum eftir því sem við á. Starfskjör annarra starfsmanna skuli vera samkeppnishæf á mælikvarða viðkomandi lands.

## **7. KAUPAUKAR**

Stjórn félagsins er heimilt er að greiða forstjóra, framkvæmdastjórum og öðrum lykilstarfsmönnum félagsins kaupauka í formi reiðufjár og/eða hlutbréfatengdra réttinda á grundvelli sérstaks kaupaukakerfis sem samþykkt hefur verið af stjórn að fengnu áliði starfskjaranefndar.

Með kaupauka er átt við greiðslur og hlunnindi til starfsmanna, meðal annars reiðufé, sérstakar lífeyrisgreiðslur og hlutabréfatengd réttindi, þ.m.t. kauprétti, venjulega skilgreint með tilliti til árangurs, sem ekki er þáttur í föstum starfskjörum starfsmanna, þar sem endanleg fjárhæð liggur ekki fyrir með nákvæmum hætti fyrirfram. Kaupauki getur að hámarki numið fjárhæð sem samsvarar þriggja mánaða grunnlaunum hjá forstjóra, en tveggja mánaða grunnlaunum hjá öðrum.

Skulu kaupaukar miðast við frammistöðu viðkomandi starfsmanna, afkomu félagsins, mikilvæga áfanga í rekstri og starfsemi félagsins, þ.á.m. hvort settum markmiðum hefur verið náð. Slíkir



kaupaukar eða hlutabréfatengd réttindi skulu einungis vera starfsmönnum til boða sem starfa hjá félaginu þegar kaupaukinn er greiddur.

Ákveði stjórnin að gefa lykilstarfsmönnum félagsins kost á samningum um hlutabréfatengd réttindi skal áætlun um slíka samninga lögð fyrir hluthafafund félagsins til samþykktar eða synjunar, með upplýsingum um viðmiðunarverð hlutabréfa, tímalengd þeirra, fjölda hluta og fjölda starfsmanna sem áætlun nær til. Skal stjórnin gera fundinum grein fyrir þeim kostnaði sem félagið kann að hafa af áætlunum um hlutabréfatengd réttindi, verði þær samþykktar.

Gera skal skriflega samninga um hlutabréfatengd réttindi við einstaka starfsmenn. Þeir samningar skulu ávallt vera innan ramma laga um hlutafélög nr. 2/1995 og háð þeim skilyrðum sem þar koma fram.

Stjórnarmenn skulu ekki njóta hlutabréfatengdra réttinda.

Greiðsla kaupauka og gerð samninga um hlutabréfatengd réttindi er ávallt háð skilyrðum laga um hlutafélög nr. 2/1995.

## **8. LÁNVEITINGAR TIL STARFSMANNA**

Félagsstjórn skal óheimilt að veita starfsmönnum lán til hlutabréfakaupa í tengslum við fjármögnun á kaupum þeirra á hlutum í félaginu sbr. 2. mgr. 104. gr. laga nr. 2/1995 um hlutafélög.

## **9. ÁBYRGÐARTRYGGING STJÓRNENDA**

Á hverjum tíma skal félagið sjá til þess að í gildi sé ábyrgðartrygging vegna starfa stjórnenda þess, sem tryggir þeim skaðleysi vegna krafna sem kunna að vera gerðar vegna starfa þeirra fyrir félagið. Félagið tryggir stjórnendum ekki skaðleysi ef krafan er tilkomin vegna saknæmrar háttsemi viðkomandi stjórnanda, þannig að hún teljist ásetningur eða stórfellt gáleysi.

## **10. UPPLÝSINGAGJÖF**

Á aðalfundi skal stjórn gera grein fyrir kjörum forstjóra, framkvæmdastjóra, lykilstarfsmanna og stjórnarmanna. Upplýsa skal um heildarfjárhæð greiddra launa á árinu, greiðslur frá öðrum

félögum í sömu fyrirtækjasamstæðu, fjárhæð kaupauka og hlutabréfatengdra réttinda, annars konar greiðslur sem tengjast hlutabréfum í félaginu, starfslokagreiðslur ef einhverjar eru, auk heildarfjárhæðar annarra greiðslna. Þá skal gera grein fyrir launum og starfskjörum stjórnar og æðstu stjórnenda í ársskýrslu félagsins.

Starfskjarastefna þessi skal vera aðgengileg á vefsíðu félagsins.

## **11. SAMÞYKKT STARFSKJARASTEFNU OG FLEIRA**

Starfskjarastefna þessi var samþykkt á stjórnarfundum félagsins þann 25. mars 2021 og öðlast gildi við samþykki aðalfundar.

Starfskjarastefna félagsins skal tekin til endurskoðunar ár hvert og borin undir aðalfund til samþykktar með eða án breytinga.

Er starfskjarastefnan bindandi fyrir stjórn félagsins að því er varðar ákvæði um samninga um hlutabréfatengd réttindi og hvers konar samninga eða greiðslur er fylgja þróun verðs á hlutabréfum í félaginu, sbr. 2. mgr. 79. gr. a. hlutafélagalaga. Að öðru leyti er starfskjarastefnan leiðbeinandi fyrir félagið og stjórn þess. Stjórn félagsins skal færa til bókar í fundargerðarbók veigamikil frávík frá starfskjarastefnunni og skulu þau frávík studd greinargóðum rökum. Gera skal grein fyrir frávikum á næsta aðalfundi félagsins.

## **GREINARGERÐ MEÐ STARFSKJARASTEFNU EIMSKIPAFÉLAGS ÍSLANDS HF.**

Með lögum nr. 89/2006 var m.a. gerð sú breyting á hlutafélagalögum að grein 79 a. var bætt inn í lögin. Greininni hefur síðan verið breytt með lögum nr. 87/2009 og lögum nr. 68/2010. Greinin leggur þá skyldu á stjórn Eimskipafélags Íslands hf. að leggja starfskjarastefnu fyrir aðalfund félagsins til samþykktar eða synjunar. Skal starfskjarastefnan mæla fyrir um laun og aðrar greiðslur til forstjóra og annarra lykilstarfsmanna félagsins, svo og stjórnarmanna þess. Segir í lögum að í starfskjarastefnu skuli koma fram grundvallaratriði varðandi starfskjör stjórnenda og stjórnarmanna og stefnu félagsins varðandi samninga við stjórnendur og stjórnarmenn. Jafnframt skal koma þar fram hvort og þá við hvaða aðstæður og innan hvaða ramma heimilt sé að greiða eða umbuna stjórnendum og stjórnarmönnum til viðbótar grunnlaunum þeirra og þá

meðal annars í formi afhendingar hluta, árangurstengdra greiðslna, hlutabréfa, kaup- og söluréttar, forkaupsréttar og annars konar greiðslna sem tengdar eru hlutabréfum í félaginu eða þróun verðs á þeim (hlutabréfatengd réttindi), lánasamninga, lífeyrissamninga og starfslokasamninga.

Var umrædd lagabreyting gerð vegna tilmæla Framkvæmdastjórnar Evrópubandalagsins 2004/913/EB frá 14. desember 2004 um að stuðla að viðeigandi fyrirkomulagi að því er varðar starfskjör stjórnenda í hlutafélögum sem eru skráð í Kauphöll.

Stjórn Eimskipafélags Íslands hf. hefur það að markmiði með tillögu að starfskjarastefnu, sem hér er lögð fyrir aðalfund félagsins, að marka félaginu raunhæfa starfskjarastefnu sem gerir félaginu fært að laða til sín starfsmenn í fremstu röð og tryggja þar með samkeppnishæfni félagsins á alþjóðlegum vettvangi að teknu tilliti til laga og reglna.

Samþykkt á aðalfundi þann 25.mars 2021.

# EIMSKIPAFÉLAG ÍSLANDS HF.

## REMUNERATION POLICY

### 1. LEGAL BASIS AND OBJECTIVE

Eimskipafélag Íslands hf. (“the Company”) is obligated according to Article 79(a) of Act No 2/1995 on Public Limited Companies to 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 Board of Directors took the guidelines of the Iceland Chamber of Commerce, SA Confederation of Icelandic Enterprise and Nasdaq Iceland on corporate governance, fifth edition, into account when preparing the policy.

The object of this Remuneration Policy is to make the Company a desirable workplace for competent employees and thereby secure Eimskip’s competitiveness, future development and acceptable profitability. The company maintains full equality in determining wages and other terms of employment. All employees are paid equal wages and enjoy the same terms of employment for work of equal value. It is Eimskip's policy that wages and other terms are competitive with comparable jobs in the market.

### 2. REMUNERATION COMMITTEE

The Board of Directors shall appoint a Remuneration Committee consisting of three members of the Board of Directors. 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 setting a

Remuneration Policy. The committee shall also supervise that terms of employment of ranking employees are in line with the Remuneration Policy and report annually to the Board of Directors in connection with the Annual General Meeting.

### **3. REMUNERATION OF THE BOARD OF DIRECTORS**

Members of the Board of Directors shall be paid a monthly salary, according to decision taken by the Annual General Meeting in that respect, as specified in paragraph 79 of the Act on Public Limited Companies. The Board of Directors shall submit a proposal for the period until the next Annual General Meeting and shall take into account the time spent by the Board Members on their duties, their personal liability, as well as the operational and economic performance of the Company and the Board of Directors shall also take into account remuneration of members of the Boards of Directors of comparable companies. Additional payments may be effected to individual Board Members for specifically defined projects. Payments for such tasks shall be subject to approval by the other Board Members. The Company shall secure immunity for the Board of Directors for all claims that can eventually be made against them, connected to their work on behalf of the Company, within the limits allowed under the act on Public Limited Companies. It is not permitted to make redundancy contracts with individual Board Members.

### **4. CEO – TERMS OF EMPLOYMENT**

A written employment contract shall be prepared between the Company and the CEO, containing details of his main duties and responsibilities. The amount of his basic salaries and other remuneration shall take into account his education, working experience and previous employment. Other details of his remuneration, such as contribution to pension funds, holiday allowance and other benefits, as well as terms of notice, shall be mentioned in the employment contract. Bonuses and stock incentives shall also be included in the employment contract, as specified in paragraph 7 of this Remuneration Policy.

When stipulating the period of notice for termination of the employment contract, the period may be directly related to the duration of the employment of the CEO. The employment contract shall also stipulate the terms of notice.

The basic salary of the CEO shall be revised annually and shall evaluate the performance of the CEO, the development of salaries for similar positions in comparable companies and the general performance and operations of the Company.

The employment contract should include and stipulate all payments due to the CEO upon termination of the contract. Under special circumstances it is however permitted to prepare a separate redundancy contract if the Board of Directors is of the opinion that it is in line with the Company's interests.

## **5. SENIOR EXECUTIVES AND OTHER KEY EMPLOYEES – TERMS OF EMPLOYMENT**

The CEO employs the Senior Executives and other key employees of the Company, in consultation with the Board of Directors. Terms of their employment contracts shall take into account same aspects and principles as mentioned in paragraph 4.

## **6. OTHER EMPLOYEES**

The Senior Executives shall, when applicable, take the above into consideration when deciding on the terms of employment of other employees. Remuneration of other employees shall be competitive on the labor market of the country in question.

## **7. INCENTIVES**

The Board of Directors is authorized to incentivize the CEO, Senior Executives and key employees with cash and/or stock options, based on an incentive plan that has been approved by the Board of Directors upon recommendation by the Remuneration Committee.

Incentives are payments and benefits to employees beyond fixed salary which is normally contingent of performance and where the amount of cannot be determined beforehand, the payments can be in the form of cash bonus payments and specific pension rights . The maximum amount of incentives is three months base salary for the CEO, but two months base salary for others.

Incentives shall be directly related to the working performance of the individual employees, their status and responsibility, the economic performance of the Company, the achievements of certain operational goals, including reaching certain budget targets. Such bonuses or incentives can only be offered to employees who are still working for the Company at the time when the bonuses are due for payment.

If the Board of Directors decides to offer further stock incentives to key employees of the Company, a stock incentive plan, including stock options, shall be presented to shareholders meeting, for approval or rejection, with information on the reference price of shares, vesting period, number of shares and a list of employees under the program. The Board shall present to the Annual General Meeting a cost estimate of stock incentive plans.

The Company shall enter into written stock incentive agreements with employees. The agreements shall always be subject to the conditions of the act no. 2/1995 on Public Limited Companies.

Members of the Board of Directors shall not be entitled to stock incentives.

Payments of bonuses and offering of stock incentives is always subject to the terms and conditions of Act No. 2/1995 on Public Limited Companies.

## **8. LOANS TO EMPLOYEES**

The Board of Directors is not permitted to grant loans to employees regarding financing of shares in the Company in accordance with 2 paragraph of Art. 104 of act no. 2/1995 on Public Limited Companies.

## **9. DIRECTORS AND OFFICERS LIABILITY INSURANCE**

The Company shall at any given time have in place a directors and officers liability insurance policy relating to managers work, to indemnify and hold them harmless from and against claims that can be made in relation to their work for the company. The Company will not indemnify managers in the event a claim results from a culpable behavior of a manager, defined as willful misconduct or gross negligence.

## **10. DISCLOSURE**

At the Annual General Meeting the Board of Directors shall disclose to the shareholders the terms of employment of the CEO, Senior Executives, key employees and Board Members of the Company. The Board of Directors shall disclose the total amount paid in salaries in any form in the previous financial year, payments from other companies within the Group, and stock incentives and all other forms of payment pertaining to stock in the Company and retirement payments, if any. Further to this, the salary and remuneration of the Members of the Board of Directors and managers of the Company shall be outlined in the Annual Report of the Company.

This Remuneration Policy shall be accessible at the Company's website.

## **11. APPROVAL OF THE REMUNERATION POLICY AND OTHER MATTERS**

This Remuneration Policy was approved in a meeting of the Board of Directors of the Company on March 25<sup>th</sup>, 2021 and will come into force with its approval by the Annual General Meeting of the Company.

The Remuneration Policy is subject to annual review and approval of the Annual General Meeting, with or without amendments.

The Remuneration Policy is binding for the Board of Directors regarding stock incentives and any payment under which directors are remunerated in shares, share options or any other right to



acquire shares or to be remunerated on the basis of share price movements and any substantial change in such schemes as per paragraph 2 Art. 79 a. of The Act on Public Limited Companies. In all other aspects the policy shall be viewed as guidelines. The Board of Directors shall note in the minutes of the meeting any major deviation from the Remuneration Policy and such deviation shall be well justified. The Board of Directors shall inform the Annual General Meeting of such a deviation.

#### **EXPOSITION WITH THE REMUNERATION POLICY FOR EIMSKIPAFÉLAG ÍSLANDS HF.**

Act no. 89/2006 added Article 79 a. to the act on Public Limited Companies. The article has been amended with laws no. 87/2009 and no. 68/2010. The article requires the Board of Directors to set forth a Remuneration Policy prior to the general meeting of the shareholders where it is put to a vote. The Remuneration Policy shall stipulate the salary and other payments to the CEO and other key employees, as well as the Board of Directors. The Act also states that the Remuneration Policy shall include all fundamentals on terms of employment of executives and Board Members along with the Company's policy on agreements with ranking employees and Board Members. It shall moreover include details on if, how, under what circumstances and within what limits the management and directors can receive additional awards in the form of delivery of shares, performance-based payments, stock options and any and all payment having to do with Company shares or the future value of such shares (stock incentives), loan contracts, pension funds, retirement or redundancy payments.

The before mentioned legislative change was made on the grounds of Commission Recommendation 2004/913/EC of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies.

With this Remuneration Policy, hereby submitted to the Annual General Meeting of the shareholders, the Board of Directors of Eimskipafélag Íslands hf. aims to set forth a Remuneration Policy that will enable the Company to attract leading individuals and thereby guaranteeing the Company's competitiveness on an international basis and compliance with law and regulations.

Approved at the Annual General Meeting on March 25<sup>th</sup> 2021.



Eimskipafélag Íslands hf.  
Condensed Consolidated Financial Statements  
for the year ended 31 December 2020  
EUR

Eimskipafélag Íslands hf.  
Sundabakka 2  
104 Reykjavík  
Iceland

Reg. no. 690409-0460



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# Endorsement and Statement by the Board of Directors and the CEO

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## Operations and significant matters in 2020

Eimskip is a leading transportation company in the North Atlantic providing container and reefer liner services with connections to international markets and is specialized in worldwide freight forwarding services with focus on frozen and chilled commodities.

Net earnings for the year 2020 amounted to EUR 4.5 million (2019: EUR 1.0 million) according to the Consolidated Income Statement. Total equity at 31 December 2020 amounted to EUR 230.3 million (2019: EUR 230.9 million) according to the Statement of Financial Position.

