LANDSNET

Annual and Sustainability Report

2025



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Our goal is to reduce the carbon footprint resulting from our operations. Our carbon neutrality policy aligns with the government's climate policy and is our contribution to keeping global warming below 1.5°C. 54

Biodiversity and Ecosystems

In construction projects and their impact assessment, the interactions between projects and critical natural factors related to biodiversity, such as habitat types, specific habitats, and individual populations of organisms, are recognised and evaluated. 64

Circular Economy and Resource Utilisation

The circular economy aspect of our sustainability policy highlights the importance of sustainable resource utilisation, recycling and reuse of waste, as well as the responsible handling of hazardous materials. 71

Human Resources

We place great emphasis on professional human resource management based on respect, cooperation and responsibility. Our policies aim to create a desirable and safe workplace where human rights, equality, and employee well-being are at the forefront. 77

Employees in the value chain

A responsible value chain is fundamental to our operations, and we expect suppliers to uphold fair working conditions, workplace safety, and respect for human rights. 93

Customers and users of electricity

Our policy is designed to deliver value to customers. Maintaining ongoing dialogue and conducting targeted surveys helps us understand what customers and stakeholders value most. 97

Corporate Governance

Trust, transparency, and predictability are fundamental to all our operations. We therefore place strong emphasis on sound business practices grounded in effective risk management, good corporate governance, sustainability, and responsibility throughout the value chain. 103

Address from the Chairman of the Board

Haraldur Flosi Tryggvason Klein

Chairman of the Board



> **A secure energy supply is one of the most important sustainability issues of our time, as all other basic infrastructure relies on access to and a secure supply of energy. With a good security of supply, great progress can be made in environmental and climate matters through a faster energy transition, and social welfare and prosperity will increase.**

Under the Electricity Act, Landsnet is responsible for developing the electricity transmission system in a cost-effective manner while ensuring safety, efficiency, security of supply, power quality, and alignment with government policy. These objectives do not always naturally align, which makes the role of the Board particularly important in setting a clear strategic direction and achieving an appropriate balance between competing priorities. Through this approach, the Board provides guidance for the long-term development and reliable operation of Iceland's electricity transmission system.

In this context, energy companies are often said to face a threefold challenge: balancing security, sustainability, and efficiency.* A reliable energy supply is one of the key sustainability challenges of our time, as all critical infrastructure depends on secure and consistent access to energy. Reliable electricity supply also enables progress in environmental and climate initiatives by supporting the energy transition and contributing to increased welfare and prosperity in society. This lies at the heart of Landsnet's role: to operate, manage, and develop the electricity transmission system in a secure, efficient, and sustainable manner to ensure reliable electricity supply throughout Iceland, both now and in the future. The transmission system must therefore meet the needs of households, communities, and industry across the country, as access to energy is fundamental to prosperity in modern society.

Meeting these objectives requires a secure, efficient transmission system that can reliably serve the evolving needs of users. Evolving patterns of electricity demand require continued investment in the transmission system, which in turn affects Landsnet's tariffs. Investment requirements in the coming years are expected to be substantial, while user needs are also becoming increasingly diverse. Tariffs will therefore need to reflect the level of investment required. It is essential that the tariff structure allocates these additional costs fairly among users.

Although Landsnet's role is clearly defined and the legal framework provides the company with a certain degree of independence, it does not operate in isolation. In recent years, a range of external factors has delayed projects that are necessary to maintain the reliability and functionality of the transmission system. A broad national consensus on energy generation and utilisation would strengthen Landsnet's ability to secure the permits needed for construction projects and to deliver them efficiently. High-voltage transmission lines are a socially important infrastructure, and efficient processes are needed to resolve disputes and enable progress.
Landsnet's staff are engaged in the analysis and scenario planning that will underpin the company's revised strategy, which the Board intends to present in spring 2026. The aim is to achieve a balance between security, sustainability, and efficiency, while setting a clear direction for the future development and operation of electricity transmission in Iceland.

Landsnet relies on the expertise and commitment of its employees and partners. Their dedication and collaboration ensure the secure and reliable transmission of electricity every day, and the company greatly values their contribution.

* World Energy Trilemma Report 2024, on the World Energy Council website.

Address from the CEO

Ragna Árnadóttir

CEO of Landsnet



Emphasis was placed on strengthening the transmission system alongside necessary maintenance throughout the country. The largest construction project of the year was the connection of the Westman Islands to the transmission system via two new subsea cables, and the project progressed as planned.

The year 2025 is defined by continued efforts to strengthen the transmission system, which remains one of Landsnet's key priorities in the years ahead. The national grid is ageing, government policy calls for dual connection of all delivery points within the transmission system by 2040, and demand for electricity remains high and is expected to continue growing, according to the joint energy forecast prepared by Landsnet, the Electricity Regulatory Authority, and the Icelandic Environment and Energy Agency.

Landsnet's operations continue to rest on a strong operational and financial foundation. Financial performance was in line with projections despite challenges in the external operating environment. The impact of the outage at the Norðurál aluminium smelter in Grundartangi was negligible during the year, although uncertainty remains regarding its potential impact in 2026.

Progress on investment projects was broadly in line with plans, and the year marked one of the largest construction periods since the company was established. The focus was on strengthening the transmission system and carrying out essential maintenance work across the country. The year's largest project was the connection of the Westman Islands to the transmission network through two new subsea cables, and the project progressed well. An important step was also taken towards improving the security of supply and supporting future development opportunities in Northeast Iceland through the signing of a declaration of intent last November between the Minister for the Environment, Energy and Climate, Landsnet, and Iceland State Electricity on measures to strengthen the electricity system in the region.

Although much has already been achieved, the company's largest investment period is only now beginning. Landsnet has submitted a revised system and investment plan for the next ten years, with investments of up to ISK 150 billion anticipated during the period. At the same time, significant uncertainties remain. Experience has shown that projects can face considerable delays, while licensing procedures and negotiations with landowners can be lengthy and complex. Investments must therefore be managed in a way that keeps Landsnet's tariffs competitive while also taking into account the broader picture: overall electricity costs, security of supply, and the resilience of the transmission system. The purpose of the planned investments is precisely to strengthen these latter two factors.

I would like to thank Landsnet's employees for their excellent work, and the company's customers and partners for their cooperation throughout the year. Through a shared vision, professionalism, and long-term thinking, we can meet the challenges ahead and continue to create lasting value for society.

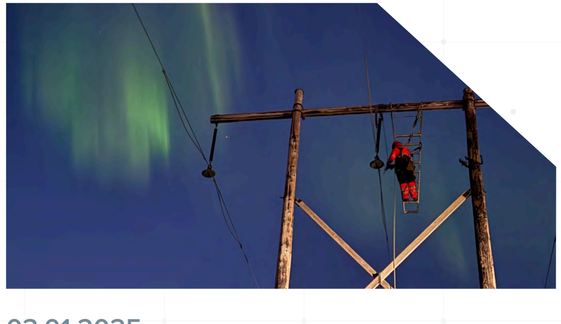
In other news



02.01.2025

Update to Landsnet's tariffs for 2025

A new tariff will take effect at Landsnet at the turn of the year. Strengthening the transmission system and associated development is one of the most important steps toward increasing electricity security and quality of life in the country.



03.01.2025

Results of the electricity tender for additional losses

On the 12th of November, Landsnet received the results of the electricity tender for additional transmission losses for the first half of the following year. Energy procurement for base losses for the same period had already been secured in June.



06.01.2025

A new generation brings a new charge

For 20 years, we have ensured the secure and reliable transmission of electricity across the country. By strengthening the regional grid and upgrading voltages, we are building a more resilient transmission system designed to meet future needs.



09.01.2025

52 apply for the CEO position

The search for Landsnet's next CEO is underway, with much anticipation about who will assume the leadership role. A total of 52 applications were received for the position: 17 women and 35 men.

Annual Financial Statement 2025

A strong financial position is a key prerequisite for continuing the long-term development and strengthening of the transmission system.



Key results from the annual financial statements

View the annual financial statements

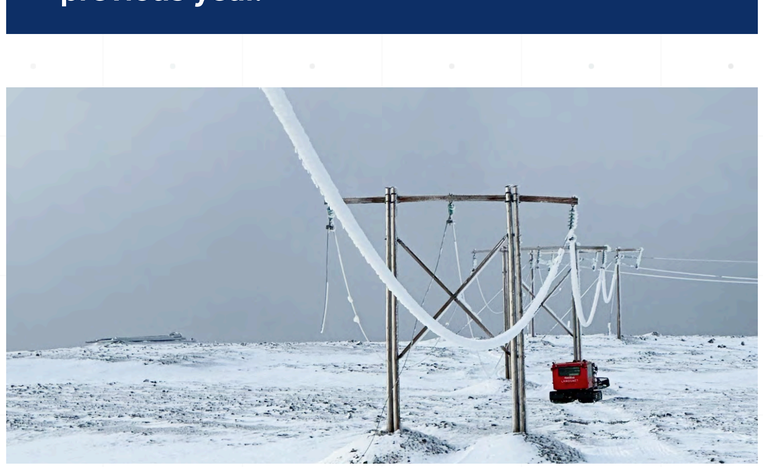
97.7 m

Operating profit before net financial items (EBIT) amounted to USD 76.9 million, compared to USD 70.5 million in the previous year.



44.9 m

Profit amounted to USD 44.9 million in 2025, compared with USD 43.1 million in the previous year.



1,371.6 m

Total assets amounted to USD 1,371.6 million at year-end, compared to USD 1,236.2 million at the end of the previous year.

7.2%

Return on equity, on an annualised basis, was 7.2% in 2025.

76.9 m

Operating profit before net financial items (EBIT) amounted to USD 76.9 million, compared to USD 70.5 million in the previous year.

665.5 m

Equity amounted to USD 665.5 million at year-end, and the equity ratio was 48.5%

Press release:

One of Landsnet's biggest years for development

- **Stable operations: The company is financially strong**
- **One of the company's biggest years for development with investments of around USD 118 million (ISK 14.9 billion)**
- **Profit from core operations of USD 44.9 million (ISK 5.6 billion), an increase of USD 1.8 million year-on-year**
- **Proposal for dividend payments to owners amounting to USD 22.5 million (approx. ISK 2.8 billion)**

Landsnet's annual financial statements for 2025 were approved at a Board of Directors meeting on the 24th of February. The year's operations performed well, and the company's performance was in line with plans, despite various challenges.

“The year 2025 marked one of the company’s largest periods of development since its establishment. The focus was on strengthening the transmission system alongside essential maintenance work across the country. The largest development project of the year was the connection of the Westman Islands to the transmission system through the laying of two new subsea cables, and the project progressed well throughout the year. An important step was also taken towards strengthening the security of supply and delivery capacity in Northeast Iceland through a declaration of intent on measures to reinforce the electricity system in the region.

Demand for electricity is expected to increase over the long term, while the energy transition calls for a more robust and flexible transmission system. Our role is to ensure the system supports this development through reliable, future-oriented infrastructure. With strong operations and clear project prioritisation, Landsnet is well-positioned to continue strengthening the transmission system and creating long-term value for society and the economy,” Ragna Árnadóttir, CEO

Security and resilience

Iceland’s electricity system is isolated and not interconnected with neighbouring countries. In 2025, the focus remained on strengthening key infrastructure and carrying out targeted maintenance work across the transmission system. Efforts were also directed towards enhancing preparedness and reinforcing system resilience to ensure that security of supply remains reliable under a wide range of circumstances.

Under the regulatory framework within which Landsnet operates, tariffs are based on the cost of developing and operating the transmission system. Given the considerable investment needed in the years ahead, it is important to maintain a balance between strengthening the system, ensuring security of supply, and supporting the competitiveness of the Icelandic economy. “When assessing Iceland's competitiveness, one must look at the total cost of electricity, security of supply and the resilience of the system. The transmission system must be equipped to handle shocks without external support. Its secure and stable operation is a prerequisite for the development of society and the economy,” Ragna Árnadóttir CEO

Solid operations and a strong financial position

Landsnet's performance in 2025 was good, and operations were stable. The profit for the year was USD 44.9 million (ISK 5.6 billion) compared to USD 43.1 million (ISK 5.4 billion) in 2024. The company's total assets amounted to USD 1,371.6 million (ISK 171.7 billion), and the company's equity at year-end was USD 665.5 million (ISK 83.3 billion), of which share capital was USD 45.5 million. Cash from operations amounted to USD 97.7 million (ISK 12.2 billion), and investment for the year amounted to USD 118 million (ISK 14.9 billion). The Board of Directors proposes a dividend payment to owners of USD 22.5 million (approx. ISK 2.8 billion) for the 2025 operating year.

A strong financial position is a key prerequisite for continuing the development and strengthening of the transmission system in the long term.

The year in figures

7.2%
Return on equity

0
Accident frequency

4.2
Employee engagement

5,275
Carbon emissions scope 1

3.7
Customer satisfaction

99.9962%
Security of supply for customers

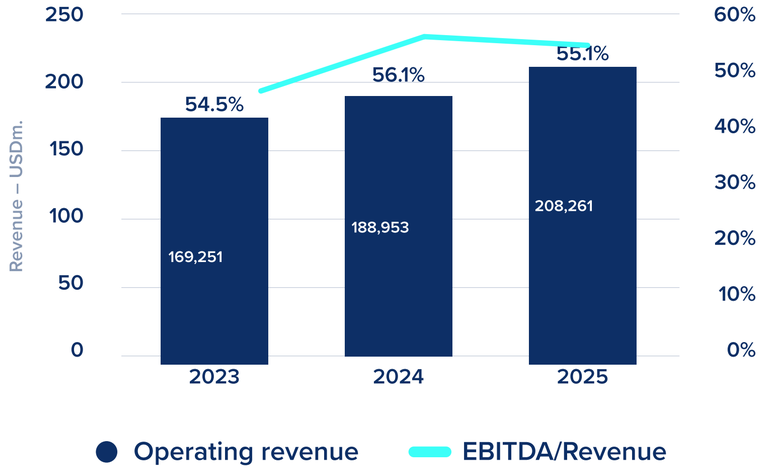
Metrics	Performance 2023	Performance 2024	Performance 2025	Objective
Security of supply	99,9965%	99,9990%	99,9962%	99,9905%
Customer satisfaction	3,9	3,9	3,7	4,2
Return on equity	5,2%	8,0%	7,2%	7,5%
Carbon emissions scope 1	2.592	2.777	5.275	3.127
Employee engagement	4,0	4,0	4,2	4,4
Accident frequency	1	1	0	0

Key figures (amounts in thousands of USD).	2025	2024	2023
Output (GWh)	17,534	18,329	18,943
Losses (GWh)	352	378	403
Losses as a percentage of input	2.0%	2.0%	2.1%
Operating revenue	208,261	188,953	169,251
Investment activities	118,747	83,081	63,576
Investment activities as a percentage of operating revenue	57.0%	44.0%	38.0%
Operating profit (EBIT)	76,892	70,469	52,685
Operating profit (EBIT) as a percentage of operating revenue	36.9%	37.3%	31.1%
General operating expenses *	57,697	46,510	44,343
General operating expenses as a percentage of operating revenue	27.7%	24.6%	26.2%

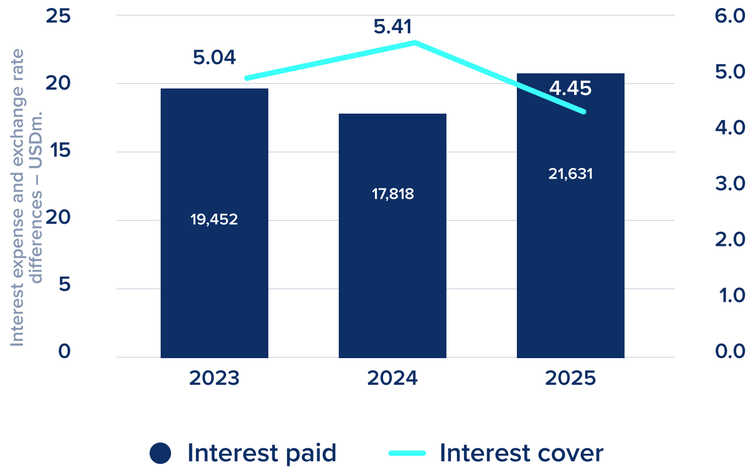
** Almennur rekstrarkostnaður = Rekstrargjöld – Afskriftir – Kerfisþjónusta og töp*

Key figures (amounts in thousands of USD).	2025	2024	2023
Profit (loss)	44,886	43,136	25,567
Profit (loss) as a percentage of operating revenue	21.6%	22.8%	15.1%
Assets	1,371,594	1,236,166	1,113,574
Equity	665,453	574,944	507,500
Liabilities	706,141	661,222	606,074
Return on average equity	7.2%	8.0%	5.2%
Equity ratio	48.5%	46.5%	45.6%
Length of overhead lines in operation	3,185	3,300	3,262
Length of underground and subsea cables in operation	449	360	362
Full-time equivalent employees at year-end	170	168	157

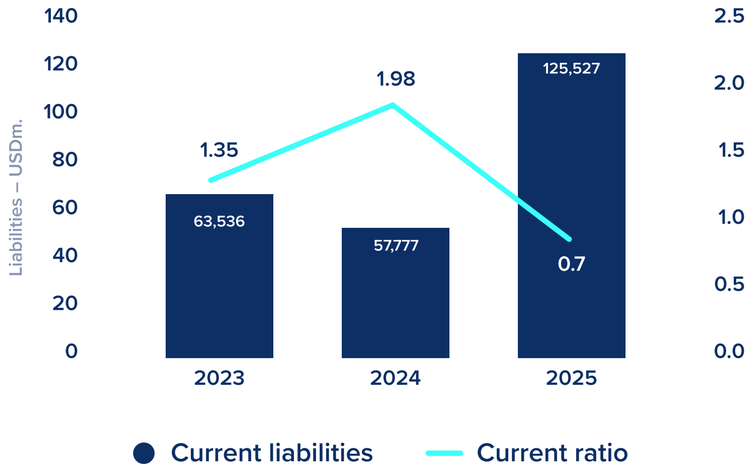
Operating revenue and EBITDA/revenue



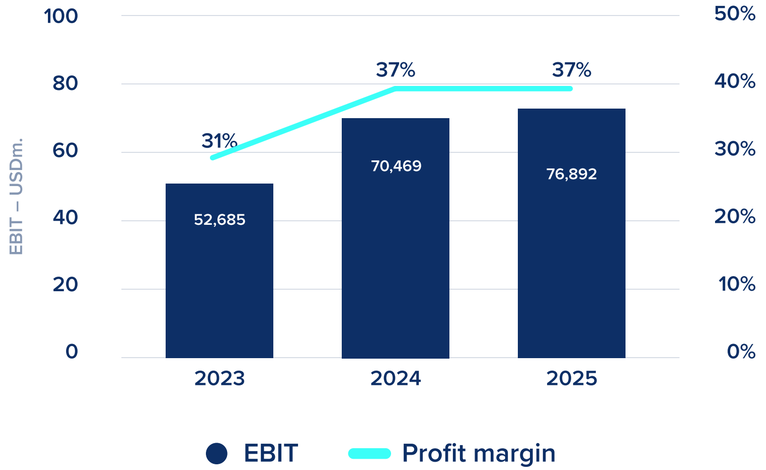
Interest expense paid and exchange rate differences on interest rate hedges



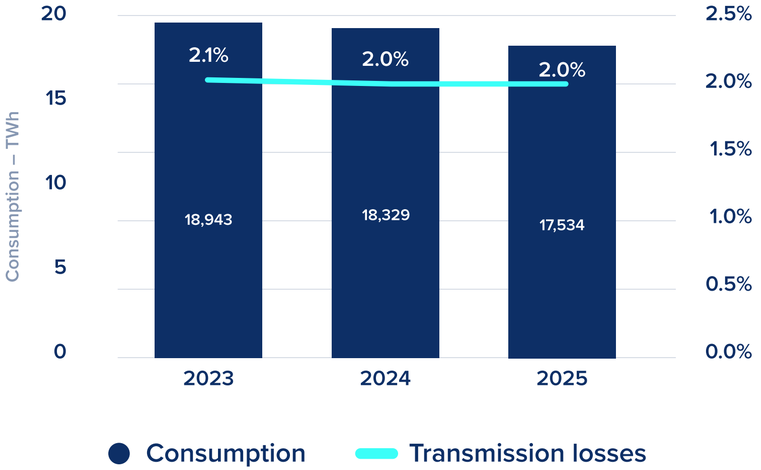
Current liabilities and current ratio



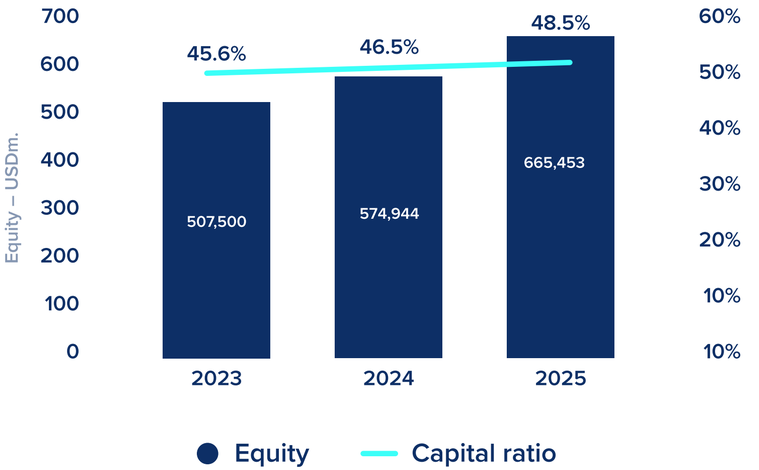
EBIT and Operating Margin



Energy consumption and transmission losses



Equity and capital ratio

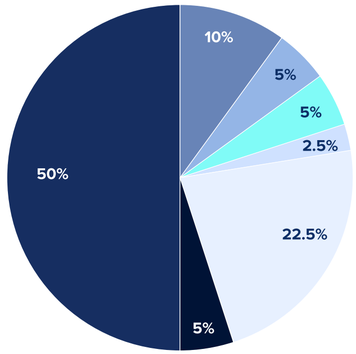


Tax Footprint

At Landsnet, we comply with Icelandic laws and regulations regarding the payment of various fees and taxes, in accordance with the company's tax policy. Our tax footprint amounted to ISK 4.0 billion in 2025. The tax footprint consists of the taxes and fees we pay and the taxes we collect, along with employer contributions to employees' pension funds and timely remittances to the state, municipalities, and pension funds.

