

Landsvirkjun's Ownership Policy for Landsvirkjun Power

1. Scope

Landsvirkjun's (LV) Ownership Policy for Landsvirkjun Power (LVP) applies to LV's ownership of LVP.

2. The Purpose of the Ownership Policy

This Ownership Policy provides information on LV's objectives, pertaining to its ownership of LVP and the LV corporate governance policies and procedures that apply to LVP in addition to statutory requirements and provisions set out in LVP's Articles of Association. The Ownership Policy is intended to provide transparency and accountability to LV's corporate governance system.

3. Ownership Policy Objectives

The goal of LV's ownership of LVP is to channel all of LV's foreign investments, development projects and consultancy services, in the field of energy, through a private limited-liability company within the LV Group. The two companies shall enter into a service contract whereby they consent to sharing their expertise, resources and capabilities, as appropriate.

LV's goal as the owner of LVP is to operate the company in a long-term sustainable manner and, furthermore, support its investments in accordance with LVP's investment policy and plan by providing financing in the form of share capital or otherwise.

4. Corporate Governance

4.1 General

LVP's Articles of Association describe LVP's corporate governance procedures and policies, such as purpose, share capital, shareholder meetings, the role of the board, the role of the Managing Director, auditing, financial statements, and the dissolution and liquidation of the company.

4.2 Landsvirkjun's Board

The LV board shall have general authority to control and manage LV's ownership of LVP, such as at shareholder meetings, and any associated rights thereto. LV's board shall make decisions regarding any approvals at LVP's general and shareholder meetings. LV's board grants power of attorney to represent LV at LVP's shareholder meetings.

LV's board shall supervise LVP's operations, as well as LV's CEO's chairmanship of LVP's board, at LVP shareholder meetings and in the same manner as any other duties carried out by LV's CEO.

4.3 Landsvirkjun's CEO

Landsvirkjun's CEO shall be chairman of LVP's board, in accordance with Article 15 of LVP's Articles of Association.

Translated version from the Icelandic original

The responsibilities and obligations of LV's CEO, pertaining to LVP's operations and to LV's board, are outlined in LV's board and CEO rules of procedure.

4.4 Communication between Landsvirkjun's board and Landsvirkjun Power's board

LV's CEO shall be in close communication with the chairman of LV's board and inform him/her of any important matters pertaining to LVP.

Communication between LV's board and LVP's board shall be via LV's CEO at LV board meetings and shall be recorded in the minutes of LV board meetings. Specific LV board members are prohibited from directly requesting information from the board members or employees of LVP by virtue of their position.

This provision does not prevent any LVP board member from consulting the LV board at their own discretion. LV's chairman shall make any subsequent decisions pertaining to the arrangement or documentation of any such communication in the minutes of LV board meetings.

4.5 LVP Corporate Governance

LV shall, through its ownership and via the LVP board, apply itself to ensure that LVP's executive management follows the statutory guidelines for effective corporate governance, protect the rights of LV as the owner, follow the statutory obligations and regulations pertaining to LVP's operations and comply with social responsibility, environmental and business ethics expectations.

LV will as owner, and via the LVP board, emphasize effective and structured information dissemination from LVP executive management to LVP's board and to LV.

4.6 LV corporate governance

LV shall detail LV's consolidated corporate governance policies in its corporate governance statement.

5. Review and publication

This Ownership Policy shall be reviewed as deemed necessary. The Ownership Policy shall be published on the Landsvirkjun and Landsvirkjun Power websites.

Reykjavik, 10th of January 2020

Landsvirkjun's Board of Directors

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