

Articles of Association of the Icelandic Pension Funds Association

Art. 1 *Name and domicile*

The name of the Association in English is the Icelandic Pension Funds Association (in Icelandic *Landssamtök lífeyrissjóða*). Its abbreviation is IPFA.

Its domicile, office and venue are in Reykjavik, Iceland.

The name of the Association in English is “Icelandic Pension Funds Association”.

Art. 2 *Affiliation*

Affiliation with the Association is open to pension funds with an operating licence under Act no. 129/1997 on Compulsory Insurance of Pension Rights and the Operation of Pension Fund Act or special pension fund acts.

A pension fund seeking affiliation with the Association shall submit a written application to this effect to the Board of Directors. The fund's operating licence and articles of association should accompany the application.

After receiving the application, the Board of Directors at its next meeting shall take a position on it and notify the applicant of the decision in writing. A pension fund shall be deemed a qualified member of the Association as of the date that the Board of Directors approved its application. If the application is rejected, the Board's reasons for this decision shall be stated.

Art. 3 *Withdrawal*

Withdrawal from the Association shall be permitted by written notification to the Board of Directors with at least six months' notice. The withdrawal shall then enter into effect at the end of the year in question. Such withdrawal shall be conditional on the approval of the governing board of the pension fund in question.

Such withdrawal does not relieve a pension fund from the payment of the annual fee or other obligations to which the fund is subject.

Art. 4 *Mission*

The mission of the Association is to:

- a) Safeguard in all respects the interests of the members of the pension funds affiliated with the Association.
- b) Function as the representative of the pension funds in matters regarding their overall interests and to present their views to the authorities and other bodies in all major matters that may affect the common interests of the affiliated funds.
- c) To take the initiative in the general debate on matters concerning the funds and pension issues and to promote their positive image.
- d) Be active in publishing and education on behalf of the pension funds, such as by holding courses and informative meetings, publishing reports and offering other services to pension funds and their members.

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- e) Promote rationalization and development of the activities of the fund members.
- f) Observe the developments of pension funds in other countries and take part in the international co-operation of associations of pension funds.
- g) Undertake specific projects for individual pension funds within the Association according to special decisions by the Association's Board of Directors, provided that such activities clear expenses and are consistent with the Association's objective and purpose.

Art. 5
Annual general meeting

The annual general meeting shall be the supreme authority in all matters of the Association. It shall be held before the end of May each year.

The annual general meeting shall be announced by letter to the affiliated funds, or by other verifiable means, with at least a month's notice. This notice shall also be published on the Association's website.

A lawfully convened annual general meeting shall be considered legitimate regardless of attendance.

The following matters shall be addressed at the annual general meeting:

1. The report of the Association's Board of Directors on the past operating year.
2. Approval of the annual accounts.
3. Amendments to the Articles of Association.
4. Election of the Board of Directors.
5. Election of a chartered accountant or an accountancy firm.
6. Decision on the Board of Directors' remuneration.
7. Budget for the next operating year.
8. Determination of the annual fee, cf. Art. 11.
9. Other matters.

The right to attend the annual general meeting, with the right to be heard and to propose motions, shall be enjoyed by the Board of Directors, managing directors, and key employees of the affiliated funds, in addition to IPFA staff. The Board may invite others to attend the meeting.

Art. 6
Processing of cases

At annual general meetings, a simple majority shall be decisive, unless otherwise stipulated by these articles of association. Each affiliated fund has one vote. However, a pension fund may request of the meeting chairman that the size of the vote held by each pension fund during voting at the meetings of the Association shall be the same percentage as the proportional division of annual fees paid by the affiliated funds to the Association in the last calendar year.

Art. 7
Board of Directors

The Association's Board of Directors shall consist of 9 members and 3 reserve members. An annual general meeting of the Association shall elect Board members for a two-year term, four Board members and one reserve member every other year and five Board members and two reserve members the following year.

A Selection Committee shall operate. Its remit is to submit a proposal to the annual general meeting for the election of the Board of Directors. Five representatives shall sit on the committee for four years: one nominated by the Icelandic Federation of

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Labour, one by the Confederation of State and Municipal Employees of Iceland, one by the Confederation of Icelandic Employers, one by associations of state and/or municipal employers, and one by the pension funds that define part of compulsory contributions as private property.