Our other contributions to society included the payment of salaries to our employees, amounting to ISK 2.9 billion, and net value-added tax of ISK 1.9 billion. We also paid dividends to our Icelandic owners totalling ISK 2.4 billion, of which approximately ISK 2.2 billion went to the Icelandic state.

Landsnet's tax footprint



- Income tax
- Employee pension contributions
- Social security contributions
- Property tax
- Regulatory fees
- Employee PAYE
- Employer pension contributions

Landsnet's tax footprint in ISK billions	2025	2024	2023	2022
Company's total contributions:	2.9	1.7	1.8	1.7
Income tax	2.0	0.8	0.9	0.9
Employee pension fund contributions	0.4	0.4	0.4	0.3
Social security contributions	0.2	0.2	0.2	0.2
Property taxes	0.2	0.2	0.2	0.2
Regulatory fees	0.1	0.1	0.1	0.1
Total payments from employees:	1.1	1.0	0.9	0.8
Employee PAYE tax	0.9	0.8	0.7	0.6
Employee contributions to pension funds	0.2	0.2	0.2	0.2
Landsnet's total tax footprint:	4.0	2.7	2.7	2.5

The EU Taxonomy Regulation

The EU Taxonomy Regulation came into force in Iceland on the 1st of June 2023, with Act No. 25/2023 on Sustainability Disclosures in the Financial Services Sector and a classification system for sustainable investments.

The purpose of the regulation is to define which economic activities are considered environmentally sustainable based on the technical screening criteria set out in Commission Delegated Regulation 2021/2139, and to promote transparency in sustainability disclosures.

In Iceland, the regulation applies to companies that are required to provide non-financial information under Article 66d of the Act No. 3/2006 on Annual Accounts, and Landsnet is among them.

Companies are required to disclose the proportion of turnover, capital expenditure and operating expenditure for the past operating period for eligible activities, i.e. activities that fall under the Taxonomy Regulation. Similarly, the same key performance indicators must be disclosed for activities that meet all the criteria of the regulation and are considered aligned activities or environmentally sustainable.

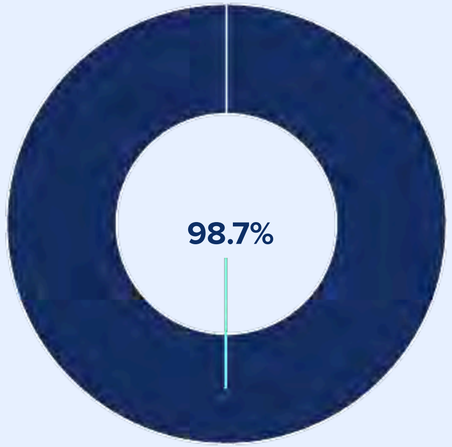
See indicators in figure opposite

In 2023, Landsnet carried out an assessment of which parts of the company's operations qualify as Taxonomy-eligible under the EU Taxonomy Regulation. The assessment confirmed that the company's core activity falls under category 4.9 – Transmission and distribution of electricity, within the environmental objective of climate change mitigation. Under the Regulation, the activity is defined as the development and operation of transmission systems that transmit electricity through interconnected systems at very high and high voltages. The assessment remained unchanged in 2024.

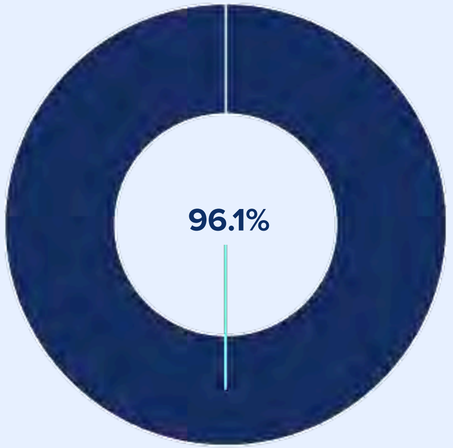
For an activity to be considered Taxonomy-aligned, and therefore environmentally sustainable under the Taxonomy Regulation, it must make a substantial contribution to an environmental objective, do no significant harm to other environmental objectives, and comply with minimum safeguards. The requirements are extensive, and it is clear that considerable preparatory work is needed for companies to demonstrate, in a credible and verifiable manner, that the criteria have been met.

Landsnet carried out this work during 2024, and the assessment was reviewed during the most recent operating year. More detailed results will be presented in the company's Annual Accounts for 2025.

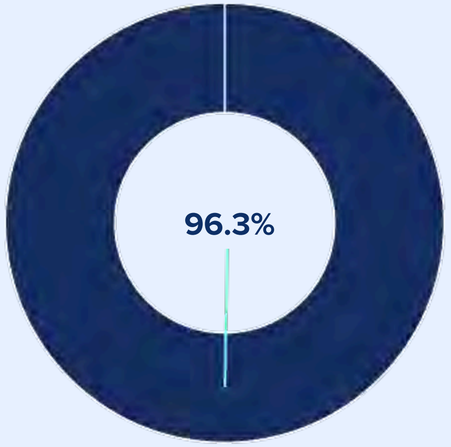
Turnover



Operating expenses



Investment expenses



FEB 2025

In other news



04.02.2025

Project and Assessment Description for the 2025–2034 System Plan published

The Project and Assessment Description for the preparation of Landsnet's 2025–2034 System Plan has been published. It outlines, among other things, the main premises of the system plan and the proposed scope of the environmental report.



17.02.2025

Ragna Árnadóttir appointed CEO of Landsnet

The Board of Directors of Landsnet has appointed Ragna Árnadóttir, Secretary General of the Althingi, as the company's CEO, and she will take up the position on the 1st of August.



20.02.2025

A strong foundation for the future: Annual accounts for 2024 presented

Landsnet's annual accounts for 2024 were approved at a board meeting today, on the 20th of February 2025.

2025

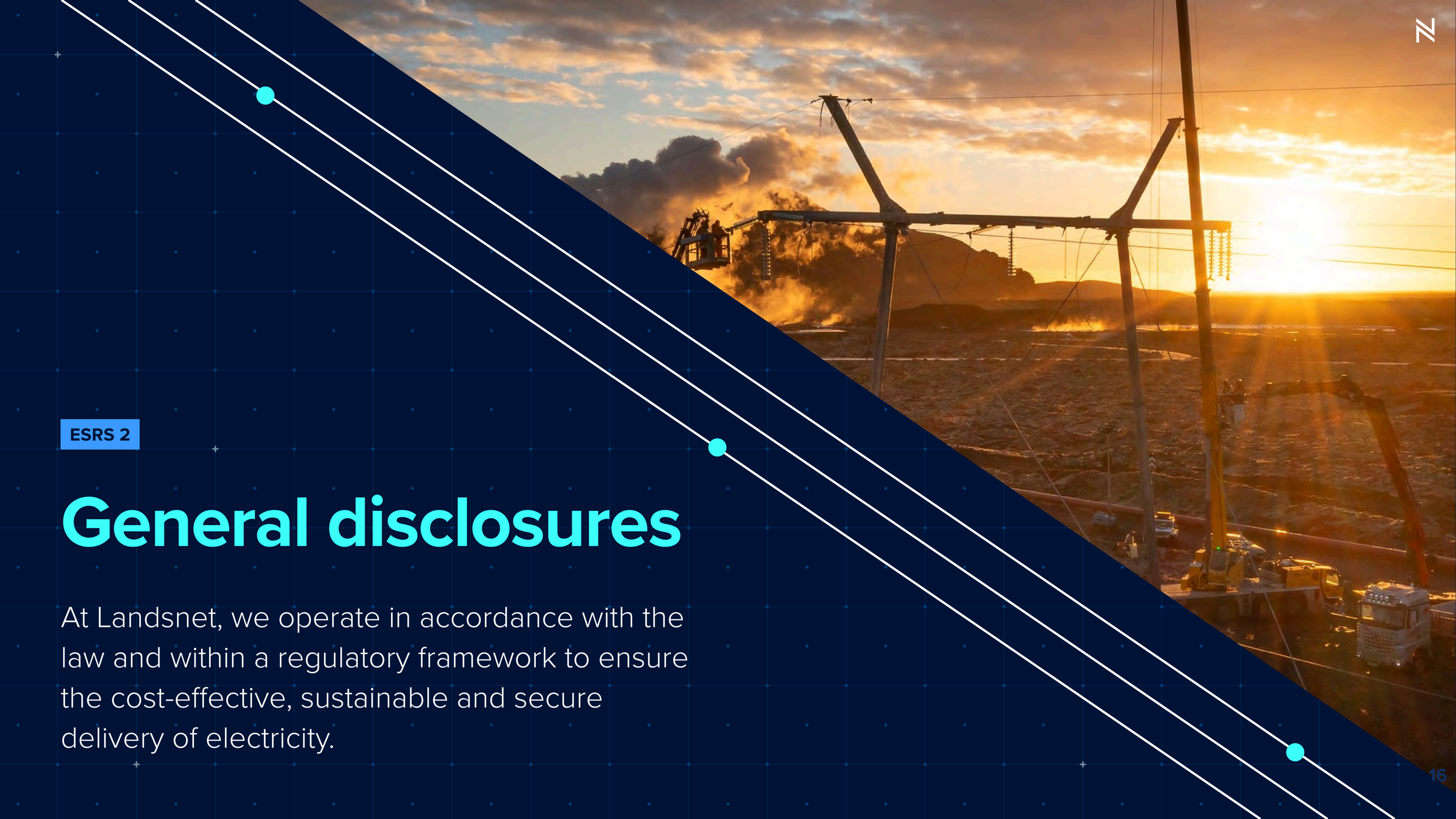
20th Anniversary

Landsnet celebrated its 20th anniversary throughout the year, marking the occasion in a variety of ways, including a large spring meeting, a dedicated anniversary logo, and opportunities to reflect on the company’s history.

ESRS 2

General disclosures

At Landsnet, we operate in accordance with the law and within a regulatory framework to ensure the cost-effective, sustainable and secure delivery of electricity.



BP-1

Sustainability Reporting

At Landsnet, we operate in accordance with the law and within a regulatory framework to ensure the cost-effective, sustainable and secure supply of electricity. Sustainability is central to how we operate at Landsnet. Our sustainability policy prioritises reducing greenhouse gas emissions through energy transition measures and efficiency improvements, sustainable practices across all construction and maintenance work, and the protection of biodiversity.

We are committed to transparency, sound risk management, and robust governance, ensuring our work serves the interests of our stakeholders and the wider society.

A steering group on sustainability has been active for three years and comprises experts from different areas of the company, with the work led by the Executive Vice President of Human Resources and Improvement.

Last year, we published an annual and sustainability report guided by the European Sustainability Reporting Standards (ESRS) and the EU's Corporate Sustainability Reporting Directive (CSRD). We have followed the same approach in preparing this 2025 report. External consultants were engaged to review both the 2024 report and the double materiality assessment, and this year's report was prepared based on the results of that assessment.

> **The year was heavily influenced by rapid technological advances and an evolving security landscape, primarily focusing on enhancing Landsnet's digital infrastructure and cybersecurity. The professionalism and teamwork of our staff played a crucial role in these efforts.**
>
> **Jóhannes Þorleiksson**
>
> *Executive Vice President of Information Intelligence and Technology*



This report follows the simplified ESRS standard as set out in the updated draft, which reduces the number of data points, harmonises the structure, and simplifies the language.

The standard requires a double materiality assessment, and we continue to build on our analysis, which was carried out in 2023 in collaboration with KPMG. We have updated it and included a more straightforward link to the ESRS standard and the key material topics highlighted in this report.

The topics we cover in this report are climate change, biodiversity and ecosystems, circular economy and resource utilisation, human capital, workers in the value chain, customers and electricity users, and corporate governance. A more detailed discussion of the analysis can be found in Chapter IRO-1.

We are committed to strengthening our compliance with this standard and will monitor and respond to any future amendments accordingly.

The report is published at the same time as the 2025 annual financial statements, but we publish financial information only for Landsnet, not on a consolidated basis.

To ensure that all data used in the preparation of this report was both reliable and traceable, we used a variety of methods for its collection.

We carried out **internal measurements of operations and emissions**, which include energy consumption, greenhouse gas emissions, and the environmental impact of projects.

We used data from **regulatory bodies and stakeholders**, information from suppliers and partners, and calculation assumptions based on recognised international methods.

We highlighted the importance of **independent audits** and certifications to verify that our operations meet quality and sustainability standards.

We obtained **independent advice** on environmental impact, carbon footprint, and sustainability impact, which is incorporated into sustainability reporting in accordance with international standards.

We mapped the company's **value chain**, and the report covers it in full. Information about the value chain can be found in chapter SBM-1.

Landsnet's Sustainability Policy

Future Vision

Landsnet is a public service company owned by the Icelandic people. It plays a key role in operating and maintaining one of the essential foundations of modern society – the electricity transmission system.

Sustainability is at the heart of every decision and every project at Landsnet. Our approach is guided by the long-term interests of society, the environment, and the economy. We are committed to ensuring reliable electricity delivery, minimising environmental impact, and promoting sustainable development through responsible practices. Landsnet aims to be a leading force in sustainability and responsible operations, supporting long-term value creation for society, the environment, and the economy.

Landsnet's policy is based on international criteria, laws and standards. Landsnet implements sustainability goals in accordance with the European Union's Corporate Sustainability Reporting Directive (CSRD), based on ESRS standards, the United Nations Sustainable Development Goals and ISO certifications. This ensures transparency, accountability and continuous improvement in the company's operations.



Society



Employee Well-Being

Landsnet adheres to its human resources and human rights policy and equal pay certification to combat the gender pay gap. Emphasis is placed on equality, diversity, safety, knowledge-building, job satisfaction, and employee well-being.

Social Responsibility

Landsnet emphasises open and transparent dialogue with stakeholders and the local community, based on consultation and information dissemination.

Development and Operation of the Transmission System

The transmission system plays a key role in the utilisation and competitiveness of renewable electricity in Iceland and is a prerequisite for the energy transition and the achievement of the country's climate goals.

Contribution to Knowledge and Innovation

Landsnet supports research, innovation and development in collaboration with the energy sector, and university and innovation community.

Environment

Climate Action

Landsnet is working systematically to reduce greenhouse gas emissions and is aligned with the government's climate policy. At Landsnet, electricity matters are climate matters and play a key role in the nation's energy transition.

Environmental Impact

Landsnet handles natural resources carefully during infrastructure construction and operation. We consistently aim to minimise adverse impacts on resources, biodiversity, and ecosystems through thoughtful decision-making and construction practices.



Circular Economy

Landsnet carefully manages natural resources during both the construction and operation of its infrastructure, consistently prioritising the minimisation of negative impacts on resources, biodiversity, and ecosystems in all decision-making processes.

Landsnet aims to promote a circular economy by focusing on sustainable resource use, waste recycling and reuse, and the careful management of hazardous materials.

Responsible Practices



Effective Governance

Landsnet places great emphasis on business ethics and risk management, with a focus on robust governance, sustainability and responsibility throughout the value chain.

Efficiency and Investments

Landsnet supports the growth of Iceland's business community and its people through efficient operations and careful investments.

Continuous Improvement

Landsnet has an ISO-certified management system that increases efficiency, quality and continuous improvement in all the company's operations.

The Sustainable Development Goals



The United Nations Sustainable Development Goals, which address economic, social and environmental aspects, consist of 17 main goals, 169 targets and 232 indicators. We have prioritised eight goals that we believe are relevant to the company's operations. Six of them have been integrated into our sustainability policy.

Sjálfbærnigögn CREDITINFO 2025

5 ár Framúrskarandi fyrirtæki 2020-2025

We received two awards from Creditinfo during the year: Excellent in Iceland and a Sustainability Certificate. These awards confirm our strong position, transparency and focused work on sustainability.

MAR 2025

In other news



06.03.2025

Electricity transmission for national security in focus at Landsnet's spring meeting

“What you do is a critical factor in the national security of Icelanders. You can literally say, we are the light of Iceland; when you keep the lights on during disasters, you also keep alive the hope that even though things get rough, everything will be alright.”



06.03.2025

New tariff took effect on 1 March

The feed-in tariff was recently refunded to electricity producers, and we have subsequently reassessed it to ensure stability. This reassessment affects neither the current revenue cap set for Landsnet by the National Energy Authority nor the company's total revenue.



12.03.2025

“Without energy, there will be no economic growth”

These were the words of the chairman of SI - the Federation of Icelandic Industries at the Industrial Congress earlier this month. The relationship between energy consumption and economic growth is well known and has been confirmed repeatedly. It can also be added that without new energy sources, neither an energy transition nor progress on climate issues will be achievable.



13.03.2025

The District Court rejects landowners' claim, Line 2 to be operational this autumn

The District Court of Reykjavík today rejected the claim of several landowners to invalidate the decision of the Minister of the Environment, Energy and Climate from 21 June 2024, authorising Landsnet to expropriate rights for the construction of Suðurnesjalína Line 2 on the land of three properties in the Municipality of Vogar.

MAR 2025

In other news



18.03.2025

System hit by Norðurál outage

Earlier this evening, Norðurál experienced an outage, which caused a shock to the system. Over 700 megawatts (MW) were lost in an instant, an enormous blow to the transmission system.



18.03.2025

Transmission loss charge to be reduced

On the 1st of April, changes will be made to the transmission tariff regarding transmission losses.



31.03.2025

New Board of Directors – Haraldur Flosi Tryggvason Klein elected Chairman

At Landsnet's Annual General Meeting, held on Friday, the 28th of March, a new Board of Directors was elected. The members are Haraldur Flosi Tryggvason Klein (Chairman), Harpa Þuríður Böðvarsdóttir, Kristján Arinbjarnar, Stefán Pétursson and Ruth Elfarsdóttir. Ásta Sólilja Guðmundsdóttir and Einar Þorsteinsson were elected as alternates.

BP-2

Analysis and disclosure under special circumstances

Special circumstances and unexpected events, such as natural disasters and weather conditions, legal cases, licensing matters, and community relations, can affect the operation of the transmission system.

If unexpected events or deviations affect operations, the Board of Directors and management are informed of the response, measures to mitigate risk, and ways to use it as an opportunity for improvement. The same applies to government-approved changes in energy legislation that require our response.



Financial strength is paramount to the operation and development of the electricity transmission system, where stable income, strong cash flow, and operational efficiency play key roles. Stability and predictability in the regulatory framework under which Landsnet operates are important prerequisites for building a future transmission system based on realistic plans guided by the interests of society.
Guðlaug Sigurðardóttir



Guðlaug Sigurðardóttir
Executive Vice President of Finance and Performance

The Board of Directors of Landsnet



Haraldur Flosi Tryggvason Klein

Chairman of the Board

Haraldur holds a Cand. jur. degree from the University of Iceland and a postgraduate degree in European Law (Magister Juris) from Oxford University. He also holds an MBA from Oxford Brookes University.
Haraldur is a lawyer and consultant and has also taught and served on the boards of companies and non-governmental organisations. He has extensive board-level experience within public companies, including serving as Chairman of the Board of Orkuveita Reykjavíkur and, for a period, as Vice Chairman of the Board of Landsvirkjun.



