

# Act on Landsvirkjun

1983, No. 42, 23 March

Entered into effect 14 April 1983. Amended by Act 108/1988 (in effect from 1 January 1989); Act 74/1990 (in effect from 31 May 1990); Act 9/1997 (in effect from 4 March 1997); Act 48/1999 (in effect from 30 March 1999); Act 50/1999 (in effect from 30 March 1999); Act 14/2000 (in effect from 28 April 2000); Act 38/2002 (in effect from 7 May 2002); Act 64/2003 (in effect from 7 April 2003 but implemented 1 July that year); Act, 129/2004 (in effect from 31 December 2005); Act 65/2005 (in effect from 31 December 2005); Act 154/2006 (in effect from 30 December 2006, implemented as provided for in its §15; Act 87/2009 (in effect from 20 August 2009); Act 21/2011 (in effect from 3 March 2011); Act 49/2011 (enters into effect 1 January 2012 except for §3(a) and §4, which will enter into effect 1 September 2013), and Act 126/2011 (in effect from 30 September 2011)

**§1.** Landsvirkjun is a company jointly owned by the State Treasury and [Eignarhlutir ehf.]<sup>1)</sup> Its domicile and legal venue are in Reykjavík. The company is an independent legal entity with independent finances and accounts. [The State Treasury shall own a 99.9% share in the company and Eignarhlutir ehf shall own 0.1%.]<sup>1)</sup>

[Each of the two owners shall be severally liable as a guarantor of collection for the obligations of the company permitted in accordance with the provisions of Article 9, while the division of liability among the owners shall be in proportion to their respective shares of ownership. The owners shall not be liable for any other obligations of the company]<sup>2)</sup>

[In case of a petition for cessation of payments, composition with creditors, or bankruptcy proceedings, the bankruptcy legislation then in effect shall apply to Landsvirkjun in the same manner as they apply to limited liability companies.]<sup>2)</sup>

<sup>1)</sup>Act 154/2006, §1. <sup>2)</sup>Act 21/2011, §1.

**§2.** [The object of Landsvirkjun is to engage in operations in the energy sector and any other business and financial activities pursuant to the decisions of the board of directors at any time.]<sup>1)</sup>

<sup>1)</sup>Act 64/2003, §9.

[§3.]<sup>1)</sup> Landsvirkjun is the owner of electric power plants, other facilities, water rights and equipment acquired by the company prior to the adoption of this Act or by [special legislation or contract].<sup>2)</sup>

...<sup>2)</sup>

<sup>1)</sup>Act 154/2006, §2. <sup>2)</sup>Act 154/2006, §3.

[§4.]<sup>1)</sup>[...]<sup>2)</sup>

[Landsvirkjun shall pay dividends on owners' contributions.]<sup>2)</sup>

...<sup>2)</sup>

Dividends shall be determined based on the performance of the company and the profits carried forward from preceding years..<sup>3)</sup>

<sup>1)</sup>Act 154/2006, §2. <sup>2)</sup>Act 154/2006, §4. <sup>3)</sup>Act 9/1997, §2.

[§5.]<sup>1)</sup> [[The Minister]<sup>2)</sup> shall appoint the board of directors of Landsvirkjun at the annual

general meeting of the company, which shall be held before the end of April each year. The board of directors of the company shall be composed of five members and an equal number of alternate members.<sup>3)</sup>

Members of the board of directors, principals and alternates, shall be of legal competence, their estates shall not have been subjected to bankruptcy proceedings, they shall have unblemished reputations and shall, in the course of their work, be guided exclusively by the interests of Landsvirkjun. They shall not, directly or indirectly, perform any work, accept any payment or have any interests in any other energy enterprises or enterprises connected with energy which could result any conflict with the interests of Landsvirkjun.<sup>3) 4)</sup>

<sup>1) Act 154/2006, §6. <sup>2) Act 126/2011, §97. <sup>3) The paragraph was amended by Act 21 /2011, §2. This enters into effect 1 January 2012, cf. §6 of that Act. <sup>4) Act 154/2006, §7.</sup></sup></sup></sup>

**[§6.]<sup>1)</sup>** [[The board of directors of Landsvirkjun shall engage a managing director to manage the company. The Employment Terms Board shall determine the managing director's employment terms. The managing director is entitled to attend meetings of the board.]<sup>2)</sup>

The board of directors of Landsvirkjun is responsible for the company's affairs and shall ensure that its organization and activities are at all times in correct and proper order. The board of directors and the managing director are charged with the administration of the company.