In April 2020, organizational changes and streamlining measures were introduced which included a 10% reduction in FTE's from year-end 2019. As part of this, a redundancy cost in the amount of EUR 1.0 million was expensed in the second quarter of 2020.

In the beginning of May, Eimskip took delivery of the new vessel, Dettifoss, which arrived to Reykjavik for the first time in July 2020. Dettifoss is the largest vessel and the most environmentally friendly per TEU (twenty-foot container equivalent unit) of the entire Icelandic fleet. In May 2020 the co-operation between Eimskip and Royal Arctic Line commenced, an important milestone in trade between Iceland and Greenland.

In October 2020, Eimskip took delivery of Brúarfoss, the second of Eimskip's two newbuildings, in China. The vessel came into operation in November following its home voyage. With Brúarfoss in service, the co-operation between Eimskip and Royal Arctic Line was fully implemented.

The Board of Directors proposes a dividend payment to shareholders in 2021 in the amount of ISK 2.47 per share. The proposed dividend payment is ISK 446.7 million, or EUR 2.9 million, which represents 65.0% of net earnings for the year 2020.

## Effects of COVID-19

The Company has during the year 2020 strived to secure the safety and health of employees and to maintain and secure the logistic chain and customer services. At the beginning of the second quarter a temporary amended sailing system was introduced to provide efficiency and lower cost during the pandemic. At the end of the third quarter a more permanent sailing system was announced, preserving the cost benefit from the temporary amendments as well as improving the service level and to finalize the implementation of the co-operation with Royal Arctic Line. Impact of the COVID 19 pandemic on global economies, including in the North-Atlantic Region which is the Company's core market area, is still uncertain.

In March 2020 the Company withdrew its EBITDA guidance for the year due to the uncertainty surrounding the COVID-19 pandemic. In December 2020 the Company informed the market of the expected EBITDA for the fourth quarter and the year 2020 since the guidance had not been restated since March. The actual EBITDA is within the guidance published in December.

## Corporate Governance

Eimskip's management is of the opinion that practicing good Corporate Governance is vital for Eimskip and is in the best interests of the shareholders, employees and other stakeholders.

The framework for Corporate Governance practices within Eimskip consists of the provisions of law, the parent company's Articles of Association, Rules for Issuers of Financial Instruments listed at Nasdaq Iceland and the 5th edition of Corporate Governance Guidelines issued by the Iceland Chamber of Commerce, SA – Confederation of Iceland Enterprise and Nasdaq Iceland. Corporate Governance practices are designed to ensure open and transparent relationship between the Company's management, its Board of Directors, its shareholders and other stakeholders. The Corporate Governance in Eimskip is also designed to ensure sound and effective control of the Company's affairs and a high level of business ethics. Further information is provided in the Corporate Governance Statement which is an appendix to these Financial Statements.

Active risk management plays an important role at Eimskip ensuring stable operations and earnings. The risk management policy aims to minimize potential negative effects on operations and earnings from marketing, operational and financial activities and to keep risk at acceptable levels. Information on matters related to financial risk management is disclosed in note 21.

The Company complies with Article 63 of Act no. 2/1995 on Limited Liability Companies (Company Act), as the Company's Board of Directors currently consists of two females and three males. The Executive Management and the CEO consists of six males and one female. The Company's gender ratio is 70% males and 30% females. Further information on the number of full time equivalents can be found in note 7.

# Endorsement and Statement by the Board of Directors and the CEO

## Non-Financial Reporting

The Company is defined as a large Public Interest Entity according to the Icelandic Financial Statement Act. The Act states that these companies should disclose as an attachment to the Endorsement of the Board of Directors and CEO relevant and useful information on their policies, main risks and outcomes relating to environmental, social and employee matters, their human rights policy and how they counteract corruption and bribery, in addition to a short description of the Company's business model. The Company's policies and outcome of these matters are further discussed in the Non-Financial Reporting which is an appendix to these Consolidated Financial Statements. In November 2020 Eimskip conducted an ESG risk assessment and ESG targets for the next three years were developed. Eimskip has now published its Sustainability Statement for 2020 that reflects the ESG guidelines issued by Nasdaq Iceland and the Nordic countries in March 2017. Please refer to the Company's website.

## Share capital and articles of association

The Company's twelve largest shareholders at the year-end are the following:

Shareholder:	2020		2019	
	Number of shares	Shares in %	Number of shares	Shares in %
1. Samherji Holding ehf.*	51,170,175	28.29%	50,600,000	27.67%
2. Lífeyrissjóður verzlunarmanna	27,235,070	15.06%	27,785,070	15.19%
3. Gildi - lífeyrissjóður **	26,643,247	14.73%	23,116,139	12.64%
4. Arion banki hf.	11,706,250	6.47%	13,656,656	7.47%
5. Birta lífeyrissjóður	10,737,477	5.94%	11,278,215	6.17%
6. Lífeyrissjóður starfsmanna ríkisins A-deild***	9,610,000	5.31%	12,070,000	6.60%
7. Stapi lífeyrissjóður	9,581,897	5.30%	9,331,897	5.10%
7. Eaton Vance Management ****	8,283,665	4.58%	13,656,656	7.47%
9. Almenni lífeyrissjóðurinn	3,611,558	2.00%	3,611,558	1.97%
10. Söfnunarsjóður lífeyrisréttinda	3,302,823	1.83%	3,302,823	1.81%
11. Lífeyrissjóður starfsmanna ríkisins B-deild***	2,615,160	1.45%	4,693,700	2.57%
12. Lífeyrissjóður Vestmannaeyja	1,447,800	0.80%	1,297,800	0.71%
Other shareholders	14,922,121	8.25%	8,477,902	4.63%
Total outstanding shares	180,867,243	100.00%	182,878,416	100.00%
Treasury shares	6,132,757		4,121,584	
Total issued shares	187,000,000		187,000,000	

\*) In October 2020 Samherji Holding ehf. increased its share in the Company up to 30.28% of issued shares and subsequently made a takeover bid to shareholders of Eimskipafélag Íslands hf. The 30.28% share included a forward contract for 5,480,000 shares or 2.93%. Shareholders holding a total of 20,175 shares in Eimskipafélag Íslands hf. accepted the takeover bid, equivalent to 0.011% of total issued shares in the Company. Following the takeover bid Samherji Holding ehf. owned a total of 51,170,175 shares in the Company or up to 30.29%. As of today, Samherji Holding ehf. holds a total of 63,246,425 shares or 33.82% of issued shares whereof 12,076,250 shares are held through forward contracts.

\*\*) Gildi lífeyrissjóður, Gildi lífeyrissjóður/Framtíðarsýn 1 and 2 with total shareholding of 14.73%

\*\*\*) Lífeyrissjóður starfsmanna ríkisins A and B with total shareholding of 6.76%

\*\*\*\*) The shareholders are Global Macro Portfolio, Global Opportunities Portfolio and Global Macro Absolute Return Advantage Fund.

On 1 December 2019 the Board of Directors initiated a share buy-back program in accordance with the approval of Eimskip shareholders' meeting on 24 July 2018. The share buy-back was completed on 24 January 2020 with a total 2,190,465 treasury shares purchased for EUR 3.0 million, thereof EUR 1.5 million in the year 2020. The number of shares purchased during 2020 was 1,106,960. The main purpose of the share-buy back was to reduce the Company's share capital.

In April 2020, Eimskip received 904,213 shares in Eimskipafélag Íslands hf. from A1988 hf., formerly known as HF. Eimskipafélag Íslands. As described in Eimskip's Prospectus dated 22 October 2012, A1988 did hold shares in Eimskipafélag Íslands hf. which were to be returned to Eimskipafélag Íslands hf. upon certain conditions being met. These conditions were met in 2020. Previously, as disclosed on 12 March 2014, A1988 transferred 7,441,950 shares to Eimskipafélag Íslands hf. A1988 hf. no longer holds any shares in Eimskipafélag Íslands hf.

# Endorsement and Statement by the Board of Directors and the CEO

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The Company's Board of Directors consists of five Directors and two alternate Directors, all elected at an annual general meeting in March 2020. Those who intend to run for the Board of Directors shall notify the Board of Directors of their candidacy at least ten days before a shareholders' meeting. The Company's articles of association may only be amended by a lawful shareholders' meeting, as long as the proposal for the amendment is described in the invitation to the meeting. The decision to amend the articles of association will only be valid if it is approved by 2/3 of the votes and approved by shareholders controlling at least 2/3 of the votes represented at the shareholders' meeting.

Further information on matters related to the share capital is disclosed in note 17. Additional information on shareholders is provided on the Company's website, [www.eimskip.is/investors](http://www.eimskip.is/investors). The number of shareholders at year-end 2020 was 693 which was an increase of 26 from the beginning of year.

## Statement by the Board of Directors and the CEO

The Consolidated Financial Statements of Eimskipafélag Íslands hf. and its subsidiaries (together referred to as "Eimskip", "the Group" or "the Company") are prepared and presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements for listed Icelandic companies. The Financial Statements are presented in thousands of EUR.

According to the best of our knowledge, it is our opinion that these annual Consolidated Financial Statements give a true and fair view of the consolidated financial performance of Eimskip for the year 2020, its assets, liabilities and consolidated financial position as at 31 December 2020 and its consolidated cash flows for the year 2020.

Further, in our opinion the Consolidated Financial Statements and the Endorsement by the Board of Directors and the CEO give a fair view of the development and performance of Eimskip's operations and its position and describe the principal risks and uncertainties faced by Eimskip.

The Board of Directors and the CEO have today discussed the Consolidated Financial Statements of Eimskipafélag Íslands hf. for the year 2020 and confirm them by means of their signatures. The Board of Directors and the CEO recommend that the Consolidated Financial Statements will be approved at the Annual General Meeting of Eimskipafélag Íslands hf.

Reykjavík, 25 February 2021

### Board of Directors:

Baldvin Thorsteinsson, Chairman

Hrund Rudolfsdóttir

Guðrún Ó. Blöndal

Lárus L. Blöndal

Vilhjálmur Vilhjálmsson

### CEO:

Vilhelm Már Thorsteinsson

# Independent Auditors' Report

To the Board of Directors and Shareholders of Eimskipafélag Íslands hf.

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Eimskipafélag Íslands hf. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2020, the Consolidated Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying Consolidated Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and additional disclosure requirements for listed companies in Iceland.

Our opinion is consistent with the additional report submitted to the Audit Committee and the Board of Directors.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of consolidated financial statements in Iceland and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit.

We were first appointed as auditors in 2009. We have been re-appointed by resolutions passed by the annual general meeting uninterrupted since then.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key Audit Matters

##### Revenue Recognition, timing and accuracy

Reference is made to note 5 and note 29.k.

Revenue recognition represents a risk of error due to the high volume of revenue transactions that exist through the year, and that the transactions are based on several types of logistics contracts with individually negotiated terms.

For revenue streams an area of focus is the risk that revenue may be inaccurately recorded and/or recorded in the incorrect period. Therefore, revenue recognition is a key audit matter.

#### How the matter was addressed in our audit

Our audit procedures were designed to challenge the timing and accuracy of the revenue recognition.

- We assessed the adequacy of the implementation, operation and monitoring of selected controls, both manual and IT controls related to revenue recognition.
- We tested a sample of transactions around the year-end date in order to assess if those transactions were recognised in the right period.
- For certain significant components, providing forwarding services, we performed analytical review procedures to identify significant margin fluctuations and trends. Where items were noted which were not in line with our expectations, we obtained explanations and evidence from management and assessed whether, in our professional judgment, such items were recognized appropriately.
- We performed procedures over journal entries by screening through entries that could contain specified risk-based criteria.
- We assessed whether the accounting policies for revenue recognition were in accordance with International Financial Reporting Standards.



# Independent Auditors' Report

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## **Other Information**

The Board of Directors and CEO are responsible for the other information. The other information comprises the information included in the Annual Report of the Group, but does not include the Consolidated Financial Statements and our auditor's report thereon. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The Annual Report is not available at our reporting date but is expected to be made available to us after that date.

## **Responsibilities of the Board of Directors and CEO for the Consolidated Financial Statements**

The Board of Directors and CEO are responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with IFRSs as adopted by the European Union and additional disclosure requirements for listed companies in Iceland, and for such internal control as they determine is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Board of Directors and CEO are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors and CEO are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## Independent Auditors' Report

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- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with The Board of Directors and audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide The Board of Directors and audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with The Board of Directors and audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statement Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors and CEO accompanying the Consolidated Financial Statements includes the information required by the Financial Statement Act if not disclosed elsewhere in the Consolidated Financial Statements.

The engagement partner on the audit resulting in this independent auditor's report is Hrafnhildur Helgadóttir.

Reykjavík, 25 February 2021

**KPMG ehf.**

Hrafnhildur Helgadóttir  
Sæmundur Valdimarsson

# Consolidated Income Statement for the year 2020

	Notes	2020	2019
<b>Revenue</b>			
Operating revenue .....		667,256	678,965
Other revenue .....		1,060	629
	5	668,316	679,594
<b>Expenses</b>			
Operating expenses .....		493,100	487,427
Salaries and related expenses .....	7	113,538	131,618
	5	606,638	619,045
<b>Operating profit, EBITDA</b> .....		61,678	60,549
Depreciation, amortization and impairment .....	11-13	( 44,590)	( 47,027)
<b>Results from operating activities, EBIT</b> .....		17,088	13,522
Finance income .....		705	945
Finance expense .....		( 7,584)	( 6,057)
Net foreign currency exchange (loss) gain .....		( 1,695)	325
Net finance expense .....	8	( 8,574)	( 4,787)
Share of earnings (loss) of equity-accounted investees .....	14	262	( 377)
<b>Net earnings before income tax</b> .....		8,776	8,358
Income tax .....	9	( 4,325)	( 7,351)
<b>Net earnings for the year</b> .....		4,451	1,007
<b>Net earnings for the year attributable to:</b>			
Equity holders of the Company .....		4,465	765
Non-controlling interest .....		( 14)	242
		4,451	1,007
<b>Earnings per share:</b>			
Basic and diluted earnings per share (EUR per share) .....	10	0.0246	0.0041

The notes on pages 15 to 41 are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Comprehensive Income for the year 2020

	Notes	2020	2019
Net earnings for the year .....		4,451	1,007
<b>Other comprehensive income:</b>			
<b>Items that are or may subsequently be reclassified to the income statement</b>			
Foreign currency translation difference of foreign operations .....	(	2,789)	1,014
Effective portion of changes in fair value of cash flow hedges, net of income tax .....		778	( 575)
Fair value changes of minority put option liability .....	25 (	727)	525
<b>Total other comprehensive income for the year .....</b>	(	<b>2,738)</b>	<b>964</b>
<b>Total comprehensive income for the year .....</b>		<b>1,713</b>	<b>1,971</b>
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the Company .....		1,810	1,579
Non-controlling interest .....	(	97)	392
		<b>1,713</b>	<b>1,971</b>

The notes on pages 15 to 41 are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Financial Position

## as at 31 December 2020

	Notes	2020	2019
<b>Assets:</b>			
Property, vessels and equipment .....	11	247,582	226,243
Right-of-use assets .....	12,22	67,376	44,486
Intangible assets .....	13	63,728	66,227
Equity accounted investees .....	14	11,649	12,224
Finance assets .....		7,354	3,647
Deferred tax assets .....	15	2,744	2,885
Total non-current assets		400,433	355,712
Inventories .....		4,606	5,280
Vessels held for sale .....		0	14,907
Trade and other receivables .....	16,21	115,452	127,878
Cash and cash equivalents .....		15,640	20,737
Total current assets		135,698	168,802
Total assets		536,131	524,514
<b>Equity:</b>			
Share capital .....		1,123	1,137
Share premium .....		148,369	149,713
Reserves .....		9,061	18,151
Retained earnings .....		67,847	56,947
Total equity attributable to equity holders of the parent company	17	226,400	225,948
Non-controlling interest .....		4,257	4,920
Total equity		230,657	230,868
<b>Liabilities:</b>			
Loans and borrowings .....	18	145,781	152,452
Lease liabilities .....	19	53,292	30,496
Other long-term liabilities .....	25	5,227	4,500
Deferred tax liability .....	15	4,186	4,479
Total non-current liabilities		208,486	191,927
Loans and borrowings .....	18	15,236	10,552
Lease liabilities .....	19	10,861	10,763
Trade and other payables .....	20	70,891	80,404
Total current liabilities		96,988	101,719
Total liabilities		305,474	293,646
Total equity and liabilities		536,131	524,514

The notes on pages 15 to 41 are an integral part of these Consolidated Financial Statements.

