

Icelandic Investors Ltd.

RULES ON KEY EMPLOYEE'S QUALIFICATIONS



MAY 2020

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1. Goals and purpose

- 1.1. These rules are set in accordance with Guidelines from the Financial Supervisory Authority, Iceland. no. 3/2010, on key employees' qualifications, as amended, cf. Act no. 161/2002 on Financial Undertakings, and regard the qualifications of key employees of Icelandic Investors Ltd. (hereafter "*Icelandic Investors*", "*ÍFJ*" or "*the company*").
- 1.2. Icelandic Investors heavily emphasise that the company's employees have thorough knowledge and possess satisfactory skills and expertise to carry out their duties and see to the company's customers.
- 1.3. The goals of these rules are to strengthen the company's trust and credibility, maintain customers' trust and limit risks to the company's operations and reputation.

2. Key employees

- 2.1. A *key employee* means a natural person in a management position, other than the managing director, who is empowered to make decisions affecting the company's future development and performance, cf. par. 1 (7) of Act no. 161/2002 on financial undertakings.
- 2.2. Icelandic Investors' Board of Directors evaluates which individuals are deemed to be the company's key employees.
- 2.3. Icelandic Investors' managing director shall maintain a list of those deemed to be the company's key employees, the position they hold, and why they are deemed to be key employees.

3. Qualification conditions

- 3.1. A key employee of the company shall fulfil the following qualification conditions:
 - 3.1.1. Be of legal age, have an unblemished reputation and be financially independent.
 - 3.1.2. Not declared bankrupt in the last five years.
 - 3.1.3. In the last 10 years, he may not have had any connection with business operations convicted of a punishable act under the General Penal Code or the Act on Public Limited Companies, Act on Private Limited Companies, Accounting Act, Act on Annual Accounts, Act on Bankruptcy, etc., as well as special acts applying to parties subject to official supervision of financial activities.
 - 3.1.4. Possesses sufficient knowledge, expertise and skills to acceptably serve in his position.
 - 3.1.5. Has not acted in any way raising doubts about his qualifications to represent sound and healthy operations, or that he will conceivably misuse his position or damage the company.

4. Qualification assessment administration

- 4.1. In assessing whether a person will fulfil the qualification conditions in Art. 3, the company shall administer both a subjective and objective assessment of the individual involved. The managing director is responsible for this assessment, and it shall be administered before hiring a key employee.

- 4.2. In assessing a key employee's qualifications, the company reserves the full right to request all of the documents and information deemed necessary, such as criminal records, mortgage certificates, and copies of income tax returns.
- 4.3. In addition to this, the qualification assessment of the individual involved shall include the following:
 - 4.3.1. The person's necessary knowledge of the statutes, regulations, and rules applying to the company's operations and special acts applying to the individual's area of work.
 - 4.3.2. The person's necessary knowledge of the basic aspects of the company's operations regarding his job responsibilities.
 - 4.3.3. The individual's career, including whether governmental regulators have investigated him, whether he has been indicted or sued, whether parties have filed legitimate complaints against him regarding operations subject to mandatory monitoring, whether he has managed a company that went bankrupt, and whether he has been fired because of his actions or failure to act.
- 4.4. Assessment of a key employee's qualifications when these rules enter into force shall occur as soon as possible although not later than within three months from the entry into force of the rules. If an employee is transferred to another job, and the new job is also for a key employee, a new qualification assessment shall be administered within three months from taking over the job.
- 4.5. Someone deemed not to fulfil the conditions for necessary knowledge in a qualification assessment shall get an opportunity to prove increased and satisfactory knowledge within two weeks of the conclusion of his qualification assessment.
- 4.6. If there is doubt whether someone ought to serve in a key position, the Board of Directors of Icelandic Investors, after obtaining the managing director's opinion, shall evaluate whether the individual involved ought to serve in a key position on behalf of the company.
- 4.7. If someone fails a qualification assessment, or the Board of Directors considers other events, cf. Art. 4.6, the individual involved shall not serve as a key employee of the company.

5. Obligation to inform and mandatory notification

- 5.1. An employee must always give correct information on points that may require a qualification assessment. A key employee shall immediately inform the managing director of any changes occurring in his personal circumstances that may result in reconsideration of his qualification assessment.

6. Participation in business operations and board membership

- 6.1. Board membership or participation in business operations requires evaluation of whether they are compatible with the work of a key employee of Icelandic Investors. In this context, consideration shall be given to the key employee's position in the company, and whether such participation in the job market jeopardises his integrity and work contribution. Key employees may not sit on Boards of Directors and participate in business operations if doing so could risk conflicts of interest or set back the company's reputation. In other respects, the Board of Directors' Work Procedures and Rules on Investment Protection and Business Practices govern key employees' board membership and participation in business operations.

7. Incompetence to deal with individual matters

- 7.1. Key employees shall not be involved in dealing with matters regarding their business or that of companies in which they have active ownership interest, serve as board members, or are spokespersons for, or in which they have substantial interests unless a subsidiary of Icelandic Investors is involved. The same applies to key employees' participation in dealing with a matter regarding parties to whom they are related personally or financially. When a key employee starts working, he shall divulge the parties related to him in the ways mentioned above. A key employee shall also give notice of all changes occurring to the parties related to him.

8. Key employee with the legal position of suspected person

- 8.1. If a key employee becomes a suspected person, he shall notify the managing director of this.
- 8.2. The managing director or, depending on circumstances, the company's Board of Directors shall evaluate a key employee's position in the company when considering whether to dismiss him, suspend him, or do nothing. Such an assessment shall always consider the key employee's position and the seriousness of the alleged violation. If the alleged violation is deemed serious, and the key employee's position within the company could damage the company's reputation, the key employee shall be suspended.
- 8.3. Each individual alleged violation shall always be evaluated. If Icelandic Investors' evaluation is that a particular key employee has committed a violation, he shall immediately be dismissed. The notice period shall then be paid unless a violation while working for Icelandic Investors is involved.
- 8.4. If it is the managing director's evaluation or, depending on circumstances, the Board of Directors', that a key employee has not committed the violation, he shall not be dismissed unless the company's reputation calls for such a disposition.
- 8.5. Generally, key employees shall receive their salaries during suspension although not longer than the relevant employee's notice period. If a government investigation takes longer, a decision shall be made on whether the key employee shall be dismissed without salary until the investigation concludes, or keep his salary longer.

9. Penalties

- 9.1. If an employee provides misleading or wrong information regarding a qualification assessment done on the basis of these rules, it can involve a reprimand or the employee's dismissal.

10. Miscellaneous

- 10.1. These rules enter into force when signed by Icelandic Investors' Board of Directors and shall be published on the company's home page.

Approved by the Board of Directors of Icelandic Investors Ltd. 14 May 2020

The Board of Directors of Icelandic Investors Ltd.