

## **Proposed amendment regarding Agenda Item 7 – Proposal to amend the Bank's Remuneration Policy**

Reference is made to the Board's proposal to amend the Bank's Remuneration Policy, as set out in Agenda Item 7.

The Board of Directors of Íslandsbanki proposes the following amendment to the original proposal whereby the underlined text shall be added, and the strikethrough text shall be removed.

### **Article 8. Integration of sustainability-related risk**

Pursuant to Article 5 of the European Parliament and Council Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, financial market participants and financial advisers must include information in their Remuneration Policies on how those policies are consistent with the integration of sustainability-related risks. The Bank's Directors and employees receive fixed monthly salaries that are not performance-based ~~and do not take into account sustainability-related risk~~. In implementing the Bank's remuneration policy, emphasis shall be placed on good governance and sustainability in accordance with the policy's objectives, such as in decisions regarding the hiring of staff, evaluation of their performance, and decisions on salaries and salary changes.

### *Explanatory Note:*

Shareholders contacted the Bank and felt that the wording of the proposal was not in good alignment with the Bank's stated goals of leadership in good governance and sustainability. Therefore, the Board proposes a change to address the comments and clarify the emphasis on sustainability aspects. The previous wording seemed to cause confusion, which the Board wanted to eliminate with the proposed amendment presented here.