

Policy governing Landsvirkjun's foreign operations

1. Introduction

The purpose of this policy governing Landsvirkjun's foreign operations is to provide guidance and a framework for the continued development of foreign operations.

The policy has been set by Landsvirkjun's Board of Directors following a proposal from the CEO.

2. Scope of application

This policy applies to Landsvirkjun.

3. Definitions

Not applicable.

4. Policy

Landsvirkjun has extensive know-how and experience in developing and operating hydropower and geothermal power plants. There is demand for that know-how and experience outside of Iceland. Landsvirkjun's foreign operations are a pillar of our vision for a sustainable world powered by renewable energy. We put our know-how and experience to use overseas, guided by the principles of climate action, social progress and economic benefits.

Landsvirkjun sees its foreign operations as an opportunity to grow in new markets, increase the value of the company and raise long-term dividends, reduce portfolio risk, foster links and know-how that can be used in Iceland, and make the company more attractive to outstanding employees, making the workplace more interesting and international.

Landsvirkjun's foreign operations will prioritise development projects and investment related to hydropower, wind power and geothermal energy. Priority will be given to such projects in the Arctic region, in particular Canada and Greenland. The aim is to invest in renewable power generation overseas, with up to 350 MW of installed power owned by Landsvirkjun by 2045. The aim for 2035 is to invest in renewable power generation overseas, with up to 100 MW of installed power owned by Landsvirkjun.

5. Indicators

- Installed power overseas owned by Landsvirkjun¹ (MW)
 - Objective: Up to 100 MW by 2035 and up to 350 MW by 2045
- Foreign assets (USD)
- Foreign investment equity return (%)
- Avoided emissions (tCO₂)

¹ The share of total installed power owned by Landsvirkjun is equal to Landsvirkjun's share of ownership in the power station in question. For instance, if Landsvirkjun owns 50% of a 10 MW power station, then the installed power owned by Landsvirkjun in that power station is 5 MW.



6. Implementation

The CEO shall be responsible to the Board of Directors as regards implementation of the policy.

Foreign operations must not be to the detriment of the company's operations in Iceland, which remain a priority as regards both capital and labour.

All overseas investment must meet comparable requirements to those set by Landsvirkjun in Iceland in terms of profitability, risk, sustainability, environmental issues and ethics.

All overseas investment decisions must be discussed and approved by Landsvirkjun's Board of Directors, as is the case for investment in Iceland.

7. Reporting

The CEO shall report to the Board of Directors every six months on the status of the company's foreign operations, estimated future spending and investment, and the success of this policy in general, including the status of the indicators.

8. Review

Landsvirkjun's Board of Directors shall review this policy at least every three years.

9. Entry into force

This policy shall enter into force upon approval by the Board of Directors.

13 September 2024

The Board of Directors of Landsvirkjun