

Mini Cases

Corporate Governance in the Fishing Industry

On what basis should investors decide whether a company's corporate governance meets a certain standard? Should these standards change over time? Does stock market performance validate investors' decisions...or should market results play no part in the evaluation? Exhibit 1 provides information on Guðmundur Kristjánsson and governance at Brim. Brim had five directors on its board and the chairman was Kristján Þórarinn Davíðsson:

Board Members	Role	Ownership interest in Brim hf	Conflict of Interest
Kristján Þórarinn Davíðsson	Chairman	0.00%	No conflict of interest, neither with the company's primary business partners, nor its competitors or shareholders with more than a 10% stake in the company.
Anna G. Sverrisdóttir	Board Member	0.00%	No conflict of interest, neither with the company's primary business partners, nor its competitors or shareholders with more than a 10% stake in the company.
Guðmundur Kristjánsson	Board Member / CEO	0.00%	Owner of Útgerðarfélag Reykjavíkur (UR Seafood), which, along with its subsidiary, owns 850,870,977 shares in Brimi hf.
Kristrún Heimisdóttir	Board Member	0.00%	No conflict of interest, neither with the company's primary business partners, nor its competitors or shareholders with more than a 10% stake in the company.
Magnús Gústafsson	Board Member	ISK 81,689 (0.005%)	No conflict of interest, neither with the company's primary business partners, nor its competitors or shareholders with more than a 10% stake in the company.

On August 19th, 2019, Brim, formerly known as HB Grandi, closed a deal to buy several Asia-based sales companies for \$35 million. Seafood Services (Iceland), Icelandic Japan, Icelandic China and Icelandic Hong Kong were owned by its own CEO, Kristjánsson and he had first purchased these sales firms in 2015.¹ What if an institutional investor was concerned about the proposed acquisitions of these firms?

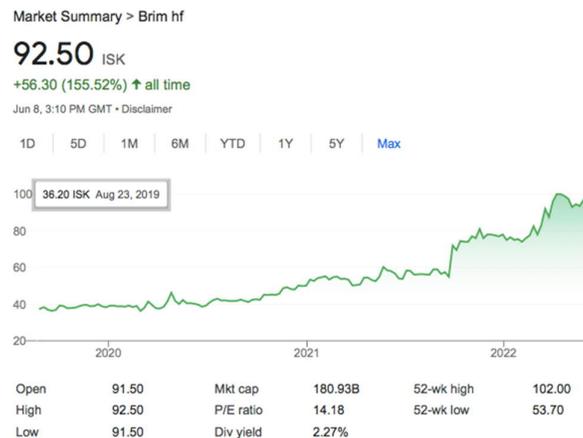
Gildi Pension Fund announced it would be divesting its 8.4% stake in Brim. Davíð Rúdólfsson, CIO and deputy managing director of Gildi Pension Fund stated: "This was not Brims' first transaction with a related party, and we felt that this had become a situation where there were

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several extensive transactions with a company owned by the CEO and the largest shareholder. An important factor in all this is that the acquisition of the sales companies leads to a large increase in Útgerðarfélag Reykjavíkur's share in the company, and thus to a narrowing of Brims' ownership, which caused us concern.” The news report stated that the earlier transaction Davíð was referring to was Brim's €95 million acquisition of a fishing company from Útgerðarfélag Reykjavíkur.”² An English-translation of Gildi's shareholder policy can be found in Exhibit 2. At that shareholder meeting, 89% of Brim's shareholders had approved the deal. Brim's shares closed at 36.20 ISK on August 23rd, 2019.

An investor could decide that this issue – along with a list of other governance issues – meant that Brim's shares would have to be divested. On September 10th, 2019, Útgerðarfélag Reykjavíkur (UR Seafood), a firm owned by Kristjánsson, purchased FISK-Seafood's stake (previously bought from Gildi) in Brim, allowing FISK to make a short-term profit of over \$20 million.³ Market value of Brim's shares, on September 13th, 2019, was hardly changed at 36.90 ISK.

