

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. Its purpose is also to manage procedures to minimise any impact on the environment that could be caused by the company's activities.

The Board of Directors approves the climate and environmental policy, based on the CEO's proposal.

2. Scope

The climate and environmental policy applies to all Landsvirkjun operations, and covers both direct and indirect environmental impacts.

3. Definitions

- **Direct impact:** Environmental impact resulting from operations that Landsvirkjun employees control and are financially responsible for.
- **Indirect impact:** Environmental impact resulting from Landsvirkjun's value chain, which suppliers, contractors and customers control and are financially responsible for.
- **Carbon neutrality:** When a balance is achieved between carbon emissions and carbon sequestration, such that the net emissions equal zero.
- **Environmental impact:** Change to the environment, wholly or partially resulting from our operations.
- **Environmental incident:** An unexpected occurrence or set of circumstances in the company's operations causing impact on the environment. The impact can be everything from a minor, reversible impact near to the source, to a major irreversible impact on the environment.
- **Waste:** Any material or items that the company decides or is required to dispose of. Waste can be active or inactive.
 - **Inactive waste** does not significantly change biologically, chemically or physically, and does not have a harmful impact on the environment.
 - **Active waste** is all other waste.

4. Policy

Landsvirkjun is at the forefront of environmental and climate issues.

We respect the Icelandic landscape and natural environment and always strive to optimise our utilisation, or to provide enhancement, when harnessing these resources. Emphasis is placed on recognising and minimising the environmental impact of our operations and preventing environmental incidents.

Landsvirkjun aims to achieve carbon neutrality and is an active participant in the global response to the climate crisis. We work systematically to reduce our carbon emissions, increase sequestration, and respond to climate change induced challenges and opportunities.

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5. Implementation, performance indicators and reporting

5.1 Implementation

The CEO is responsible to the Board of Directors for the implementation of the climate and environmental Policy.

The implementation of Landsvirkjun's Climate and Environmental Policy is in accordance with ISO 14001 and procedural rule VKL-0161 pertaining to Landsvirkjun's environmental management. Emphasis is placed on collaboration and cooperation with employees and stakeholders, and on following international priorities in environmental matters.

5.2 Targets and associated performance indicators

- We intend to maximise utilisation of resources that have already been harnessed.
 - Deviation of energy production from contract capacity (%).
- We commit to becoming carbon neutral in 2025.
 - Carbon footprint (tonnes/year).
- We commit to keeping our emission intensity below 4 g CO₂ equivalent per kWh.
 - Emission intensity (g CO₂ equivalent per kWh).
- We will stop purchasing fossil fuels by 2030.
 - Quantity of fuel purchased.
 - Proportion of vehicles owned by Landsvirkjun that are powered by domestic energy.
- No active waste from general operations will go to landfill by 2024.
 - Amount of active waste (tonnes/year).
- We emphasise preventing all incidents that are damaging for the environment.
 - Number of environmental incidents.

5.3 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 account and GRI).

6. Review

The Board of Directors shall review the climate and environmental policy no less than every two years.

7. Ratification

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

19 March 2021

Landsvirkjun Board of Directors