



## **Tryggingamiðstöðin hf. – Results of the Annual General Meeting, 14 March 2019**

### **I. Proposals approved at the Annual General Meeting.**

At Tryggingamiðstöðin hf.'s Annual General Meeting on 14 March 2019, the following proposals were approved.

#### **1. Disposition of the Company's surplus revenue.**

Dividends amounting to ISK 700 billion will be paid for the operating year 2018, to be divided equally between outstanding shares as of the day of the Annual General Meeting, ISK 678,142,669, so the dividend payment will amount to ISK 1.032231 per share. The ex-date shall be 15 March 2019, the record date 18 March 2019 and the payment date of dividends 27 March 2019.

#### **2. The Company's authorisation to purchase own shares.**

The Annual General Meeting (AGM) of Tryggingamiðstöðin hf. on 14 March 2019 authorises the Company's Board, pursuant to confirmation by the Financial Supervisory Authority, to purchase shares in the Company so that it holds up to 10% of its share capital in order to reduce the Company's share capital. This authorisation shall only be utilised to establish a formal repurchase programme or make shareholders a general offer of the Company's purchase of its own shares, e.g. with a tender offer, provided that shareholders have equal opportunity to participate in such transactions.

In order to achieve this goal with the execution of the repurchase programme, the Company's Board is authorised to purchase shares up to the stated ratio. However, the number of shares may never exceed 67,800,000, and the repurchasing amount may never exceed ISK 1,800 million. The highest permitted price for each share shall be the latest independent transaction or the highest independent purchase offer, whichever is higher. The Company's transactions with its own shares according to the repurchase programme shall be notified in accordance with laws and public regulations. The repurchase programme will be carried out by an independent third party, a securities company or credit institution, which will then make all business decisions regarding the purchase of shares and the timing of the purchase, independent of the Company. This authorisation shall remain in effect until the Company's 2020 Annual General Meeting although no longer than until 31 March 2020. Any authorisations for the Board to purchase shares in the Company approved at the Annual General Meeting on 15 March 2018 that have not been utilised are hereby cancelled.

#### **3. The Company's remuneration policy for 2019.**

The remuneration policy was also approved by the Company's Board of Directors on 15 February 2019.

##### **1) Purpose**

The remuneration policy of TM hf., along with its subsidiaries, aims at the Company being competitive and able to recruit outstanding staff for the purpose of ensuring the continued growth and prosperity of the Company. To this end, it is important to attend to the employment terms of the employees and the management of the Company to ensure that the Company enjoys the full benefits of their work. The remuneration policy covers the basic elements in the remuneration of the Board of Directors, the top management and other



staff of the Company. On the determination of remuneration terms, account shall be taken of responsibilities and achievements, as shall recognised equal rights views. The policy is an element in the effort to safeguard the long-term interests of the owners of the Company, its staff, customers and other interested parties in an organised, simple and transparent manner. In the implementation of the remuneration policy, all laws and regulations pertaining to the activity of insurance companies will be observed. In such case, the internal rules of TM, which aim to support the execution and arrangements which increase the transparency and quality of decisions on employment terms, are followed.

#### 2) Remuneration for Board Members

Payments to Board members and alternates for the coming operating year, for Board membership duties and work in sub-committees (the Remuneration Committee and the audit Committee) if applicable, shall be determined at the Annual General Meeting each year, and the payment shall take account of the time that the Board members spend for the work, the responsibility that they undertake and the payments granted to board members of comparable companies. Board members shall not enjoy share, purchase and selling rights, pre-emptive rights and other forms of payment which are linked to share certificates in the Company or the development of the price of shares in the Company.

#### 3) Remuneration for the Nomination Committee

Payments to members of the Nomination Committee for the coming operating year, for Board membership duties and work in sub-committees, if applicable, shall be determined at the Annual General Meeting each year, and the payment shall take account of the time that the Board members spend for the work, the responsibility that they undertake and the payments granted to board members of comparable companies.

#### 4) Remuneration of the Managing Director

The terms of employment of the Managing Director, as regards base pay, shall be comparable to the pay of managing directors in comparable companies in the Icelandic market and take account of the terms of other employees of the Company to ensure conformity and a fair remuneration policy within it. In addition, the remuneration terms are to take account of the performance of the Managing Director in the operation of the Company and its position in each instance. This aspect shall, in particular, be reflected in variable pay in accordance with the Company's bonus system. Remuneration terms are to be defined in detail in a written employment contract, including fixed salary, performance-based payments (bonuses), pension rights, vacation rights, other benefits and termination notice, and as applicable, retirement benefits and end-of-employment payments. Part of the remuneration of the Managing Director is linked to the overall performance of the Company in accordance with the frame set out in laws and regulations on the operation of insurance undertakings with respect to variable remuneration. Bonuses consist of objective as well as subjective considerations that are reviewed annually and assessed on a performance basis. The Remuneration committee shall, each year, submit a proposal to the Board of Directors on the arrangement of the performance-linked part of the pay terms of the Managing Director.