From an outsider's perspective, a deal between two closely-linked entities did not seem to be an example of good governance. Brim's share price from September 2019 to June 2022 can be found here:⁴



Would an institutional investor have been correct in its decision to sell its shares in Brim in August 2019?



Exhibit 1

Information on Brim from: <https://annualandsustainabilityreport2020.brim.is/governance/>

Guðmundur Kristjánsson

Board Member

Education:

Business and Marketing from Salem State College, Salem Massachusetts, USA.
Fishing technician from Tækniskóli Íslands 1983.

First Elected to the Board of Brim hf:

May 1, 2018

Experience:

Serves as the CEO of Brim hf. Formerly the managing director of the fishing company Tjaldur ehf., and is the managing director of Kristján Guðmundsson hf. in Rif.

Other Board Positions:

Serves on the boards of Brims' sales companies in Asia and fisheries companies in Greenland, as well as other smaller companies in Iceland. Has served on the board of the National Association of Icelandic Fishermen (LÍÚ) from 1991 to 2014, also served on the boards of the Icelandic School of Navigation (Sjómannaskólinn), the Technical College (Tækniskólinn), Hjallastefnan, Icelandic Group (Sölumiðstöð hraðfrystihúsanna), the Akureyri Fisheries Company (Útgerðarfélag Akureyringa), the Trade Council of Iceland, Búnaðarbankinn, Straumur Investment Bank, the fish processing plant in Vestmannaeyjar, UR Seafood (Útgerðarfélag Reykjavíkur), the fish processing plant KG in Rif, Bakki in Bolungarvík, Básafell in Ísafjörður, the fish processing plant Kambur in Flateyri, the fish processing plant Íslandssaga in Suðureyri, and the fish drying plant Laugafiskur in Laugar.

Ownership Interest in Brim hf.:

ISK 0 (0.00%)

Conflict of Interest: Owner of Útgerðarfélag Reykjavíkur (UR Seafood), which, along with its subsidiary, owns 859,870,977 shares in Brimi hf. [By the authors of the case: **This represents 44.8% of the shares in Brimi hf.**]



The Ocean
NordicSIF 2022

GOVERNANCE STATEMENT

Brim has been a leader in environmental issues and is now publishing the company's fourth [environmental statement](#).

This is the first time that the company also publishes a Social Statement, in accordance with Nasdaq's ESG Reporting Guide 2.0. The results are divided into three components: Environmental, Social, and Governance.

The attached table shows the Governance Statement according to Nasdaq's ESG Reporting Guidelines, which apply to the operations of Brims and its subsidiaries.

		2020	2019	2018	2017
S1. The Board's Gender Ratio					
Ratio of women on the board	%	40%	40%	40%	40%
The ratio of women chairing committees	%	0%	-	-	-
S2. Independence of the Board					
Does the company forbid the CEO from chairing the board?	yes/no	yes	yes	yes	yes
Ratio of independent board members	%	60%	80%	80%	80%
S3. Bonuses					
Do CEOs automatically receive bonuses for reaching sustainability targets?	yes/no	no	no	no	no
S4. Collective Agreements					
Percentage of employees covered by general labor agreements	%	97%	97%	97%	97%
S5. Suppliers' Code of Conduct					
Are your sellers or suppliers obligated to follow a code of conduct?	yes/no	yes	-	-	-
If so, what percentage of your suppliers have formally certified that they comply with that code of conduct?	%	31%	-	-	-
S6. Ethics and Anti-Corruption Measures					
Does your company adhere to measures to ensure ethical practices and combat corruption?	yes/no	yes	já	já	já
If so, what percentage of employees have formally certified that they adhere to that policy?	%	-	-	-	-
S7. Privacy Policy					
Does your company follow a privacy policy?	yes/no	yes	yes	yes	yes
Has the company begun to comply with the provisions of the GDPR?	yes/no	yes	yes	yes	yes
S8. Sustainability Report					
Does the company publish a sustainability report?	yes/no	yes	yes	yes	yes
Is sustainability data included in reporting to authorities?	yes/no	yes	yes	yes	yes
S9. Disclosure Practices					
Does the company provide sustainability data to authorized parties in an organized manner?	yes/no	yes	yes	yes	yes
Does the company emphasize specific United Nations Global Goals?	yes/no	yes	-	-	-
Does the company set goals and report on the progress of United Nations Global Goals?		-	-	-	-
S10. Data Extracted/Verified by a Third Party					
Is sustainability data extracted or verified by a third party?	yes/no	yes*	-	-	-

*EFLA has reviewed the presentation and information on environmental components.