Harpa Þuríður Böðvarsdóttir

Board Member

Harpa holds a master's degree in Corporate Finance (RU) and in Management and Strategic Planning (UI/CBS). She works as Deputy Director at the Icelandic Transport Authority, a role she has held since 2020.
Previously, she was Director of Strategy and Performance at Veitur and Project Manager for Iceland's new health policy (2018–2020). Harpa also worked at Actavis for nearly 15 years, mostly in management positions in human resources and organisational development.



Stefán Pétursson

Board Member

Stefán is a business graduate from the University of Iceland and holds an MBA from Babson College in Boston.
He is the CFO of the pharmaceutical development company EpiEndo Pharmaceuticals and has decades of experience in the energy and financial sectors. Stefán previously held management positions at Landsvirkjun and served as CFO of Arion Bank for several years. He has also served on the boards of numerous companies and institutions.



Ruth Elfarsdóttir

Board Member

Ruth is a business graduate with an M.Sc. in Management and Strategic Planning from the University of Iceland. She is the Managing Director of the Finance Division at Sensa by Crayon and has over 30 years of experience in financial and operational management. Ruth previously held management positions at The Icelandic Road and Coastal Administration (IRCAM) and Alcoa Fjarðaál and has also worked at Samskip and Skeljungur. She has completed a certified board member programme at the University of Iceland.



Kristján Arinbjarnar

Board Member

Kristján is an engineer (UI 1984) and Civ. Ing. (DTU 1986) with over 35 years of experience in design, consulting and construction, including as Managing Director at ÍAV (2000–2024).
He has been self-employed since 2024 and specialises in project management, strategic planning and cost control. In addition, Kristján has taught at the UI and served on the boards of various professional associations.

Executive Team



Ragna Árnadóttir

CEO

Ragna is a qualified lawyer with a law degree from the University of Iceland and an LL.M. in European Law from Lund University. She has extensive experience in public administration, government, and the energy sector. Ragna previously served as Secretary-General of Alþingi, the Icelandic Parliament, and held the positions of Minister of Justice and Ecclesiastical Affairs and later Minister of Justice and Human Rights. She also served as Deputy CEO of Landsvirkjun for eight years. In addition to these roles, she has held numerous positions of trust and responsibility throughout her career.



Nils Gústavsson

Executive VP of Assets and Operations

Nils holds a master's degree in electrical engineering from the Technical University of Denmark. He began his career at Landsnet as Head of System Operations before being appointed Executive Vice President of Assets and Operations. Prior to joining Landsnet, he served as Head of the Control Centre at Landsvirkjun.



Guðlaug Sigurðardóttir

Executive VP of Finance and Performance

Guðlaug holds a degree in Business Administration from the University of Iceland and has served as CFO at Landsnet since 2008. Prior to joining Landsnet, she held CFO positions within municipal administration and the seafood industry. Guðlaug also serves as Deputy CEO and is a board member of Samorka.



Þorvaldur Jacobsen

Executive VP of System Operations

Þorvaldur holds a BSc in Electrical Engineering and Computer Science from the University of Iceland and a master's degree from the University of Texas. Prior to assuming his current role, he held several management positions and has served on the boards of organisations including the Association of Chartered Engineers in Iceland and Landsbankinn.



Guðný Björg Hauksdóttir

Executive VP of HR and Improvement

Guðný holds a BA in Political Science and a diploma in Human Resource Management from the University of Iceland. She has 18 years of experience in the aluminium industry, including as Executive Vice President of Health, Safety and Human Resources at Fjarðaál and as Human Resources Manager at Norðurál.



Jóhannes Þorleiksson

Executive VP of IT and Technology

Jóhannes holds an MSc in Power Engineering and has extensive consulting experience in electricity, system analysis, and security. He previously served as the Head of the Electric Utility at Veitur and as the Managing Director of Norconsult in Iceland.



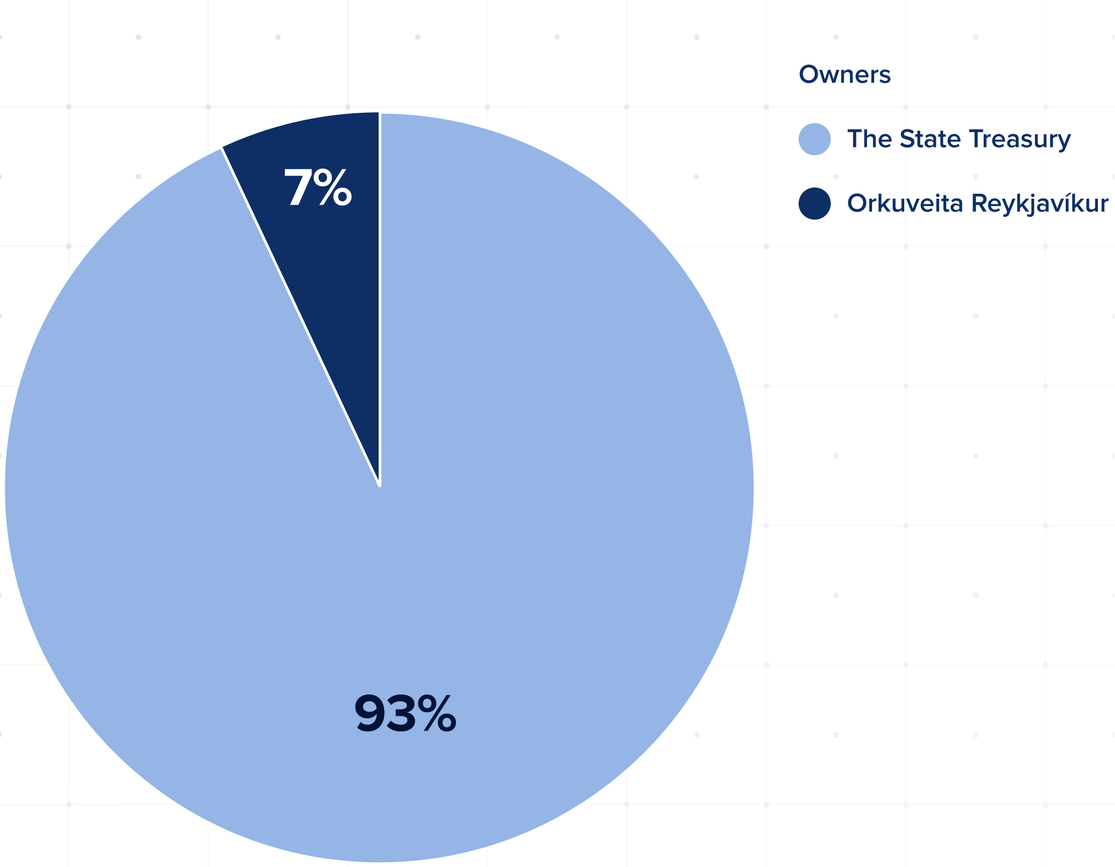
Svandís Hlín Karlsdóttir

Executive VP of Business and System Development

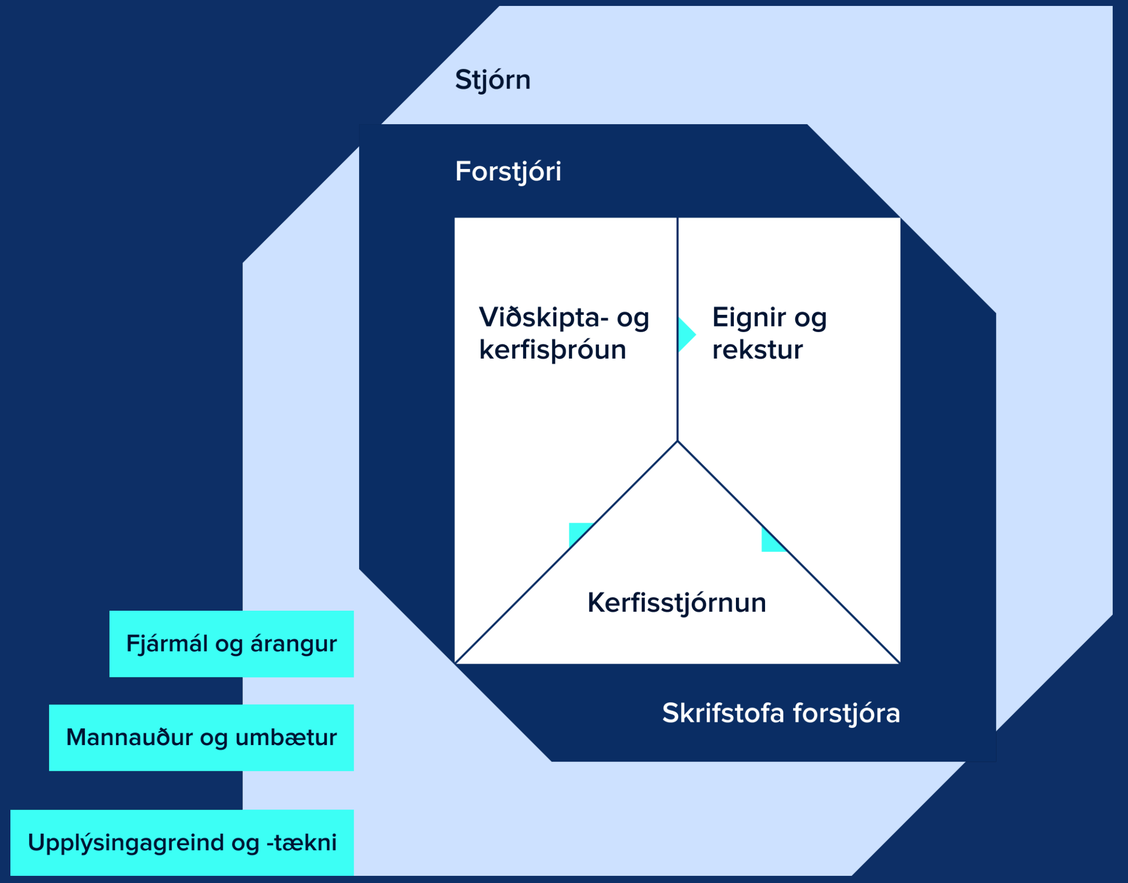
Svandís holds a master's degree in industrial engineering from the University of Iceland and has also studied at KTH Royal Institute of Technology. She began her career at Landsnet as a specialist, was appointed Head of Business Development, and subsequently assumed her current role. She has also served on the boards of the Iceland Energy Cluster and Women in Energy Iceland.

Owners

Landsnet is a limited company owned by the State Treasury and Orkuveita Reykjavíkur and began operations at the beginning of 2005. The company operates under a special licence and is subject to the supervision of the National Energy Authority, which sets the revenue cap that underpins tariffs.



The organisational chart shows the allocation of tasks. and responsibilities during the period.



GOV-1

Governance and its role in sustainability

The Board of Directors is responsible for ensuring that sustainability is an integral part of the company's operations. The sustainability steering group's responsible party regularly informs the Executive Board and the Board of Directors on the status and progress of sustainability matters. The CEO is responsible for approving and reviewing the sustainability policy and ensuring it aligns with government policy and international requirements.

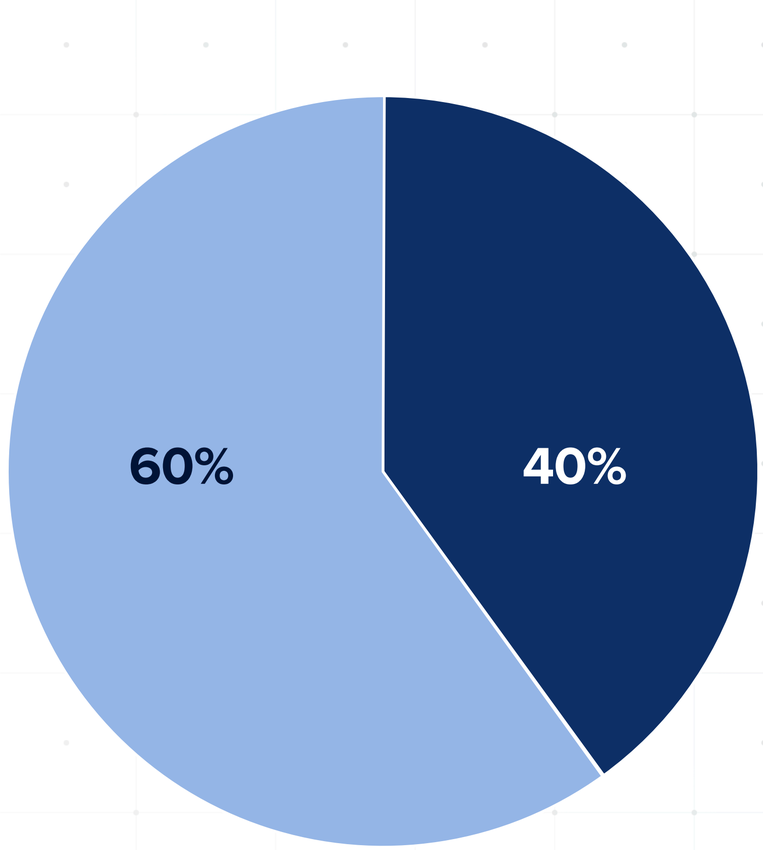
Sustainability measure monitoring is ensured through internal and external audits, where performance is assessed based on defined metrics. Sustainability reporting is part of the regular information provided to the Board of Directors and the Executive Board, and the results are used to further improve and develop the sustainability policy and measures. This systematic approach ensures that sustainability remains embedded in the company's strategy and day-to-day operations.

With a new Board of Directors and a new CEO, Landsnet is currently undertaking a company-wide strategy development process across all areas and departments. The work formally began with a staff development day on the 2nd of October 2025, during which all employees were invited to share their views on future priorities. Sustainability featured prominently in discussions on the company's future direction.

Landsnet's Board of Directors is responsible for strategy development and major decisions between shareholders' meetings, as set out, among other things, in the Board's rules of procedure. The Board oversees the company's affairs and ensures that its governance and operations are conducted in a sound and effective manner. The Board appoints the CEO, who is responsible for the company's day-to-day operations. Ragna Árnadóttir was appointed CEO of Landsnet in the summer of 2025, succeeding Guðmundur Ingi Ásmundsson, who retired after a long and successful career.
A new Board of Directors took office in the spring of 2025. Board members were nominated by a nomination committee appointed on behalf of the Ministry of Finance and Economic Affairs, based on the candidates' qualifications and experience. Landsnet employees do not have a representative on the company's Board of Directors.

The Board consists of five individuals, three men and two women, and two alternates. The Board thus meets the Companies Act requirement that the proportion of each gender shall not be less than 40%.

Gender ratio on the Board



GOV-2

Incentive payments in connection with sustainability performance

Incentive payments linked to performance or sustainability targets are not part of the company's remuneration structure. We have set clear targets for reducing greenhouse gas emissions and have implemented measures to address the impact of climate change on our operations and infrastructure.

Employees are encouraged to use transport grants when travelling to and from work in an environmentally friendly way, with the aim of reducing Scope 3 emissions. The grant is awarded to those who travel on foot, by bicycle, by public transport or in electric cars to reduce Scope 3 emissions. In this way, we link sustainability to incentives and reduce emissions.

Employee uptake of the transport grant increased during the year, with 78 employees benefiting from the scheme.





Svandís Hlín Karlsdóttir

Executive VP of Business and System Development

> The year was characterised by an emphasis on efficiency and continuous development, with systematic efforts to improve business solutions and systems. Close collaboration with other divisions contributed to better processes and more informed decision-making.

APR 2025

In other news



10.04.2025

A strong transmission system is a prerequisite for energy security

Our System Plan has now entered the consultation process. It is one of our most important policy documents, in which we set out the course for the development of the electricity system over the coming years and review the projects that lie ahead.



22.04.2025

How do we ensure the nation's competitiveness?

Iceland's competitiveness has long rested on a solid foundation: constant access to reliable, environmentally friendly and affordable electricity. In this context, the electricity transmission system plays a key role. It forms the backbone of the nation’s economy and is the infrastructure that keeps society running. Landsnet, the company responsible for operating the transmission system, is now celebrating its 20th anniversary.



29.04.2025

Presentation of the System Plan has begun – secure electricity for all

Landsnet has launched the presentation of the new System Plan for 2025–2034, with the first public meeting taking place in Egilsstaðir today. The System Plan sets out the company’s vision for the responsible development of Iceland’s electricity transmission system to meet growing energy demand and support the energy transition.



29.04.2025

Numerous projects ahead in South Iceland

At a stakeholder meeting in Selfoss today, Landsnet presented the new System Plan and the planned projects in South Iceland that form part of the 2025–2034 planning period. Significant development is planned in the coming years to support increased power generation, strengthen the transmission system, and respond to rapidly growing industrial demand in the region.

GOV-3

Statement on due diligence

Principal sustainability risks have been assessed using a double materiality analysis. An interdisciplinary group from the company's operations conducted the analysis and assessed the principal risks.

The analysis was carried out in 2023, but reviewing and analysing material factors and changes in the international environment provided opportunities to reassess sustainability risks. Each sustainability risk is discussed in more detail in the specified sections of the table.



Sustainability risks	Location in the annual and sustainability report
Response to and mapping of climate risks to the company's operations, as well as the entire management system	ESRS 2 E1
Assessment of the environmental impact of projects	E1 E4
Well-being, working environment and safety of employees and contractors	S1 S2 G1
Ensuring reliability in the value chain's operations	ESRS 2 S2 G1
Communication and regular surveys with stakeholders	ESRS 2 S4
Responsible business conduct in the company's operations	ESRS 2 G1
Certified management system and external audits	ESRS 2 G1

GOV-4

Risk management and management systems related to sustainability reporting

Risk management is part of our management system and is used to ensure effective, responsible and continuous operations. The emphasis is on supporting Landsnet's core role: providing an efficient, secure, and uninterrupted electricity supply. Maintaining a sound financial position also remains a key priority.

The implementation of risk management is based on the principles and guidelines of international standards. Managers and key personnel identify both financial and non-financial risks and assess their significance. Following identification, risks are classified, assessed and managed.

Sustainability risks, which include environmental, social, and governance factors, are actively managed. The assessment of sustainability risks is part of the company's general risk assessment and will continue to be managed in the coming years.

During the year, response plans were tested in connection with two volcanic eruptions in Reykjanes and due to bad weather and icing on lines in East Iceland and the Westfjords.

Further discussion on maintenance and repairs can be found in the chapter on major projects.

Changes in the external and internal environments place increasing demands on operations, so clear objectives and the maintenance of the management system are important for ensuring continuous and secure operations.

Our certified management system supports continuous improvement, operational efficiency, effective risk management, and a strong foundation for sustainable growth and public confidence.

We operate according to a certified integrated management system, in accordance with international ISO standards, ISO 9001, 14001, 27001 and 45001, as well as the equal pay standard ÍST 85:2012 and RÖSK.

Regular monitoring through external and internal audits is necessary to work towards continuous improvement and to maintain certification, ensuring that controlled processes are fully followed in accordance with documented procedures, thereby increasing efficiency and reducing waste.



GOV-4

Priorities 2025: The Management System

Change management training was prioritised to support continued improvement. Work was also undertaken to strengthen procedures for controlled processes within the quality management system and to ensure all registered procedures are properly documented.

Particular emphasis was placed on assessing the potential impact of climate change on the management system, while work continued on climate-related risk assessments for the company's infrastructure.

The company's carbon accounting was refined and more clearly defined at the asset level. Environmental induction training for new employees was also enhanced, with increased emphasis on sustainability.

Further breakdown of internal audits:

19 audits of ISO 9001, 45001 og 14001

1 audit of ÍST85

8 audit of ISO 27001

28 Internal audits

11 Site audits

99 Number of improvement projects

91% Published quality documents

23% Number of suggestions

2025 Maintenance certification

During the year, we based our security focus on four main pillars:

The security culture was strengthened through targeted training, regular root cause analyses, and the implementation of new tools based on the HOP methodology to support the company's zero-accident policy.

Physical security management was tightened, including through the renewal of CCTV systems, stricter access control, more secure locks, evacuation drills, and improved procedures.

Cybersecurity and infrastructure protection were better integrated with physical security in light of the changing security situation, with an emphasis on the NIS2 Directive, robust response plans, and cooperation with the National Security Council, CERT-IS, and the government.