## Consolidated Statement of Changes in Equity for the year ended 31 December 2020

	Attributable to equity holders of the Company									
	Reserves							Total	Non-controlling interest	Total equity
	Share capital	Share premium	Trans-lation reserve	Hedging reserve	Fair value changes of minority put options	Un-distributed profits	Retained earnings			
<b>Changes in Equity 2019:</b>										
Equity at 1 January 2019 .....	1,165	154,726	( 7,571)	( 10)	( 375)	26,273	59,950	234,158	4,768	238,926
Dividend paid (0.0255 EUR per share) .....							( 4,748)	( 4,748)		( 4,748)
Purchased treasury shares .....	( 28)	( 5,013)						( 5,041)		( 5,041)
Other changes in non-controlling interest .....								0	( 240)	( 240)
Total comprehensive income for the year .....			864	( 575)	525		765	1,579	392	1,971
Profit of subsidiaries net of dividend received .....						( 980)	980	0		0
Equity at 31 December 2019 .....	1,137	149,713	( 6,707)	( 585)	150	25,293	56,947	225,948	4,920	230,868
Reserves .....						18,151				
<b>Changes in Equity 2020:</b>										
Equity at 1 January 2020 .....	1,137	149,713	( 6,707)	( 585)	150	25,293	56,947	225,948	4,920	230,868
Treasury shares purchased .....	( 8)	( 1,520)						( 1,528)		( 1,528)
Treasury shares received (note 17) .....	( 6)	6						0		0
Reversal of prior year dividend of treasury shares received (note 17) .....		170						170		170
Other changes in non-controlling interest .....								0	( 566)	( 566)
Total comprehensive income for the period .....			( 2,706)	778	( 727)		4,465	1,810	( 97)	1,713
Profit of subsidiaries net of dividend received .....						( 6,435)	6,435	0		0
Equity at 31 December 2020 .....	1,123	148,369	( 9,413)	193	( 577)	18,858	67,847	226,400	4,257	230,657
Reserves .....						9,061				

The notes on pages 15 to 41 are an integral part of these Consolidated Financial Statements.

# Consolidated Statement of Cash Flows for the year 2020

	Notes	2020	2019
<b>Cash flows from operating activities:</b>			
Net earnings for the year .....		4,451	1,007
Adjustments for:			
Depreciation, amortization and impairment .....	11-13	44,590	47,027
Net finance expense .....	8	8,574	4,787
Share of loss of equity-accounted investees .....	14	( 262)	377
Change in deferred taxes .....	9,15	( 139)	2,501
Other changes .....		69	( 253)
		57,283	55,446
Changes in current assets and liabilities:			
Inventories .....		511	( 186)
Trade and other receivables .....		6,752	( 1,973)
Trade and other payables .....		( 4,425)	5,970
Change in current assets and liabilities		2,838	3,811
Interest received .....		652	844
Interest paid .....		( 7,533)	( 5,954)
Taxes paid .....		( 2,057)	( 2,845)
Net cash from operating activities		51,183	51,302
<b>Cash flows from investing activities:</b>			
Acquisition of property, vessels and equipment .....	11	( 45,807)	( 33,786)
Acquisition of intangible assets .....	13	( 2,878)	( 2,983)
Acquisition of right-of-use assets .....		( 1,903)	0
Proceeds from the sale of property, vessels and equipment .....		11,221	1,597
Proceeds from the sale of equity accounted investees .....		588	0
Investment in equity accounted investees .....		0	( 894)
Changes in finance assets .....		121	( 485)
Net cash used in investing activities		( 38,658)	( 36,551)
<b>Cash flows from financing activities:</b>			
Dividend paid to equity holders of the company .....		0	( 4,748)
Purchased treasury shares .....		( 1,528)	( 5,041)
Dividend paid to non-controlling interest and other changes .....		( 1,052)	( 502)
Proceeds from non-current loans and borrowings .....	18	47,287	16,423
Repayment of non-current loans and borrowings .....	18	( 46,534)	( 8,704)
Repayment of lease liabilities .....	19,22	( 15,691)	( 13,076)
Short term borrowings, change .....		46	49
Net cash used in financing activities		( 17,472)	( 15,599)
Changes in cash and cash equivalents .....		( 4,947)	( 848)
Cash and cash equivalents at the beginning of the year .....		20,737	21,941
Effects of exchange rate fluctuations on cash held .....		( 150)	( 356)
<b>Cash and cash equivalents at year-end</b> .....		15,640	20,737
<b>Investing and financing activities not affecting cash flows:</b>			
Acquisition of right-of-use assets .....	12	( 39,548)	( 16,830)
New or renewed leases .....	12	39,548	16,830
Investment in finance assets .....		( 5,409)	0
Proceeds from the sale of property, vessels and equipment .....		5,409	0
Reversal of prior year dividend of treasury shares received .....		170	0
Payables, change .....		( 170)	0
Trade and other receivables .....		0	( 3,043)
Proceeds from non-current loans and borrowings .....		0	3,043

The notes on pages 15 to 41 are an integral part of these Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

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# Notes to the Consolidated Financial Statements

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## 1. Reporting entity

Eimskipafélag Íslands hf. (the "Company", the "Group" or the "Parent Company") is a public limited liability company domiciled in Iceland. The address of the Company's registered office is Sundabakki 2, 104 Reykjavík. The Consolidated Financial Statements of the Company for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as "Eimskip" or the "Group"). The Parent Company is an investment company focused on investments in shipping and logistic services. The Company's shares are listed at Nasdaq Iceland.

## 2. Basis of accounting

### a. Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Icelandic disclosure requirements for consolidated financial information of listed companies in accordance with Icelandic Financial Statement Act No. 3/2006 and rules for issuers of financial instruments at Nasdaq Iceland.

The financial statements were approved and authorized for issue by the Company's Board of Directors on 25 February 2021.

Details of the Group's accounting policies are included in Note 29.

### b. Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for the valuation of minority put option liabilities and cash flow hedges which are valued at fair value through other comprehensive Income. The methods used to measure fair values for disclosure purposes are discussed in note 3.

### c. Functional and presentation currency

These Consolidated Financial Statements are presented in EUR, which is the Parent Company's functional currency. All financial information presented in EUR has been rounded to the nearest thousand unless otherwise indicated.

### d. Use of estimates and judgements

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The full impact of the COVID-19 pandemic on global economies, including in the North-Atlantic Region which is the Company's core market area, still remains to be fully seen. As to date, the pandemic could have a significant impact on the estimates and assumptions within the next financial year and risk of causing a material adjustments to the carrying amounts of assets and liabilities. Please refer to note 27.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes.

Note 5 and 29 k - Revenue

Note 13 - Intangible assets and impairment testing

Note 15 - Measure of the recoverable amounts of deferred tax assets

Notes 16 and 21 - Trade and other receivables

## 3. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values have been measured for measurement and/or disclosure purposes based on the present value of future cash flows, discounted at the market rate of interest at the reporting date. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

## 4. Changes in significant accounting policies

The accounting policies applied in these Consolidated Financial Statements are the same as those applied in the Group's Consolidated Financial Statements as at and for the year ended 31 December 2019. IFRS standards effective as at 1 January 2020 had immaterial effects on the Consolidated Financial Statements.

## Notes

### 5. Segment reporting

#### Business segments

Eimskip has two reportable segments, as described below, which are Eimskip's strategic business units. The strategic business units offer different products and services on different markets and are managed separately. The segment reporting is based on an internal reporting function of Eimskip. The following summary describes the operations in each of Eimskip's reportable segments:

**Liner services:** The main emphasis in Eimskip's operations is the sale of transportation of goods to and from Iceland, Norway and the Faroe Islands through its service routes in the North Atlantic. These services include sea transportation, trucking, warehousing and logistic services.

**Forwarding services:** The second segment represents transportation solutions outside Eimskip's own operating system, utilizing the global network of Eimskip's offices and associates, mainly in the reefer sector.

	<b>Liner services</b>	<b>Forwarding services</b>	<b>Consoli- dated</b>
<b>For the year 2020</b>			
Revenue, external .....	402,841	265,475	668,316
Inter-segment revenue .....	15,474	29,025	44,499
Total .....	418,315	294,500	712,815
Expenses, external .....	( 350,698)	( 255,940)	( 606,638)
Inter-segment expense .....	( 29,025)	( 15,474)	( 44,499)
<b>EBITDA</b> .....	38,592	23,086	61,678
Depreciation and amortization .....	( 37,744)	( 6,846)	( 44,590)
<b>EBIT</b> .....	848	16,240	17,088
Net finance expense .....	( 5,282)	( 3,292)	( 8,574)
Share of earnings of equity-accounted investees .....	176	86	262
Income tax .....	( 308)	( 4,017)	( 4,325)
Net (loss) earnings for the year .....	( 4,566)	9,017	4,451
Segment assets .....	410,675	125,456	536,131
Segment liabilities .....	225,130	80,344	305,474
Non-lease capital expenditure .....	48,033	652	48,685
	<b>Liner services</b>	<b>Forwarding services</b>	<b>Consoli- dated</b>
<b>For the year 2019</b>			
Revenue, external .....	432,665	246,929	679,594
Inter-segment revenue* .....	16,408	35,490	94,882
Total .....	470,565	303,911	774,476
Expenses, external .....	( 373,914)	( 245,131)	( 619,045)
Inter-segment expense* .....	( 35,490)	( 16,408)	( 94,882)
<b>EBITDA</b> .....	39,669	20,880	60,549
Depreciation, amortization and impairment .....	( 40,467)	( 6,560)	( 47,027)
<b>EBIT</b> .....	( 798)	14,320	13,522
Net finance (expense) income .....	( 4,876)	89	( 4,787)
Share of (loss) earnings of equity-accounted investees .....	( 414)	37	( 377)
Income tax .....	( 3,437)	( 3,914)	( 7,351)
Net (loss) earnings for the year .....	( 9,525)	10,532	1,007
Segment assets .....	429,686	94,828	524,514
Segment liabilities .....	235,688	57,958	293,646
Non-lease capital expenditure .....	35,184	1,585	36,769

\*Inter-segment revenue and expenses have been restated for 2019.

## Notes

### 5. Segment reporting, continued

#### Geographical segments

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of assets.

	<b>North Atlantic</b>	<b>Other territories</b>	<b>Consoli- dated</b>
<b>For the year 2020</b>			
Revenue, external .....	611,668	56,648	668,316
Segment assets .....	520,482	15,649	536,131
Non-lease capital expenditure .....	48,609	76	48,685
<b>For the year 2019</b>			
Revenue, external .....	635,281	44,313	679,594
Segment assets .....	510,402	14,112	524,514
Non-lease capital expenditure .....	36,730	39	36,769

### 6. Non-IFRS measurement

In this note to the Consolidated Financial Statements Eimskip presents certain financial measures when discussing Eimskip's performance that are not measures of financial performance or liquidity under IFRS ("non-IFRS"). Non-IFRS measures do not have standardized meanings under IFRS and not all companies calculate non-IFRS measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies that have the same or similar names.

Management presents IFRS 16 adjusted result from operations as a performance measure because it monitors this performance measure at a consolidated level and believes that this measure is relevant to an understanding of the Group's financial performance. No other adjustments are included in adjusted result from operations.

The reconciliation of adjusted result from operations to the most directly comparable IFRS measure, result from operations, is included in the following table.

#### Effects on the Consolidated Income Statements

	<b>2020</b>		
	<b>As reported</b>	<b>Impact of IFRS 16</b>	<b>Excluding IFRS 16</b>
<b>Revenue</b>			
Revenue .....	668,316	0	668,316
<b>Expenses</b>			
Operating expenses .....	493,100	15,352	508,452
Salaries and related expenses .....	113,538	0	113,538
	606,638	15,352	621,990
<b>Operating profit, EBITDA</b> .....	61,678	( 15,352)	46,326
Depreciation and amortization .....	( 44,590)	13,165	( 31,425)
<b>Results from operating activities, EBIT</b> .....	17,088	( 2,187)	14,901
Finance income .....	705	0	705
Finance expense .....	( 7,584)	3,539	( 4,045)
Net foreign currency exchange gain (loss) .....	( 1,695)	( 674)	( 2,369)
Net finance (expense) income .....	( 8,574)	2,865	( 5,709)
Share of earnings of equity accounted investees .....	262	0	262
<b>Net earnings before income tax</b> .....	8,776	678	9,454
Income tax .....	( 4,325)	( 136)	( 4,461)
<b>Net earnings for the year</b> .....	4,451	542	4,993

## Notes

### 6. Non-IFRS measurement, continued

#### Effects on the Consolidated Income Statements, continued

	2019		
	As reported	Impact of IFRS 16	Excluding IFRS 16
<b>Revenue</b>			
Revenue .....	679,594	0	679,594
<b>Expenses</b>			
Operating expenses .....	487,427	11,197	498,624
Salaries and related expenses .....	131,618	0	131,618
	619,045	11,197	630,242
<b>Operating profit, EBITDA</b> .....	60,549	( 11,197)	49,352
Depreciation, amortization and impairment .....	( 47,027)	10,151	( 36,876)
<b>Results from operating activities, EBIT</b> .....	13,522	( 1,046)	12,476
Finance income .....	945	0	945
Finance expense .....	( 6,057)	1,398	( 4,659)
Net foreign currency exchange gain (loss) .....	325	( 940)	( 615)
Net finance (expense) income .....	( 4,787)	458	( 4,329)
Share of loss of equity accounted investees .....	( 377)	0	( 377)
<b>Net earnings before income tax</b> .....	8,358	( 588)	7,770
Income tax .....	( 7,351)	118	( 7,233)
<b>Net earnings for the year</b> .....	1,007	( 470)	537

## Notes

### 7. Salaries and related expenses

Salaries and related expenses are specified as follows:

	2020	2019
Salaries .....	94,556	106,738
Defined pension contribution plan .....	10,277	11,746
Other related expenses .....	8,705	13,134
Salaries and related expenses .....	<u>113,538</u>	<u>131,618</u>
Average number of full-time equivalents during the year .....	1,637	1,778
Average number of employees .....	1,678	1,823
Number of full-time equivalents at year-end .....	1,611	1,785

### 8. Finance income and expense

Finance income is specified as follows:

Interest income .....	655	708
Dividend received .....	50	100
Gain on sale of shares .....	0	137
Finance income .....	<u>705</u>	<u>945</u>

Finance expense is specified as follows:

Interest on long-term loans .....	( 3,086)	( 3,126)
Interest on lease liabilities .....	( 3,741)	( 1,873)
Other finance expense .....	( 752)	( 1,058)
Loss on sale of shares .....	( 5)	0
Finance expense .....	<u>( 7,584)</u>	<u>( 6,057)</u>
Net foreign currency exchange (loss) income .....	( 1,695)	325
Net finance expense .....	<u>( 8,574)</u>	<u>( 4,787)</u>

### 9. Income tax

#### (i) Income tax recognized in the income statement:

##### Current tax expense:

Current year .....	4,741	4,709
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##### Deferred tax:

Origination and reversal of temporary differences .....	( 223)	2,272
Other changes .....	( 193)	370
	<u>( 416)</u>	<u>2,642</u>
Total income tax .....	<u>4,325</u>	<u>7,351</u>

#### (ii) Reconciliation of effective income tax rate:

	2020		2019	
Net earnings before income tax .....		8,776		8,358
Income tax using the Company's domestic tax rate .....	20.0%	1,755	20.0%	1,672
Effect of tax rates in foreign jurisdictions .....	( 8.5%)	( 746)	10.5%	876
Non-deductable expenses .....	18.7%	1,644	0.7%	60
Under or over provided in previous years .....	5.7%	496	0.0%	0
Income tax reassessment for vessel subsidiaries, see note 26 .....	10.4%	915	40.7%	3,400
Tax benefit (recognized) derecognized .....	2.2%	195	7.3%	614
Other changes .....	0.8%	66	8.7%	729
Effective income tax rate .....	<u>49.3%</u>	<u>4,325</u>	<u>88.0%</u>	<u>7,351</u>

Decrease in income tax relating to the cash flow hedge in other comprehensive income amounted to EUR 195 thousand (2019: Decrease EUR 144 thousand).