SHAREHOLDERS

The listed share capital of Brims hf. was ISK 1,956 million at the end of 2020. By the end of the year, the company had equity with a nominal value of ISK 35 million, while equity shares with a nominal value of ISK 22.1 million were sold in 2020. Outstanding share capital amounted to ISK 1,921 million. The number of shareholders at the beginning of the year was 854 but was 880 at the end of the year. At the end of 2020, four shareholders owned more than a 10% share in the company, Útgerðarfélag Reykjavíkur hf. (UR Seafood) owned 34.53%, the State Employees' Pension Fund Division A owned 13.31%, the Pension Fund of Commerce owned 10.88%, and RE-13 ehf. owned 10.23%.

The share price was 50.1 at the end of 2020 and 39.1 at the beginning of the year. The real return on shares during the year, including dividends in the company, turned out to be positive by 26.4%. It is based on bonds bought at the closing price of 2019 and sold at the end of 2020, taking into account the payment of dividends and inflation during the year. In the long run, the real return on equities, which was bought at the end of 2000 and sold at the end of last year, averaged 10.3% per year.

Registered trading in Brim hf. shares amounted to ISK 9,423 million in 2020. Listed transactions in 2019 amounted to ISK 20,485 million. The nominal increase in the OMX Iceland index was 20.48% in 2020 and 21.91%, after accounting for dividends.

	í millj. kr.	%
Útgerðarfélag Reykjavíkur hf.	663,4	34,53%
Lífeyrissjóður starfsmanna ríkisins A-deild	255,8	13,31%
Lífeyrissjóður verslunarmanna	209,0	10,88%
RE-13 ehf.	196,5	10,23%
KG Fiskverkun ehf.	134,5	7,00%
Lífeyrissjóður starfsmanna ríkisins B-deild	69,6	3,62%
Birta lífeyrissjóður	53,1	2,77%
Stefnir ÍS 15	46,4	2,42%
Eignarhaldsfélagið VGJ ehf.	32,2	1,68%
Söfnunarsjóður lífeyrisréttinda	31,0	1,61%
Aðrir hluthafar	229,5	11,95%
Útstándandi hlutafé	1.921,0	100,0%



The Ocean
NordicSIF 2022

TRANSACTIONS OF RELATED ENTITY

Brim's operations are subject to the rules on transfer pricing, which refer to how related legal entities price transactions between the parties. These regulations are intended to ensure that the price determination in transactions between related legal entities is in accordance with prices in comparable transactions between unrelated entities. So that the pricing is in accordance with the so-called "arm's length principle". The regulations only apply when a certain type of relationship exists between the legal entities that are in a business relationship.

A relationship is considered to exist when there is a direct and/or indirect relationship between the legal entities themselves, or when there is a relationship between majority shareholders of those legal entities, or have administrative control over the legal entities in a business relationship. The relationship between the legal entities can be defined directly or indirectly, as follows:

- When legal entities are part of the same group, they are unequivocally related legal entities.
- When a legal entity is under the direct and/or indirect majority ownership or administrative control of two or more legal entities within a group, it is considered to be connected to all legal entities within the group.
- When a legal entity owns more than a 50% share in another legal entity indirectly, they are considered connected within the meaning of the provision of regulations on transfer pricing. If one legal entity is part of a group, then the other legal entity is considered to be connected to all other legal entities within the group.

Brim sold products to the following related parties in 2020

- Icelandic Japan, 12.7 million euros of products.
- Vignir G. Jónsson, 2.2 million euros of roe.
- Kambur Fish Processing, 3 million euros of demersal fish for processing.
- Iceland Pelagic, 20.6 million euros of pelagic products.
- Laugafiskur, 0.7 million euros of fish heads.

