

## **Articles of the Icelandic Pension Funds Association**

### Art. 1

#### *Name and domicile*

The name of the association shall be the Icelandic Pension Funds Association, the Icelandic abbreviation of which is LL.

Its domicile shall be in Reykjavik [Iceland].

### Art. 2

#### *Affiliation*

Affiliation to the association is open to pension funds which have been granted an operating licence under the Compulsory Insurance of Pension Rights (and the operation of Pension Funds) Act or individual pension fund acts.

A pension fund seeking affiliation to the association is to submit a written application to this effect to the Board of Directors. The application should be accompanied by an operating licence and the fund's articles of association.

At the next meeting of the Board of Directors after having received the application, a decision should be taken and a notification in writing sent to the applicant. A pension fund shall be deemed a qualified member of the association as of the day when the Board of Directors has approved its application. In the event the application is rejected, the Board's arguments for this decision shall be stated.

### Art. 3

#### *Withdrawal*

It shall be permitted to withdraw from the association by a written notification to the Board of Directors with at least six months' notice, the withdrawal then coming into effect as of 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

##### *Objective*

The objective of the association:

- a) To safeguard in all respects the interests of the members of the pension funds affiliated with the association.
- b) To act as the representative of the pension funds in matters regarding their common interests and to present their views to the authorities and other bodies in all major matters which might affect the common interests of the associated 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) To be active in matters of publishing and education on behalf of the pension funds, such as by holding seminars and courses, publishing reports and offering other services to the pension funds and their members.
- e) To promote rationalization and development in the activities of the fund members.
- f) To observe the development of matters on pension abroad and take part in international co-operation of associations of pension funds.
- g) To undertake specific projects for individual pension funds within the association according to special decisions by the Board of Directors of the association, providing such activities clear expenses and are consistent with its 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 convened before the end of May each year.

The annual general meeting shall be announced by letter to the associated funds, or by other verifiable means, with at least one month's notice. This notice shall also be published in the association's website.

A lawfully convened annual general meeting shall be considered legitimate irrespective of quorum.

The following matters shall be on the agenda of the annual general meeting:

1. The report of the Board of Directors on the operations of the association during 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 office of chartered accountants.
6. Decision on the remuneration to the Board of Directors.
7. Budget for the coming year.
8. Decision on 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 associated funds, in addition to LL staff. The Board shall be authorized to 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. However, a pension fund may demand of the chairman of the meeting that the number of votes held by each pension fund during voting at the meetings of the association shall be consistent with the percentage of the annual fees paid by the member funds during the past calendar year.

#### Art. 7

##### *Board of governors*

The Board of Directors of the association shall comprise 9 members and 3 alternates elected by the annual general meeting to a period of three years at a time. One third of the board members and one of the alternates shall be elected each year.

A selection committee shall be convened whose remit it is to submit to the annual general meeting a proposal for the election of the Board of Directors. This committee shall be composed of five representatives for a period of three years; one nominated by the Icelandic Federation of Labour, one from the Union of Civil Servants, one from the Confederation of Icelandic Employers, one from state and/or municipal employers, and one from pension funds which define part of compulsory contribution as a personal fund share.

In its proposal the selection committee shall undertake to ensure that the board should reflect the diversity of the member funds of the National Association, the representatives being of both sexes

and the representatives of the diverse pension funds in the capital area and the rural areas, being selected from the ranks of managers and directors of the pension funds, representing both employees and employers. This proposal shall be presented at least one month prior to the Association's annual general meeting.

#### Art. 8

##### *Role of the Board of Directors*

The Board of Directors of the association shall be the supreme authority in its matters between annual general meetings. The Board shall prepare for the annual general meeting. The Board shall allocate responsibility among themselves, electing a chairman and vice-chairman to a period of one year at a time. In general, a board member shall not serve as chairman or vice-chairman for more than three years running.

The chairman shall convene meetings of the Board of Directors. A meeting of the Board must be convened if so requested by two or more members of the Board. Board meetings shall be considered lawful if attended by the majority of Board members, or their alternates. In the event a full member gives notice of non-attendance, in general an alternate shall be invited to attend in his place. Alternates are to be invited in the same order as they were elected. The remote attendance of individual Board members shall be permitted with the approval of the Board.

At Board meetings the managing director shall keep the minutes, which shall then be confirmed by the Board.

#### Art. 9

##### *Managing director*

The Board of Directors shall engage a managing director, decide his salary and set his rules of procedure. The managing director shall be responsible for the day-to-day running of the association, complying in this matter with the policy and instructions of the Board of Directors.

The signature of the managing director shall be binding for the association concerning the day-to-day operations of the association.

The managing director shall not be eligible to stand for election to the Board of Directors. However, he shall be entitled to attend all the meetings of the association with the right to be heard and to propose motions.

Art. 10

*Committees and working groups*

The Board of Directors shall establish committees to attend to various mutual matters of the associated funds as deemed necessary. In general, such committees shall consist of the employees of the associated funds, the objective being to have each member of the Board sitting on at least one committee.

The following standing committees shall be nominated by the Board of Directors with a letter of appointment to one year at a time, one of them being nominated as chairman. In other respects, the committees shall divide responsibilities among themselves.

1. Asset management and risk management committee.
2. Entitlement committee.
3. Communications committee.
4. Education 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 associated funds which need special processing.

Art. 11

*Budget and annual fee*

The Board of Directors shall prepare the association's budget for the coming operational year.

The associated funds are to pay an annual fee as decided in the budget approved at the Association's AGM. The fee shall be divided into a fixed sum and an adjustable charge decided by the percentage of the funds' total assets in coinsurance and private fund as stated in the latest Register of Financial Statements published by the Financial Supervisory Authority.

The annual fee shall be due on 1<sup>st</sup> June each year.

The office of the association shall be authorized to demand payments from the associated funds due to cost relating to special projects being carried out in the interests of the funds in question. The Board of Directors shall decide the division of such costs among the funds.

Art. 12

*Annual accounts and auditing*

The accounting year of the association shall be the calendar year. The Board of Directors shall prepare an annual account for each calendar year.

Art. 13

*Amendments to these articles*

Amendments to these articles of association can only be made at the annual general meeting. The Governing Board of a pension fund, wishing to propose amendments to these articles of association, shall submit them to the Board of Directors of the association not later than at the end of March. Such proposals, and any proposals by the Board of Directors of the association, on the amendment of the articles, shall be submitted to the associated funds along with the announcement of the meeting.

To take effect, amendments to the articles of association shall need the approval of at least two thirds of the votes cast.

Art. 14

*Dissolution of the association*

A decision on the dissolution of the association shall be taken at an annual general meeting and shall need two thirds of the votes cast to take effect, providing a proposal to that effect was mentioned in the announcement of the meeting as an amendment to the articles of association. In the event the annual general meeting decides to dissolve the association, the meeting shall also dispose of its assets and obligations.

Thus approved at the annual general meeting of the Icelandic Pension Funds Association on 19<sup>th</sup> May 2015.