# Notes

## 10. Earnings per share

### Basic and diluted earnings per share

The calculation of basic earnings per share was based on earnings attributable to shareholders and a weighted average number of shares outstanding during the year. Diluted earnings per share is equal to earnings per share whereas Eimskip has not issued convertible bonds nor granted stock options. Calculations are as follows:

	2020	2019
Net earnings attributable to equity holders of the Company .....	4,465	765
Number of issued shares at 1 January in thousands .....	187,000	187,000
Effect of treasury shares at 1 January in thousands .....	( 4,122)	( 361)
Effect of treasury shares purchased in thousands .....	( 1,056)	( 1,396)
Effect of treasury shares from A1988 hf. received in thousands, see note 17 .....	( 666)	0
Weighted average number of outstanding shares at 31 December .....	181,156	185,243
Basic and diluted earnings per share (EUR) .....	0.0246	0.0041

## 11. Property, vessels and equipment

Property, vessels and equipment are specified as follows:

	Land and buildings	Vessels under construction	Vessels under construction	Containers and equipment	Total
<b>Cost</b>					
Balance at 1 January 2019 .....	101,457	109,893	18,890	166,173	396,413
Reclassified to right-of-use assets .....	0	0	0	( 10,474)	( 10,474)
Reclassification of assets .....	342	0	0	( 882)	( 540)
Reclassified to vessels held for sale .....	0	( 30,848)	0	0	( 30,848)
Additions .....	1,629	5,100	7,490	19,567	33,786
Disposals .....	0	0	0	( 4,326)	( 4,326)
Currency adjustments .....	227	7	0	283	517
Balance at 31 December 2019 .....	103,655	84,152	26,380	170,341	384,528
Balance at 1 January 2020 .....	103,655	84,152	26,380	170,341	384,528
Reclassification of assets .....	6,542	63,277	( 63,277)	( 8,159)	( 1,617)
Additions .....	2,797	2,605	36,897	3,508	45,807
Disposals .....	( 292)	0	0	( 3,732)	( 4,024)
Currency adjustments .....	( 739)	( 543)	0	( 584)	( 1,866)
Balance at 31 December 2020 .....	111,963	149,491	0	161,374	422,828
<b>Depreciation</b>					
Balance at 1 January 2019 .....	28,611	44,191	0	77,716	150,518
Reclassified to right-of-use assets .....	0	0	0	( 2,708)	( 2,708)
Reclassified to vessels held for sale .....	0	( 15,941)	0	0	( 15,941)
Disposals .....	0	0	0	( 3,649)	( 3,649)
Depreciation .....	3,966	8,919	0	14,161	27,046
Impairment .....	0	2,620	0	0	2,620
Currency adjustments .....	197	0	0	202	399
Balance at 31 December 2019 .....	32,774	39,789	0	85,722	158,285
Balance at 1 January 2020 .....	32,774	39,789	0	85,722	158,285
Disposals .....	( 241)	0	0	( 4,721)	( 4,962)
Depreciation .....	3,883	6,646	0	13,699	24,228
Currency adjustments .....	( 600)	188	0	( 1,893)	( 2,305)
Balance at 31 December 2020 .....	35,816	46,623	0	92,807	175,246

## Notes

<b>11. Property, vessels and equipment, continued</b>	<b>Land and buildings</b>	<b>Vessels under construction</b>	<b>Vessels under construction</b>	<b>Containers and equipment</b>	<b>Total</b>
<b>Carrying amounts</b>					
At 1 January 2019 .....	72,846	65,702	18,890	88,457	245,895
At 31 December 2019 .....	70,881	44,363	26,380	84,619	226,243
At 31 December 2020 .....	76,147	102,868	0	68,567	247,582

### Pledges

Property, vessels and equipment with a carrying amount of EUR 123.6 million (2019: EUR 59.1 million) have been pledged as security for loans amounting to EUR 160.8 million (2019: EUR 163.3 million) at year-end.

### Borrowing costs

Borrowing costs amounting to EUR 0.3 million (2019: EUR 0.4 million) with an interest rate of 1,69% (2019: 1,74%) have been capitalized due to vessels under construction.

### Assets reclassified to right-of-use assets in the implementation of IFRS 16

In the implementation of IFRS 16 as at 1 January 2019, assets with a book value of EUR 7.8 million were reclassified from property, vessels and equipment to right-of-use assets. The lease liability according to the lease agreements at the same time amounted to EUR 6.1 million.

## 12. Right-of-use assets

Right-of-use assets are specified as follows:

<b>Cost</b>	<b>Buildings and Land Cold storage</b>		<b>Vessels</b>	<b>Vehicles and Equipment</b>	<b>Total</b>
As at 1 January 2019 .....	9,900	17,248	3,422	1,922	32,492
Reclassified from property, vessels and equipment .....	0	0	0	10,474	10,474
New and amended leases .....	0	2,705	7,189	6,936	16,830
Expired leases .....	0	( 289)	( 1,618)	( 87)	( 1,994)
Divestments .....	0	0	( 1,874)	( 297)	( 2,171)
Currency adjustments .....	0	54	0	5	59
Balance at 31 December 2019 .....	9,900	19,718	7,119	18,953	55,690
Balance at 1 January 2020 .....	9,900	19,718	7,119	18,953	55,690
New and amended leases .....	439	29,119	6,062	5,831	41,451
Expired leases .....	0	( 1,636)	( 3,224)	( 485)	( 5,345)
Divestments .....	0	( 388)	( 640)	( 5,288)	( 6,316)
Currency adjustments .....	0	( 14)	0	( 139)	( 153)
Balance at 31 December 2020 .....	10,339	46,799	9,317	18,872	85,327
<b>Depreciation</b>					
Depreciation .....	318	4,296	4,214	3,042	11,870
Reclassified to right-of-use assets .....	0	0	0	2,708	2,708
Expired leases .....	0	( 289)	( 1,618)	( 87)	( 1,994)
Divestments .....	0	0	( 1,291)	( 82)	( 1,373)
Currency adjustments .....	0	( 8)	0	1	( 7)
Balance at 31 December 2019 .....	318	3,999	1,305	5,582	11,204
Balance at 1 January 2020 .....	318	3,999	1,305	5,582	11,204
Depreciation .....	319	4,922	6,190	3,851	15,282
Expired leases .....	0	( 1,636)	( 3,225)	( 485)	( 5,346)
Divestments .....	0	( 244)	( 385)	( 2,431)	( 3,060)
Currency adjustments .....	0	( 134)	26	( 21)	( 129)
Balance at 31 December 2019 .....	637	6,907	3,911	6,496	17,951

## Notes

12. Right of use assets, continued	Buildings and		Vessels	Vehicles and		Total
	Land	Cold storage		Equipment		
<b>Carrying amounts</b>						
1 January 2019 .....	9,900	17,248	3,422	1,922	32,492	
31 December 2019 .....	9,582	15,719	5,814	13,371	44,486	
31 December 2020 .....	9,702	39,892	5,406	12,376	67,376	

### Lease categories

Eimskip leases vessels, buildings and cold storages, land, vehicles and equipment under operating leases.

*Vessels:* Eimskip charts vessels for use in the sailing system. The lease terms and the remaining lease terms on the date of the initial application, varies between 4 months and 5 years.

*Buildings and cold storages:* Eimskip leases buildings for regional offices and cold storages for use in logistics. The lease terms and the remaining lease terms on the date of the initial application, varies between 1 and 20 years.

*Land:* Eimskip leases land for operations of terminal areas. The lease terms and the remaining lease terms on the date of the initial application, varies between 1 and 50 years.

*Vehicles and equipment:* Eimskip leases vehicles and containers for use in its logistics and terminal operations. The lease terms and the remaining lease terms on the date of the initial application, varies between 1 and 8 years.

### Leases not yet commenced

Eimskip has not committed to material leases that have not yet commenced which will lead to a right-of-use asset and a lease liability. In 2019 the commitment amounted to EUR 23.6 million.

## 13. Intangible assets

Intangible assets and amortization are specified as follows:

	Goodwill	Brand name	Software	Market and customer related	Total
<b>Cost</b>					
Balance at 1 January 2019 .....	27,771	15,103	23,606	25,049	91,529
Reclassification of assets .....	( 404)	0	540	525	661
Additions .....	0	0	2,983	0	2,983
Currency adjustments .....	44	37	( 16)	182	247
Balance at 31 December 2019 .....	27,411	15,140	27,113	25,756	95,420
Balance at 1 January 2020 .....	27,411	15,140	27,113	25,756	95,420
Reclassification of assets .....	0	0	44	0	44
Additions .....	0	0	2,878	0	2,878
Disposal .....	0	0	( 9)	0	( 9)
Sales during the year .....	0	0	( 1,317)	0	( 1,317)
Currency adjustments .....	( 66)	( 34)	( 7)	( 373)	( 480)
Balance at 31 December 2020 .....	27,345	15,106	28,702	25,383	96,536
<b>Amortization</b>					
Balance at 1 January 2019 .....	0	0	17,274	6,385	23,659
Amortization .....	0	0	3,525	1,966	5,491
Currency adjustments .....	0	0	( 10)	53	43
Balance at 31 December 2019 .....	0	0	20,789	8,404	29,193
Balance at 1 January 2020 .....	0	0	20,789	8,404	29,193
Amortization .....	0	0	3,420	1,660	5,080
Disposal .....	0	0	( 9)	0	( 9)
Sales during the year .....	0	0	( 1,279)	0	( 1,279)
Currency adjustments .....	0	0	( 7)	( 170)	( 177)
Balance at 31 December 2020 .....	0	0	22,914	9,894	32,808



# Notes

## 13. Intangible assets, continued

	Goodwill	Brand name	Software	Market and customer related	Total
<b>Carrying amounts</b>					
At 1 January 2019 .....	27,771	15,103	6,332	18,664	67,870
At 31 December 2019 .....	27,411	15,140	6,324	17,352	66,227
At 31 December 2020 .....	27,345	15,106	5,788	15,489	63,728

### Impairment testing

Intangible assets other than goodwill and brand names are stated at cost less any accumulated amortization. Goodwill and brand name were assessed to have an indefinite useful life since there was no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The carrying amount of goodwill and brand name are tested annually for impairment. No impairment has been recognized.

The Company has acquired several subsidiaries. Each acquired company is considered to be one Cash Generating Unit ("CGU") for the purpose of impairment testing. The carrying amounts of goodwill related to the acquisition of Mareco N.V. is EUR 9.8 million, EUR 3.9 million is related to SHIP-LOG A/S and EUR 7.6 million related to Extraco Internationale Expeditie B.V. These CGU's are all part of forwarding services.

The impairment tests were performed in the fourth quarter of 2020 and were based on the results of 31 December 2020 as well as the board approved budget for the year 2021. The impairment tests are in the form of discounted cash-flow analysis. The periods projected are the years 2022-2026 with a fixed growth rate after the projected period when estimating the terminal value. The material variables in the test are revenue growth, EBITDA margin, investments and growth rate after the five year forecasted period. The projected variables are based on past experience and market research. The growth in EBITDA margins used to estimate future cash flows are based on management best estimates that take into account past performance and experience, external market growth assumptions and any uncertainties in the market the CGU operates or depends on.

	2020	2019
Future growth rate .....	1.0% - 2.5%	1.0% - 3.5%
Weighted-average cost of capital .....	5.9% - 9.0%	7.0% - 9.6%
Sector debt-ratio* .....	26% - 70%	20% - 52%

Some of the CGU's have faced business challenges related the COVID-19 pandemic. The business challenges and underlying assumptions have however not indicated impairment of intangible assets.

One individual CGU is sensitive for impairment. The individual CGU has been experiencing adverse market conditions which management assesses as temporary. If market conditions will not improve it could lead to impairment of the CGU's goodwill. If the future growth rate decreases by 1%, EBITDA decreases by 5% or WACC increases by 1% of the following variables changes without a change in the other it does not lead to impairment. If two of these variables change it leads to a an impairment of EUR 0.9 - 1.7 million.

\*The variation of the sector debt ratio from the previous years is explained by IFRS 16 now being a part of the impairment testing.

## 14. Investments in equity-accounted investees

Eimskip has interests in a number of individually immaterial associates and joint ventures. The ownership percentage, carrying amounts and share of earnings (loss) is specified as follows:

Shares in associated companies	Ownership	Share of earnings	Share of earnings	Book value	Book value
		2020	2019	2020	2019
Qingdao Port Eimskip					
Coldchain Log. Co. Ltd., China .....	30.0%	86	37	725	653
Discover Truenorth ehf., Iceland .....	20.0%	0	( 73)	0	0
Hammerfest Fryseterminal AS, Norway .....	20.5%	375	3	0	194
Tromsøterminalen Eiendom AS, Norway .....	49.0%	177	( 143)	2,705	2,682
Krít eignarhaldssjóður, Iceland .....	40.0%	( 25)	( 108)	0	24
		613	( 284)	3,430	3,553

## Notes

### 14. Investments in equity-accounted investees, continued

	Ownership	Share of earnings 2020	Share of earnings 2019	Book value 2020	Book value 2019
<b>Joint ventures</b>					
ElbFeeder Inc., The Marshall Islands*	47.9%	( 625)	( 192)	6,412	7,142
Feederstar Verwaltung GmbH	49.0%	0	0	12	12
Feederstar GmbH & Co. KG, Germany	49.0%	42	( 15)	386	343
P/F í Ánunum, The Faroe Islands	50.0%	30	62	918	886
P/F Gervi, The Faroe Islands	51.0%	202	52	491	288
		( 351)	( 93)	8,219	8,671
Total equity accounted investees and joint ventures		262	( 377)	11,649	12,224

The Group has long term receivables on one of its equity-accounted investees amounting to EUR 3.4 million at year-end 2020 (2019: EUR 2.6 million) and a short term receivable on another equity-accounted investee amounting to EUR 0.0 million (2019: EUR 3.0 million).

\*The joint venture ElbFeeder Inc. chooses to value its vessel fleet at fair value which the Group reverses before applying the equity method. The equity of ElbFeeder as at the year-end including the vessel revaluation amounted to USD 25.5 million or EUR 20.9 million.

### 15. Deferred tax assets and liabilities

#### Recognized deferred tax assets and liabilities

	Assets	Liabilities	Net
<b>2020</b>			
Property, vessels and equipment	489	( 1,703)	( 1,214)
Intangible assets	142	( 239)	( 97)
Right-of-use assets	187	( 3,712)	( 3,525)
Current assets	1,196	( 4,128)	( 2,932)
Current liabilities	62	0	62
Lease liabilities	3,425	0	3,425
Other	443	( 406)	37
Tax loss carried-forward	2,802	0	2,802
Total tax assets (liabilities)	8,746	( 10,188)	( 1,442)
Set off tax	( 6,002)	6,002	0
Net tax assets	2,744	( 4,186)	( 1,442)
<b>2019</b>			
Property, vessels and equipment	325	( 1,043)	( 718)
Intangible assets	184	( 230)	( 46)
Right-of-use assets	31	( 5,968)	( 5,937)
Current assets	1,073	( 4,160)	( 3,087)
Current liabilities	113	0	113
Lease liabilities	5,763	0	5,763
Other	34	( 274)	( 240)
Tax loss carried-forward	2,558	0	2,558
Total tax assets (liabilities)	10,081	( 11,675)	( 1,594)
Set off tax	( 7,196)	7,196	0
Net tax assets	2,885	( 4,479)	( 1,594)

The Group has tax losses carried-forward that have not been recognized. If those tax losses carried-forward would be recognized, deferred tax asset would increase by 1.2 million EUR (2019: EUR 1.4 million).

The losses carried-forward expire through the years 2026 - 2030.

# Notes

## 16. Trade and other receivables

Trade and other receivables are specified as follows:

	2020	2019
Trade receivables .....	102,534	109,836
Restricted cash .....	442	423
Other receivables .....	12,476	17,619
Trade and other receivables total .....	<u>115,452</u>	<u>127,878</u>

Restricted cash consists of deposits for guarantees issued towards tax authorities, customs, port authorities and leases of office buildings.

Allowance for impairment losses of trade receivables are specified as follows:

Balance at beginning of year .....	( 6,058)	( 8,151)
Write-offs .....	258	1,679
Changes in allowance for impairment losses .....	( 696)	414
Balance at year-end .....	<u>( 6,496)</u>	<u>( 6,058)</u>

Due to the insignificant amount of write-offs, these are not shown separately in the Consolidated Income Statement. For more information regarding trade and other receivables see note 21.

## 17. Capital and reserves

### Share capital

The Company's capital stock is nominated in Icelandic króna (ISK). The nominal value of each share is ISK 1 and one vote is attached to each share. Total authorized and issued shares were 187,000,000 both at the beginning and at the end of the year. The shares are listed on the Icelandic Stock Exchange (Nasdaq Iceland) under the ticker symbol EIM. The shares are in a single class bearing equal rights.

Total outstanding shares were 182,878,416 at the beginning of the year and 180,867,243 at the end of the year. They decreased by 2,011,173 due to share-buy back programs and shares received from A1988 hf. The share capital of the Company is now ISK 187.0 million and the number of Company's treasury shares is ISK 6,132,757, or 3.28% of the total share capital of the Company. The EUR amount of capital stock was 1.1 million at year-end 2020.