Brim also purchased products and services from the following related parties in 2020

- Kambur Fish Processing, 3.1 million euros of products.
- Gjörvi, 0.7 million euros of shipping services.
- Útgerðarfélag Reykjavíkur (UR Seafood), 1.3 million euros of quota leasing.
- Seafood Services, 0.1 million euros.

Brim's other transactions with related parties are negligible.

Other transactions between related parties:

- Útgerðarfélag Reykjavíkur (UR Seafood) and a subsidiary sold products to Asian companies (Icelandic Japan, Icelandic China, and Icelandic Hong Kong) for 34.9 million euros.
- Seafood Services, which handles product quality control, sold 0.8 million euros worth of services to Icelandic Japan, and 0.3 million euros worth of services to Icelandic China.
- Kambur Fish Processing sold 0.5 million euros worth of fish heads to Laugafiskur.
- Icelandic Japan sold 0.9 million euros worth of products to Icelandic China.

Other transactions between related parties are negligible.



Exhibit 2

Gildi Pension Fund

Shareholder Policy

[Please note, this has been translated from Icelandic to English using Google Translate]

<https://gildi.is/um-gildi/stefnur-og-samthykkir/hluthafastefna/>

The shareholders' policy defines Gildi's policy and governance as the owner of the companies in which it invests. With it, the intention is to increase the fund's transparency and responsibility as owner and investor in the market. Part of this is to publish an overview of how Gildi's votes are cast at the annual general meetings of listed companies and what proposals are presented in the name of the fund. Gildi is the first pension fund in Iceland to publish such information in this way.

Board seat applications

In recent years, Gildi has requested that individuals who wish to apply for a seat on the board of public limited companies with the support of the fund register. We are looking for people who meet the general qualifications of the law and other conditions that the fund sets at any given time. The selection of board members that Gildi nominates or wants to support is always based on a professional process.



Shareholder policy of Gildi Pension Fund

Scope

Gildis-lífeyrissjóður's shareholder policy applies to the fund's investments in listed companies in which it has a significant holding, provided that the market value or book value of the investment exceeds ISK 1 billion. A significant holding is considered to be:

- a) 0.5% of the pension fund's total assets
- b) 5% or more holdings in each company or
- c) the fund is among the five largest shareholders in the company.

The basic views of the policy with regard to the fund's other investments are considered, as appropriate at any given time.

2. Objectives of the policy

Gildi-lífeyrissjóður is a long-term investor and aims to maximize pension payments to fund members and ensure the best possible pension rights through return on premiums, risk management and efficient operations, in accordance with the fund's investment policy at any given time.

Gildis Pension Fund's investment policy is set by the fund's board each year and sets out a policy on how the fund's asset composition should be structured, taking into account return and risk.

The purpose of this shareholders' policy is to define the policy and governance of Gildis Pension Fund as the owner of the companies in which it invests and thus promote transparency in the fund's investments and its responsibility as owner.



3. On the implementation of the policy

The shareholders' policy is taken into account in Gildis Pension Fund's decisions on individual investments covered by the policy and the follow-up of such investments, as well as being taken into account when formulating and reviewing the fund's investment policy.

The Managing Director handles the implementation of the shareholders' policy in consultation with the Board and the fund's employees, as further specified in the policy. In implementing the policy, appropriate rules on conflicts of interest and disqualifications shall be observed.

4. Objectives of Gildi Pension Fund as owner

Gildi Pension Fund's policy as owner is to protect the interests of the fund's fund members in the long and short term. Gildi-lífeyrissjóður acts as an owner in order to promote the long-term interests and sustainability and good governance of the companies in which the fund invests. With mandatory and good governance, this policy e.g. refers to corporate governance at any given time in accordance with applicable law, the Corporate Governance Guidelines issued at any given time by the Iceland Chamber of Commerce, the Iceland Stock Exchange (NASDAQ Iceland) and the Confederation of Icelandic Employers. At the same time, the shareholders' policy contains certain emphases of Gildi Pension Fund on governance.