The safety of employees and contractors in the field was enhanced through increased training, clearer procedures, and greater security personnel presence and supervision during daily operations.

bsi

ISO 9001 Quality Management Systems CERTIFIED

ISO 14001 Environmental Management CERTIFIED

ISO/IEC 27001 Information Security Management CERTIFIED

ISO 45001 Occupational Health and Safety Management CERTIFIED

ÍST 85:2012 Equal Wage Management System CERTIFIED

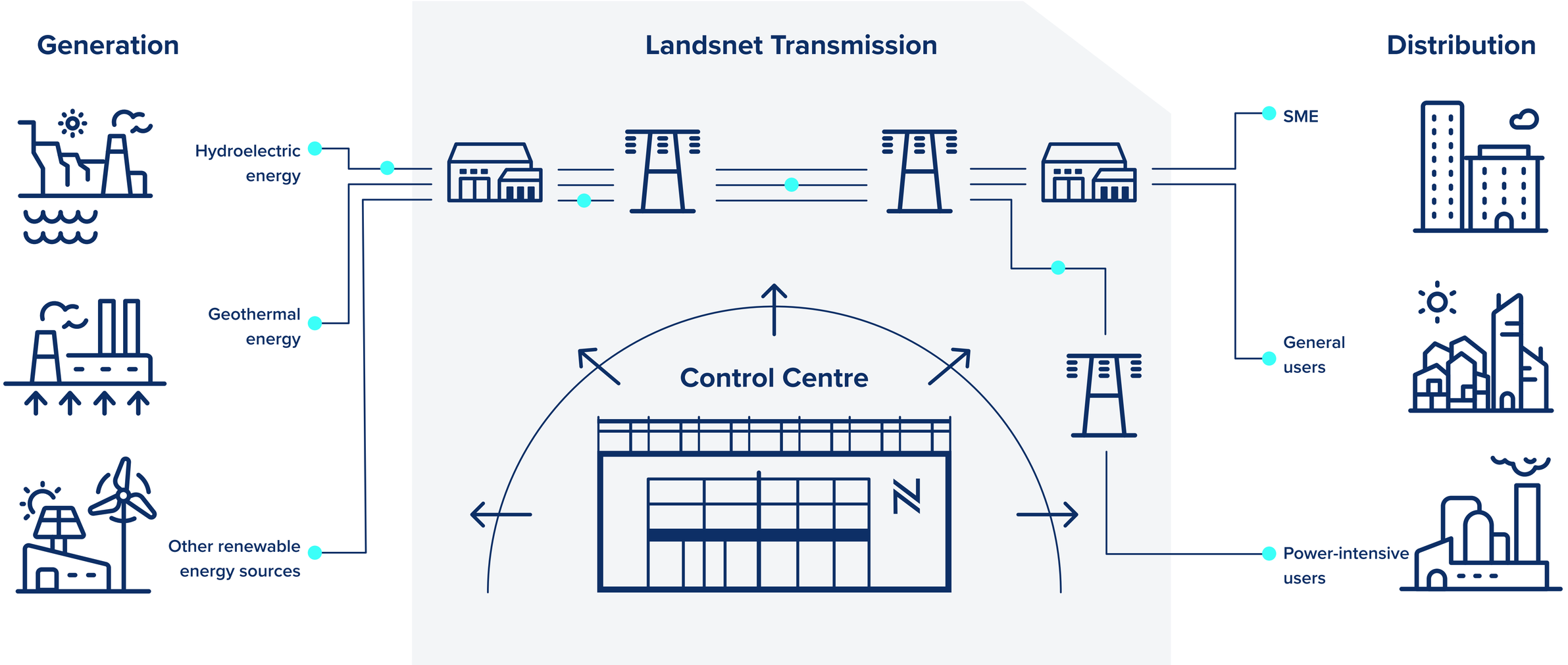
SBM-1

Strategy, business model and value chain

Our role at Landsnet is to ensure the cost-effective development and operation of the electricity transmission system. A secure and uninterrupted electricity supply is one of the cornerstones of modern society. Landsnet is a limited company that handles the transmission of electricity and the management of the power system in accordance with Act No. 75/2004 on the establishment of the company.

We operate under the supervision of the Electricity Regulatory Authority, which, according to Article 12 of the Electricity Act, is also responsible for determining our revenue cap.

The revenue cap is determined in advance for five years at a time, for transmission to large-scale users and for distribution system operators. The tariff for electricity transmission is based on the revenue cap and forecasts for electricity transmission and power demand. Users are charged a fee for electricity lost in the system and for services related to system management.



MAÍ
2025

In other news



05.05.2025

When electricity is no longer a given

The state of Iceland's electricity system has seldom been as fragile as it is now. According to a new analysis by Landsnet, System Balance 2025, we are facing a development where energy shortages will no longer be a theoretical problem in forecast models but a real challenge that could affect all users of the system.



08.05.2025

The future of electricity transmission in Ísafjörður

On 7 May, we held a meeting in Ísafjörður to present the Transmission System Plan 2025–2034. The meeting was part of a series of meetings focused on dialogue with local people about the development of the electricity transmission system, the energy transition, and future challenges.



14.05.2025

The transmission system of the future presented at a meeting in Reykjavík

The last meeting in Landsnet's series on the transmission system of the future took place this morning at Vox Club at the Hilton Reykjavík Nordica.



21.05.2025

A historic day in the sun – the first pylon for Suðurnesjalína Line 2 has been erected

This morning, the first of 86 pylons for Suðurnesjalína Line 2 was erected, marking a milestone in the project.

14.05.2025

Transmission System Plan presented in Akureyri

A presentation meeting on the draft of a new Transmission System Plan took place in Akureyri on 8 May, as part of an ongoing series of meetings.

The meeting was well attended, and a lively discussion ensued about important projects in North Iceland and the future of the transmission system.

Strategy formulation

A new strategy is being formulated and will be presented in the first half of 2026

The strategy is reflected in strategic priorities that will serve as a guiding light in our operations until the new strategy takes effect.

The current strategy, titled “An Electrified Future in Tune with Society”, reflects the growing importance of a secure and reliable electricity supply for modern societies.

We enable value delivery through:

Human resources and culture

Each of us plays an important part in driving Landsnet’s continued success and future growth.

We build trust and encourage constructive discussion. We take responsibility and are good role models.

We pay attention to safety and mental and social well-being.

We cooperate constructively and with integrity. We develop and grow as people and strive to achieve our common goals.

Working methods and approach

We put the customer first by emphasising commercial approaches across all our projects and considering the value we deliver.

By emphasising sustainability in our operations, we reduce waste and minimise our environmental impact. We support the circular economy by making better use of resources and using less.

With the best solutions, we take into account all necessary factors and meet all requirements and constraints.

Landsnet's strategy. A new strategy is being developed and will be presented in 2026.

We deliver value through:

A solid foundation: Optimising paths to value creation

- An economical and reliable transmission system
- Responsible operations, investments, financing and sustainability

Innovation: New methods to deal with changing times

- Data-driven service based on real-time information
- An active energy market and transparent trading and pricing

Value delivered through:

- Customer-oriented service
- Speed
- Security of supply
- An economical price
- Transparency in energy prices
- Sustainability

Customers

To measure success, the following key objectives are regularly reviewed at Executive Board meetings.

L1

Increased access

Increased access: Customers have a sufficient amount of electricity of the right quality

L2

Reduction in transmission costs

Faster connections, lower lifetime costs and increased efficiency

L3

Reduction in transmission costs

Has a key impact on performance and employee well-being

L4

Customer satisfaction

Over 90% of customers are satisfied with the service

L5

Good profitability

To achieve at least the return on investment set in the revenue cap

L6

Zero accidents

No lost-time accidents or serious accidents

L7

Carbon neutrality

Follow up on climate objectives

L8

Good security of supply

No power outages, and electricity meets quality requirements

The value chain for the transmission system shows how value is created throughout the system's operations, from procurement and infrastructure to the delivery of electricity and services to users. It is a key tool for analysing the system's impact on the environment, society, governance and the economy, ensuring that sustainability is integrated into every step.

The figure shows the value created by the operations, which are divided into secure energy supply, the country's competitiveness through cost-effective operations and tariffs, and the economic growth that access to energy brings to society. Finally, Landsnet creates value for the ecosystem by minimising its impact during the construction and maintenance of the transmission system.

Through our procurement policy, supplier assessment, and contracting, we manage the part of the value chain related to our core business: the construction of new transmission infrastructure, the operation and maintenance of the transmission system, and the control of the power system.

In the context of the value chain, Landsnet considers all parties affected by its operations, including customers, distribution system operators, power producers, and large-scale users. The value chain also extends to Icelandic society as a whole, which depends on the secure operation of the power system and the reliable delivery of electricity to distribution system operators.

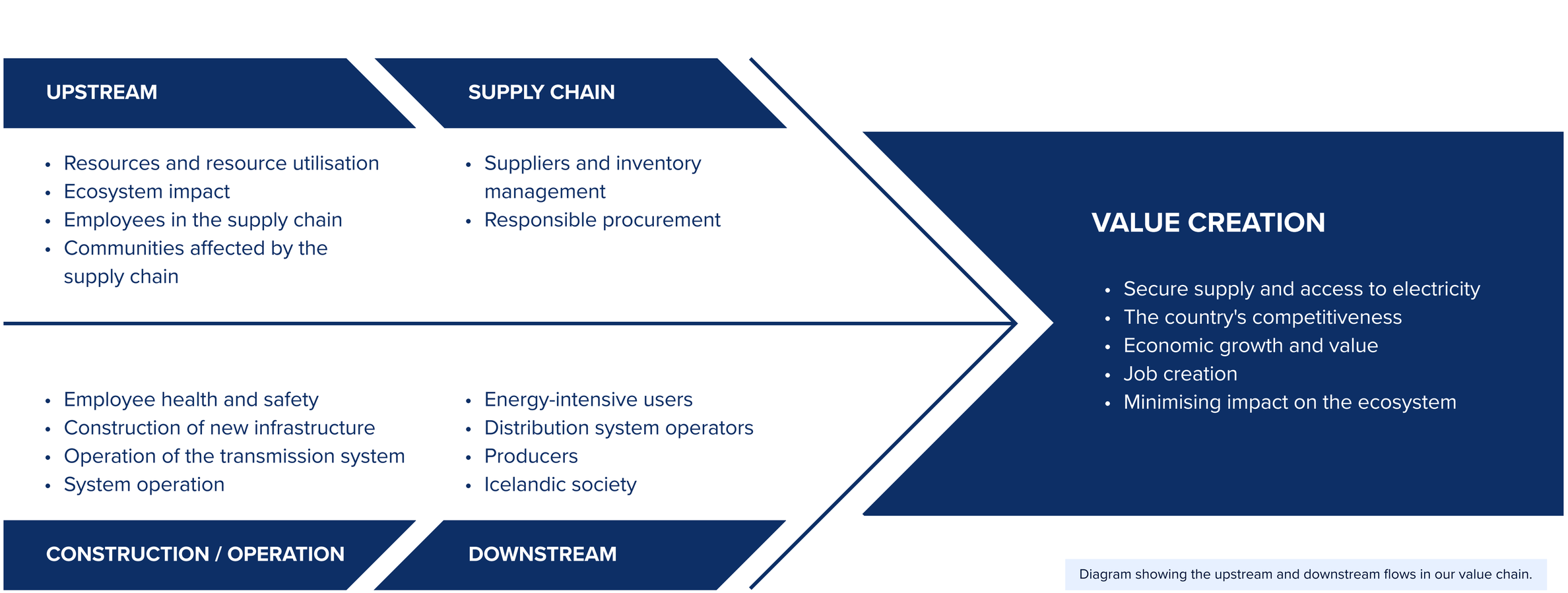


Diagram showing the upstream and downstream flows in our value chain.

SBM-2

Stakeholder communication and expectations

We have conducted a communication and stakeholder analysis, mapping both internal and external stakeholders. The aim of the analysis is to build trust and increase mutual understanding through regular dialogue and communication with stakeholders.

Our main stakeholders, both internal and external, are assessed annually based on the impact they have on our operations and the likelihood of that impact materialising. Their satisfaction and communication are reviewed, and actions are outlined to manage risk.

In addition, a so-called stakeholder map is reviewed annually with the CEO and the executive board, highlighting stakeholders who have a significant impact and need careful consideration to ensure trust and satisfaction.

Stakeholders were also mapped as part of a double materiality assessment. A portion of them were interviewed about our material topics, aligned with the focus of the CSRD regulation.

The aim was to gain a better understanding of how stakeholders are affected by our operations and how their relationship with the company relates to our sustainability priorities.

The interviewees' results were used in our double materiality assessment, which will be described in chapter IRO-1.

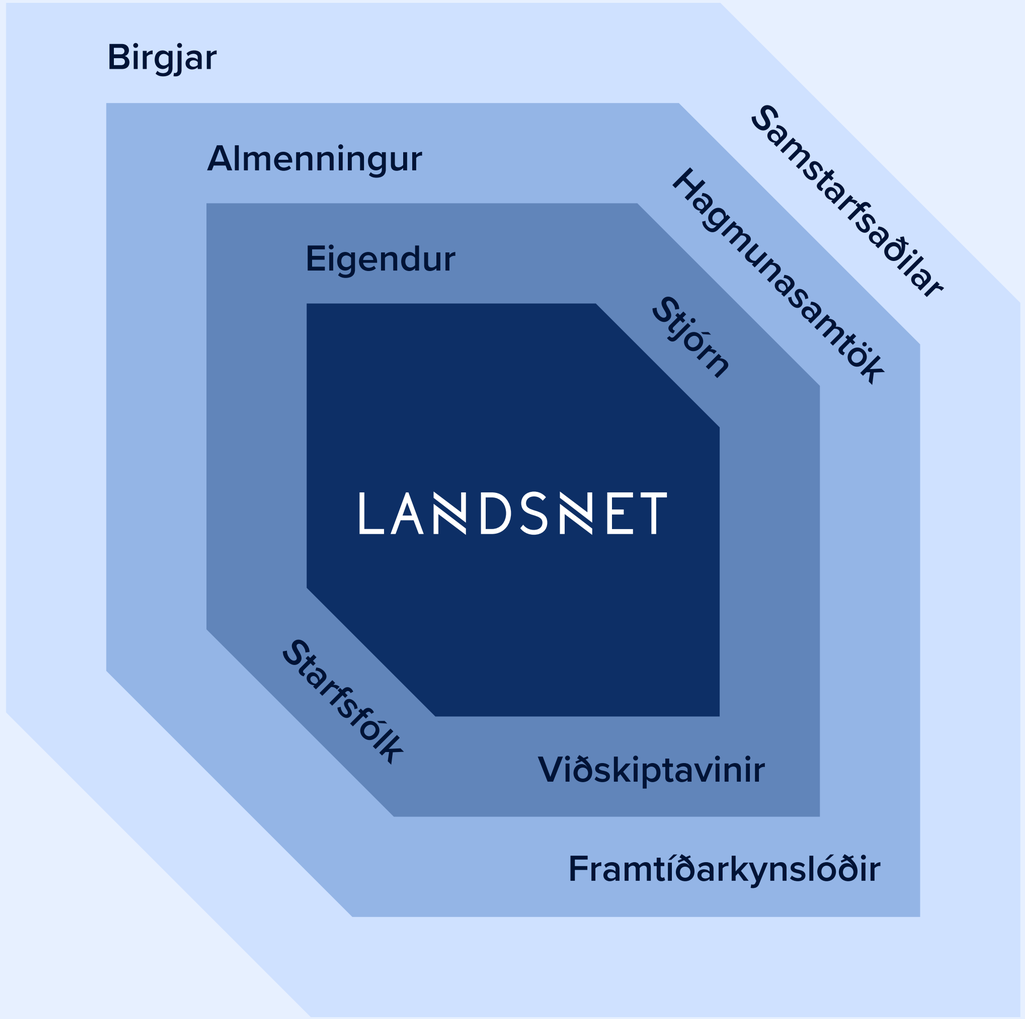
A customer survey was conducted to assess customer satisfaction with the company's communication and service. For more details on the survey and its results, please refer to chapter S4-2.

In connection with the formulation of a new strategy, which is currently underway, half of the company's customers have been interviewed. The results of these conversations will be used to formulate the new strategy.

The material topics that the interviewees considered to be the most important were:

1. **Development and maintenance of nationally important infrastructure**
2. **Communication with the local community**
3. **Contribution to climate change and adaptation measures**
4. **Construction in harmony with the environment and nature**

Landsnet's Stakeholders Based on a Materiality Assessment



Plans for the development of the electricity transmission system are set out in a system plan, in which projects are assessed based on various factors, including the impact on customers, the environment, and the local community.

The development of the electricity system and necessary improvements have, in some cases, been delayed in recent years. In this context, we have identified licensing-related risks. The preparation and construction process is extensive and time-consuming, and the production of components and their delivery for construction can take a long time. In the licensing process, the right to appeal is open until a construction permit has been issued.

Municipalities issue construction permits for one year at a time, and therefore, such a permit is not applied for until the construction period is about to begin.

Prosperity is an important factor and reflects our role within society, where the development and maintenance of the electricity transmission system are cornerstones of the economy and society. Our operational and financial resilience is a key dimension of our materiality assessment.

Emphasis is placed on social factors through the promotion of an ambitious and positive corporate culture. We ensure the rights of staff and service providers with a special focus on working conditions, health and safety, and appropriate terms.

In governance, the emphasis is on good working practices, ethics, integrity, transparency and responsibility. These factors contribute to trust in the company and an understanding of our role and purpose.

In recent years, we have placed great emphasis on social factors and governance in the value chain, including through an updated supplier assessment. We have formulated a policy and processes with a supplier assessment that ensure fair working practices, compliance with international standards and active stakeholder participation to promote the fair treatment of employees in the value chain.

Work on a risk assessment for climate risks related to our structures, i.e. substations, high-voltage lines and underground cables, based on scenario analysis, was completed during the year. The risk assessment was used as a basis for assessing climate risks across our entire management system, and that work was carried out during the year. The results and a more detailed discussion of the risk assessment can be found in chapter E1-2.

Summary of previous materiality assessment

Environmental matters

The environment is the factor that carries the most weight in our materiality assessment. We can influence it both by reducing our own emissions and, just as importantly, by promoting the responsible and secure distribution of renewable energy.

Prosperity

Prosperity factors reflect our importance in relation to our role in society, as the development and maintenance of the electricity transmission system are cornerstones of the country's economy and society. This includes our operational and financial resilience, as a solid framework for the company is a key factor when assessing its materiality.

Social factors

In terms of social factors, we emphasise an ambitious and positive corporate culture and work to ensure the rights of our employees and service providers, particularly regarding working conditions, health and safety, and appropriate terms. We emphasise working in harmony with society and the environment and promoting meaningful consultation with stakeholders.

Governance

Governance deals with good working practices, ethics, integrity, transparency and responsibility. These are all factors that contribute to trust in us and an understanding of the company's role and purpose.

IRO-1

Description of the process for identifying and assessing material topics using a double materiality assessment

In 2023, a sustainability steering group was established to support the implementation of the sustainability policy and standards. An important part of this implementation involves a materiality assessment. According to the European Union's European Sustainability Reporting Standards (ESRS), companies are required to conduct a double materiality assessment. For the assessment to be considered double, the risks and opportunities of each material topic must be evaluated, along with the financial and social impacts. Stakeholders must also be identified, engaged with, and an account given of how their views were taken into consideration.

An extensive dialogue took place regarding the material topics that were used as a basis, and they were adapted as needed. Workshops focused on identifying the most important topics in the operations, with an effort made to highlight only the most crucial ones. Finally, the weight of the topics was voted on.

Dialogues were held with customers, suppliers, employees, the executive board, owners, and the board of directors. Dialogue with stakeholders is the foundation for analysing the company's sustainability priorities. In 2025, we updated the double materiality assessment in light of the simplified ESRS standard, as stated in section BP-1. The updated assessment has a clearer link to the ESRS standard, as shown in the figure on the next page.



Social responsibility is important to us, and we emphasise participating in awareness campaigns that promote discussion and increased awareness of important social issues. During the year, we participated in, among others, Yellow Day, Pink Day, Moustache March, an awareness campaign against violence, and On Everyone's Lips.