### Shares issued to A1988 hf.

According to the composition agreement for A1988 hf., finalized in 2009, a 4.2% shareholding in Eimskipafélag Íslands hf. was not distributed to creditors but reserved for A1988 hf. to satisfy contingent claims that might arise in coming periods resulting from events prior to the composition agreement. The shares did not have voting rights attached to them.

In April 2020, Eimskip received 904,213 shares in Eimskipafélag Íslands hf. from A1988 hf., formerly known as HF. Eimskipafélag Íslands. As described in Eimskip's Prospectus dated 22 October 2012, A1988 did hold shares in Eimskipafélag Íslands hf. which were to be returned to Eimskipafélag Íslands hf. upon certain conditions being met. These conditions were met in 2020. Previously, as disclosed on 12 March 2014, A1988 transferred 7,441,950 shares to Eimskipafélag Íslands hf. A1988 hf. no longer holds any shares in Eimskipafélag Íslands hf.

### Share premium

Share premium represents excess of payment above nominal value that shareholders have paid for shares sold by the Company. The balance of the share premium account can be used to offset losses not covered by other reserves or to offset stock splits.

### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

### Fair value reserve of minority put option

The fair value reserve comprises the cumulative net change in the fair value of minority put option.

# Notes

## 17. Capital and reserves, continued

### Undistributed profits

According to Icelandic law, companies are required to recognize share in profit or loss of subsidiaries and associated companies that exceeds dividend received or declared from those companies in a restricted reserve among equity. If a subsidiary or an associated company is sold or liquidated, the undistributed profit or loss relating to that entity shall be transferred to retained earnings.

### Dividend

The Board of Directors has approved the following dividend policy: "The policy of Eimskipafélag Íslands hf. is to pay annual dividend that equals an amount in the range of 10-65% of net profit after taxes. Decisions on dividend payment, and the exact amount, are subject to the Company's future investment plans, market outlook and satisfactory capital structure at any given time."

According to a resolution made on the Company's 2020 annual General Meeting, no dividend was paid to shareholders in 2020 for the year 2019. According to a resolution made on the Company's 2019 Annual General Meeting, dividend in the amount of EUR 4.8 million or ISK 3.50 per share, was paid to shareholders, which represented 64.8% of the Company's profits for the year 2018.

Treasury shares are not entitled to receive dividend. The Board of Directors proposes a dividend payment to shareholders in 2021 in the amount of ISK 2.47 per share. The proposed dividend payment is ISK 446.7 million, or EUR 2.9 million, which represents 65.0% of net earnings for the year 2020.

## 18. Loans and borrowings

This note provides information on the contractual terms of Eimskip's interest bearing loans and borrowings. For more information about Eimskip's exposure to foreign currency risk, see note 21:

Loans and borrowings consist of the following:

	2020	2019
Secured bank loans .....	160,906	162,939
Bank overdraft and short term borrowings .....	111	65
Total loans and borrowings .....	161,017	163,004
Current maturities of secured bank loans .....	( 15,125)	( 10,487)
Bank overdraft and short term borrowings .....	( 111)	( 65)
	( 15,236)	( 10,552)
Non-current loans and borrowings .....	145,781	152,452

The loan agreements of Eimskip contain restrictive covenants. At year-end 2020 and 2019 Eimskip complied with all restrictive covenants.

### Secured bank loans

Secured bank loans are as follows:

	2020		2019	
	Nominal interest	Carrying amount	Nominal interest	Carrying amount
Loans in EUR .....	1.6%	154,369	1.8%	146,651
Loans in USD .....	5.4%	3,725	5.4%	5,218
Loans in ISK .....	1.6%	1,809	3.9%	9,962
Loans in other currencies .....	-	1,003	-	1,108
Total secured bank loans .....		160,906		162,939

Aggregated annual maturities of secured-bank loans are as follows:

	2020	2019
On demand or within 12 months .....	15,125	10,487
12 - 24 months .....	13,337	48,565
24 - 36 months .....	13,123	9,680
36 - 48 months .....	11,380	9,612
48 - 60 months .....	11,275	9,013
After 60 months .....	96,666	75,582
Total secured bank loans .....	160,906	162,939

## Notes

### 18. Loans and borrowings, continued

#### Reconciliation of movements of loans and borrowings to cash flow's financing activities

	2020	2019
Balance of loans and borrowings as at 1 January .....	163,004	159,593
<i>Changes from financing cash flows:</i>		
Proceeds from non-current loans and borrowings with cash effects .....	47,287	16,423
Repayment of non-current loans and borrowings .....	( 46,534)	( 8,704)
Changes in short-term borrowings .....	46	49
<i>Total changes from financing cash flows</i> .....	<u>799</u>	<u>7,719</u>
<i>Non-cash changes of loans and borrowings:</i>		
Finance lease liabilities reclassified to lease liabilities .....	0	( 6,048)
Non-cash proceeds from non-current loans and borrowings .....	0	3,043
Currency adjustments .....	( 2,786)	( 1,303)
<i>Total non-cash changes of loans and borrowings</i> .....	<u>( 2,786)</u>	<u>( 4,308)</u>
Loans and borrowings at 31 December 2020 .....	<u>161,017</u>	<u>163,004</u>

The proceeds from the financing of the two vessels, Brúarfoss and Dettifoss were used to repay other long-term loans and revolving credit facilities.

### 19. Lease liabilities

Lease liabilities are as follows:

Lease liabilities in EUR .....	7,236	7,514
Lease liabilities in USD .....	10,778	9,761
Lease liabilities in ISK .....	10,526	12,345
Lease liabilities in NOK .....	26,666	1,624
Lease liabilities in other currencies .....	8,947	10,015
Total .....	<u>64,153</u>	<u>41,259</u>
Current maturities .....	( 10,861)	( 10,763)
Non-current maturities .....	<u>53,292</u>	<u>30,496</u>
<i>Maturity analysis:</i>		
Within 12 months .....	10,861	10,763
12 - 24 months .....	6,863	6,887
24 - 36 months .....	5,419	5,421
36 - 48 months .....	3,811	3,761
48 - 60 months .....	1,953	2,428
After 60 months .....	35,246	11,999
Total .....	<u>64,153</u>	<u>41,259</u>

#### Reconciliation of movements of lease liabilities

Balance of lease liabilities as at 1 January .....	41,259	32,492
<i>Changes from financing cash flows:</i>		
Repayment of lease liabilities .....	( 15,691)	( 13,076)
<i>Total changes from financing cash flows</i> .....	<u>( 15,691)</u>	<u>( 13,076)</u>
<i>Non-cash changes of loans and borrowings:</i>		
Finance lease liabilities reclassified to lease liabilities .....	0	5,465
New or renewed leases .....	39,548	16,830
Divested leases .....	( 963)	( 452)
<i>Total non-cash changes of loans and borrowings</i> .....	<u>38,585</u>	<u>21,843</u>
Lease liabilities at 31 December 2020 .....	<u>64,153</u>	<u>41,259</u>

# Notes

## 20. Trade and other payables

Trade and other payables are attributable to the following:

	2020	2019
Trade payables .....	43,003	49,605
Income tax payable .....	1,763	1,260
Other payables .....	26,125	29,539
Total .....	70,891	80,404

## 21. Financial risk management

### Overview

Eimskip has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about Eimskip's exposure to each of the above risks as well as operational risk, Eimskip's objectives, policies and processes for assessing and managing risk, and Eimskip's management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of Eimskip's risk management framework.

Eimskip's risk management policies are established to identify and analyze the risks faced by Eimskip, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Eimskip's activities. Eimskip, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with Eimskip's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Eimskip.

### (i) Credit risk

Credit risk is the risk of financial loss to Eimskip if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Eimskip's receivables from customers and investment securities.

The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets recognised in profit or loss were as follows.

	2020	2019
Impairment loss on trade and other receivables (note 16) .....	258	1,679

### Trade and other receivables

Eimskip's exposure to credit risk is influenced mainly by the individual characteristics of each customer. No single customer accounts for more than 10% of Eimskip's revenue from sales transactions.

Eimskip has established a credit policy under which each new customer is analyzed individually for creditworthiness before Eimskip's standard payment and delivery term and conditions are offered. Eimskip's review includes external ratings, when available, and in some cases bank references. Customers that fail to meet Eimskip's benchmark creditworthiness may transact with Eimskip only on a prepayment basis.

Goods that are shipped or transported may be with-held until payment for service rendered has been received. Eimskip usually does not require collateral in respect to trade and other receivable.

Eimskip establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

As to date, due to the COVID-19 pandemic, there has not been any development indicating increase in payment defaults and therefore there have not been made any specific loss provision on credit losses due to COVID-19 but management closely monitors collections.

The fair value of financial assets and liabilities equals their carrying amount, as the impact of discounting is not significant.

# Notes

## 21. Financial risk management, continued

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	2020 Carrying amount	2019 Carrying amount
Trade and other receivables .....	16	115,452	127,878
Cash and cash equivalents .....		15,640	20,737
Total .....		131,092	148,615

At year-end 2020 and 2019 there were no significant concentration of credit risk for trade and other receivables by individual counterparties or individual countries.

### Impairment risk

The aging of trade receivables at the reporting date was as follows:

	Gross 2020	Impairment 2020	Gross 2019	Impairment 2019
Not past due .....	85,797	( 580)	91,555	( 885)
Past due 1 - 90 days .....	21,610	( 252)	25,912	( 196)
Past due 91 - 180 days .....	2,694	( 69)	5,081	( 129)
More than 180 days .....	11,847	( 5,595)	11,388	( 4,848)
Total .....	121,948	( 6,496)	133,936	( 6,058)

### (ii) Liquidity risk

Liquidity risk is the risk that Eimskip will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Eimskip's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Eimskip's reputation. The Company has undrawn revolver facility amounting to EUR 51.3 million at year-end 2020 (2019: EUR 6.6 million).

### (ii) Liquidity risk, continued

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Financial liabilities	Carrying amount	Contractual cash flow	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
<b>31.12.2020</b>						
Secured bank loans .....	161,017	167,796	18,588	15,002	71,389	62,817
Lease liabilities .....	64,153	140,086	14,628	9,936	19,470	96,052
Trade and other payables .....	70,891	70,891	70,891	0	0	0
Total .....	296,061	378,773	104,107	24,938	90,859	158,869
<b>31.12.2019</b>						
Secured bank loans .....	163,004	177,961	13,552	51,040	33,382	79,987
Lease liabilities .....	41,259	58,358	11,949	8,149	11,999	26,261
Trade and other payables .....	80,404	80,404	80,404	0	0	0
Total .....	284,667	316,723	105,905	59,189	45,381	106,248

Cash flows included in the maturity analysis are not expected to occur significantly earlier, or at significantly different amounts.

### (iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect Eimskip's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group entities. At year-end 2020 the primary risks are attached to the US Dollar (USD), the Icelandic krona (ISK), the Euro (EUR) but also the British Pound (GBP) as can be seen in the table below.

# Notes

## 21. Financial risk management, continued

### Exposure to currency risk

Eimskip's exposure to foreign currency risk is as follows based on EUR amounts:

<b>31 December 2020</b>	<b>USD</b>	<b>ISK</b>	<b>EUR</b>	<b>GBP</b>	<b>Other</b>
Finance assets .....	7,930	64	0	0	0
Trade and other receivables .....	34,744	19,056	2,649	736	5,751
Cash and cash equivalents .....	3,873	200	805	( 184)	949
Loans and borrowings .....	( 3,725)	( 1,170)	( 718)	0	391
Lease liabilities .....	( 7,464)	( 9,077)	0	0	0
Trade and other payables .....	( 10,759)	( 17,637)	( 667)	( 2,326)	( 1,521)
Net balance sheet exposure .....	24,599	( 8,564)	2,069	( 1,774)	5,570

<b>31 December 2019</b>	<b>USD</b>	<b>ISK</b>	<b>EUR</b>	<b>JPY</b>	<b>Other</b>
Finance assets .....	2,007	665	0	0	0
Trade and other receivables .....	29,225	26,551	2,327	1,606	5,127
Cash and cash equivalents .....	5,264	583	973	15	1,185
Loans and borrowings .....	( 5,218)	( 9,157)	( 787)	0	( 85)
Lease liabilities .....	( 3,619)	( 17,618)	0	0	0
Trade and other payables .....	( 13,938)	( 15,845)	( 764)	( 4)	( 5,093)
Net balance sheet exposure .....	13,721	( 14,821)	1,749	1,617	1,134

### Sensitivity analysis

A 10% strengthening of the EUR against the following currencies at 31 December would have changed result after income tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for the previous year.

	<b>2020</b>	<b>2019</b>
USD .....	( 1,914)	( 1,059)
ISK .....	690	802
EUR .....	( 156)	( 119)
GBP .....	142	68
RMB .....	( 120)	0
DKK .....	( 394)	( 96)

A 10% weakening of the EUR against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

The following significant exchange rates were applied during the year:

<b>EUR:</b>	<b>Average rate</b>		<b>Reporting date spot rate</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
USD .....	1.1418	1.1193	1.2215	1.1212
JPY .....	121.8166	122.0004	126.1250	121.7900
GBP .....	0.8900	0.8770	0.8932	0.8450
ISK .....	154.5572	137.2431	156.0900	135.8000
RMB .....	7.8758	7.7328	7.9724	7.8072
DKK .....	7.4537	7.4666	7.4425	7.4706
PLN .....	4.4463	4.2967	4.5601	4.2530



# Notes

## 21. Financial risk management, continued

### Interest rate risk

At the reporting date the interest rate profile of Eimskip's interest bearing financial instruments was:

	Carrying amount	
	2020	2019
<b>Variable rate instruments</b>		
Cash and cash equivalents .....	15,640	20,737
Financial liabilities .....	( 161,017)	( 163,004)
Net exposure .....	<u>( 145,377)</u>	<u>( 142,267)</u>

A change of 100 basis points in interest rates at the reporting date would increase (decrease) result after income tax by EUR 406 thousand (2019: EUR 682 thousand). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for the year 2019. Eimskip does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss.

### (iv) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with Eimskip's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of Eimskip's operations.

Eimskip manages operational risk in order to avoid financial losses and damage to Eimskip's reputation. When managing this risk, overall cost effectiveness and avoidance of control procedures that restrict initiative and creativity are considered.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

### Capital management

Eimskip's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

For the purposes of managing capital, management monitors the equity ratio and the net debt to equity ratio. The goal is to maintain both a strong equity ratio and a strong ratio of net debt to EBITDA.

The Board of Directors of Eimskip has approved a long-term target capital structure. The objective is to maintain an equity ratio near 40%, a benchmark leverage in the range of 2-3 for net debt against EBITDA. This is a long-term objective through the business cycle that can vary from quarter to quarter based on general economic and business conditions as well as strategic initiatives.

### Capital management, continued

#### (i) Equity ratio

	2020	2019
Total equity .....	230,657	230,868
Total assets .....	536,131	524,514
Equity ratio .....	<u>43.02%</u>	<u>44.02%</u>

#### (ii) Net debt to EBITDA ratio (benchmark leverage)

Total interest-bearing debt .....	161,017	163,004
Cash and cash equivalents .....	( 15,640)	( 20,737)
Net debt .....	<u>145,377</u>	<u>142,267</u>
 EBITDA .....	 61,678	 60,549
Net debt / EBITDA .....	<u>2.36</u>	<u>2.35</u>
Net debt / EBITDA adjusted for the effects of IFRS 16 .....	<u>3.14</u>	<u>2.88</u>

# Notes

## 22. Leases

### Lease expenses in the Income Statement

	2020	2019
Depreciation of right-of-use assets .....	15,282	11,870
Interest on lease liabilities .....	3,539	1,873
Expenses related to low-value leases .....	759	2,297
Expenses related to short-term leases .....	2,532	1,662
Total expenses due to leases in the Income Statement .....	22,112	17,702

### Cash outflow for leases

Repayment of leases in the cash-flow statement .....	( 15,691)	( 13,076)
Lease payments of low-value and short-term leases .....	( 3,291)	( 3,959)
Total cash outflow for leases .....	( 18,982)	( 17,035)

## 23. Related parties

The Company's largest shareholders Samherji Holding ehf. with 28.29% shareholding and Lífeyrissjóður verzlunarmanna with 15.06% shareholding of outstanding shares are considered related parties, as well as subsidiaries, material equity accounted investees and key management personnel. Intercompany transactions with subsidiaries are eliminated in the consolidation.