5. Governance of Gildi Pension Fund as shareholders

5.1. In general

Gildi-lífeyrissjóður emphasizes that the companies in which it invests comply with mandatory and good governance and issue satisfactory corporate governance statements, protect shareholders' rights, comply with laws and regulations and safeguard social responsibility, the environment and business ethics.



Gildi-lífeyrissjóður emphasizes that the role of the boards of the companies in which it invests is defined in the company's articles of association and / or the decision of the shareholders' meeting, as applicable, for further elaboration of the statutory role of company boards and responsibilities towards owners and other stakeholders.

Gildi-lífeyrissjóður also emphasizes that the rules of procedure of the board are in place and that they are tailored to mandatory and good governance. Emphasis is placed on the clear role of the Chairman of the Board, the CEO's terms of reference, the Board's work plan, subcommittees, disqualifications and conflicts of interest, the Board's performance evaluation, regular review of governance and publication of governance statements.

Gildi Pension Fund will review the governance of companies in which it invests, as appropriate, incl. proposals for shareholders' meetings and other disclosure of information from companies, cf. clause 5.2., and will strive to improve what the fund believes can be improved, as further specified in clause 5.3. sbr. 5.4.

5.2. Disclosure of information by companies

Gildi-lífeyrissjóður emphasizes good and organized disclosure of information by the management of companies to shareholders, whether through public announcements / information, through the company's investor link, the secretary of the board, website, shareholders', general meetings and investors' meetings or in other ways.

Gildi-lífeyrissjóður emphasizes that company boards define rules on disclosure and communication with shareholders in their rules of procedure and that companies that have listed their shares on a regulated securities market issue an information policy in accordance with the recommendations of the Iceland Stock Exchange (Nasdaq Iceland) in the Rules for Issuers of Financial Instruments.



5.3. Communication with company boards

Gildi-lífeyrissjóður emphasizes mutual communication due to governance with company boards, with the aim of building trust and understanding, improving the decision-making and policy-making of company managers on the one hand and the fund's ownership decisions on the other.

If Gildi-lífeyrissjóður deems it necessary to have direct communication with boards of directors on individual matters or tasks of boards, such communication is established with the chairmen of the boards of companies and in other respects in accordance with the rules of procedure of the boards in question. Communication with boards takes place at meetings, incl. shareholders' meetings, or in the form of submissions sent to the Board, whether for individual views, interests, research, expertise or anything else that the Fund considers to be subordinated to the Board.

Gildi-lífeyrissjóður does not initiate direct communication with individual board members on individual matters or tasks of boards. This provision does not prevent communication with individual directors on their own initiative, or communication regarding matters other than individual matters or tasks of the board, e.g. the provisions of this shareholders' policy.

In the communication between Gildis-lífeyrissjóður, the provisions of the Act on Insider Information and the rules of the Competition Act shall always be observed, as well as the principles of the Act on the Board's Confidentiality with Companies, Employees, Clients or Others, and non-discrimination of shareholders.

The managing director of Gildi-lífeyrissjóður handles communication on behalf of the Fund under this Article, together with such staff as it deems appropriate at any given time. He shall keep a record of all his dealings with the boards and directors of companies.



5.4. Participation in the decisions of shareholders' meetings

If it is the opinion of Gildi Pension Fund that the disclosure of information by companies according to Art. 5.2. and communication with the boards of companies according to 5.3. is not sufficient to achieve the fund's emphasis, it will exercise its rights as an owner due to corporate governance, such as submitting proposals and / or resolutions at shareholders' meetings, voting on such proposals and resolutions or selling its holding.

The managing director of Gildi Pension Fund and the fund's employees review all proposals that according to the agenda are to be submitted to shareholders' meetings. The Managing Director of Gildi Pension Fund also handles the proposal and processing of voting rights on behalf of of the Fund and shall keep a record of such communications and voting. The Fund's treatment of voting rights at shareholders' meetings shall be published regularly on the Fund's website.