The managing director is responsible for the day-to-day administration of the company and shall in his work observe the policy and instructions issued by the board of directors. Day-to-day administration does not include measures that are extraordinary or of major significance. Such measures may only be taken by the managing director with special authorization from the board of directors of the company, unless it is impossible to wait for the decision of the board without serious disadvantages for the operation of the company. In such cases the board shall be notified immediately of the measures.

The board of directors of Landsvirkjun shall ensure adequate supervision of the company's accounts and of the management of its assets. The managing director shall ensure that the accounts of the company are kept in accordance with law and accepted practice, and that the management of the property of the company is secure.

Only the board of directors of Landsvirkjun may grant powers of procurement.

The Members of the board of directors and permanent employees of Landsvirkjun shall have the rights and obligations of public functionaries.

The powers and functions of the board of directors and managing director shall be further provided for by [rules of procedure established by the board of directors of Landsvirkjun].<sup>3) 4)</sup>

<sup>1) Act 154/2006, §6. <sup>2) Act 87/2009, §12. <sup>3) Act 154/2006, §8. <sup>4) Act 9/1997, §4.</sup></sup></sup></sup>

**[§7.]<sup>1)</sup>** [The [general meeting]<sup>2)</sup> of Landsvirkjun shall be held in the month of April each year. The agenda of the [general meeting]<sup>2)</sup> shall be the following:

1. To consider the report of the board of directors on the activities of Landsvirkjun in the preceding year of operation.
2. To receive for confirmation the accounts of the Landsvirkjun for the preceding financial year together with the report of the auditor.
3. To decide on [dividends]<sup>2)</sup> and other disposal of the profits or losses of Landsvirkjun over the accounting year.
4. To decide on the remuneration of the members of the board for the preceding term.
5. To announce elections to the board
6. To elect a chartered auditor or auditing firm.

7. To discuss any other business.

[The owners of the company, the board of directors and the managing director of Landsvirkjun and the chartered auditor of the company have the right to attend each general meeting.]<sup>2)</sup>

The board of directors of Landsvirkjun may convene extraordinary meetings to discuss the affairs of the company as needed.]<sup>2)3)</sup>

<sup>1)Act 154/2006, §6. <sup>2)Act 154/2006, §9. <sup>3)Act 9/1997, §5.</sup></sup></sup>

[§8.]<sup>1)</sup> [The operating and accounting year of Landsvirkjun shall be the calendar year.

The board of directors of Landsvirkjun and the managing director shall prepare annual accounts for each accounting year in accordance with statutory law and generally accepted accounting standards, which shall include a profit and loss account, balance sheet, cash flow statement and notes.

The [general meeting]<sup>2)</sup> of Landsvirkjun shall elect a chartered auditor or auditing firm to audit the annual accounts of Landsvirkjun on the recommendation of the National Audit Bureau ...<sup>2)</sup>

The auditor shall audit the annual accounts of Landsvirkjun in accordance with statutory law and generally accepted accounting standards and to this end examine the accounting records of the company and any other factors relevant to its operations and position. The auditor shall, following his audit, sign the annual accounts, and the signature shall be attached to the annual accounts as the auditor's report.]<sup>3)</sup>

<sup>1)Act 154/2006, §10. <sup>2)Act 154/2006, §11. <sup>3)Act 9/1997, §7.</sup></sup></sup>

[§9.]<sup>1)</sup> [Landsvirkjun is authorized to borrow for the requirements of the company and to provide guarantees for payments in the same purpose. New financial obligations which are to be guaranteed by the owners as provided for in Article 1, the second paragraph, must be approved by the [Minister].<sup>2) <sup>3)</sup></sup>

<sup>1)Act 154/2006, §12. <sup>2)Act 126/2011, §97. <sup>3)Act 21/2011, §2.</sup></sup></sup>

[§10-15.]<sup>1) ... <sup>2)</sup></sup>

<sup>1)Act 154/2006, §12. <sup>2)Act 154/2006, §14.</sup></sup>

[**Temporary provisison.** Guaranties of Landsvirkjun's owners for the performance of its obligations under loan agreements and its long-term power contracts with energy-intensive enterprises using such power for their own benefit, that have been provided prior to the entry into effect of this Act, shall remain in effect as originally conceived until the relevant obligations have been fully performed or until the individual agreements are cancelled. As from the entry into effect of this Act, an annual State Guaranty Charge, cf. Act No. 121/1997 on State Guaranties, shall be paid on such loan agreements and obligations under Landsvirkjun's long-term power contracts with energy-intensive enterprises using electric power for their own benefit.]<sup>1)</sup>

<sup>1)Act 21/2011, §3.</sup>

*This is to certify that the above is a true and faithful translation of the original presented*

*20 Jan. 2012*  
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