Transactions with the largest shareholder Samherji Holding ehf. and related companies during the year amounted to EUR 8.7 million (2019: EUR 10.4 million) and receivables at year-end amounted to EUR 1.4 million (2019: EUR 2.1 million). Transactions with material equity accounted investees amounted to EUR 5.6 million and payables at year-end amounted to EUR 0.2 million. Transactions with related parties are on arm's length basis.

During the year there were no transactions nor outstanding balances at year-end with key management personnel.

### Fee paid to the Board of Directors

	Fee in ISK		Fee in EUR		Shares at year-end*
	2020	2019	2020	2019	2020
Baldvin Thorsteinsson, Chairman .....	6,543	7,338	42	53	160,000
Hrund Rudolfsdóttir, Vice-Chairman .....	7,832	7,900	51	58	0
Gudrún Ó. Blöndal, Board Member .....	5,925	5,925	38	43	0
Lárus L. Blöndal, Board Member .....	5,820	5,820	38	42	3,190
Vilhjálmur Vilhjálmsson, Board Member .....	4,438	3,000	29	24	0
Óskar Magnússon, Alternate of the Board .....	3,677	2,480	24	21	15,000

### Salaries and benefits paid to Executive Management

2020	In ISK		In EUR		Shares at year-end*
	Base salary	Other **	Base salary	Other	
Vilhelm Már Thorsteinsson, CEO .....	36,414	12,388	236	80	136,473
Four EVP's of the Company, the COO and CFO *** .....	294,591	75,248	1,906	487	585,547

2019	In ISK		In EUR		Shares at year-end*
	Base salary	Other **	Base salary	Other	
Vilhelm Már Thorsteinsson, CEO .....	33,938	8,970	247	65	66,050
Four EVP's of the Company, the COO and CFO *** .....	209,716	45,722	1,528	333	974,308

\* Number of shares held directly by Board of Directors and Executive Management or parties related to them.

\*\* Cash incentives, travel allowance, pension contributions and house and car benefits.

\*\*\* Hilmar Pétur Valgardsson COO of Operations, Bragi Thór Marinósson EVP of International Operations, Edda Rut Björnsdóttir EVP of Human Resources and Communication, Björn Einarsson EVP of Sales and Business Management, Gudmundur Nikulásson EVP of Iceland Domestic Operations and Egill Orn Petersen CFO. The figures for 2019 and 2020 also include Elin Hjálmsdóttir the former EVP of Human Resources and Matthías Matthíasson the former EVP of Sales. Redundancy cost is included in base salary as applicable.

# Notes

## 24. Auditor's fees

	2020	2019
Audit of the Financial Statements for the relevant fiscal year .....	913	998
Other services .....	487	293
	<u>1,400</u>	<u>1,291</u>
Thereof fee to the auditor of the Parent Company .....	710	558

## 25. Group entities

At year-end the Company owned directly nine subsidiaries that are all included in the consolidation. The direct subsidiaries owned 62 subsidiaries at year-end. The Company holds the majority of voting power in all of its subsidiaries. Assets, liabilities, revenues and expenses in Consolidated Financial Statements that include a non-controlling interest are immaterial to the Group.

The Group's direct subsidiaries are as follows:

	Country of incorporation	Ownership Interest 2020	Ownership Interest 2019
Eimskip Ísland ehf. ....	Iceland	100%	100%
TVG-Zimsen ehf. ....	Iceland	100%	100%
Eimskip USA, Inc. ....	USA	100%	100%
Eimskip UK Ltd. ....	England	100%	100%
Eimskip Holding B.V. ....	The Netherlands	100%	100%
Eimskip Asia B.V. ....	The Netherlands	80%	80%
P/f Skipafélagid Føroyar .....	Faroe Islands	100%	100%
Harbour Grace CS Inc. ....	Canada	51%	51%
Sæferdir ehf. ....	Iceland	100%	100%

In June 2020 the merger of the direct subsidiaries Eimskip Ísland ehf. and Eimskip REIT ehf. was confirmed by the Boards of Directors of each of the companies. The merger was legally effective from 1 January 2020.

As a result of a purchase price allocation for acquisition in subsidiaries, Eimskip has recognized in the statement of financial position, a financial liability in the amount of EUR 5.2 million which reflects the estimated exercise price of put options issued towards non-controlling interests for their shareholding in the subsidiaries acquired. The financial liability is initially carried at fair value and classified as non-current. The fair value changes of the liability are recognized through equity. In the event that the options expire unexercised, the liability is derecognised with a corresponding recognition of a non-controlling interest in equity and to other equity.

## 26. Other matters

### Investigation of the Icelandic Competition Authority

Eimskipafélag Íslands hf. and its subsidiaries, Eimskip Ísland ehf. and TVG-Zimsen ehf., have been under investigation of the Icelandic Competition Authority (ICA) for nearly a decade.

On 13 December 2019 Eimskip received second statement of objections from ICA, which granted the Company a continuance until 15 March 2020 to submit its objections to statement of objections I, and a continuance to submit objections to statement of objections II until 15 June 2020. Eimskip submitted its objections on both 15 March 2020 and 15 June 2020. Any elaboration on the potential outcome of the investigation is premature, and no information is available on potential fines, or if they will materialize. The investigation has had immaterial effect on the Company's Financial Statements.

### The Environment Agency of Iceland

The Environment Agency of Iceland reported the Company to the District Prosecutors for alleged violation of the Icelandic Waste Management Act due to the vessels Godafoss and Laxfoss being recycled in India. The Company rejects these allegations as the Company complied with all laws and regulations in the sale process.

# Notes

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## 26. Other matters, continued

### **Tax related matters**

The Icelandic Directorate of Internal Revenue ruled in December 2017 regarding the taxation of the operation of foreign vessel subsidiaries of Eimskip. The Internal Revenue Board confirmed the ruling in March 2019. Due to this ruling Eimskip expensed EUR 3.4 million in the Income Statement in the first quarter of 2019 and has paid EUR 0.7 million as well as utilized EUR 2.7 million of tax-losses carried forward. Eimskip disagrees with the ruling of the Internal Revenue Board and has referred the case to the Icelandic courts.

## 27. Impact of COVID-19

### **(i) Funding**

Under current funding structure, current financial position and assuming no major disruptions or significant decrease in demand for cargo flow, there is insignificant risk that Eimskip's loan covenants will be breached. Eimskip has good liquidity headroom with positive short-term outlook. Currently, Eimskip is not fully utilizing its revolving credit facilities and has further secured increase in such facilities to be able to meet any future setbacks in its operations due to COVID-19.

### **(ii) Forward contracts for bunker prices**

Eimskip uses forward contracts to hedge its own exposure to fluctuations in bunker prices. The exposure is net of bunker adjustment factor (BAF) which is charged to customers to mitigate the price fluctuations in bunkers. World demand of oil fluctuated significantly in the year 2020. The hedge remained effective during the year 2020 and at the year-end.

### **(iii) Income tax subsidies and government grants**

The income tax subsidies and government grants the group companies have received due to COVID-19 are few and immaterial.

### **(iii) Collections of trade receivables**

Please refer to note 21.

### **(v) Intangible assets and impairment testing**

Please refer to note 13.

## 28. Subsequent events

There are no subsequent events to report.

# Notes

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## 29. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements, and have been applied consistently by Group entities.

The disclosures to the Consolidated Financial Statements are prepared on the basis on the concept of materiality. Therefore information that is considered immaterial for the user of the Consolidated Financial Statements is not disclosed.

### a. Basis of consolidation

#### (i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

#### (ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

#### (iii) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

#### (iv) Investment in equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control, over financial and operating policies. Joint ventures involve contractual sharing of control. Investment in equity-accounted investees is accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to recognition, the Consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

### b. Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

#### (ii) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to EUR at foreign exchange rates at the reporting date. The income and expenses of foreign operations are translated to EUR at the average exchange rate for the year.

Foreign currency differences are recognized in other comprehensive income and accumulated translation reserve, except for the extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

# Notes

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## 29. Significant accounting policies, continued

### c. Financial instruments

#### (i) Non-derivative financial assets

The Group has the following non-derivative financial assets: trade and other receivables, cash and cash equivalents and unlisted equity shares.

#### (ii) Derivative financial instruments and hedge accounting

A derivative is a financial instrument or other contract, the value of which changes in response to a change in an underlying variable such as an exchange or interest rate, which requires no initial net investment or initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and which is settled at a future date. Derivatives are recognized at fair value. Fair value changes are recognized in the income statement as finance income and expense. Derivatives with positive fair values are recognized as financial assets and derivatives with negative fair values are recognized as trading liabilities.

The Group holds derivative financial instruments to hedge a part of its exposure to fluctuation in oil prices and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of the changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve in equity. Any ineffective portion of the changes in the fair value of the derivative is recognized immediately in profit or loss. The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

#### (iii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

#### (iv) Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

#### (v) Share capital

Share capital is classified as equity. Incremental costs directly attributable to issue of share capital is recognized as a deduction from equity, net of any tax effects.

When share capital is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

# Notes

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## 29. Significant accounting policies, continued

### d. Property, vessels and equipment

#### (i) Recognition and measurement

Items of property, vessels and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, vessels and equipment have different useful lives, they are accounted for as separate items (major components) of property, vessels and equipment.

Gains and losses on disposal of an item of property, vessels and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, vessels and equipment, and are recognized net in profit or loss.

#### (ii) Subsequent costs

The cost of replacing part of an item of property, vessels and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, vessels and equipment are recognized in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is calculated for the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, vessels and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of buildings, vessels and equipment are as follows:

Buildings .....	15 - 50 years
Vessels .....	5 - 25 years
Containers and equipment .....	2 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each year-end and adjusted if appropriate.

### e. Intangible assets

#### (i) Goodwill and brand names

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill and brand names are measured at cost less accumulated impairment losses. The value of the brand name „Eimskip“ and the brand names of other acquired subsidiaries are included among brand names.

#### (ii) Customer related intangible assets

Customer relationships and other intangible assets with finite useful lives that have been acquired as part of acquisitions are amortized using the straight line method.

#### (iii) Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than brand name, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Software .....	3 - 7 years
Market and customer related .....	10 years

Amortization methods, useful lives and residual values are reviewed at each year-end and adjusted if appropriate.

# Notes

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## 29. Significant accounting policies, continued

### f. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Eimskip is not a third-party lessor in any material instances.

#### (i) Leases in which the Group is a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

#### (ii) Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases that have a lease term of 12 months or less, with the exception of vessel leases that have a lease term that varies between 4 months and 5 years. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



# Notes

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## 29. Significant accounting policies, continued

### g. Inventories

Inventories mainly consist of oil, spare parts and other supplies.

### h. Impairment

#### (i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security.

The Group considers evidence of impairment for trade receivables at both a specific asset and collective level. All individually significant trade receivables are assessed for specific impairment. All individually significant trade receivable found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Trade receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### (ii) Non - financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated annually at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

# Notes

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## 29. Significant accounting policies, continued

### i. Employee defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

### j. Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### k. Revenue

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. According to IFRS 15, revenue is recognized when control over a good or service is transferred to a customer. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer rebates and other similar allowances.

#### (i) Revenue recognition in Liner services

Liner services is a door-to-door transportation process where customers can enter or exit the process whenever before the terminal handling in exports and after the terminal handling in imports. Activities included in liner services are pre-carriage, warehousing, terminal handling, container services, sea-transportation, documentation, on-carriage and distribution. Eimskip considers each activity in the liner transportation process to be a distinct performance obligation. For each activity, with the exception of sea-transportation, revenue is recognized when the performance obligation has been satisfied or at a certain point-in-time. Revenue from sea-transportation is recognized over-time in accordance with voyage days of the vessel already sailed in proportion to total estimated voyage days for the route. The consideration received for the services is allocated to each performance obligation based on tariff or stand-alone selling prices. Rebates are allocated to each performance obligation based on tariff or stand-alone selling prices.

#### (ii) Revenue recognition in Forwarding services

Forwarding services are an transportation solution outside Eimskip's own operating system but is materially the same process as the liner services.

### l. Finance income and finance expense

Finance income comprises interest income on funds invested and dividend income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of an qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on net basis as finance income or finance expense.

### m. Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

# Notes

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## 29. Significant accounting policies, continued

### m. Income tax, continued

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### n. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential shares.

### o. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance.

## 30. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, Eimskip has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on Eimskip's Consolidated Financial Statements

- COVID-19 Related Rent Concessions (Amendment to IFRS 16)
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous Contracts - Costs of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

## Quarterly statements - unaudited

<b>Year 2020</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>2020</b>
<b>Revenue</b> .....	161,670	160,615	170,378	175,653	668,316
<b>Expenses</b> .....	152,332	144,614	148,968	160,724	606,638
<b>Operating profit, EBITDA</b> .....	9,338	16,001	21,410	14,929	61,678
Depreciation and amortization and impairment .....	( 10,932)	( 10,966)	( 10,964)	( 11,728)	( 44,590)
<b>Results from operating activities, EBIT</b> .....	( 1,594)	5,035	10,446	3,201	17,088
<b>Net finance expense</b> .....	( 2,640)	( 2,402)	( 2,759)	( 773)	( 8,574)
Share of loss of equity accounted investees .....	( 317)	473	201	( 95)	262
<b>Net (loss) earnings before income tax</b> .....	( 4,551)	3,106	7,888	2,333	8,776
Income tax .....	( 400)	( 651)	( 1,724)	( 1,550)	( 4,325)
<b>Net (loss) earnings</b> .....	( 4,951)	2,455	6,164	783	4,451
<b>Year 2019</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>2019</b>
<b>Revenue</b> .....	163,988	167,535	172,522	175,549	679,594
<b>Expenses</b> .....	150,766	151,706	152,210	164,363	619,045
<b>Operating profit, EBITDA</b> .....	13,222	15,829	20,312	11,186	60,549
Depreciation, amortization and impairment .....	( 10,753)	( 10,705)	( 11,064)	( 14,505)	( 47,027)
<b>Results from operating activities, EBIT</b> .....	2,469	5,124	9,248	( 3,319)	13,522
<b>Net finance expense</b> .....	( 1,311)	( 1,526)	29	( 1,979)	( 4,787)
Share of loss of equity accounted investees .....	( 84)	85	( 84)	( 294)	( 377)
<b>Net earnings (loss) before income tax</b> .....	1,074	3,683	9,193	( 5,592)	8,358
Income tax .....	( 3,575)	( 929)	( 1,990)	( 857)	( 7,351)
<b>Net (loss) earnings</b> .....	( 2,501)	2,754	7,203	( 6,449)	1,007

# Corporate Governance Statement

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## About Eimskip

Eimskipafélag Íslands hf. (Eimskip) is a leading transportation company in the North Atlantic providing container and reefer liner services with connections to international markets and is specialized in worldwide freight forwarding services with focus on frozen and chilled commodities.

## Corporate Governance

With this statement on the Corporate Governance of Eimskip it is declared that the Company is complying with the accepted practices in the 5th edition of Corporate Governance Guidelines, issued by the Iceland Chamber of Commerce, SA - Business Iceland and Nasdaq Iceland.

Corporate Governance practices are designed to ensure open and transparent relationship between the Company's management, its Board of Directors, its shareholders, and other stakeholders. The Corporate Governance in Eimskip is also designed to ensure sound and effective control of the Company's affairs and a high level of business ethics.

The Corporate Governance Statement of Eimskip is accessible on the Company's website, [www.eimskip.com](http://www.eimskip.com), and is published in a special chapter in the Company's Financial Statements.

The Corporate Governance Guidelines are accessible on [www.corporategovernance.com](http://www.corporategovernance.com).

## Laws and regulations

Eimskip is a limited liability company that is governed by Act no. 2/1995 on Limited Liability Companies (Company Act). Acts are accessible on the Parliament's website, [www.althingi.is](http://www.althingi.is).

## Eimskip's Financial Statements

Eimskip's financial year is the calendar year. The Company's Financial Statements are accessible on the Company's website, [www.eimskip.com](http://www.eimskip.com).

## Shareholder Relations

The supreme authority of the Company is in the hands of the shareholders who attend shareholders' meetings at least once a year. Share register is held at the Company's headquarters where it is available to shareholders.

Company news that are considered to affect Eimskip's share price are published through the company news release distribution network of Nasdaq Iceland and on the Company's IR website, [www.eimskip.com/investors](http://www.eimskip.com/investors). Other news is published on the Company's website, [www.eimskip.com](http://www.eimskip.com).

Proposals or questions from shareholders to the Board of Directors shall be sent to [investors@eimskip.com](mailto:investors@eimskip.com) and [complianceofficer@eimskip.com](mailto:complianceofficer@eimskip.com).