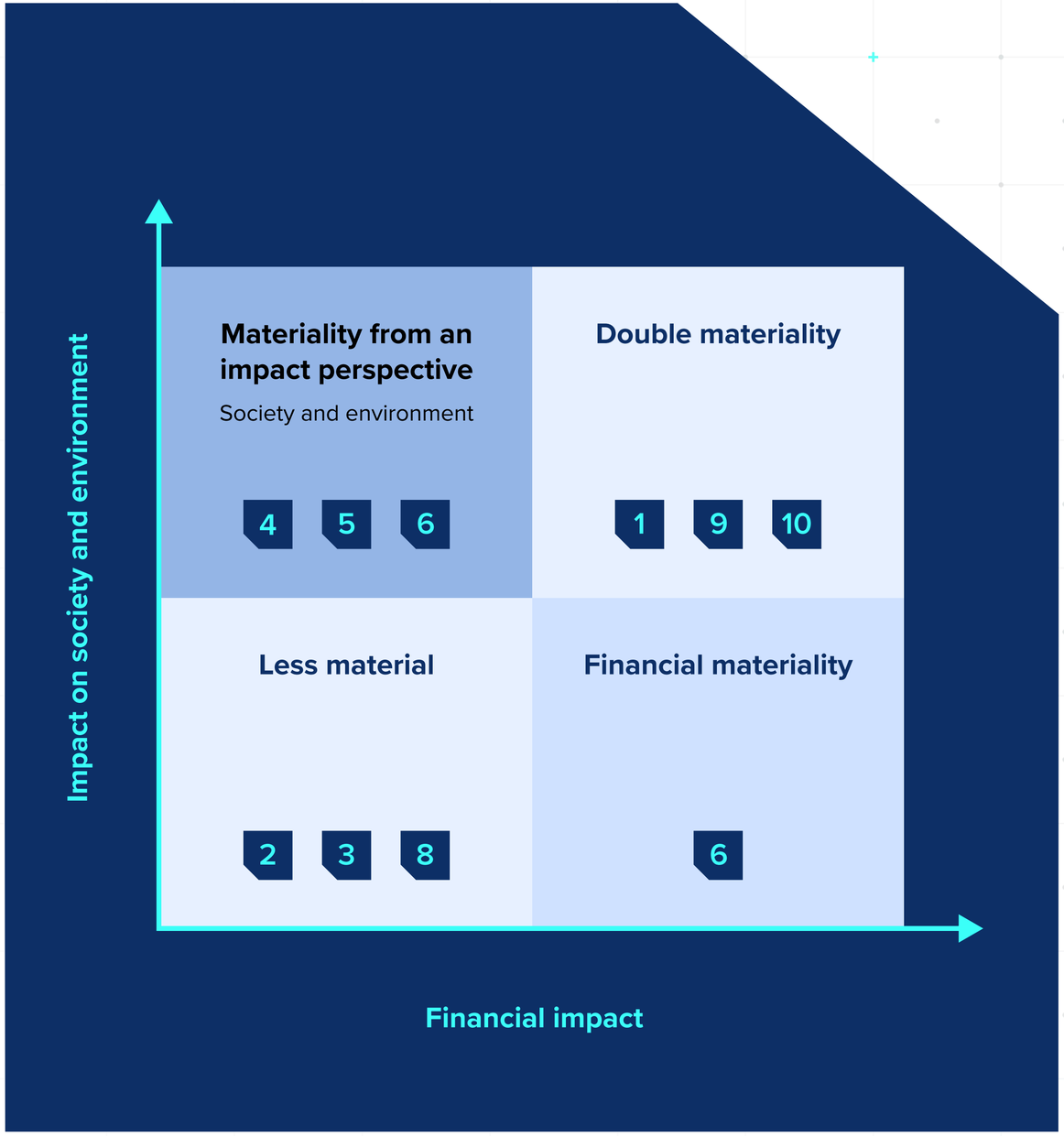


IRO-1

Double materiality assessment

The factors that had double materiality for us were climate change, customers and users of electricity, and governance. Human resources were assessed as material from a financial perspective, while biodiversity and ecosystems, circular economy and resource use, and workers in the value chain were factors assessed as material from a social and environmental impact perspective. Other factors were assessed as less material for us.

ENVIRONMENT	SOCIAL	GOVERNANCE
1 Climate change (E1)	6 Own Workforce (S1)	10 Governance (G1)
2 Pollution (E2)	7 Workers in the value chain (S2)	
3 Water (E3)	8 Impact on local communities (S3)	
4 Biodiversity and ecosystems (E4)	9 Customers and users of electricity (S4)	
5 Circular economy and resource use (E5)		



IRO-2

Impacts, risks and opportunities in the materiality analysis

In the materiality analysis, we have identified the main impacts, both positive and negative, as well as the risks and opportunities related to sustainability in our operations, on society and the environment. The company's sustainability policy aims to minimise the identified risks and to focus on opportunities related to sustainability challenges.

Positive impacts

We ensure the secure transmission of green energy, support the government's objectives in the energy transition and work towards reducing the use of fossil fuels. Through our sustainability policy and actions, we reduce emissions and promote a circular economy. By developing the electricity system in a way that minimises disruption to ecosystems, we contribute to security of supply and reduced environmental impact.

Negative impacts

Although we use renewable energy sources, system operations still lead to emissions, for example, due to transmission losses and the use of fossil fuels for energy production. This can negatively impact the company's sustainability policy and image. The construction of new structures can have an environmental impact on land use and biodiversity



Innovation, digital technology and smart solutions

We are in the process of implementing smart solutions in substations and digital technologies to maximise infrastructure utilisation and reduce environmental impact.

Reduction of emissions from backup power stations

We aim to reduce emissions from backup power stations by replacing fossil fuels with cleaner energy sources.

Consultation and communication with stakeholders

We place great emphasis on consultation with stakeholders to ensure social consensus on the development and construction of the transmission system.

We are working systematically to engage in active dialogue with municipalities, the business community, and the public to ensure that infrastructure development aligns with societal needs and environmental considerations.

Major projects

The year was characterised by extensive construction and preparation work throughout the country. New subsea cables were commissioned, new substations were built, and one of the longest underground cables in Landsnet's history was laid.

During the year, new substations at Breiðadalur in Önundarfjörður and at Vegamót on the Snæfellsnes peninsula were commissioned. The laying of a new underground cable for Kópaskerslína Line 1 was also completed, along with the corresponding modifications to the substation at Þeistareykir.

Towards the end of the year, the new Rimakotslína Line 2 was commissioned, along with a new underground cable connection from Hella down to Landeyjarsandur, and, from there, a new double subsea cable connection to Vestmannaeyjalínur Line 4 and 5 over to the Westman Islands. At the same time, modifications were made to the substations at Hella, Rimakot and in the Westman Islands. In addition, the project to connect the land-based aquaculture in Þorlákshöfn was completed during the year.

Projects in preparation

A great deal of work went into preparing projects that are subject to an environmental impact assessment. The environmental impact assessment for three projects was completed during the year, with an opinion from the National Planning Agency: in May for Holtavörðuheiðarlína Line 1, in August for Holtavörðuheiðarlína Line 3, and in November for Ísallína Lines 3 & 4.



10
Projects completed

11
Projects started

13
Projects in preparation

The development, maintenance and safe daily operation of infrastructure were at the forefront during the year. The collaboration and professionalism of the staff ensured the success of projects and the reliable operation of Landsnet, in all weathers and conditions.

Nils Gústavsson
Executive Vice President of Asset Management and Operations



During the year, preventive maintenance of high-voltage lines continued in line with recent years. Emphasis was placed on renewing equipment in the lines connecting the Westfjords and in the regional grid. This reduces the risk of unexpected failures due to deterioration, and such failures have decreased somewhat in recent years.

Considerable work was carried out on Svartsengislína Line 1 in connection with the volcanic unrest in the area. A new route for the line was designed around the lava flow area, and work on these changes has begun.

Data collected during drone inspections of lines is key data for maintenance plans. A special emphasis has been placed on drone inspections in recent years, and equipment has been increased and improved to best handle this aspect of operations.

In December, a significant ice storm swept across the country, causing several disruptions and failures in the line system. Nine pylons on Breiðadalslína Line 1 on Flatafjall, between Dýrafjörður and Arnarfjörður, were damaged. Due to the weather, repairs were quite difficult and therefore took longer than usual. In East Iceland, Seyðisfjarðarlína Line failed when pylons broke, and there was also a failure on Neskaupstaðarlína Line 1. In addition, ice had to be removed from the Kröflulínu lines in the Möðrudalsöræfi wilderness. A few days later, Mjólkárlína Line 1 failed due to wind and icing, and repairs on it were completed shortly before Christmas.

The Transmission System 2025

Underground and subsea cables

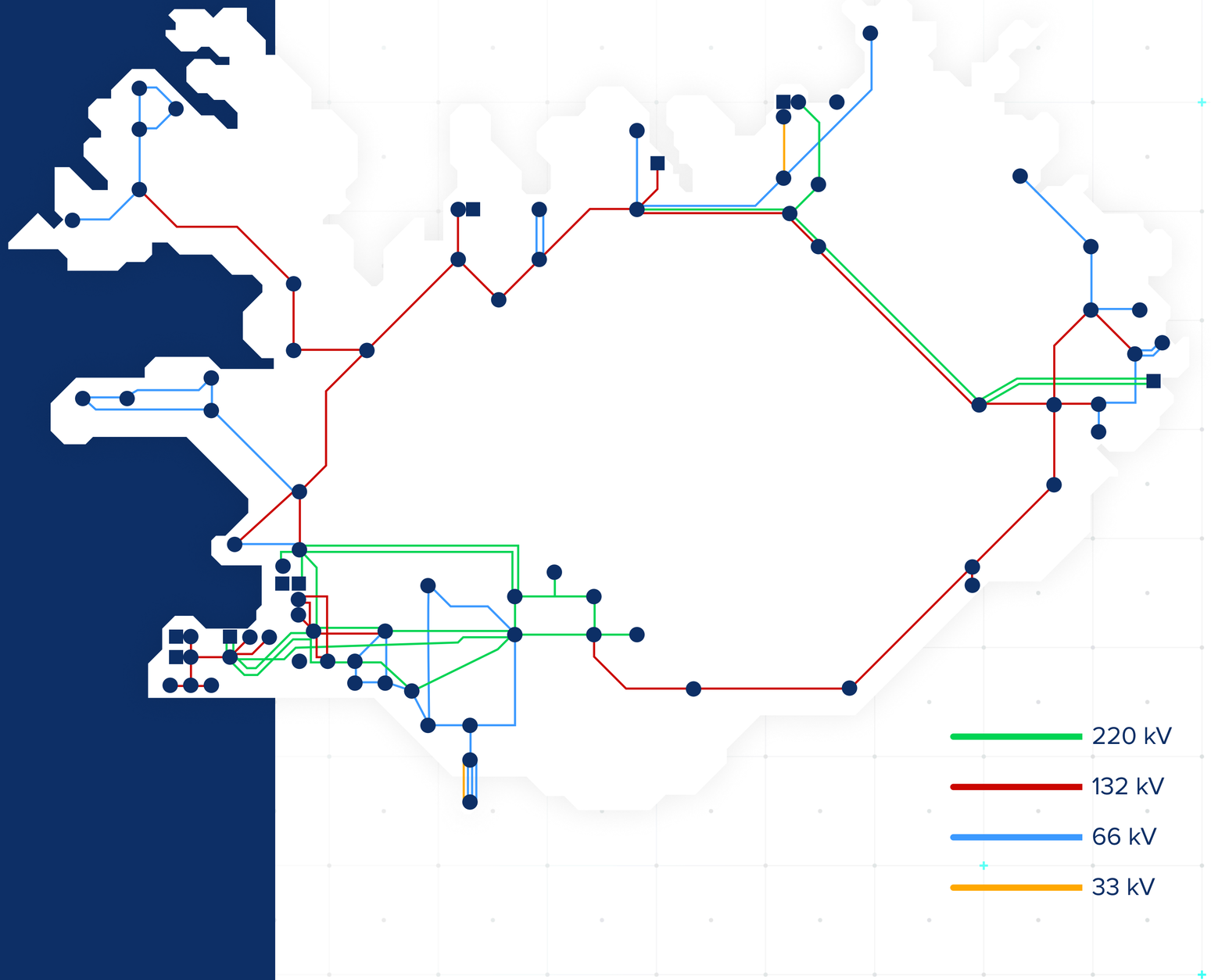
449 km

Overhead lines

3185 km

Substations

80



Construction and preparation

In preparation · In progress · Completed

The Southwest Corner

- Ísallines 3 & 4
- Suðurnesjalína Line 1 at Hamranes – underground cable
  Suðurnesjalína Line 2
  Substation at Njarðvíkurheiði
  Korpa Substation
  Hamranes Substation
  New data centre connections at Njarðvíkurheiði and Fitjar
- Fitjar Substation
  Reykjaneslína Line 1
  Suðurnesjalína Line 1 at Fitjar – underground cable
  Geitháls – new transformer

West Iceland

- Holtavörðuheiðarlína Line 1
- Klafastaðir Substation
- Vegamót Substation
  Brennimelur – new transformer

The Westfjords

- Hvalá Power Station connection
- Mjólkárlína Line 2 – underground and subsea cable
  Mjólká Substation
  Bíldudalur Substation
- Breiðadalur Substation

Projects and preparation

In preparation In progress Completed

North Iceland

Blanda Line 3
New substation at Blanda
Holtavörðuheiði Line 3

Dalvík Line 2 – cable
Dalvík – expansion
Substation at Rangárvellir – expansion

Kópasker Line 1 – cable
Þeistareykir – expansion

East Iceland

Hryggstekkur substation and changes to overhead lines

No projects in the area

No projects completed

South Iceland

Selfoss Line 1 at Írafoss – cable
Þorlákshöfn Line 2 – cable
Substation in Þorlákshöfn – expansion
Skarð substation (by Hvammsvirkjun power station) and changes to overhead lines

Sigalda substation and changes to overhead lines
Ferjufit substation (by Vaðölduver) and changes to overhead lines

Vestmannaeyjar Lines 4&5 – underground and subsea cable
Rimakot Line 2 – underground cable
Changes to substations in Vestmannaeyjar, Rimakot and at Hella
Connection for land-based aquaculture in Þorlákshöfn
Selfoss Line 1 at Selfoss – cable in the Ölfusá bridge construction area

JÚN 2025

In other news



02.06.2025

Transparency and trust in the electricity market

A bill to amend the Electricity Act is currently before the parliament (Althingi), addressing specific rules of conduct in electricity trading. If the bill becomes law, it will mark a milestone in the development of the electricity market in Iceland, as it would introduce rules prohibiting market abuse and insider dealing, an obligation to disclose inside information, and requirements for the registration of market participants. The rules are in many ways comparable to those already in force in financial markets.



16.06.2025

Comparison of environmental assessments and actual impact of projects

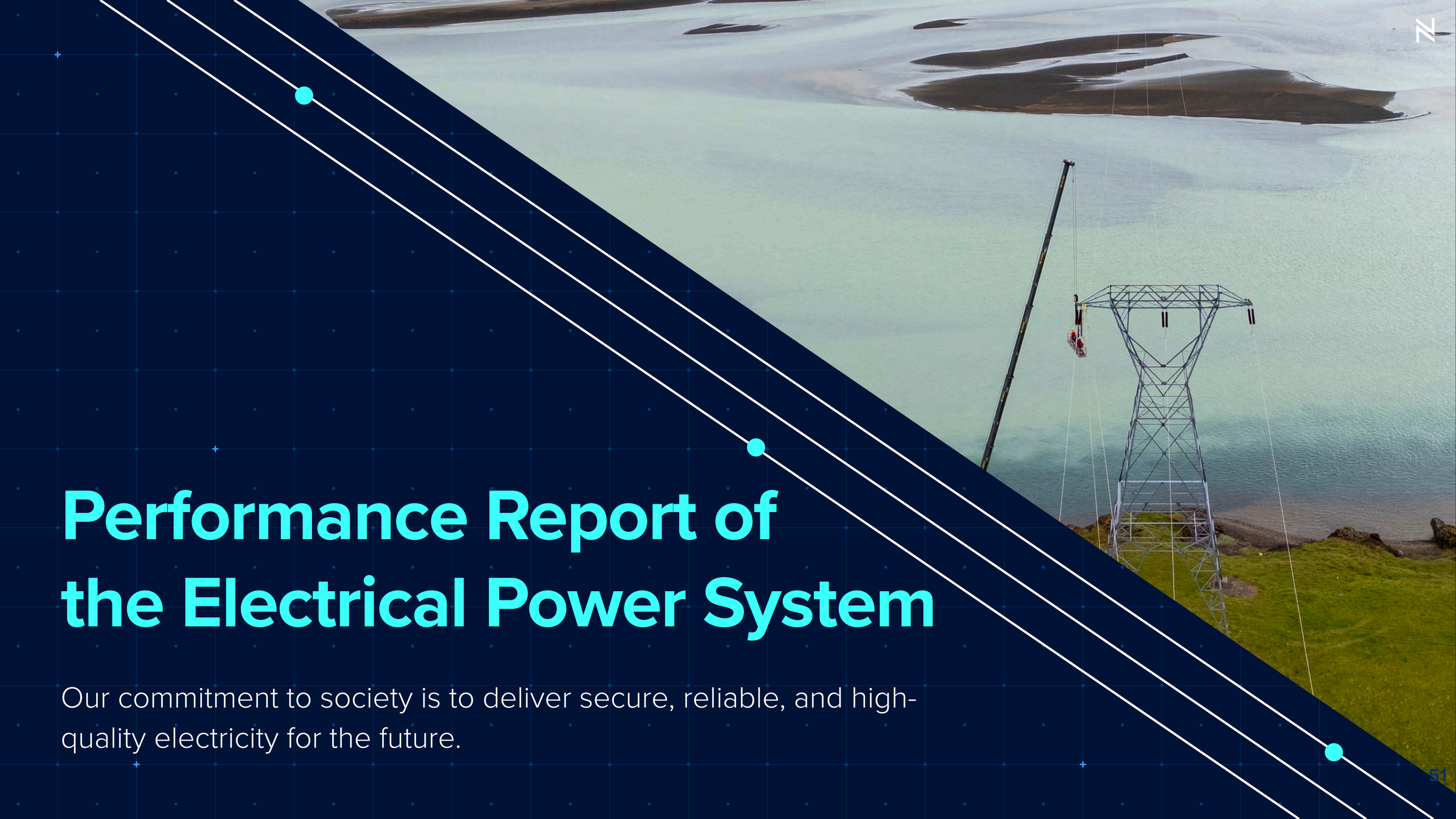
In recent months, we have been following up on the environmental assessments of projects with on-site measurements. The aim is to investigate whether the environmental impact of projects aligns with the predictions in the environmental assessment.



25.06.2025

Laying of new power cables to the Westman Islands has begun

The laying of two new power cables from Landeyjahöfn to the Westman Islands has begun. The work is being carried out by the Norwegian company Seaworks, which specialises in laying subsea power cables.



Performance Report of the Electrical Power System

Our commitment to society is to deliver secure, reliable, and high-quality electricity for the future.

Secure electricity

The performance report for the electricity system addresses the promise of “secure electricity, quality, and the long-term reliability of the transmission system.”

The report is based on Landsnet's obligations according to Regulation No. 1048/2004 on the quality of electricity and security of supply, as well as the company's internal targets. It is based on numerical data from the transmission system and interruption reports from 2016 to the last full year. All interruption reports are recorded in accordance with the rules of the working group on operational interruptions (START).

Key targets

Landsnet sets itself targets, which are approved by Orkustofnun (the National Energy Authority), for the following supply indices in accordance with Regulation No. 1048/2004:

1. Load interruption index (LII)
2. Average interruption duration index, power outage minutes (AID)
3. System minutes (SM)

Security of supply index Target 2025	Target	2025
Load interruption index (LII)	Under 0.85	0.55
Average interruption duration index, power outage	Under 50	20.10
System minutes (SM)	No interruption longer than 10 system minutes	0

The table compares the targets with the calculated indices. The targets and actual values are based on priority energy curtailment due to transmission system faults.

Key figures

Below are key figures from the operation of the transmission system.

The full performance report for the electricity system can be found on our website

17,885 GWh
Total feed-in to the transmission system

17,533 GWh
Total offtake from the transmission system

352 GWh
Transmission losses

2,270 MW
Highest power peak of feed-in

2,220 MW
Highest power peak of offtake

61
Number of disturbances

68
Number of faults

30
Number of unannounced disturbances causing curtailment of priority load

671 MWh
Total priority energy curtailment due to unannounced disturbances

1,667 MWh
Total energy curtailment to curtailable users due to unannounced disturbances

> Challenging conditions and growing demands from market participants shaped the year, where system operation played a key role in ensuring the stable and secure transmission of electricity. All security-of-supply targets were met during the year, but fossil fuel use for reserve power was higher than planned. The purchase of guarantees of origin for domestic use is growing, and a clear trend can be seen as heavy industry is now taking a much more active role.



Þorvaldur Jacobsen
Executive VP of System Operations

ESRS E1

Climate change

Our goal is to reduce the carbon footprint resulting from our operations. Our carbon neutrality policy aligns with the government's climate policy and is our contribution to keeping global warming below 1.5°C.



E1-1

Climate impact and transition plan

Our goal is to reduce the carbon footprint resulting from our operations. We have identified the factors that affect our carbon footprint and divided them into Scopes 1, 2, and 3, in accordance with the Greenhouse Gas Protocol standards. Our carbon neutrality policy aligns with the government's climate policy and supports efforts to keep global warming below 1.5°C.

We emphasise mapping the life cycle of all our operations, as it is important to have an overview and understanding of how the company's carbon footprint is generated. Efla Consulting Engineers has analysed and assessed the environmental impact of electricity transmission in the transmission system using the life cycle assessment methodology. The analysis is useful for our environmental management, eco-friendly design and procurement, information dissemination and as a basis for further analyses. Further information about the life cycle assessment can be found on our website.

A formal transition plan meeting the full disclosure requirements has not yet been adopted, and the timeline for doing so has not been determined. In the interim, our life cycle assessment provides the foundational data that would inform such a plan.

