

# Eimskipafélag Íslands hf.

## Proposed resolutions for the Annual General Meeting 2013

Shareholders can access all meeting documents at the Company's website, [www.eimskip.is/investors/agm](http://www.eimskip.is/investors/agm).

### 2. Confirmation of the Company's consolidated financial statements for the financial year 2012

The Board of Directors of Eimskipafélag Íslands hf. proposes that the Consolidated Financial Statements for 2012 are approved.

### 3. Decision on the distribution of profit of the financial year 2012

The Board of Directors proposes that the Company pays a dividend of ISK 2.1 per share to shareholders for the year 2012, corresponding to approximately 20% of the Company's net profits. Ex-Date is 4 April 2013<sup>1</sup>, the Record Date is 8 April 2013<sup>2</sup> and the Payment Date is 26 April 2013<sup>3</sup>.

### 4. Proposal on the Company's remuneration policy

The Board of Directors suggests changes of the Company's remuneration policy and suggests approval of the following:

#### Remuneration Policy

##### 1. The Objective

The objective of this Remuneration Policy is to make Eimskipafélag Íslands hf. a desirable workplace for competent employees and thereby secure Eimskip's competitiveness, future development and acceptable profitability. In order to achieve this, it is imperative that the Company is in a position to offer competitive remuneration in all operational locations. Remuneration of executives and other key employees shall take into consideration the remuneration of other employees of the Company and thereby aim to secure coordinated and fair Remuneration Policy for the Company.

##### 2. Remuneration Committee

The Board of Directors can appoint a Remuneration Committee which shall consist of three members of the Board of Directors. The committee shall work in accordance with a special mandate resolved 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 in that respect take into account the time spent by the Board Members on their duties, their personal liability, as well as the operational and economical

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<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 third 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.

performance of the Company. Additional payments may be effected to individual Board Members for specific projects which cannot be classified as ordinary tasks for Board Members, as well as for work in sub-committees of the Board, as applicable. Payments for such tasks shall be subject to approval by the other Board Members. The Company shall secure immunity for the Board of Directors and the CEO 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 paragraphs 6 and 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 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, which may not exceed the CEO's two years' salary.

#### **5. Senior Executives – Terms of employment**

The CEO employs the Senior Executives 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. Bonuses and Incentives**

The CEO and key employees may be paid cash bonuses or offered stock incentives, based on specific plans prepared by the Board of Directors. Bonuses and incentives shall be directly related to the working performance of the individual employees, their status and responsibility, the economical performance of the Company, the achievements of certain operational goals, including reaching certain budget targets. Such bonuses or incentives can only be paid out to employees who are still working for the Company at the time when the bonuses are due for payment. Bonus payments are always subject to the conditions of the act no 2/1995 on Public Limited Companies.

#### **7. Stock Incentives**

The Remuneration Committee is authorized to make proposal to the Board of Directors, offering individual key employees of the Company stock incentives in the Company, in addition to the set terms in the individual employment contracts. Directors shall not enjoy shares, options to buy or sell stocks, pre-emptive rights or other types of payments linked to shares in the Company or price trends of shares in the Company.

When evaluating whether key employees shall be offered stock incentives, the status and responsibilities, working performance and future prospects of each individual shall be taken into consideration. Such stock incentives can only be exercised if the individuals are still working for the Company at the time when the incentives are exercised.

If the Board of Directors decides to offer stock incentives to key employees of the Company, a stock incentive plan shall be presented to shareholders meeting, for approval or rejection. The Board shall present to the Annual General Meeting a cost estimate of such stock incentive plan.

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.

#### **8. Loans to employees**

The Board of Directors is permitted to grant loans to employees regarding the financing of shares in the Company in accordance with 2 paragraph of Art. 104 of act no. 2/1995 on Public Limited Companies.

#### **9. Other employees**

The Senior Executives shall, when applicable, take the above into consideration when deciding on the terms of employment of other employees.

#### **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 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. In case the Company's Board of Directors deviates from the remuneration policy this shall be substantiated in each individual instance in the Record of Minutes of the Company's Board of Directors.

#### **11. Approval of the Remuneration Policy and other matters**

The Remuneration Policy shall be presented to the shareholders at the Annual General Meeting for their approval. The Remuneration Policy shall be subject to annual review and approval by the Annual General Meeting.

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 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.

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

The Board of Directors proposes to the Annual General Meeting that the number of board members remains unchanged.

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.

## **6. Decision on remuneration to the members of the Board of Directors, the alternate board members and subcommittees**

The Board of Directors proposes to the Annual General Meeting that the remuneration of the Board of Directors will be as follows until the next Annual General Meeting:

Chairman	ISK 500,000 per month
Directors	ISK 250,000 per month
Alternates	ISK 100,000 per attended meeting, but shall never exceed ISK 250,000 per month
Members of the Audit Committee	ISK 100,000 per month

The remuneration of the Board of Directors and the Audit Committee is fixed and shall apply to the next term.

## **7. Election of auditors**

The Board of Directors proposes to the Annual General Meeting that KPMG ehf., Borgartún 27, 105 Reykjavík, will be re-elected as the Company's auditing firm for the year 2013.