The Selection Committee shall operate according to standard procedures that the Board of Directors sets and an annual general meeting confirms. In its proposal, the Selection Committee's goal shall be that the Board reflects the diversity of the member funds of the Association. The representatives on the Board shall be of both sexes and come from the ranks of dissimilar pension funds in the capital area and rural areas, being selected from the ranks of managing directors of pension funds' board members, representing both employees and employers. The Selection Committee's reasoned proposal shall be presented at least one month before the Association's annual general meeting.

Art. 8

Role of the Association's Board of Directors

The Association's Board of Directors shall be the supreme authority in the Association's affairs between annual general meetings. The Board prepares the annual general meeting. The Board shall allocate responsibility among its members, electing a chairman and vice-chairman for one year at a time. In general, a Board member shall not serve as chairman or vice-chairman for more than four years running.

The chairman calls meetings of the Board of Directors. A meeting of the Board must be called if two or more members of the Board so request. Board meetings shall be considered lawful if attended by a majority of Board members or alternates. In the event a Board member gives notice of non-attendance, a reserve board member shall usually be called in his stead. Reserve board members shall be called in the same order as they were elected. Remote attendance of individual Board members shall be permitted with the Board's approval.

The managing director shall keep the minutes of Board meetings, which the Board shall confirm.

Art. 9

Managing director

The Board of Directors shall engage a managing director, decide her or his salary and set rules of procedure for him or her. The managing director shall to the day-to-day running of the Association and, in so doing, comply with the policy and instructions of the Board of Directors.

The signature of the managing director binds the Association regarding its day-to-day operations.

The managing director has no voting rights on the Board of Directors. However, she or he shall be entitled to attend all the meetings of the Association with the right to be heard and make proposals.

Art. 10

Committees and workgroups

The Board of Directors shall establish committees, as deemed necessary, to see to various mutual matters of the affiliated funds. The committees shall usually consist of 5 employees of the affiliated funds, and the goal shall be that each Association board member shall sit on at least one committee.

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The Board shall nominate the following standing committees with a letter of appointment for one year at a time, and one person shall be appointed as chairman. In other respects, the committees shall divide their responsibilities as they see fit.

1. Committee on Pension Funds' Investment Environment.
2. Rights Committee.
3. Communications Committee.
4. Education Committee.
5. Risk Committee.

The managing director, in consultation with the chairman of the Board of Directors, shall establish working groups as required for undertaking temporary projects concerning the interests of the affiliated funds requiring special processing.

Art. 11
Budget and annual fee

The Board of Directors shall determine the Association's annual budget.

The affiliated funds shall pay an annual fee as decided at the Association's annual general meeting. The fee shall be divided, on one hand, into a fixed sum and, on the other, a variable charge based on a percentage of the funds' total assets in coinsurance and private property as stated in the latest Register of Financial Statements published by the Financial Supervisory Authority.

The annual fee is due on 1 June each year.

The Association's office is authorized to demand payments from the affiliated funds for costs related to special projects conducted in the interests of the funds in question. The Association's Board of Directors decides the division of such costs between the funds.

Art. 12
Annual accounts and auditing

The Association's accounting year shall be the calendar year. The Board of Directors shall prepare an annual financial statement for each calendar year.

Art. 13
Amendments to the Articles of Association

Amendments to the Articles of Association can only be made at the annual general meeting. The board of directors of a pension fund wishing to propose amendments to the Association's Articles of Association shall send them to the Association's Board of Directors not later than the end of March. Proposed changes to the Articles of Association shall be sent to the Association's affiliated funds with the announcement of the meeting.

To take effect, amendments to the Articles of Association require the approval of at least two-thirds of the votes cast.

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Art. 14

Winding-up of the Association

A decision to wind up the Association shall be made at an annual general meeting and requires two-thirds of the votes cast to enter into force, provided that a proposal to this effect was in the meeting announcement. If the annual general meeting decides to wind up the Association, the meeting shall also dispose of the Association's assets and debts.

Interim provision to Art. 7

The electoral period of the Board of Directors holds, and, therefore, at the annual general meeting in 2022, three board members and one reserve member will be elected for two years. At the annual general meeting in 2023, three board members and one reserve member will be elected for two years. At the annual general meeting in 2024, five board members will be elected for two years and one for one year in addition to 2 reserve members for two years.

Approved at the annual general meeting of the Icelandic Pension Funds Association
31 May 2021