E1-2

We have identified the main impacts, both positive and negative, as well as the risks and opportunities related to sustainability in our operations. A double materiality assessment was carried out, where sustainability risks were identified and mapped, and they are part of our risk management.

Work is continuously underway to analyse risks and implement and develop processes to ensure that sustainability is part of the company's strategy, risk analysis, and investment decisions. A more detailed discussion can be found in section GOV-3.

Sustainability and environmental responsibility guide all our operations. Our goal is to ensure the secure and economical transmission of electricity, while minimising environmental impact. With a sustainability policy, ISO-certified management systems, an active quality control process and site inspections, we work systematically towards continuous improvements in environmental matters.

Climate change creates increased challenges for the operation and maintenance of the power system, due to factors such as icing, avalanches and weather.

We have identified climate risks and assessed their impact on structures and operations across three scenarios: the current situation, an optimistic scenario, and a pessimistic scenario.

The pessimistic scenario assumes up to 1.7°C of global warming, which is above the targets of the Paris Agreement. The scenario analysis for both the pessimistic and optimistic scenarios indicates that climate risks will generally not have a significant impact on operations. However, it is considered necessary to have response plans ready as adaptation measures for the substations in Eskifjörður and Neskaupstaður, as well as for the Hnappavellir and Bolungarvík 1 power lines.

Adaptation measures to respond to climate risk include, among other things, decisions on the choice of materials for lines and substations, the location of lines, the covering of substations and the relocation of underground cables due to land subsidence. The risk assessment of structures is an important factor in the future development of the transmission system and maintenance plans, and is also useful in work on environmental impact assessments and the future location of structures. The risk assessment is reviewed and revised regularly by our experts.

A risk assessment was carried out to evaluate the potential impact of climate change on the management system with regard to quality, environment, safety, and information security. The risk assessment was prompted by a management requirement regarding climate change in ISO standards.

A more detailed discussion can be found in section GOV-3.

The results indicate that climate change will generally not have a significant impact on operations. An exception, however, concerns quality: response plans are needed for specific structures as part of adaptation measures. This is consistent with the previous risk assessment of the climate risks to our structures.

We are collaborating with the Sustainability Institute and Forum (SIF) at Reykjavik University. Part of the collaboration involves supporting sustainability projects, and during the year we awarded substantial grants for research on three sustainability-related projects.

E1-3

Adaptation to climate change

Reference is made to previous discussions on risk assessments of climate risks to substations, high-voltage lines, and underground cables, and to the management systems for quality, safety, the environment, and information security in section E1-2.

The climate risks assessed as high impact are entered into the company's risk assessment register and monitored separately. The risk assessment is based on impact and likelihood on a heat map. Our risk criteria are classified into governance risk, financial risk, operational risk and hazard risk.

E1-4

Climate change policy

Climate issues are part of the sustainability policy and fall under the environment as one of the policy's main priorities. There, we commit to working systematically to reduce greenhouse gas emissions and to follow government policy on climate issues.

According to the policy, electricity matters are climate matters and play a key role in the energy transition by enabling the transmission of renewable electricity.



Our policy is to meet the long-term needs of the electricity market by developing a new generation of the transmission system based on environmentally friendly solutions. You can read more about the policy in section BP-1, and it applies to all staff and contractors in the value chain who work for us.

The policy is based on international criteria, laws, and standards, including the European Union's Corporate Sustainability Reporting Directive (CSRD), which is aligned with the ESRS standards, the United Nations Sustainable Development Goals, and ISO certifications.

The government's Master Plan classifies renewable electricity options into different categories, i.e., energy utilisation, on hold and protection. The design of the transmission system takes many factors into account, such as the Master Plan, security of supply, reliability, electricity quality, electricity market efficiency, cost-effectiveness, and environmental and ecological impact.

The investment plan includes projects that promote:

- The connection of new renewable electricity options
- Strengthening the current transmission system to minimise bottlenecks in the system that hinder the transmission of electricity between regions
- Connecting users to renewable electricity. In all these projects, consideration is also given to minimising transmission losses, for example, through the choice of voltage level and equipment.

E1-5

Actions in relation to climate change

In 2025, the Vestmannaeyjar cables 4 and 5 between Rimakot and the Westman Islands were commissioned, along with Rimakotslína Line 2 between Hella and Rimakot. The laying of the cables significantly increased the security of supply to the Islands.

We are also working to implement additional requirements in tenders to ensure project sustainability.

Preparations for projects and their environmental impact are being carried out in accordance with the Act on Environmental Assessment of Plans and Projects No. 111/2021 and Regulation No. 1382/2021, which is based on a European Union directive. The environmental impact of different options is assessed, including their impact on the climate and their sensitivity to climate change. These aspects are discussed in more detail in sections E4-1 and E4-2.

We have discussed the main objectives and actions in climate matters in sections E1-4 and E1-5, but they are also part of our sustainability policy. The climate accounts track metrics related to SF6 emissions, transmission losses, backup power, waste, and other emission factors.

We also measure and regularly monitor all emissions and the company's carbon footprint, which is also one of our key metrics. In 2025, nine environmental suggestions were registered, and 11 site visits were conducted in connection with the ISO management system, including ISO 14001.

Our objectives align with the aforementioned government policy and the Paris Agreement. We have explored how to achieve objectives with scientific validation (Science-based targets), but have not made a decision on such an approach.

Informative Friday continued during the year, and every Friday, Magni Pálsson shared knowledge about energy matters in the Friday educational snippet on Facebook, snippets that many found very interesting and were related to, among other things, climate issues.



E1-6

Objectives in relation to climate change

We have discussed the main objectives and actions in climate matters in sections E1-4 and E1-5, but they are also part of our sustainability policy. The climate accounts track metrics related to SF6 emissions, transmission losses, backup power, waste, and other emission factors.

We also measure and regularly monitor all emissions and the company's carbon footprint, which is also one of our key metrics. In 2025, nine environmental suggestions were registered, and 11 site visits were conducted in connection with the ISO management system, including ISO 14001.

E1-7

Energy consumption and energy mix

Landsnet's energy mix comprises three sources: fossil fuels, electricity, and hot water.

Total energy consumption is 11,370,457 kWh, which corresponds to 11,370 MWh. Of this, renewable energy (electricity and hot water) is 4,107,309 kWh (4,107 MWh), or 36% of total energy consumption. Energy obtained from fossil fuels corresponds to 7,263,149 kWh (7,263 MWh), or 64% of total energy consumption.



During the year, 14 episodes of the Landsnet podcast were aired, offering conversations, insights, and diverse content on energy matters, including interesting episodes about the energy transition and climate issues, under the name Orkuskiptaskólinn (The Energy Transition School).

E1-8

Greenhouse gas emissions

Greenhouse gas emissions from operations, based on Scopes 1, 2 and 3, were 7,645 tonnes of CO_2 equivalent, or 0.43 tonnes of CO_2 equivalent per GWh produced. In comparison, emissions were 6,123 tonnes of CO_2 equivalent in 2024.

The annual carbon footprint from operations is calculated according to the Greenhouse Gas Protocol methodology. The emission factors for the operations are analysed and classified into Scope 1 (direct emissions from operations) and Scopes 2 and 3 (the company's indirect emissions), as shown in the figure opposite.

The factors in the operations that contribute most to greenhouse gas emissions are sulphur hexafluoride (SF6) leakage (46%), an insulating agent in substation electrical equipment; transmission losses (30%); and the use of fuel for backup power generation (20%).

Together, these factors account for about 96% of the company's total emissions, as shown in the figure. Other emission factors have much less weight. Direct greenhouse gas emissions from operations (Scope 1) were 5,275 tonnes of CO_2 equivalent in 2025.

The main reason for these emissions is SF6 leakage from substations in Blanda and Búrfell,

Definition of direct and indirect impacts based on the Greenhouse Gas Protocol

which amounted to over 3,500 tonnes of CO_2 equivalent in 2025, an increase of 138% compared to 2024.

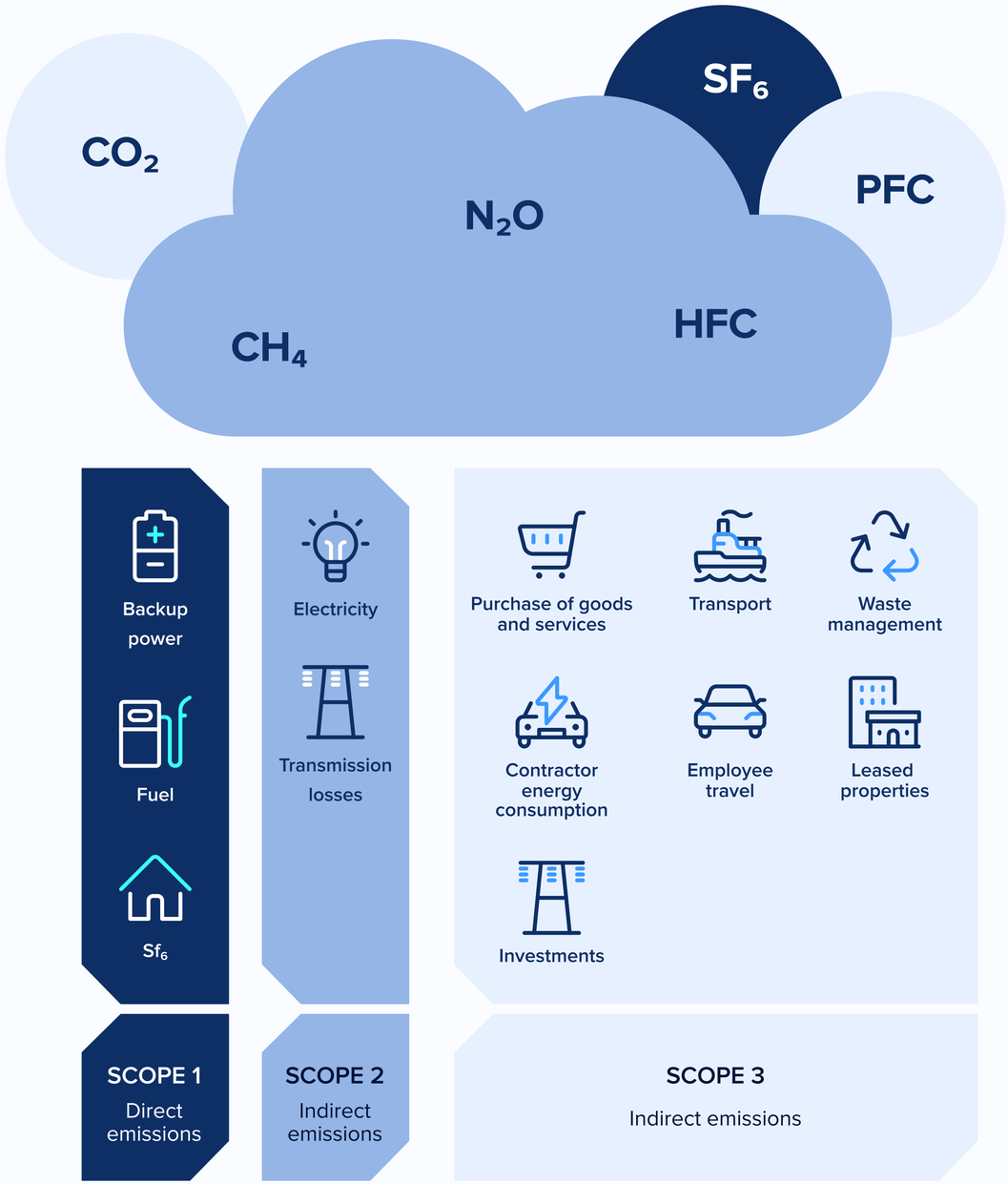
Old equipment is regularly being replaced with new, and all equipment purchased today has continuous monitoring equipment for SF6 gas. In addition, our newest substation uses so-called green gas.

In Scope 1, the use of backup power also weighs heavily in emissions, and it can vary greatly from year to year.

Greenhouse gas emissions from backup power use exceeded 1,400 tonnes of CO_2 equivalent, a 46% increase from 2024.

The increase can be attributed to increased use of backup power in Bolungarvík due to faults on the Breiðdalur line. Mobile backup power generators were also used in connection with volcanic eruptions in Reykjanes, as well as for maintenance and faults throughout the country.

An emission factor in Scope 1 is also for fuel consumption related to vehicles and machinery, at 275 tonnes of CO_2 equivalent, a level similar to 2024. These emissions correspond to about 4% of the company's total emissions, as shown in the figure on the next page.



Transmission losses are the factor in operations that causes the most indirect greenhouse gas emissions in Scope 2. In 2025, these emissions amounted to 2,256 tonnes of CO_2 equivalent, a 30% reduction from 2024. This reduction can be attributed to less transmission. Other emissions related to Scope 2 are due to electricity consumption at our premises in Reykjavík, Egilsstaðir and Akureyri, as well as hot water consumption, totalling approximately 28 tonnes of CO_2 equivalent, a level similar to 2024.

Total emissions for Scope 2 were therefore ,284 tonnes of CO_2 equivalent, based on the Icelandic energy mix (location-based).

As Guarantees of Origin are not purchased for the electricity reported in Scope 2, the emissions correspond to approximately 200,000 tonnes of CO_2 equivalent, based on market-based emissions, cf. the standard declaration from the Electricity Regulatory Authority on the origin of electricity for 2024, which gives an emission factor of 563.92 g CO_2 equivalent/kWh.

A Guarantee of Origin for electricity is confirmation that the electricity was produced using renewable energy.

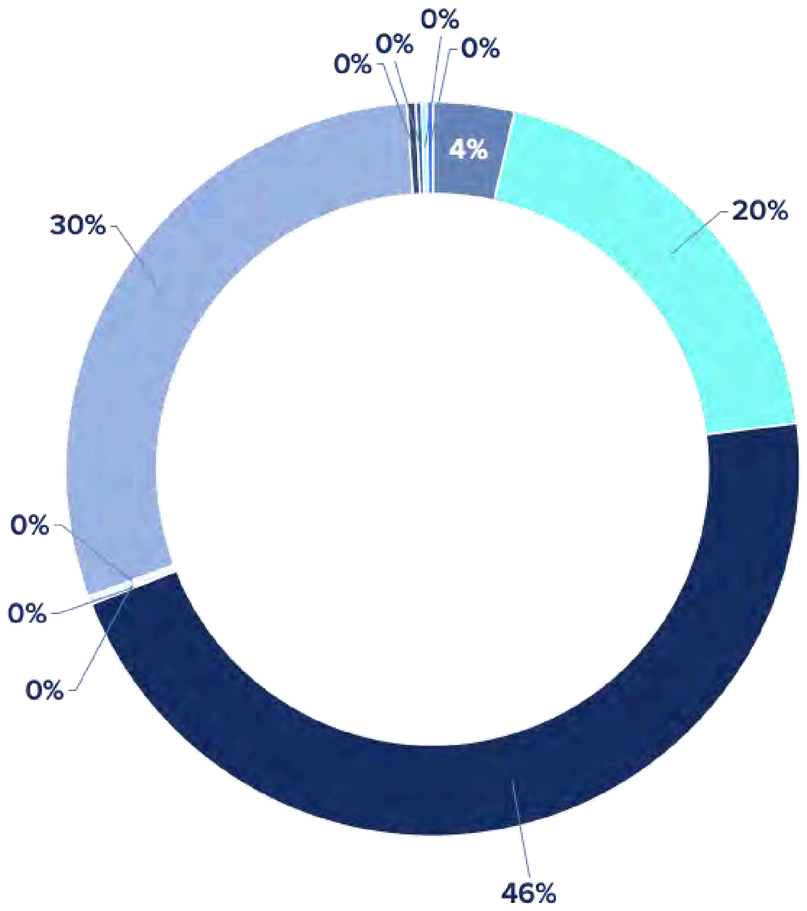
The indirect emission factors disclosed in Scope 3 relate to waste, employee flights, both domestic and international, and employees driving rental cars, totalling approximately 86 tonnes of CO_2 equivalent. There are opportunities to disclose additional Scope 3 factors in the future, such as emissions from procurement and employee commuting.

Emissions from domestic flights were 30 tonnes of CO_2 equivalent, down 11% from 2024, and emissions from international flights were 19 tonnes of CO_2 equivalent, down 50% year-on-year.

Emissions from employees driving rental cars were approximately 19 tonnes of CO_2 equivalent, a level similar to 2024.

Emissions from waste handling and transport were 18 tonnes of CO_2 equivalent, an increase of 84% year-on-year. The largest portion of the company's waste is related to construction projects.

Relative greenhouse gas emissions, 2025



- SF6 emissions
- Transmission losses
- Fuel consumption - vehicles and machinery
- Electricity Gylfaflöt
- International flights
- Rental cars
- Fuel consumption - backup power
- Hot water
- Waste
- Electricity Gylfaflöt
- Domestic flights
- Electricity for other uses

E1-9

Carbon offsetting and mitigation measures for greenhouse gas emissions

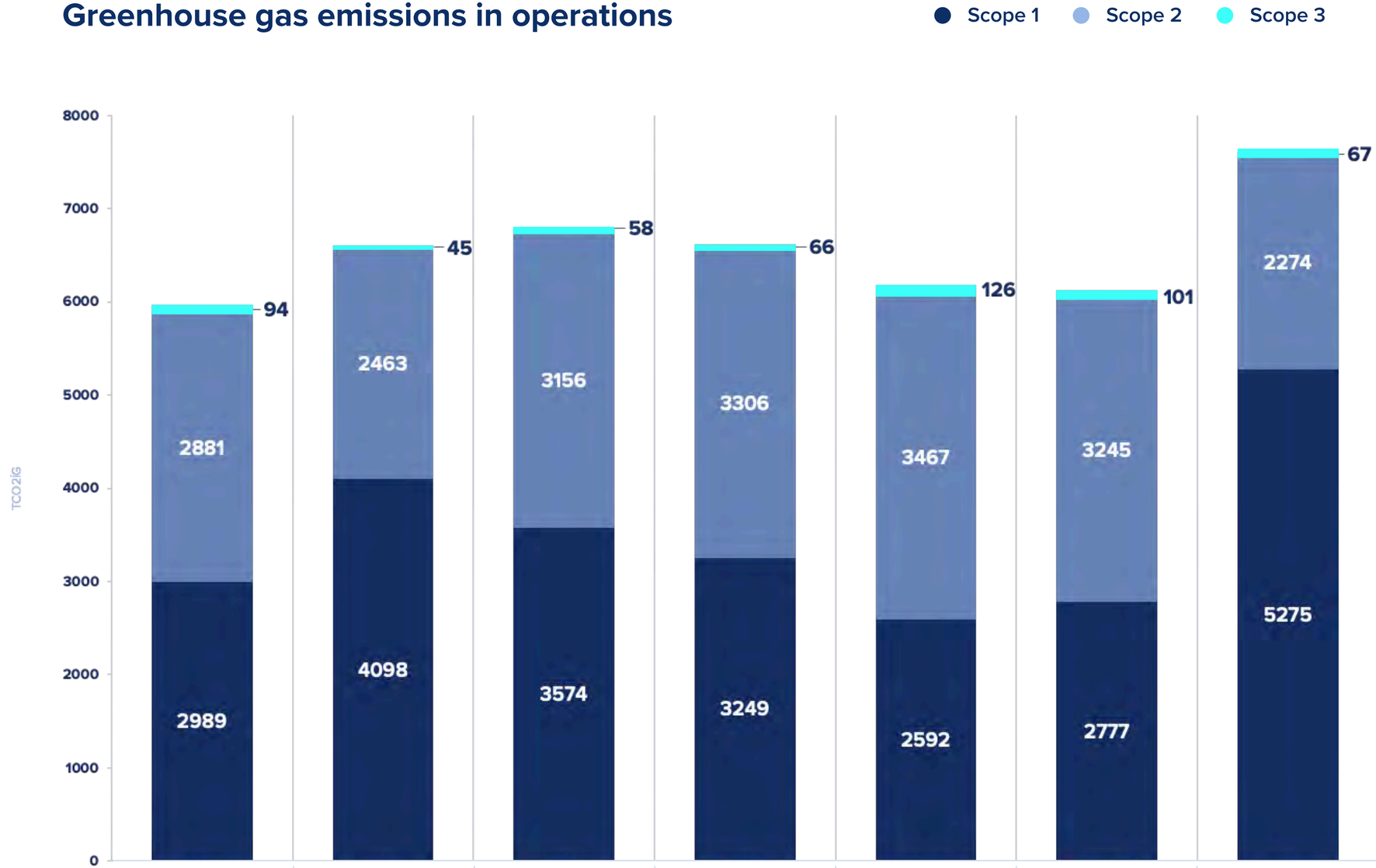
We are continuously working on the development and operation of the transmission system to limit greenhouse gas emissions. Reducing emissions requires integrated measures that affect all aspects of the life cycle.

Important environmental factors have been defined. The greatest opportunities for reducing emissions lie, among other things, in reducing SF6 leaks, reducing transmission losses, using less backup power, greener procurement, and better processes for recycling demolition waste.