#### 5) Terms of remuneration of other senior management

The terms of remuneration of other senior management of the Company, further defined in written contracts of employment, shall also take account of the views stated in Article 4, as appropriate.



#### 6) Remuneration of employees

The remuneration of other TM employees shall be competitive with comparable companies and be based on the comparable target group to which each staff category belongs. In decisions on staff appointments, pay changes and other emoluments of staff, account shall be taken of a performance assessment.

#### 7) End-of-employment payments

At the end of employment, no payments shall generally be made other than those included in the recruitment agreement, although never higher than for a period of 12 months from the end of employment, provided that other conditions of law are fulfilled.

#### 8) Bonus system

The bonus system in effect at TM is based on linking rewards to the performance, profitability and achievements of the Company as a whole and the success of individual departments within it. The system, however, merely provides authorisation but does not obligate the Company to pay bonuses. The total granted bonus to an employee on an annual basis may not amount to an amount greater than 25% of the annual salary, without the bonus, of the employee.

The bonus system of TM is presented as a guideline

- to co-ordinate the goals of the staff and the shareholders of the Company;
- to increase the probability that the Company will attain its objects in the longer term;
- to offer encouragement with rewards for performance based on the interests of the most interested parties, such as clients, creditors and shareholders;
- to contribute to the stability of the insurance market in accordance with good practices in the insurance business;
- to see to it that the system does not encourage undue risk-taking.

The bonus system applies to the CEO and the employees that the CEO of the Company decides upon in each instance and reaches an agreement with, within the limits prescribed by law and as authorised by the internal rules of the Company. Bonuses shall always need to be based upon the appropriate performance in each instance. Dynamic internal controls are in place as regards bonuses, and the risk management department, internal audit department, compliance office, audit department and Remuneration Committee are involved in the controls.

More detailed provisions on the bonus system are provided in a separate document, which is regarded as an annex to the remuneration policy.

#### 9) Review of remuneration policy, provision of information, etc.

The Company's remuneration policy must be addressed by the Annual General Meeting and reviewed each year and submitted to the Annual General Meeting for approval or amendment.

The Board is required to provide information on the terms of the executive management and the Board of Directors of the Company as well as to explain the execution of the remuneration policy. The wages and other remuneration of the Board and the executive managers of the Company are to be reported each year in the Company's annual financial statements. The remuneration policy is binding for the Company's Board of Directors as regards the provisions on stock option agreements and any form of agreements or payments



that are linked to developments in the price of shares in the Company, as provided for under Article 7 9a of Act No. 2/1995 on Private Limited Companies. In other respects, the policy serves as guidance for the Company and its Board. Deviations from the remuneration policy shall be specifically substantiated in each instance in the minutes of the Board of the Company.

#### **4. Decision on remuneration to the Board of Directors, the working parties of the Board and the Nomination Committee.**

The remuneration to each member of the Board of Directors will be ISK 440,000 per month, and the fee paid to the Chairman of the Board of Directors will be twice that of a member. Each alternate shall receive a lump sum of ISK 440,000 at the beginning of the operating year and in addition, ISK 126,000 for each meeting attended. The pay for sitting on the sub-committees of the Board shall be ISK 94,000 for each meeting attended by a committee member, and the pay of the Chairman shall be double that of a committee member. The pay to each committee member of the Nomination Committee of the Company shall be ISK 20,000 for each hour worked.

## **II. The Board of Directors.**

The Company's Board of Directors for the coming operational year was automatically elected. Its members are as follows:

Board members:

Andri Þór Guðmundsson, CEO;  
Einar Örn Ólafsson, investor;  
Kristín Friðgeirsdóttir, Engineering Ph.D.;  
Ragnheiður Elfa Þorsteinsdóttir, Attorney at Law and lecturer; and  
Örvar Kærnested, investor.

Alternates:

Bjarki Már Baxter, Senior Attorney, and  
Bryndís Hrafnkelsdóttir, CEO.

## **III. Recruitment of two-members to the Company's Nomination Committee**

The Company's Nomination Committee for the next year were voted unanimously:

Ingibjörg Ösp Stefánsdóttir, Project Manager, and  
Jakobína H. Árnadóttir, Division Manager.