

## **NOVA KLÚBBURINN HF.**

### **RULES OF PROCEDURE OF THE REMUNERATION COMMITTEE**

#### **1 Role and objective**

- 1.1 The Committee is constituted to assist the Board of Nova Klúbburinn hf. (the "**Company**") in meeting its responsibilities regarding the determination, implementation and operation of the overall remuneration policy for the Company and its subsidiary undertakings, including Nova hf. (the "**Group**") (including the remuneration of the Company's executive directors), as well as overseeing the remuneration arrangements of other Group staff.
- 1.2 All decisions and recommendations of the Committee shall be subject to approval of the Board.

#### **2 Committee composition**

- 2.1 The Committee shall be appointed by the Board of Directors.
- 2.2 The Committee shall be comprised of two members.
- 2.3 Both committee members shall be independent of the company and its day-to-day management, in addition to which the committee members shall be independent of the company's auditors. Employees of the Company and the CEO may not be members of the committee. The committee members shall have knowledge and experience in accordance with the committee's work.
- 2.4 The Board of Directors shall appoint Committee members annually at the first regular Directors' Meeting subsequent to the Annual General Meeting, but no later than a month after the Annual General Meeting.

#### **3 Responsibilities**

- 3.1 The responsibilities of the Committee shall consist of, *inter alia*, the following:
  - (a) Have responsibility for proposing the remuneration policy of the Group and in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements together with associated guidance. The objective of such policy shall be to attract, retain and motivate executive management and employees of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders, performance and designed to promote the long-term success of the Company.
  - (b) Review the on-going appropriateness and relevance of the remuneration policy.

- (c) Propose a framework for the terms of employment for the executives of the Company.
- (d) Ensure that remuneration and other terms of employment are consistent with law, rules and best practice at each time.
- (e) Take independent stance on the impact of remuneration on risk-taking and risk management of the Company in cooperation with the Audit Committee.
- (f) Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company and its Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- (g) Oversee any major changes in employee benefits structures and share incentive schemes throughout the Company and its Group.
- (h) Review the equal pay policy and the equal pay system.
- (i) Submit a proposal to Board of Directors on remuneration of the Board of Director and sub-committees, for coming Annual General Meeting, according to Remuneration Policy, article 3.2
- (j) Report annually to the Board of Directors in connection with the Annual General Meeting on any Remuneration issues as well as the committees work during the year

#### **4 Powers, authority and resources**

- 4.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to information from the Company/Group and relevant third parties, subject to the Company/Group being able to provide such information.
- 4.2 The Committee shall have no management responsibilities with regard to its supervisory role, findings and recommendations; it shall be the responsibility of executive management as directed or authorized by the Board to take appropriate actions.
- 4.3 The Committee shall have the authority to seek any information or documentation from the Board of Directors necessary within its remit in order to perform its duties.
- 4.4 The Committee shall have access to the Company's day-to-day management if required for the purposes of gathering the necessary information to carry out its functions.
- 4.5 The Committee shall be authorised to engage independant advisors as necessary to carry out its functions.

#### **5 Committee meetings and procedures**

- 5.1 The Chairman of the Committee summons Committee meetings with no less than seven days' notice and directs the meetings. The Chairman may summon Committee meetings of his own initiative or at the request of the other Committee member. The meeting shall appoint a secretary for each meeting, whose responsibility it shall be to record minutes of the meeting

- 5.2 At the beginning of each calendar year, the Committee shall create a plan for the year, Committee meetings, as well as plans for meetings with the Company's Board of Directors and the Company's staff members if necessary. The annual plan shall further contain information on the intended subject of each meeting.
- 5.3 A Committee meeting is competent for resolution if both members are present. The Chairman's vote prevails to decide on motions.

## **6 Confidentiality**

- 6.1 Committee members bear a duty of confidentiality towards the Company with regard to all matters concerning the Company or its customers, of which they may become privy when executing their duties. Committee members shall not be permitted to disclose information about the Company or its customers to third parties without the express written consent of the Company's board of Directors or unless so provided for by law.
- 6.2 Duty of confidentiality shall hold in perpetuity, even after membership to the Committee ceases. Committee members shall keep and preserve all documentation securely which they may have in their possession due to their work as committee members.

## **7 Miscellaneous**

- 7.1 These rules shall be reviewed at least annually. Only the Company's Board of Directors may amend these rules. The Committee may propose amendments to these rules for the approval of the Board of Directors.
- 7.2 The responsibilities, powers, and functions of the Committee, in other respects than those specified in these rules, are governed by the Companies Act and the Company's articles of Association.

Thus approved by Nova Klúbburinn hf.'s Board of Directors on 2 May 2023