## The Board of Directors of Eimskip

The Board of Directors holds supreme authority between shareholders' meetings. It shall ensure that the Company's organization and operations are in good order. It shall promote the development and long-term performance of the Company and supervise its operations. The Board of Directors has statutory role which it is responsible for, unless the Board grants permission by law to transfer authority by delegation.

Board meetings are called with one-week notice. A meeting schedule is made for the financial year in advance. The invitation contains the agenda for the meeting. The CEO and the CFO attend Board meetings and other members of the Executive Management attend as required. In 2020, the total number of Board meetings was 17 and the Board was competent to make decisions in all meetings.

The Board consists of five Directors and two alternate Directors and they are all elected annually at the Annual General Meeting. Those who intend to run for the Board of Directors shall notify the Board of Directors of their candidacy at least ten days before a shareholders' meeting. The majority of the Directors of the Board are independent of the Company and its day-to-day management, and four Directors are independent of the Company's significant shareholders. The alternate members of the Board are either independent or not independent of the Company or its significant shareholders. The Board evaluates whether Directors are independent of the Company and its significant shareholders. Moreover, the Board evaluates the independence of new Directors before the Company's Annual General Meeting and makes available to shareholders the result of its evaluation.

# Corporate Governance Statement

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Annually, the Board of Directors conducts an assessment of its work, size, composition and procedures and also evaluates the work of the Company's CEO, the Company's operations and development and whether it is in line with the Company's objectives. The assessment entails e.g. evaluation of the strengths and weaknesses of the Board's work and practices and takes into consideration the work components the Board believes may be improved. The evaluation is built on self-assessment, but the assistance of outside parties may be sought as appropriate. The evaluation includes an examination of whether the Board has operated in accordance with its Rules of Procedure and how the Board operates in general. Examination must be made whether important matters relating to the Company have been adequately prepared and if enough time is provided for discussions within the Board. Additionally, individual Directors must be considered with respect to both attendance and participation in meetings. The assessment for the financial year 2020 was concluded in February 2021.

## **Main responsibilities of the Board of Directors**

- To hold supreme authority between shareholders' meetings, promote the development and long term performance of the Company and supervise its operations. The Board shall regularly assess the performance of the Company's executive directors and how the Company's policies are implemented.
- To take the initiative, together with the CEO, on formulating policies and setting goals and risk parameters for the Company, both in the short and long term.
- To establish an active system of internal controls. This means, among other things, that the arrangement of the internal controls system shall be formalized, documented and its functionality verified regularly.
- To ensure that the Company's operations are in conformity with existing laws and regulations.
- To handle the recruitment and dismissal of the Company's CEO.

Extraordinary or major matters which require the approval of four out of five Directors and are therefore not a part of the CEO's day-to-day operations are defined in the Rules of Procedure for the Board of Directors.

## **Rules of Procedure for the Board of Directors**

The Board of Directors has established its Rules of Procedure which were amended and approved at a Board meeting on 26 April 2019. A copy can be obtained from the Company's website, [www.eimskip.com](http://www.eimskip.com).

The Board of Directors has appointed three subcommittees, Audit Committee, Remuneration Committee and Nomination Committee.

The principal duties of the Audit Committee are to review all financial information and procedures regarding information disclosure from day-to-day management and the Company's independent auditors and to ensure the independence of the Company's independent auditors. The role and main responsibilities of the Audit Committee are set out in its rules of procedure.

Members of the Audit Committee are Lárus L. Blöndal, Chairman, Óskar Magnússon and Alexander G. Edvardsson. In 2020, the Audit Committee held a total of four meetings and was competent to make decisions in all meetings.

The role of the Remuneration Committee includes preparing the Company's remuneration policy and ensuring its enforcement and negotiating with the CEO on wages and other employment terms. The role and main responsibilities of the Remuneration Committee are set out in its rules of procedure.

Members of the Remuneration Committee are, Hrund Rudolfsdóttir, Chairman, Baldvin Thorsteinsson, and Guðrún Blöndal. In 2020, the Remuneration Committee held a total of four meetings and was competent to make decisions in all meetings.

The role of the Nomination Committee is to assist the Board with the process and oversight of Board succession planning and identification and nomination of Board candidates as well as member of the Board's committees. The Board is responsible for the appointment and activities of the Nomination Committee and it operates under the Board's authority. The role and main responsibilities of the Nomination Committee are set out in its rules of procedure.

Members of the Nomination Committee are Hrund Rudolfsdóttir, Chairman, Óskar Magnússon and Vilhjálmur Vilhjálmsón. In 2020, the Nomination Committee held a total of eight meetings. The Nomination Committee commenced its activities in 2021.

# Corporate Governance Statement

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## The Board of Directors

### *Baldvin Þorsteinsson, Chairman of the Board*

Baldvin was born in 1983 and lives in the Netherlands. He has worked for Samherji hf. in various roles since 2007 after earning a BS degree in Industrial Engineering from the University of Iceland. In the years 2013-2016, he was the CEO of Iceland Drilling, of which Samherji is a major shareholder. When rejoining Samherji in 2016, he was made Manager of Business Development. Baldvin joined the board of Oliúverzlun Íslands in 2011 and became the board's chairman in 2017, until he stepped down at the end of 2018 when the company was sold. Baldvin has been on the Board of Directors since 6 September 2018 and currently serves as the Chairman of the Board and a member of the Remuneration Committee. He owns 160,000 shares in the Company, but no share options, but is not independent of Samherji Holding ehf., which holds, in total, 59.9 million shares in the Company at the year-end of 2020.

### *Hrund Rudolfsdóttir*

Hrund was born in 1969 and lives in Iceland. She is the CEO of Veritas Capital ehf. and Guðrúnarborg ehf. Previously she was Corporate Director of Human Resources at Marel hf. from 2009 and Director of Operations and Investments at Moderna Finance ehf./Milestone ehf. from 2007 to 2009. Hrund was CEO of L&H Holding, CEO and Chief of Operations of Lyf & heilsa hf. from 2001 to 2006. She is currently a board member of Iceland Chamber of Commerce, Artasan hf., Distica hf., Lumina ehf, Hávarðsstaðir ehf., Stoð ehf. and Bandagjst.dk Aps. Hrund took her Master's degree in International Marketing and Management at Copenhagen Business School in 2000 and AMP in IESE NY in 2018. She also earned a Cand.Oecon. degree at the University of Iceland in 1994. Hrund has been on the Board of Directors since 3 April 2013 and currently serves as the Vice Chairman of the Board and as a Chairman of the Remuneration Committee as well as the Nomination Committee. She is an independent Board member and does neither own shares nor share options in the Company. She has no interest links with the Company's main clients, competitors or major shareholders.

### *Guðrún Ó. Blöndal*

Guðrún was born in 1960 and lives in Iceland. She has been on the Board of Directors of Eimskip since September 2018 and serves as a member of Eimskip's Remuneration Committee. Guðrún is an alternate Board Member of Landsbankinn hf. since 2018 and a member of the bank's Remuneration Committee. From 2013 to 2018 Guðrún was CEO of Nasdaq CSD Iceland (Nasdaq Central Securities Depository Iceland). In 2012 and 2013 she was a Board Member of The Enterprise Investment Fund slhf., Reginn hf., Míla ehf., Vörður Insurance Company and Vörður Life Insurance. Previously from 2002 to 2012 Guðrún was CEO of Arion Custody Services, a leading provider in the Icelandic market of fund services, clearing, settlement, local and global custody services to domestic and foreign financial institution. Prior to this Guðrún held various positions at Kaupthing hf. from 1984 to 2002 such as Executive Director, Corporate Director of Human Resources, Director of Marketing and Director in Asset Management. Guðrún holds a Cand. Oecon degree from The University of Iceland. She is an independent Board member and does neither own shares nor share options in the Company. Apart from being an alternate Board Member of Landsbankinn hf. she has no interest links with the Company's main clients, competitors or major shareholders.

### *Lárus L. Blöndal*

Lárus was born in 1961 and lives in Iceland. He is a Supreme Court Attorney and a Partner at Juris Law Offices. Lárus was a Partner at Almenna lögfræðistofan from 1990 to 2008. Lárus is currently a board member of Orkusalan hf. and the Chairman of the board of ISFI (Icelandic State Financial Investments). He has been a member of the Competition Appeals Committee since 2000 and its Vice-Chairman since 2009 and a member of the National Olympics and Sport Association's executive committee since 2001, becoming its Vice-President in 2006 and its President in 2013. He has previously been a board member of the Icelandic Bar Association, the University of Iceland's Human Rights Institute, the University of Iceland's Research Centre in Environmental and Natural Resources law, Hótel Borg ehf., Fastus ehf., the Housing Financing Fund, Chairman of the National Olympic and Sport Association's legal committee, and a member of various other official committees and boards. Lárus has been a Supreme Court Attorney since 1998 and a District Court Attorney since 1990. He graduated with a Cand.jur. degree from the University of Iceland in 1987. Lárus has been on the Board of Directors since 27 March 2014 and currently serves as the Chairman of the Audit Committee. He is an independent Board member and owns 3,190 shares in the Company but no share options. He has no interest links with the Company's main clients, competitors or major shareholders.

# Corporate Governance Statement

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## *Vilhjálmur Vilhjálmsson*

Vilhjálmur was born in 1953 and lives in Iceland. He is a Chairman of the Board of Directors of Hampiðjan hf. Vilhjálmur was the CEO of HB Grandi hf. from 2012 to 2018, and a pelagic director of HB Grandi hf. from 2005 to 2012. Before joining HB Grandi hf. Vilhjálmur was office manager and later the CEO of Tangi, Vopnafjörður based fishing and fish processing company from 2001 to 2004. Vilhjálmur started his career in fisheries at age 11 and worked from age of 15 alongside his studies. Vilhjálmur is a Fish Industry Technic from the Icelandic Technical College, and is a master of navigation from Reykjavik Navigational School. He is an independent Board member and does neither own shares nor share options in the Company. He has no interest links with the Company's main clients, competitors or major shareholders. Vilhjálmur is a member of the Nomination Committee.

## *Óskar Magnússon, Alternate Member of the Board*

Óskar was born in 1954 and lives in Iceland. He is a well-known writer and has published two collections, short stories and two novels in recent years. He is a farmer and co-owner and chairman of Kerfélagið ehf., the owner of the tourist nature attraction Kerid Crater. Óskar is currently a vice chairman of the board of Samherji hf., a board member of Samherji Holding ehf. and a chairman of the Icelandic landowners Association. He has previously been a board member of the Icelandic Bar Association. Óskar was Publisher/CEO and major shareholder of Árvakur hf. from 2009 to 2015, President/CEO of Tryggingamiðstöðin hf. and TM Life Insurance hf. from 2004 to 2007, President/CEO of Vodafone Iceland from 2001 to 2004, Executive Chairman of Baugur from 1998 to 1999 and President/CEO of Hagkaup hf. supermarkets, that later became part of Baugur Corporation, from 1993 to 1998. Óskar has been a Supreme Court Attorney since 1993. He graduated with an LL.M. degree in International Business Law from George Washington University Law School in 1986, and with a Cand.jur. degree from the University of Iceland in 1983. He owns 15,000 shares in the Company, but no share options. Óskar has been an alternate member of the Board since 26 March 2020 and is currently a member of the Audit Committee and the Nomination Committee. Óskar is not independent of Samherji Holding ehf., which holds, in total, 59.9 million shares in the Company, at the year-end 2020.

## *Jóhanna á Bergi, Alternate Member of the Board*

Jóhanna was born in 1970 and lives in the Faroe Islands. Jóhanna is the CEO of Atlantic Airways Ltd. and has been since 2015. Jóhanna was the CEO of P/f Faroe Ship, Eimskip's subsidiary in the Faroe Islands, from 2006 to 2015, Sales Director of JFK and Kósin Seafood from 1998 to 2006 and Sales Manager of Faroe Seafood France from 1994 to 1998. She is currently a board member of the Faroese Confederation of Sports and Olympic Committees, Nordoyatunnilin, Föroya Grunnurin and Visit Faroe Islands. Jóhanna has a master's degree in Management from Robert Gordon University in the UK. She further holds an EE degree from the Danish School of International Marketing and Export. Jóhanna has been an alternate member of the Board since 3 April 2013, is an independent Board member and does neither own shares nor share options in the Company. She has no interest links with the Company's main clients, competitors or major shareholders.

## **The Chief Executive Officer**

The Company's CEO is responsible for the day-to-day operations, in accordance with law, regulations and the Company's Articles of Association and follows the policies and instructions laid down by the Board. The CEO must at all times conduct his work with integrity and take account of the Company's interests. Day-to-day operations do not include matters which are unusual or of great significance. The CEO shall make sure that the Company's accounts are kept in accordance with law and practice and that the Company's assets are kept in a secure manner. The CEO is obligated to abide by all instructions of the Board of Directors and shall give the auditor any information requested. The CEO does not have the authority to make decisions concerning any matters that are assigned to others by law or are reserved to the Board under its Rules of Procedure. The CEO shall ensure that Directors of the Board are regularly provided with accurate information on the Company's finances, development and operations to enable them to perform their duties and the information shall be in the form and of the quality determined by the Board. The information shall be available when needed and as up-to-date and accurate as possible. The CEO is to acquaint the Board with all major issues involving the operations of the Company or its subsidiaries and is to attend the Board meetings. He participates in the Boards of the subsidiaries within the group.



# Corporate Governance Statement

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*Vilhelm Már Thorsteinsson, Chief Executive Officer*

Vilhelm was born in 1971. He was appointed as CEO in January 2019. For over 20 years, he held various positions at bank Íslandsbanki. He was Managing Director of Corporate & Investment Banking at Íslandsbanki from 2017 to 2019 and Managing Director of Corporate Banking from 2008 to 2017. He is a Board Member of the Chamber of Commerce in Iceland and a Board Member and/or CEO of various subsidiaries of Eimskipafélag Íslands hf. Vilhelm earned an MBA Degree from Pace University in New York; a BSc degree in Business Management, Majoring in Logistics, from Reykjavík University; and is a licensed Securities broker. Vilhelm owns 136,473 shares in the Company but no share options.

## **The Executive Management**

The Executive Management of Eimskip consists of the Chief Executive Officer and the Directors of Finance, Operations, International Operations, Human Resources and Communication, Iceland Sales and Business Management and Iceland Domestic Operations.

Egill Örn Petersen is the Chief Financial Officer, Hilmar Pétur Valgarðsson is the Chief Operational Officer, Bragi Thor Marinósson is the Executive Vice President of International Operations, Edda Rut Björnsdóttir is the Executive Vice President of Human Resources and Communication, Björn Einarsson is the Executive Vice President of Sales and Business Management and Guðmundur Nikulásson is the Executive Vice President of Iceland Domestic Operations.

Further information on the Executive Management is on the Company's website, <https://www.eimskip.com/about-eimskip/key-executives/>.

## **Internal Control and Risk Management**

The role of internal control is to facilitate the management of an operation and it has been defined as a process which is shaped by a company's Board of Directors, the management team, and other employees. The purpose of internal control is to build foundation for the company to reach success and efficiency in its operations, reliability of financial information and consistency with laws and regulations.

Risk management is the process of analyzing and assessing the risk factors which could prevent the Company from achieving its set goals. It also includes that remedial action is taken to minimize the anticipated effects of such risk factors.

Eimskip's internal control and risk management procedures regarding financial processes is designed to minimize the risk of material misstatements. The Company does not have an internal audit function, but it uses internal control systems that are monitored by the Audit Committee.

An independent auditing firm is elected at the Annual General Meeting each year. The auditors are to review the Company's accounting records and material related to the Company's operations and financial position and they are always to have access to the Company's books and documents. They must examine the Company's Consolidated Financial Statements in accordance with International Standards on Auditing. Significant findings regarding accounting and internal control deficiencies are reported to the Board of Directors through the Audit Committee. Independent auditors are not allowed to own shares in the Company.

The Company goes through a detailed strategic and budgeting process each year and a strategy and budget report are prepared. The Board of Directors approves the Company's strategy and budget each year. Deviations from the strategy and budget are carefully monitored on a monthly basis.

Active risk management plays an important role in Eimskip to ensure stable operations and earnings. The risk management policy is aimed at minimizing potential negative effects on operations and earnings from marketing, operational and financial activities and to keep risks at acceptable levels.

The Board of Directors regularly communicates with the CEO regarding the identification of, description of and response to business risks which the Company may be faced with. Risk management within Eimskip is governed by the Board of Directors, while the Audit Committee is responsible for its review on a regular basis. The Executive Management is responsible for identifying material risks and developing the Company's risk management strategy.

The Company's risk exposure is discussed at Board meetings and its risk management and risk factors are discussed in the Annual Report.