The development of the transmission system is the most important measure to ensure the energy transition and the secure distribution of electricity. These measures can significantly reduce the carbon footprint and support the government's policy of carbon neutrality by 2040.

The figure shows the proportional greenhouse gas emissions in Scopes 1, 2 and 3 for the year 2025

Greenhouse gas emissions in operations



	2019	2020	2021	2022	2023	2024	2025
Scope 3	94	45	58	66	126	101	67
Scope 2	2881	2463	3156	3306	3467	3245	2274
Scope 1	2989	4098	3574	3249	2592	2777	5275

To address the increase in Scope 1 emissions, the carbon offsetting contribution was increased, and 1,375 tonnes of CO_2 equivalents were offset. Our carbon footprint was therefore 6,270 tonnes of CO_2 equivalents after accounting for carbon offsetting. The carbon footprint has increased by 7% in 2024 after accounting for carbon offsetting.

Carbon credits were purchased from the International Carbon Registry (ICR), as all their projects have certified carbon credits.

The development of our carbon footprint over the last 5 years, taking carbon sequestration into account, as shown in the figure opposite.

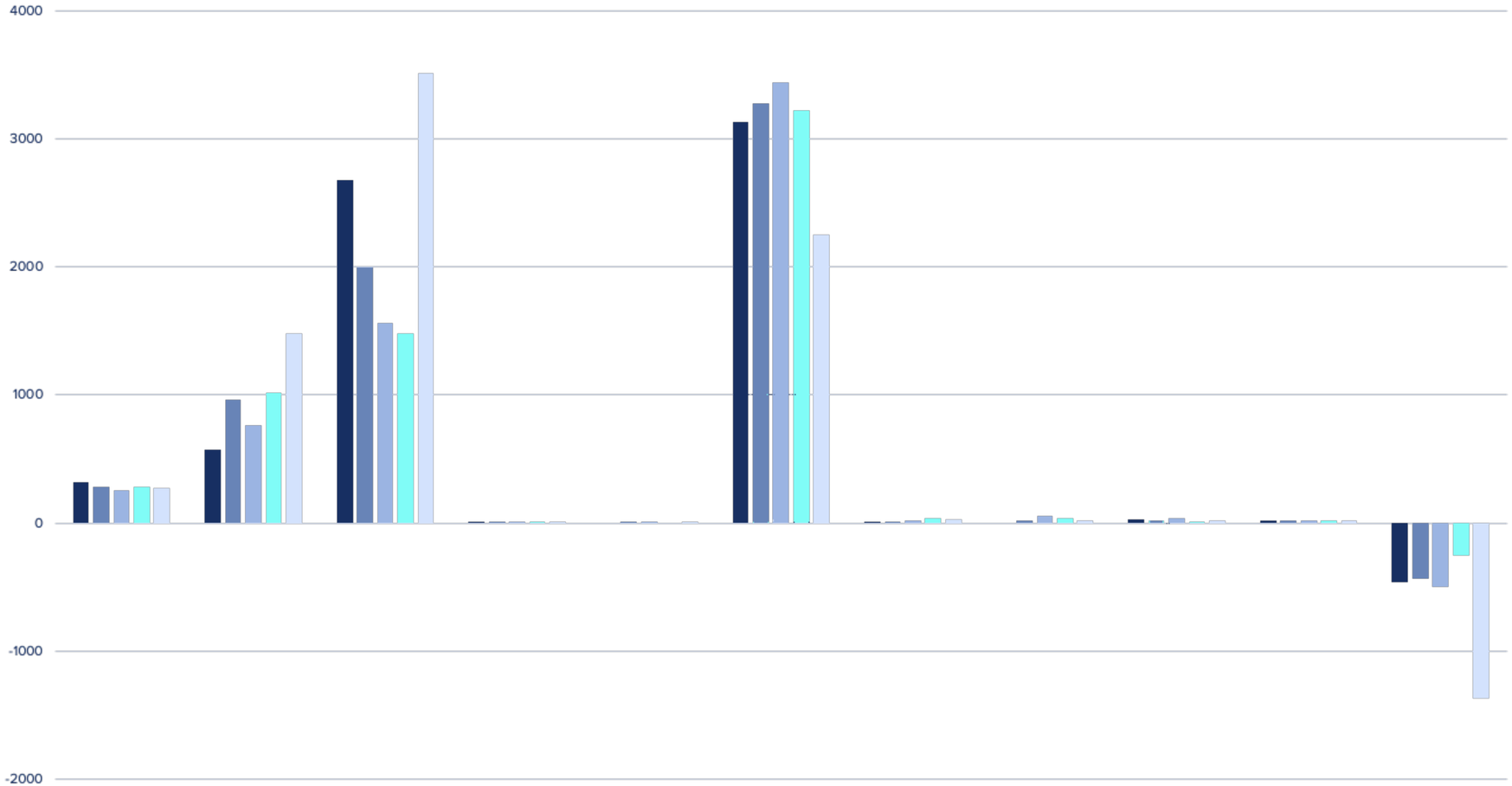
E1-10

Internal carbon price

An internal carbon price has not been calculated, but emissions and scope have been analysed using a life cycle assessment. An internal carbon price can reduce financial risk, for example, by linking it to emission factors or ETS prices.

The bar chart shows our carbon footprint for the period 2021–2025.

Landsnet's Carbon Footprint 2021–2025



	Fuel consumption (vehicles and equipment)	Fuel consumption, backup power	SF6 emissions	Electricity Gyifafljót	Hot water	Transmission losses	Domestic flights	International flights	Waste	Rental cars	Carbon sequestration
2021	319	576	2679	7		3135	11		24	23	-462
2022	285	964	2000	6	8	3277	10	20	20	16	-433
2023	259	767	1565	5	7	3441	17	52	35	22	-500
2024	280	1017	1480	5		3225	34	39	10	18	-255
2025	275	1483	3517	4	11	2256	30	19	18	19	-1375

E1-11

Financial impact related to climate change

It is important to assess climate risks that may affect the transmission system's infrastructure in order to reduce the likelihood of financial losses.

Preventive measures, such as enclosing substations, reinforcing masts or relocating infrastructure, can mitigate the effects of climate change.

Changes to the regulatory framework can also have a financial impact, as there are ever-increasing demands for information and management of companies' carbon footprints.



We are collaborating with Grænvangur, a partnership platform for business and government that focuses on climate issues, green solutions and a collective journey towards carbon neutrality. This collaboration is important to us and aligns with our sustainability policy and our commitment to following the government's policy on emissions reduction and carbon neutrality by 2040.

In other news



01.07.2025

Changing of the guard at Landsnet – Ragna takes over as CEO

Ragna Árnadóttir has taken over as CEO of Landsnet, and Guðmundur Ingi Ásmundsson has consequently stepped down after a successful career at the company.



03.07.2025

Landsnet hosts an international standards meeting for IEC 61850

From 23–27 June 2025, we hosted a meeting of Working Group 10 within IEC TC57, which is developing the international standard IEC 61850 – a key standard for digital substations and smart grid functionality in power systems.



14.07.2025

Ísallínur lines to be moved – environmental assessment now in consultation process

The Ísallínur lines, which have run overhead between the aluminium smelter in Straumsvík and Hamranes since 1969, once marked the outskirts of the capital area. Now, a milestone is ahead – the plan is to move them to a new line route.



17.07.2025

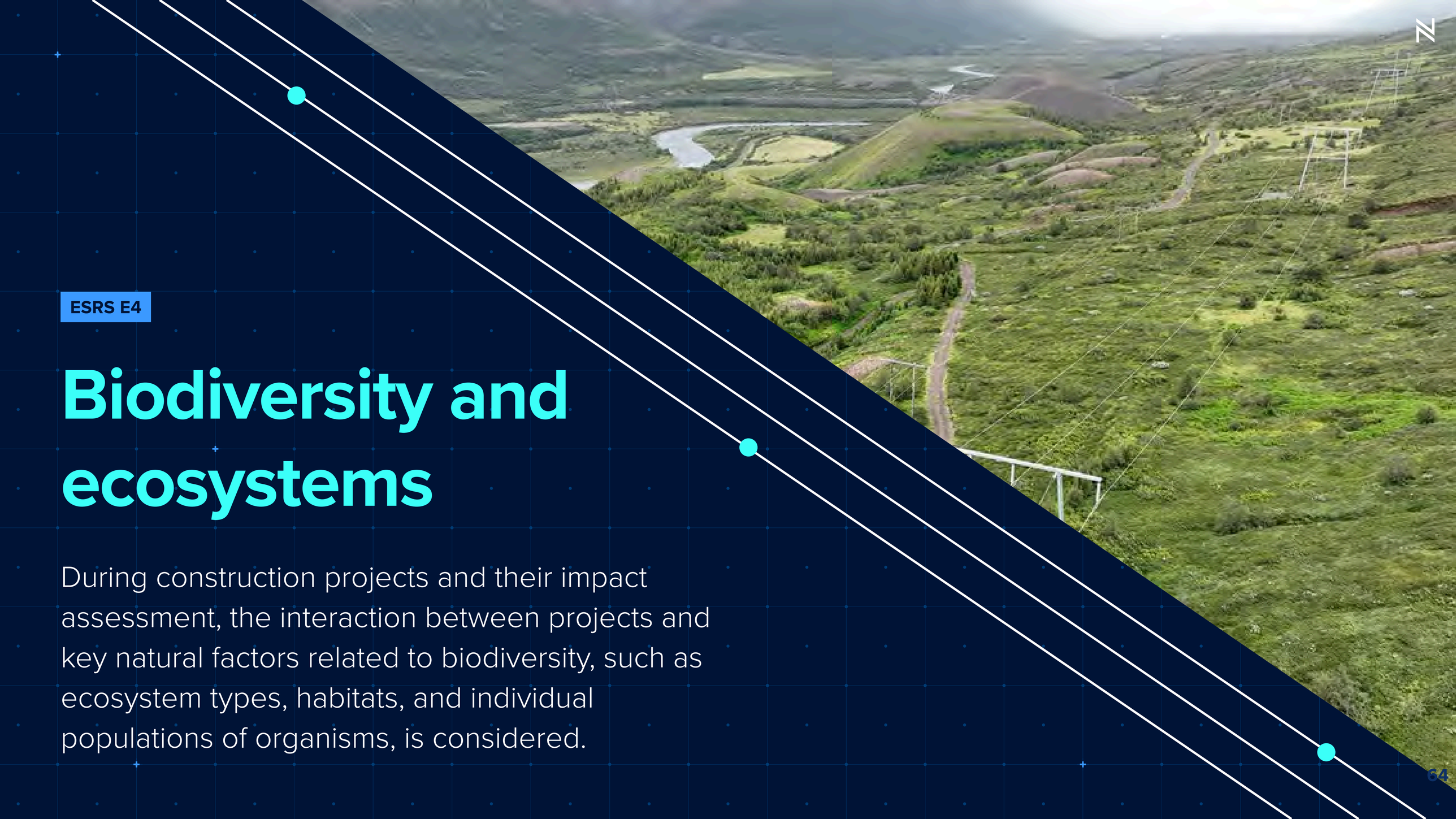
Is the production of e-fuels in Iceland a viable option?

The world is heading for an energy transition. It is clear that greenhouse gas emissions from the combustion of fossil fuels have increased the atmospheric concentration of carbon dioxide from about 280 ppm before the Industrial Revolution to over 420 ppm in 2024. This increased concentration has led to rising temperatures on Earth, and the average global temperature last year was 1.38°C higher than before the Industrial Revolution. The goal of the 2015 Paris Agreement was to keep global warming below 2°C, while aiming to limit it to 1.5°C.

ESRS E4

Biodiversity and ecosystems

During construction projects and their impact assessment, the interaction between projects and key natural factors related to biodiversity, such as ecosystem types, habitats, and individual populations of organisms, is considered.



E4-1

Biodiversity, ecosystems and transition plan

We emphasise the protection of biodiversity and ecosystems and treat nature with respect and caution.

In construction projects and assessments of their impact, the interaction between the projects and key natural factors related to biodiversity, such as habitat types, habitats, and individual populations of organisms, is considered. At the same time, other aspects of nature are taken into account, including geological formations and landscapes.

A formal biodiversity and ecosystems transition plan in accordance with the Global Biodiversity Framework (GBF) has not yet been adopted. In practice, a range of standardised procedures is in place that reflects our commitment to biodiversity.

It is clear that there are opportunities for improvement through further integration of work processes related to environmental issues, including biodiversity. Responsibilities can be clarified, design requirements standardised and access to information improved.

These include the following:

- Sensitive areas are considered during the preparation of construction projects, including through the assessment of alternatives, with the aim of avoiding impacts wherever possible.
- Projects are designed to minimise ground disturbance as far as practicable.
- Where disturbance cannot be avoided, mitigation measures are implemented, such as revegetation.
- Environmental monitoring is carried out during the construction phase.
- Environmental audits are conducted upon completion of projects.
- Where appropriate, monitoring of selected environmental factors is carried out following project completion.
- Dialogue is maintained with landowners and other stakeholders throughout the process.

Projects for 2025	Description	Expected outcome	Link to objective	Responsibility	Project status
Use of lidar and photogrammetry technology for the preliminary inspection of line routes	Data is collected with drones, and a digital basis is prepared for further research.	Useful for the preliminary design of alternatives, among other things, to avoid sensitive protected areas.	Supports the objective of minimising the environmental impact of projects.	Project manager from Assets and Operations.	It was carried out for one preparatory project in 2025.
Revegetation for Krafla Line 3	First year of a five-year revegetation plan to mitigate disturbance from the construction in the municipality of Skútustaðahreppur.	It is expected that this area will have a diverse ecosystem in the long run.	Supports the objective of minimising the impact on biodiversity and proposing mitigation measures as appropriate.	Project manager from Assets and Operations in collaboration with Land and Forest Iceland.	Work in accordance with the first year of the plan has been completed in Múlaþing.
Follow-up on conditions and mitigation measures	Work is underway to register procedures in the quality system that describe the follow-up on commitments regarding work procedures, finishing, mitigation measures and monitoring.	To improve procedures and the fulfilment of conditions.	Supports the objective of minimising the impact on biodiversity and proposing mitigation measures as appropriate.	Environmental specialist and project manager from Assets and Operations.	A draft quality document is available. To be implemented in 2026.

E4-2

Policy on biodiversity and ecosystems

The environmental strand of our sustainability policy sets out our commitment to treating nature with care, minimising impacts on biodiversity and ecosystems, operating systematically within defined procedures, and implementing mitigation measures where needed.

E4-3

Actions related to biodiversity and ecosystems

During project preparation, efforts are made to avoid impacts on nature and biodiversity. If this is not possible, the emphasis is on minimising environmental impacts during construction and properly tidying the area after the work is completed, including through revegetation.

E4-4

Targets related to biodiversity and ecosystems

In larger projects, our coordinated procedure is based on restoring wetlands equivalent in size to the disturbed area. The biodiversity of wetlands is high, and the conservation value of the habitat types there is high.

In more extensive projects, we have also committed to the following measures for vegetation restoration:

2/1 hectares revegetated for every hectare disturbed in unvegetated drylands

3/1 hectares revegetated for every hectare disturbed in vegetated drylands

1/1 hectare of wetland ecosystem is restored for every hectare disturbed in wetlands.

With these measures, we expect to create a mature ecosystem that supports biodiversity.

By restoring a larger area than the one disturbed, we believe we are accounting for the fact that revegetation areas need time to develop ecosystems as diverse as those that were disturbed.



We participated in Reykjavik University's Sustainability Day, a programme that celebrates sustainability through a variety of events and educational sessions on environmental and social issues. There, we presented our priorities alongside our partners and took part in discussions and events on the circular economy, climate issues, and the role of companies in a sustainable future – a collaboration we are proud of.

Revegetation at Laugavellir

An agreement was made with Land and Forest Iceland regarding land revegetation to mitigate the impacts of the construction of Kröflulína Line 3. The project involves restoring vegetation on approximately 240 hectares to compensate for more than 140 hectares of vegetated land disturbed by the construction of Kröflulína Line 3. The project supports our goal of minimising the impact on biodiversity and implementing appropriate mitigation measures. See the table below for more details.

The revegetation area for Kröflulína Line 3 is located in both municipalities that the line passes through: at Laugavellir in Múlaþing and at Jörundargrjót in Þingeyjarsveit.

At Laugavellir, about 40 tonnes of fertiliser were spread across 240 hectares, and revegetation at Jörundargrjót will begin in 2026. The work at Laugavellir is being carried out in accordance with a five-year plan. The estimated cost of the restoration for Kröflulína Line 3 is around 40 million.

The goal is for the sparsely vegetated area to be well-vegetated and to support diverse habitat types after five years. Land and Forest Iceland will oversee the implementation of the land revegetation plan in cooperation with us at Landsnet.

In 2024, the revegetation area was assessed as very uniform and barren, but the results of the fertilisation in autumn 2025 are already visible (as shown in the figure opposite). The area will be mapped with regard to habitat types and vegetation succession, and a decision will then be made on further maintenance if deemed necessary. The area will be inspected and photographed annually, and the project plan will be updated if needed.

Our goals are in line with government policy and the commitments of the Paris Agreement. We have explored how to achieve goals with science-based targets, but have not made a decision on such an approach.

Year of implementation	Fertiliser kg/ha	Total fertiliser (tonnes)
2025	165	39.6
2026	135	32.4
2027	135	32.4
2028	135	16.2
Total		**120.6**

Table: *Plan for revegetation at Laugavellir.*





E4-5

Metrics related to biodiversity and ecosystems

The transmission system consists of 3,185 km of overhead lines, 449 km of underground and subsea cables and around 80 substations.

Our structures are, for the most part, located outside defined protected areas, which are protected on the basis of, among other things, biodiversity, as well as factors such as geological formations and landscape.

The conservation categories are divided into nine classes with different protection values, as defined in the Nature Conservation Act.

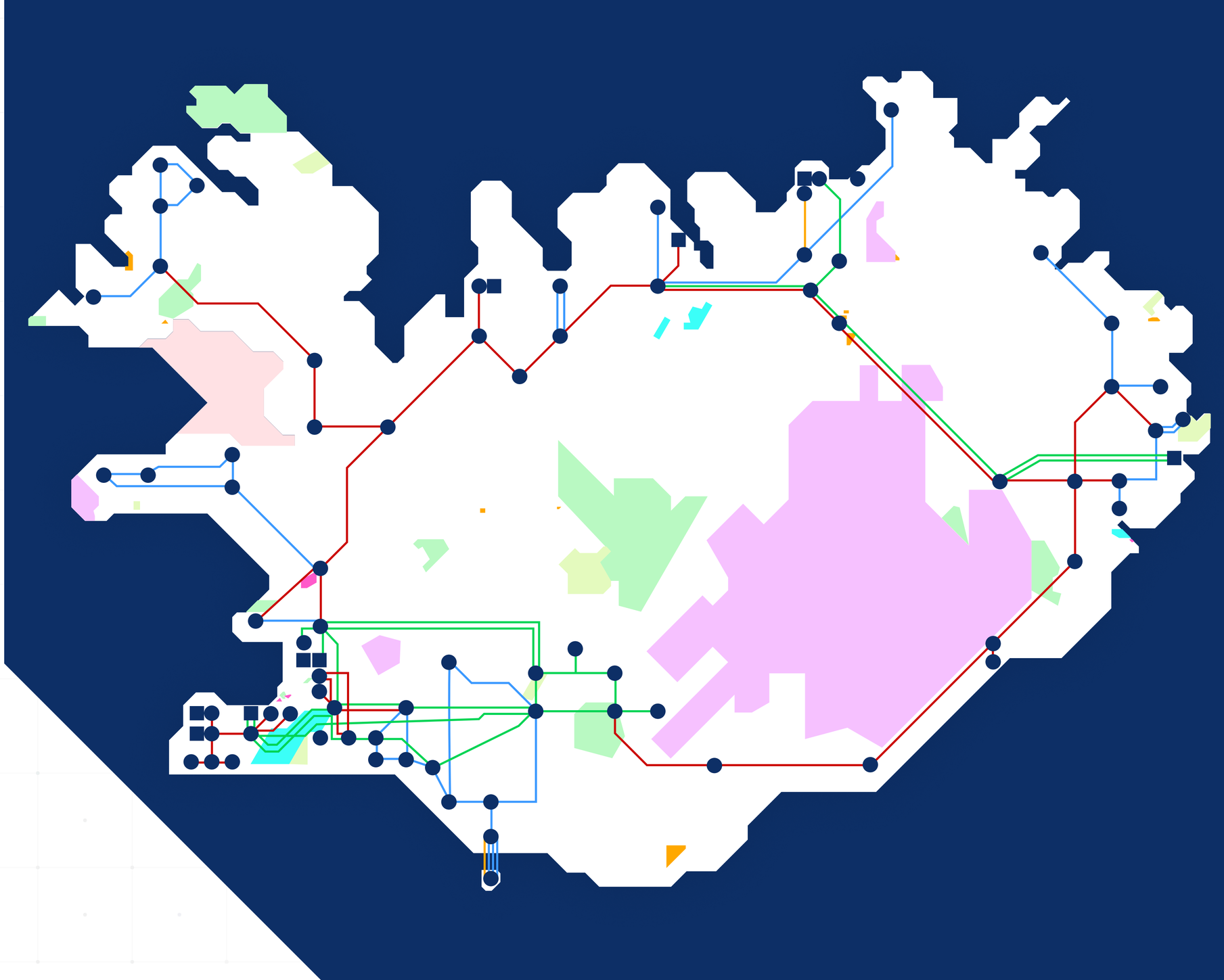
Around 53 km of line structures are located within protected areas, which corresponds to about 1.4% of the transmission system (see table). The transmission lines generally run along the edge of the areas or cross them for short distances. Two substations are located within protected areas.