5.5. Capital structure of companies

It is the position of Gildi Pension Fund that companies should regularly present their policy regarding the optimal capital structure and need for capital, as well as explain their dividend policy and policy regarding other allocation of funds to shareholders. It is the general position of the fund that the capital that is not useful in maintaining or strengthening the operations and operations of companies in an efficient manner should be returned to the shareholders. It is desirable that dividend payments, as well as other payments to shareholders, contribute to a favorable and appropriate capital structure, without limiting their financial strength.

5.6. Authorization of shareholders to manage companies, e.g. regarding share capital

Gildi-lífeyrissjóður emphasizes that authorizations granted by a shareholders' meeting to the board of a company, e.g. on a change in share capital or the purchase of own shares, are well



reasoned with regard to purpose, limited and not more extensive than is necessary given the circumstances at any given time.

5.7. Election to boards

Gildi-lífeyrissjóður encourages well-qualified individuals to run for the boards of companies when appropriate, either alone, in collaboration with other parties or by participating in the work of the nomination committee. Board members and employees of the fund are not supported for candidacy on the boards of companies covered by this policy, cf. provision 4.13. in the Articles of Association of Gildis Pension Fund.

Gildi-lífeyrissjóður supports the establishment of nomination committees in accordance with guidelines on corporate governance, issued by the Iceland Chamber of Commerce, the Iceland Stock Exchange (Nasdaq Iceland) and the Confederation of Icelandic Employers. The fund emphasizes that a shareholders' meeting decides on this and that members of the nomination committee are elected by direct election at a shareholders' meeting, unless the shareholders' meeting approves the arrangement for the board to appoint one board member to the committee.

The Managing Director, Chairman of the Board and Deputy Chairman of the Board of Gildi Pension Fund form the fund's selection committee. The role of the selection committee is to encourage individuals to run for company boards and make a decision on the allocation of the fund's votes when board elections take place. The committee is assisted by the fund's staff and / or external advisers as appropriate.

The fund's selection committee meets as necessary in the run-up to the general meetings of companies or when the election of board members is imminent in companies. The selection committee shall keep minutes of what happens at meetings and of its decisions. The selection committee shall keep the board informed of its decisions, as appropriate.



The allocation of the fund's votes in board elections is based on a professional process in which the background, professional knowledge, experience, skills and qualifications of candidates are examined as appropriate. Special attention must be paid to the composition of each board, taking into account the diverse knowledge, experience and gender ratio. Care shall also be taken to ensure that there are no conflicts of interest between the party in question and the company and / or competition reasons that hinder the person's nomination.

The selection committee shall present the shareholder policy of Gildi Pension Fund to those parties who are encouraged to make a candidacy in order to ensure that the shareholder policy does not run counter to the values, convictions or governance of the party in question.

5.8. Competition issues

Gildi-lífeyrissjóður encourages active competition and accountability under competition law. The fund's ownership of a significant holding in companies operating in the same market requires special care. Gildi-lífeyrissjóður does not participate in coordination between competitors or facilitates confidential information being passed between them. Gildi-lífeyrissjóður does not consider it desirable for candidates for the Board of Directors to be connected to competitors in such a way that their independence for board positions can be affected. Emphasis is placed on the independence of the board members in their work and that they look after the independence and interests of the company in question.

5.9. Remuneration policy

5.9.1. Remuneration of directors

In assessing what are the normal salary payments for board membership in a company, Gildi-lífeyrissjóður believes that it is appropriate to consider the scope and responsibility of the work, as well as the sacrifice costs that board members must bear in order to be able to carry out their duties with the company. Wage payments shall be in the form of fixed payments.

If Gildi-lífeyrissjóður considers that the proposals for the Annual General Meeting on board remuneration are very different from what is considered appropriate, taking into account the above-mentioned assessment factors, the fund expresses these views, cf. provision 5.3, cf. and provision 5.4., whether the salary is considered too high or low.