Eimskip monitors its financial risk factors and has defined treasury policies and procedures which, among other, sets acceptable risk limits and stipulates how to identify, measure and manage financial risk exposure. The Company has in place a financial reporting and internal control manual to which the group reporting entities must adhere.

# Corporate Governance Statement

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## Information on violation of rules determined by the applicable authority

The Competition Authority in Iceland has a case concerning the Company in process, of which the outcome is not yet determined. The Environment Agency of Iceland has reported a case concerning the Company to the District Prosecutor, of which the outcome is not yet determined.

## Sustainability at Eimskip

Eimskip is a registered participant of the UN Global Compact, the United Nation's initiative for social responsibility with respect to human rights, labor, environment, and anti-corruption. With its participation, the Company has committed to managing its business operations so that the UN Global Compact and its Ten Principles become a part of the Company's strategy, culture, and day-to-day operations.

Eimskip's Sustainability Policy is based on the Nasdaq ESG Reporting Guide, published in March 2017. The Nasdaq voluntary reporting guide focuses on 30 environmental, social and governance (ESG) performance indicators.

## Sustainability

Eimskip has for over a century offered reliable transportation services and the company's vision is to reach excellence in transportation solutions and services. Eimskip focuses on creating shared value for its shareholders, customers, employees, society, and other stakeholders.

### Environmental

Eimskip respects its environment and seeks to limit its impact on the ecosystem and reduce its environmental footprint.

### Society

Eimskip offers employees equal opportunities in a safe and healthy working environment and endeavors to be a good corporate citizen, recognizing its responsibility to work in partnership with the communities in which it operates.

### Governance

Eimskip strives to ensure an open and transparent relationship between the company's management, its Board of Directors, its shareholders, and other stakeholders.

In 2021, the focus will be on further implementing the Company's Sustainability policy within the Group, with increased measures and a strong ambition to achieve set goals, regarding reduction and publishing of the Company's ecological footprint. To support global and local environmental initiatives, Eimskip signed the Reykjavík Declaration on Climate Issues in November 2015 and has been working systematically on reducing its ecological footprint. Further information on sustainability is on the Company's website, <https://www.eimskip.com/about-eimskip/sustainability>.

## Code of Conduct

The Board of Directors approved a revision of the Company's Code of Conduct in February 2021. The Code of Conduct closely links to the Company's values: Achievement, Cooperation and Trust. The Code is also based on Eimskip's aim to secure good return for shareholders with profitable growth, create value for customers with outstanding solutions and services, be an outstanding workplace for employees with great team spirit and ambition and show concern for society with social responsibility and reduced ecological footprint.

The purpose of this Code of Conduct is to support Eimskip's mission and vision. It applies to the Board of Directors and all employees of Eimskip and its subsidiaries and guides them in conducting the Company's daily activities in an honest, responsible, and ethical way, based on its values, and generally accepted professional standards of conduct. Suppliers and subcontractors are also required to conform to high standards. The Code of Conduct is accessible on the Company's website, [www.eimskip.com](http://www.eimskip.com).

# Non-Financial Reporting

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## About Eimskip

Eimskipafélag Íslands hf. (Eimskip) is a leading transportation company in the North Atlantic providing container and reefer liner services with connections to international markets and is specialized in worldwide freight forwarding services with focus on frozen and chilled commodities.

Eimskip was founded in 1914 and is a publicly traded company with its shares listed at Nasdaq Iceland.

## Employees

Eimskip runs a network of 55 offices in 20 countries on four continents, operates 17 vessels, and has about 1,615 full-time equivalents (FTE's). The employee group is diverse, with a variety of backgrounds in regard to education and experience, but all employees work together to provide customers with outstanding services.

Eimskip respects human rights and operates according to its various policies related to employee's rights and welfare. The central policies are Human Resource Policy, Salary Policy, Equal Opportunities Policy, Health Policy, Occupational Safety, and Security and Prevention Policy.

Eimskip aims to offer an attractive workplace where employees live and work by the values of the company, Achievement, Cooperation, and Trust every day. Through that, employees are ambitious and innovative, work in active collaboration, and strive to accomplish goals in a responsible but enjoyable way.

## Sustainability at Eimskip

Eimskip is a registered participant of the UN Global Compact, the United Nation's initiative for social responsibility with respect to human rights, labor, environment and anti-corruption. With its participation, the Company has committed to managing its business operations so that the UN Global Compact and its Ten Principles become a part of the Company's strategy, culture and day-to-day operations.

Eimskip's Sustainability Policy is based on the Nasdaq ESG Reporting Guide, published in March 2017. The Nasdaq voluntary reporting guide focuses on 30 environmental, social and governance (ESG) performance indicators.

## Sustainability Policy

Eimskip has for over a century offered reliable transportation services and the Company's vision is to reach excellence in transportation solutions and services. Eimskip focuses on creating shared value for its shareholders, customers, employees, society and other stakeholders.

### Environment

Eimskip respects its environment and seeks to limit its impact on the ecosystem and reduce its environmental footprint.

### Society

Eimskip offers employees equal opportunities in a safe and healthy working environment and endeavors to be a good corporate citizen, recognizing its responsibility to work in partnership with the communities in which it operates.

### Governance

Eimskip strives to ensure open and transparent relationship between the Company's management, its Board of Directors, its shareholders and other stakeholders.

## Environment

In 1991, Eimskip became one of the first companies in Iceland to establish an environmental policy as a main driver for actions for improved ecological footprint. Since then, the challenges in this field have developed very fast and the transportation industry, as well as others, realizes how important environmental issues are for the world today.

For Iceland, which bases large part of its economic foundation on harvesting natural resources from the ocean in a sustainable way, the changes associated with global warming and pollution of the ocean leave all the key components of its modern economy utterly exposed, in addition to threatening the quality of life for future generations. To support global and local environmental initiatives, Eimskip signed the Reykjavík Declaration on Climate Issues in November 2015. The agreement includes reducing greenhouse gas emission, reducing waste and monitoring the results of the measures and regularly publicizing the information.

# Non-Financial Reporting

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The Company respects the environment and recognizes the effects that climate change could have on society and its business activities and the need for a low-carbon economy. Minimization of the environmental load from its operations focuses on achieving full clarity regarding emissions and waste from each of the emitting sources in the supply chain. To make this possible, use of data and analytics has been stepped up in recent years, giving Eimskip a better overview of its ecological footprint and reduction opportunities. The Company uses an electronic Environmental Management System that is linked to all major assets in the supply chain, streaming reliable and transparent information on its environmental matters. Digitization of emission and waste-registration data from the supply chain enables continuous monitoring of measures and provides reliable and transparent information on the status.

Eimskip defines its ecological footprint as a combination of carbon footprint and waste disposal. The operation of the Company's vessels is the main contributor to its carbon footprint. The calculation of the Company's carbon footprint is presented as carbon intensity per transported unit in kg CO<sub>2</sub> equivalent (e) per ton of transported units.

Eimskip aim is to reduce its footprint in the coming years, with a goal of 19% accumulated reduction in 2022 and 40% reduction in 2030 based on 2015 numbers. This goal of total reduction is comparable with Iceland's decision of joining the European Union and Norway in their common goal of 40% reduction of emission in 2030.

In 2017, Eimskip published an efficient transport calculator that provides the Company's customers with carbon footprint related to their transport.

## Due Diligence

Eimskip and its vessels must comply with the International Safety Management (ISM) Code. The Code is an intrinsic part of the International Maritime Organization's (IMO) SOLAS Convention in its efforts to ensure, maintain and effectuate safety for the seafarers as well as simultaneously providing an accidental pollution free zone for the sector entirely. External audits are performed to verify the ISM Code compliance.

The company Klappir Green Solutions hf. works with Eimskip on environmental management and certifies the Company's environmental management solution. This is a digital data collection and environmental compliance solution, covering energy and waste management of vessel fleet, truck fleet, terminal assets, warehouses and office space. The assessment covers:

- Energy management compliant to MARPOL Annex I, Annex VI, EU MRV and local law including data transparency, accuracy and accountability on fuel receiving and consumption of vessel fleet, truck fleet and terminal assets and data transparency, accuracy and accountability on electricity use and use of district heating for terminal assets, warehouses and offices.
- Waste management compliant to MARPOL Annex V and local law including data transparency, accuracy and accountability on waste sorting and disposal of vessel fleet and data transparency, accuracy and accountability on waste sorting, recycling and disposal of terminals, warehouses and offices.
- Water management compliant to local law including data on cold water consumption based on manual readings.

Eimskip has a First Response Team, which duty is to respond to various accidents on sea and land. The team's purpose is to ensure and assist on proper first response and limit accidents to people and damages to properties, cargo and the environment. Also, it is the team's responsibility to respond to cyber incidents.

The Company's Loss Prevention Team meets regularly to investigate losses, damages and accidents and follow up on necessary changes and/or improvements.

Eimskip's Risk Committee is responsible for overseeing financial risks in the daily operation and make proposal for changes to reduce or prevent financial risk. In 2019 the Risk Committee issued a new Financial Risk Guidelines which were approved by the Board of Directors.

# Eimskipafélag Íslands hf.

## Annual General Meeting 2021

The information below is provided in accordance with Act. no. 2/1995 on Public Limited Companies.

### Ownership of shares

3 March 2021					4 March 2020				
Shareholders	Shares	%	Voting right		Shareholders	Shares	%	Voting right	
1. Samherji Holding ehf.*	51.170.175	27,4%	28,3%		1. Samherji Holding ehf.	50.600.000	27,1%	27,8%	
2. Lífeyrissjóður verslunarmanna	27.235.070	14,6%	15,1%		2. Lífeyrissjóður verslunarmanna	27.785.070	14,9%	15,3%	
3. Gildi lífeyrissjóður**	26.643.247	14,2%	14,7%		3. Gildi lífeyrissjóður	25.116.139	13,4%	13,8%	
4. Arion banki hf.	14.734.708	7,9%	8,1%		4. Lífeyrissj.starfsm.rikisins*	17.000.000	9,1%	9,4%	
5. Lífeyrissj.starfsm.rikisins***	11.400.000	6,1%	6,3%		5. Eaton Vance Management**	12.356.656	6,6%	6,8%	
6. Birta lífeyrissjóður	10.281.333	5,5%	5,7%		6. Birta lífeyrissjóður	11.253.215	6,0%	6,2%	
7. Stapi lífeyrissjóður	9.422.500	5,0%	5,2%						
<hr/>					<hr/>				
Ownership over 5% total	150.887.033	80,7%	78,2%		Ownership over 5% total	144.111.080	77,1%	73,1%	
Other shareholders total	36.112.967	19,3%	21,8%		Other shareholders total	42.888.920	22,9%	26,9%	
<hr/>					<hr/>				
Total	187.000.000	100,0%	100,0%		Total	187.000.000	100,0%	100,0%	

### Group Entities

At year-end 2020 the Company, Eimskipafélag Íslands hf., owned directly nine subsidiaries which further owned sixty-two subsidiaries. Information on the Company's nine direct subsidiaries is available in note 25 on page 33 in the Company's Consolidated Financial Statements for the year ended 31 December 2020.

cf. page 4 in the [Company's Condensed Consolidated Financial Statement 2020](#):

\*) In October 2020 Samherji Holding ehf. increased its share in the Company up to 30.28% of issued shares and subsequently made a takeover bid to shareholders of Eimskipafélag Íslands hf. The 30.28% share included a forward contract for 5,480,000 shares or 2.93%. Shareholders holding a total of 20,175 shares in Eimskipafélag Íslands hf. accepted the takeover bid, equivalent to 0.011% of total issued shares in the Company. Following the takeover bid Samherji Holding ehf. owned a total of 51,170,175 shares in the Company or up to 30.29%. As of 25 February 2021, Samherji Holding ehf. holds a total of 63,246,425 shares or 33.82% of issued shares whereof 12,076,250 shares are held through forward contracts.

\*\*) Gildi lífeyrissjóður, Gildi lífeyrissjóður/Framtíðarsýn 1 and 2 with total shareholding of 14.2%

\*\*\*) Lífeyrissjóður starfsmanna ríkisins A, B and S-deild with total shareholding of 6.1%

# UMBOÐ

## Aðalfundur Eimskipafélags Íslands hf. 2021

Ég undirrituð/aður veiti hér með

\_\_\_\_\_

Nafn umboðsmanns

\_\_\_\_\_

Kennitala

fullt og ótakmarkað umboð til að mæta á aðalfund Eimskipafélags Íslands hf. þann 25. mars 2021 og fara þar með atkvæði fyrir allt mitt hlutafé og önnur réttindi sem því fylgja.

Í umboðinu felst m.a. heimild til að greiða atkvæði fyrir mína hönd um þær tillögur sem lagðar verða fram á fundinum, s.s. um stjórn félagsins, sem og önnur mál sem eru á dagskrá fundarins og fjallað verður um.

Upplýsingar um umbjóðanda/hluthafa:

Nafn:
Kennitala:
Fjöldi eignarhluta:
Netfang:
Farsímanúmer:

Umboðið skal vera dagsett og undirritað. Ef umbjóðandi/hluthafi er lögaðili skal umboðið undirritað af þar til bærum aðilum.

Umboðið verður að berast Eimskipafélagi Íslands hf. áður en aðalfundur hefst, annað hvort í hefðbundnum pósti, með tölvupósti eða við skráningu á fundarstað.

Eimskipafélag Íslands hf. getur aldrei orðið ábyrgt fyrir töfum sem verða á sendingu umboða.

\_\_\_\_\_

Staður og dagsetning

\_\_\_\_\_

Undirskrift

\_\_\_\_\_

Kennitala

Vottar að réttri dagsetningu og undirritun aðila:

\_\_\_\_\_

Nafn og kennitala

\_\_\_\_\_

Nafn og kennitala

# POWER OF ATTORNEY

## Annual General Meeting of Eimskipafélag Íslands hf. 2021

I the undersigned, hereby appoint,

\_\_\_\_\_  
Name

\_\_\_\_\_  
ID number

as my lawful attorney to attend Annual General Meeting of Eimskipafélag Íslands hf. to be held on 25 March 2021, to use all my voting shares and other rights attached thereto, at the meeting.

This power of attorney gives the attorney the right to vote on my behalf in respect of all proposals represented at the meeting, regarding the Board of Directors of the Company and any other matters considered at the meeting.

Information on the shareholder granting the power of attorney:

Name:
ID number / Registration number:
Number of shares:
e-mail address:
Mobile number:

The power of attorney must be dated and signed. If the shareholder is a legal entity this power of attorney must be signed by an authorized signatory.

Written powers of attorney must be received by the company prior to the Annual General Meeting, via ordinary mail or e-mail or when registering for the meeting.

Eimskipafélag Íslands hf. will not be held responsible for any delay which might occur.

\_\_\_\_\_  
Place and date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
ID number

Witness to the correct date and signature of the signatory:

\_\_\_\_\_  
Name and ID number

\_\_\_\_\_  
Name and ID number

**TO: EIMSKIPAFÉLAG ÍSLANDS HF.  
C/O BOARD OF DIRECTORS**

Sundabakka 2  
104 Reykjavík  
Iceland

**Subject:** Declaration of candidacy to the Board of Directors of Eimskipafélag Íslands hf.

The below mentioned hereby declares his/her candidacy to the Board of Directors of Eimskipafélag Íslands hf. at the Company's 2021 Annual General Meeting.

---

Name in capital letters

---

Signature

---

Id. No.

---

Address

---

Information regarding primary occupation

---

Other Board of Directors participation

---

Education

---

Experience

---

Shareholdings in the Company

---

Information regarding vested interests with the Company's main customers and main competitors

---

Information regarding vested interests with the Company's shareholders who own more than 10% in the Company

Please send a scanned copy to [complianceofficer@eimskip.is](mailto:complianceofficer@eimskip.is)



**TO: EIMSKIPAFÉLAG ÍSLANDS HF.  
C/O BOARD OF DIRECTORS**

Sundabakka 2  
104 Reykjavík  
Iceland

**Subject:** Declaration of candidacy to the **alternate** Board of Directors of Eimskipafélag Íslands hf.

The below mentioned hereby declares his/her candidacy to the **alternate** Board of Directors of Eimskipafélag Íslands hf. at the Company's 2021 Annual General Meeting.

---

Name in capital letters

---

Signature

---

Id. No.

---

Address

---

Information regarding primary occupation

---

Other Board of Directors participation

---

Education

---

Experience

---

Shareholdings in the Company

---

Information regarding vested interests with the Company's main customers and main competitors

---

Information regarding vested interests with the Company's shareholders who own more than 10% in the Company

Please send a scanned copy to [complianceofficer@eimskip.is](mailto:complianceofficer@eimskip.is)