

## Landsvirkjun – Climate and Environmental Policy

### 1. Introduction

The purpose of Landsvirkjun's Climate and Environmental Policy is to protect the environment while responsibly utilising natural resources and minimise the potential impact of the Company's activities on the environment. Iceland's commitment to the Paris Agreement is reflected in the policy, which focuses on reducing Iceland's emissions under the European Effort Sharing Regulation (ESR).

The Board of Directors approves the Climate and Environmental Policy upon the CEO's proposal. Landsvirkjun fulfils its obligations and complies with expectations. The Company is committed to continuous improvement.

### 2. Scope

The Climate and Environmental Policy applies to all Landsvirkjun operations and covers both direct and indirect environmental impacts.

### 3. Definitions

**Direct impact:** The environmental impact of operations controlled by Landsvirkjun's employees, for which the Company is financially responsible.

**Carbon neutrality:** When a balance is achieved between anthropogenic greenhouse gas emissions and carbon sequestration, resulting in no net release of greenhouse gases into the atmosphere.

**Indirect impact:** Environmental impact from Landsvirkjun's value chain, controlled by suppliers, contractors, and customers, for which they are financially responsible.

**Effort sharing regulation:** Binding annual greenhouse gas emission targets concerning emissions from most sectors not included in the EU Emissions Trading System (EU ETS) or within Land-use, Land-use changes and forestry (LULUCF).

**Environmental impact:** The impact of energy generation on the environment.

**Environmental incident:** An unplanned event caused by company operations that impacts the environment. The impact can be anything from a minor, reversible impact near the source to a significant irreversible impact on the environment.

### 4. Policy

Landsvirkjun is at the forefront of environmental and climate issues.

We respect the Icelandic landscape and natural environment and continually strive to optimise the use of resources and prevent waste. Emphasis is placed on understanding and minimising the environmental impact of our operations and preventing environmental incidents.

Landsvirkjun intends to achieve carbon neutrality and actively participates in the global response to climate change. We systematically work towards reducing our carbon emissions, supporting Iceland's commitment to the Paris Agreement, and responding to climate change-induced challenges and opportunities.

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### 5. Targets and associated performance indicators

- We maximise the utilisation of harnessed resources.
  - Deviation of energy generation from contract capacity (%)
- We prevent all incidents that negatively impact the environment.
  - Number of environmental incidents
- We commit to becoming carbon neutral in 2025.
  - Carbon footprint (tonnes CO<sub>2</sub> equivalent/year)
- We commit to keeping our carbon intensity below 4 g CO<sub>2</sub> equivalent per kWh.
  - Carbon intensity (g CO<sub>2</sub> equivalent per kWh)
- We will stop purchasing fossil fuels by 2030.
  - Quantity of fuel purchased (L/yr.)

### 6. Implementation

The CEO is responsible to the Board of Directors for implementing the Climate and Environmental Policy.

The implementation of the Policy is in accordance with ISO 14001 and procedural rule VKL-0161 pertaining to Landsvirkjun's environmental management system. We are committed to consulting and cooperating with our employees and stakeholders and following international priorities in environmental matters.

### 7. Reporting

Numerical information about environmental matters is available in the internal environmental data dashboard. Results are reviewed at annual management review meetings and published via the company website and annual reports (e.g., financial statements, climate accounts and GRI).

### 8. Review

The Board of Directors reviews the Climate and Environmental Policy at least every three years.

### 9. Ratification

This Policy becomes effective once approved by the Board of Directors.

24<sup>th</sup> of February 2023

Landsvirkjun Board of Directors

This document is a translated version of the Icelandic original.