5.9.2. Remuneration and remuneration policy

a) Clarity of remuneration and remuneration policy

Gildi-lífeyrissjóður emphasizes that remuneration policies are clear, comprehensible, in line with the long-term interests and sustainability of companies, and at the same time include provisions that prevent conflicts of interest.

In determining the total salaries of the CEO and other senior executives, Gildi Pension Fund considers it appropriate to consider the internal aspects of the company, the salary distribution within it and the total salaries that senior executives can be expected to be offered in the market in which the company operates.

Gildi-lífeyrissjóður emphasizes that clear information and reasons for the remuneration of senior executives are always available. It is necessary for shareholders to be informed of the basic assumptions and arguments for variable salary items and payments and rights related to the share capital of companies. It is also appropriate that the criteria are relevant and based on factors that managers can influence in their work. If companies decide to use performance-based pay systems, it is appropriate that fixed salaries are similarly lower, compared to companies where such performance-based systems do not exist.

b) Information in remuneration policies

Emphasis is placed on remuneration policies analyzing how they support the long-term interests and sustainability of companies and that clear conditions and preconditions are set for fixed and performance-related salary payments, including benefits.

Gildi-lífeyrissjóður directs the boards and remuneration committees to provide the following information in remuneration policies if it is considered appropriate to establish performance-related payments or rights related to shares:

a) How high performance-related salary payments can be as a percentage of fixed annual salaries or as a fixed amount for each employee or group of employees;

(b) the amount of stock options and other rights relating to the shares of companies may be as a percentage of a fixed annual salary or as a fixed amount for each employee or group of employees, calculated on the basis of a specific rate of return or other criteria considered appropriate for valuing rights;

c) How high performance-related salary payments and stock options and other rights related to shares according to Art. (b) may be added together as a percentage of a fixed annual salary or as a fixed amount for each employee or group of employees;

d) How high the ratio between fixed and performance-related wage payments (cf. items a and b) can be on an annual basis based on given assumptions.

Gildi-lífeyrissjóður considers it appropriate for remuneration policies to state how they are formulated and all changes and deviations explained in reports on the implementation of remuneration policies.

If Gildi-lífeyrissjóður considers that a certain remuneration policy is not in accordance with mandatory and good governance, the fund will express those views, cf. provision 5.3 and cf. provision 5.4.

c) Information in reports on remuneration policies

Gildi-lífeyrissjóður emphasizes that reports on the implementation of remuneration policy are written, clear and comprehensible and contain a clear overview of the implementation of

remuneration policy over the past year, incl. with justification for the amount of total salaries to management, taking into account the criteria of the policy in question. Emphasis is placed on information on total salary payments to management and how they are divided into fixed payments, performance-related payments and payments for share-related rights, where applicable. Emphasis is also placed on disclosing the number of shares and stock options that have been handed over or issued to management and board members and have not been exercised, together with the main conditions of such rights. It is important that such reports are published well in advance of the company's annual general meeting each year.

If Gildi-lífeyrissjóður considers that a specific report on remuneration policy is not in accordance with mandatory and good governance, the fund will present these views, cf. provision 5.3, cf. and provisions 5.4.

6. Review and publication

This share policy shall be reviewed at least annually by the board of Gildi Pension Fund and as the occasion arises in other respects.

This shareholder policy shall be published on the fund's website and also sent to the boards of the companies covered by the policy pursuant to its scope. Any changes that may be made to the shareholders' policy shall also be published on the website and sent to the relevant boards.

Thus approved at the board meeting on October 18, 2018.



¹ <https://www.undercurrentnews.com/2019/08/19/pension-fund-sells-brim-shares-to-fisk-for-40m-after-voting-against-deal-for-asian-sales-firms/>

² https://www.mbl.is/200milur/frettir/2019/08/20/ekki_lettvaeg_akvordun/

³ <https://www.undercurrentnews.com/2019/09/10/icelands-fisk-turns-tidy-profit-selling-brim-shares-to-ur/>

⁴

<https://www.google.com/search?q=brim+shares&oq=brim+shares&aqs=chrome..69i57j33i160.4249j1j4&sourceid=chrome&ie=UTF-8>