

Remuneration Policy of Stefnr hf.

Objective

The main objective with regard to employee remuneration at Stefnr is to offer competitive salaries so that the company is able to attract and retain outstanding employees. It is also Stefnr's objective to ensure that jobs at Stefnr are attractive to qualified people. When devising a remuneration policy it must be ensured that the policy does not encourage excessive risk taking but rather supports Stefnr's long-term goals and safeguards its healthy operation. The remuneration policy aims to align the company's culture, strategy, values, sustainability with the long-term views of Stefnr's shareholders and other stakeholders.

The remuneration policy is an integral part of protecting the interests of the unit holders, other clients, the long-term interests of Stefnr's owners, its employees, and other stakeholders in an organized and transparent manner. Stefnr seeks to coordinate the key points of remuneration at the company with the key points of the policy at Arion Bank within the boundaries allowed by the law and regulations and to the extent compatible with the company's objective, the interests of unit holders and good corporate governance.

Legal basis

In accordance with Article 79 a. of the Public Limited Companies Act No. 2/1995 and good corporate governance, the board of directors of Stefnr is required to approve a remuneration policy pertaining to salary and other payments to the managing director, key employees and board directors. The company's remuneration policy also takes into account the special laws applicable to operations, e.g. the Alternative Investment Fund Managers Act No. 45/2020, Act No. 161/2002, and Regulation (EU) 2019/2088 of the European Parliament and of the Council on Sustainable Financial Disclosure (SFDR).

Stefnr's remuneration policy applies to all the company's employees. Remuneration to board member and employees of control units is based on their own area of work and not the performance of the operating units which they are supervising.

In addition to this remuneration policy the parent company of Stefnr, Arion Bank, has approved a remuneration scheme based on Article 10 of the Income Tax Act No. 90/2003. According to this scheme it is permitted to enter into option agreements with permanent employees of Stefnr pertaining to shares in the Bank.

Remuneration to board members

Board members shall receive a fixed monthly payment as decided at the AGM, cf. Article 79 of the Public Limited Companies Act.

Remuneration to the managing director and key employees

The chief consideration with respect to salaries to the managing director and key employees is to align interests with the objectives of this policy.

Remuneration to the *managing director* shall be specified in a written employment agreement, stating fixed salary, pension rights, holiday pay and other work-related payments, period of notice and severance payments. The board of directors of Stefnr decides on the salary and remuneration to the managing director on the basis of the objectives of this policy.

Remuneration to *key employees* is decided by the managing director and takes into account the scope of the position, responsibilities and objectives of this policy. The remuneration of key employees shall be specified in a written employment agreement.

Remuneration other employees than the managing director and key employees

The managing director decides on the salary of other employees on the basis of the scope and responsibilities of the person in question and in accordance with the objectives of this policy.

Remuneration scheme

The board of directors believes that remuneration is an effective way of achieving the main considerations of the policy on salaries under this remuneration policy and has accordingly set up a remuneration scheme for the company. The main objective of the remuneration scheme is to encourage long-term value creation for all stakeholders, including clients, shareholders and employees. The remuneration scheme should encourage employees to create sustainable long-term success transparently where ESG indicators for financial and non-financial factors at the company are defined. The remuneration scheme is not designed to encourage excessive risk taking and the scheme is provided in accordance with the company's risk appetite. The execution of the remuneration scheme is in accordance with the relevant laws and regulations.

The main features of the remuneration scheme should be clearly described to shareholders at the annual general meeting. The approval of the shareholders should be sought for any major changes to the remuneration scheme. The total remuneration granted to an employee may not, on an annual basis, exceed 25% of the employee's annual salary excluding the remuneration. The company is permitted, but not obliged, to pay a remuneration. It is not permitted to pay a remuneration to employees of the control units.

Information on how Stefmir's remuneration policy aligns with integration of sustainability risk

If the board of directors decides in accordance with the remuneration policy to establish a remuneration scheme, all employees will participate in the scheme with the exception of the chief risk officer who supervises the scheme. The metrics determined and which have a direct impact on mitigating sustainability risk include employee participation in the progress of ESG related projects at the company, participation in further continuing education, including in the field of responsible investment, compliance with policy on equal salaries and other factors concerning compliance with laws, regulations and the company's internal rules.

Pension payments or other payments relating to end of employment

Generally speaking, only the terms of an employment agreement are valid with respect to pension payments or payments relating to the end of employment. In exceptional cases however, it is possible to enter into severance agreements with the managing director and key employees on accordance with the law.

Reviewing and disclosing information on the policy

The remuneration policy shall be reviewed annually and submitted to the annual general meeting for approval or rejection. The board of directors of Stefmir shall explain remuneration to board members, managing directors and key employees at annual general meetings as stated in the Public Limited Companies Act and special acts of law. The remuneration policy may be reviewed more often, and any amendments should be submitted to a shareholders' meeting.

Board Remuneration Committee

The board of directors is permitted to operate a remuneration committee. The structure and tasks of the committee are determined by the provisions of the law at any given time.

In other respects, this remuneration policy is governed by the relevant laws.

Approved at the annual general meeting on 11 March 2024