The table shows line structures located within areas subject to the conservation provisions of the Nature Conservation Act.

Power line	Name	Type	IUCN category
Kröflulína Line 2	Vatnajökull National Park	National Park	II
Kröflulína Line 3	Vatnajökull National Park	National Park	II
Hnappavallalína Line 1	Vatnajökull National Park	National Park	II
Kröflulína Line 1	Mývatn	Other protected areas	IV
Hólasandslína Line 3	Mývatn	Other protected areas	IV
Mjólkárlína Line 1	Vatnsfjörður	Nature reserve	IV
Vegamótarlína Line 1	Andakíll	Habitat	IV
Vatnshamralína Line 2	Grunnafjörður	Nature reserve	IV
Hamraneslínur Lines 1&2	Urriðakotshraun	Country park	V
Hnoðraholtslína Line 1	Urriðakotshraun	Country park	V
Búrfellslína Line 3	Reykjanes Country Park	Country park	V
Sigöldulína Line 4	Fjallabak	Nature reserve	V
Neskaupstaðarlína Line 1	Gerpissvæði	Protected landscape	V
Hólalína Line 1	Teigarhorn	Country park	V
Hólasandslína Line 3	Glerárdalur	Country park	V
Geiradalslína Line	Breiðafjörður	Other protected areas	V
Mjólkárlína Line 1	Vatnsfjörður	Nature reserve	IV
Sultartangalína Line 1	Area in Þjórsárdalur	Protected landscape	V
Dalvíkurlína Line 1	Svarfaðardalur	Nature reserve	VI

Further information on conservation categories can be found on the website of the Ministry of the Environment, Energy and Climate.onment, Energy and Climate.

The Transmission System and Protected Areas



During the year, five substations were built or expanded, all outside protected areas. Work was also carried out on four new underground and subsea cables, which were reported to the National Planning Agency, which decided that none of them was subject to an environmental impact assessment. The cables do not run through protected areas but do partially cross protected recent lava fields (see table to the side).

The main environmental impacts of our construction projects, including those on biodiversity, involve direct disturbance of ecosystems and geological formations, bird-collision risk, and visual impact. Due to cables laid during the year: A disturbed area approximately 10–11 m wide can be expected along the cable route.

The greatest disturbance is over the cable trench itself, in a 3–4 m-wide belt, and on both sides of it. How well and how quickly a disturbed area recovers depends on the type of land. In the case of the work on Selfosslína Line 1, where a section of overhead line was dismantled, this can be seen as a positive action with regard to bird collisions.

Project		Protected area	Special protection	Nature Conservation Register	Water protection
Rimakotslína Line 2 (132 kV)	36 km underground cable	No	No	No	No
Selfosslína Line 1 (66 kV)	3.1 km underground cable. Dismantling of overhead line (23 masts)	No	Yes *	No	No
Vestmannaeyjalínur Lines 4&5 (66 kV)	Two 18 km underground cables	No	Yes *	Yes **	No
Suðurstrandarlína Line 1&2 (66 kV)	Two 9 km underground cables	No	Yes *	No	No

* Eldhraun lava field ** Part B of the Nature Conservation Register (priority for designation as a protected area or conservation)

ESRS E5

Circular economy and resource use

The circular economy strand of our sustainability policy focuses on sustainable resource use, the recycling and reuse of waste, and the responsible management of hazardous materials.



E5-1

Policy on the circular economy and resource utilisation

We have formulated a sustainability policy in which the circular economy is a main priority. You can read more about the policy in section BP-1, and it applies to all employees and contractors in the value chain who work for the company.

The policy is based on international criteria, laws, and standards, including the EU's Corporate Sustainability Reporting Directive (CSRD), which is aligned with the ESRS standards, the United Nations Sustainable Development Goals, and ISO certifications.

The circular economy strand of our sustainability policy focuses on sustainable resource utilisation, the recycling and reuse of waste, and the responsible management of hazardous materials.

Our objective is to reduce environmental impact through the efficient use of natural resources and by maximising the utilisation of the transmission system. In doing so, we reduce our carbon footprint and advance the circular economy through responsible resource use and recycling.

We have a waste management plan aligned with the waste management hierarchy and our ISO 14001 environmental certification, supporting systematic environmental management, including waste sorting and the safe handling of waste at all our sites and work locations.

E5-2

Actions related to the circular economy and resource utilisation

We have set clear goals and actions to promote a circular economy, improve resource utilisation and maximise the use of the transmission system. We are working systematically to minimise greenhouse gas emissions, reduce environmental impact, improve resource utilisation and implement sustainable solutions in our operations. The goals and actions are specified in more detail in the company's sustainability policy.

The goal is for the waste-sorting rate to exceed 90% and for 100% of demolished structures to be recycled by 2027. To achieve these goals, emphasis is placed on identifying opportunities in operations and asset maintenance to reduce waste and emissions, as well as developing a business environment that supports maximum resource utilisation. Conditions are then set in construction tenders for contractors to ensure minimal environmental impact and recycling of waste.

There is an opportunity to implement clear procedures for recycling demolition materials to ensure responsible resource management. We track waste metrics for all our assets in our climate accounts.

Our staff are ambitious in sorting waste at the company's sites and regularly provide suggestions for improvement opportunities. In the canteen at Gylfaflöt, we use raw materials as much as possible and work systematically to use leftovers and combat food waste. A platform has also been established on the company's intranet to encourage employee participation and support the implementation of a circular economy.

Our life cycle assessment of the transmission system has been updated. A life cycle assessment is a methodology used to evaluate the local and global environmental impact of a product or service over its lifetime, or “from cradle to grave”. The purpose is to assess the total environmental impact across all stages of the life cycle or the entire value chain, i.e., from the acquisition of raw materials through production, use, and disposal.

Through these goals and actions, we aim to embed circular economy principles throughout our operations and contribute to sustainable development.

E5-3

Objectives related to the circular economy and resource utilisation

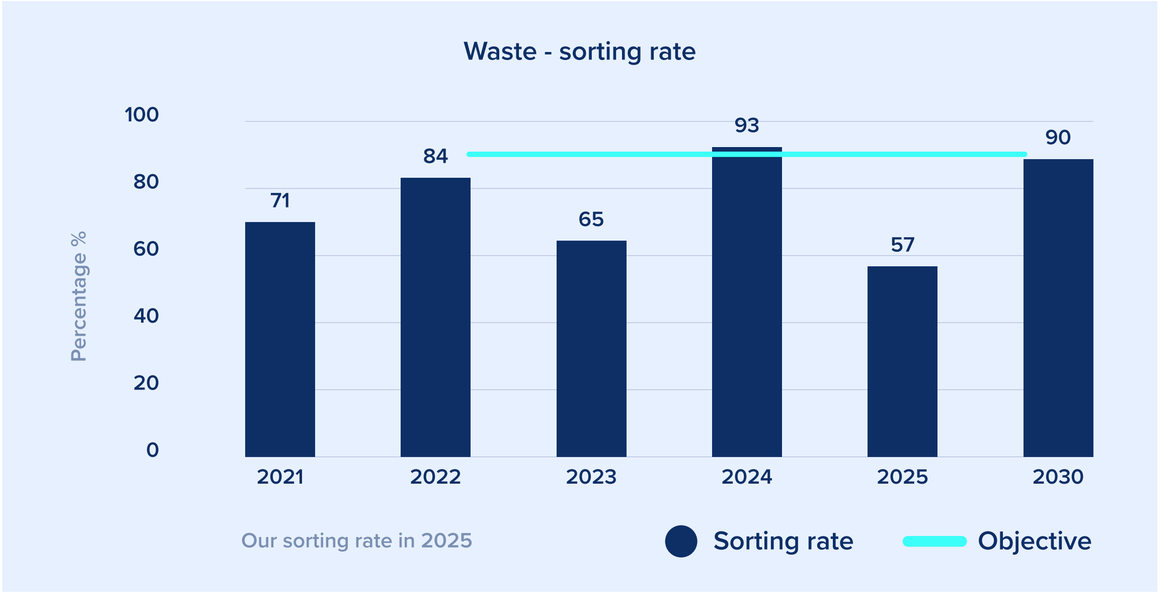
Objectives and actions related to the circular economy and resource utilisation are detailed in the sustainability policy. This is discussed in chapter BP-1, and the full policy can be read on our website.

Metrics are regularly monitored, including for SF6 gas, the use of fossil fuels in transport and backup power, transmission losses, and all waste figures are recorded per asset in the company's climate accounts, which track the carbon footprint and are part of the value chain.

The waste sorting rate was 57% (sorted separately), while 43% was mixed waste.

The objective is to achieve a sorting rate above 90%, as shown in the figure below. Work is underway to achieve better results in the sorting rate, for example, through increased education.

Our objectives align with government policy and the Paris Agreement on CO_2 emissions. We have explored how to achieve objectives with scientific validation (Science-Based Targets), but have not decided on such an approach.



E5-4/5

Inflow and outflow of resources

The electricity transmission system requires extensive use of resources at all stages of its life cycle, from construction and operation to renewal and demolition. These resources can be classified into two main categories: resource inflows, which are the raw materials, energy, and substances that enter the system, and resource outflows, which are the products, waste, and environmental impacts generated by the transmission system.

The main raw materials used in the construction and maintenance of the transmission system are steel, aluminium, copper, and concrete. Steel is primarily used in towers, fittings, and substations, while aluminium is the main material for conductors and underground cables. Copper is essential for electrical equipment, earthing, and high-voltage cables, while concrete is used for the foundations of towers and buildings. In addition, insulators, glass, and porcelain are used in overhead lines, while various plastics, such as XLPE, are used in underground cables.

The transmission system also requires significant energy consumption, both for operation and maintenance.
Although electricity is used in substations, fossil fuels, including diesel, are still used to a considerable extent for construction and maintenance.

However, biodiesel and hydrogen are increasingly being used to reduce greenhouse gas emissions. Other resources required by the system include water and chemical products, which are necessary for corrosion protection and insulator maintenance. SF6 gas is also used in substations, but it has an extremely high global warming potential, so efforts are being made to reduce its use.

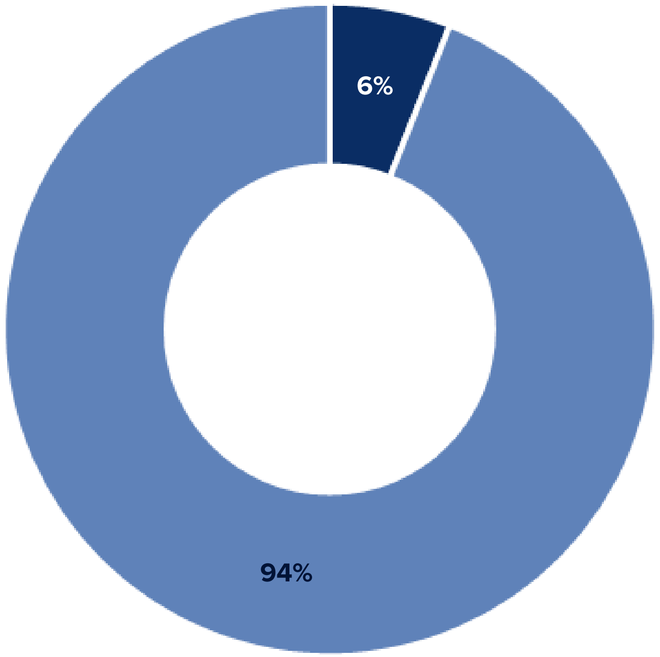
The main purpose of the transmission system is to deliver about 19 TWh of electricity annually to distribution systems and large users. However, about 2% of this electricity, or about 380 GWh annually, is lost to transmission, which directly impacts the system's carbon footprint.

Over the lifetime of the transmission system, a considerable amount of waste and demolition material is generated. Steel and aluminium are largely recyclable, with recycling rates of about 70% for steel and 90% for aluminium. Copper is also widely recycled, while concrete is more difficult to recycle and is most often used as filler. Insulators, plastic from underground cables, and corrosion protection materials are examples of materials with limited recycling value and, therefore, need to be handled separately.

Further information about the life cycle assessment can be found on our website.

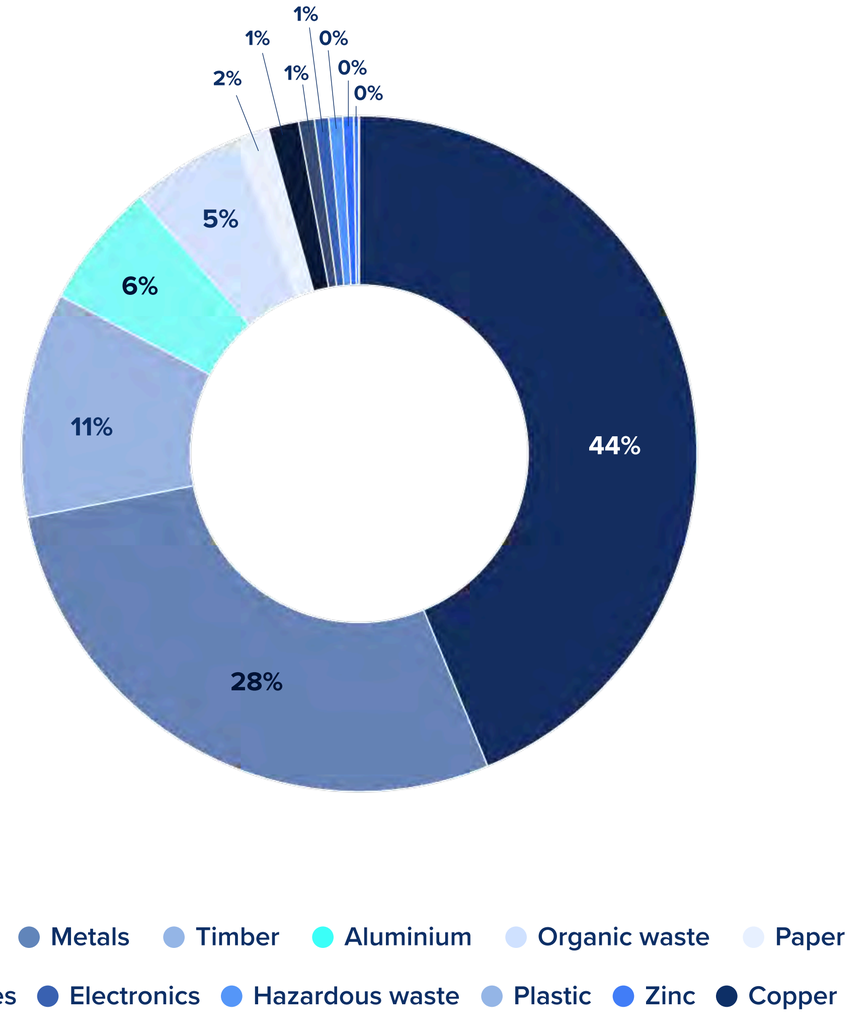
Recovery and disposal rate

The image below shows our recovery and disposal rates for 2025. 94% of waste was sent for recovery, while 6% was sent for disposal. The largest portion of waste is related to construction projects.



Waste generation by waste category

The image below shows waste generation by category for 2025. Hazardous waste accounts for 0.7% of our total waste.



In other news



14..08.2025

Open introductory meeting on the environmental assessment regarding the relocation of the Ísal lines

We invite you to an open introductory meeting to review the planned relocation of the Ísal lines and other projects by the company in Hafnarfjörður.



18.08.2025

Work at Landsnet's substation in Rimakot during the night before Tuesday

During the night before Tuesday, 19 August, from midnight to 08:00, Landsnet's substation in Rimakot will be de-energised for maintenance.



19.08.2025

Introducing wind power into the Icelandic energy system: challenges and possible solutions

The energy transition is one of the greatest challenges of our time, with countries around the world seeking ways to reduce greenhouse gas emissions and increase the use of sustainable energy. Iceland is in a unique position in this regard, as almost all of the country's electricity generation comes from renewable energy sources, particularly hydropower and geothermal energy. However, wind power has so far played a limited role in the Icelandic energy system, although there are various indications that this is about to change.

In other news



21.08.2025

Landsnet's Interim Financial Statement – January to June 2025

Landsnet's interim financial statements for January – June 2025 were presented today.



21.08.2025

Construction of Suðurnesjalína Line 2 on hold

Construction of the overhead line section of Suðurnesjalína 2 is currently on hold pending the outcome of legal cases related to the project.



25.08.2025

Opinion of National Planning Agency regarding Holtavörðuheiði Line 3

The Icelandic National Planning Agency has submitted its opinion on the environmental assessment of Holtavörðuheiðarlína 3, which is a new overhead power line between Landsnet's new substation at Holtavörðuheiði and the Blönduvirkjun power station. The assessment compared several possible line routes, of which two are considered most likely – one through a populated area and the other over the heath. The routes are different, they have different environmental impacts, and consequently, the views of consultees and those who have participated in the consultation process differ.

ESRS S1

Own workforce

Our approach to human resource management is grounded in respect, cooperation, and responsibility. Our policies are designed to create a workplace where human rights, equality, and employee well-being are at the forefront.



S1-1

Own Workforce Policy

Our approach to human resource management is grounded in respect, cooperation, and responsibility. Our policies are designed to create a workplace where human rights, equality, and employee well-being are at the forefront.

In line with our commitment to sustainability and social responsibility, we base our policies and actions on the results of the materiality assessment, see section S1-3.

The assessment confirms that the health, safety and well-being of employees, along with skills development and equality, are key factors in our operations. These factors affect both the community we serve and our performance. With this in mind, we have established clear action plans and metrics to ensure that our human resources policies effectively reflect these factors.

Human Resources and Human Rights Policy

We are committed to respecting the human rights of our employees in accordance with international standards and to creating a workplace where equality, fairness, safety and well-being are paramount.

Our policy emphasises diversity and equal opportunities regardless of origin, gender, age or other factors, with clear criteria against discrimination and active measures that support a healthy and constructive workplace culture based on respect, responsibility and cooperation.

To this end, we have implemented a professional and transparent recruitment process that ensures fairness and impartiality in all hiring. We work systematically to promote employee well-being through health promotion, regular follow-ups, and clear response plans for bullying, harassment, and violence, alongside an emphasis on professional development, skills building, and regular dialogue with employees.

At least once a year, a workplace analysis is conducted where employees have the opportunity to express their opinions. The analysis aims to assess the main aspects of the work environment, the company's strengths and challenges, and to use its results systematically for improvements aimed at enhancing the work environment and supporting the sustainable development of human resources. The policy applies to all Landsnet employees and other parties who may work for us.

Read our Human Resources and Human Rights Policy







Equal Pay Policy

We are committed to ensuring equal pay for the same or equivalent jobs, regardless of gender, age, sexual orientation or other factors.

The company's equal pay system is certified according to the ÍST 85 standard and is audited annually by an external party. We conduct regular pay analyses to ensure pay equality and implement improvements if necessary.

The results of the pay analysis are presented to managers, who use them to ensure that salaries are competitive with the market, but not leading, and based on the value of the jobs. The policy applies to all our employees.

Read our Equal Pay Policy

Gender Equality Action Plan 2023–2026

The Gender Equality Action Plan promotes equality and diversity in the workplace. No gender pay gap is tolerated, and the aim is for all employees to have equal access to career development and continuous professional development. Regular equality and diversity analyses are conducted, and the results are published annually.

Read our Gender Equality Action Plan

Policy against Bullying, Harassment and Violence (EKKO)

We do not tolerate unacceptable behaviour, bullying, gender-based harassment or violence. Regular prevention plans are presented to employees, along with training on appropriate responses to such matters. The Policy against Bullying, Harassment and Violence (EKKO) is part of our human resources and human rights policy and, as such, applies to all employees and other parties who may work for us.

Landsnet's Remuneration Policy

We work systematically to attract and retain qualified employees with fair and competitive employment terms. The pay system is based on the ÍST 85 equal pay system. Particular emphasis is placed on clarity and transparency regarding the remuneration of board members, the CEO and key employees. The policy applies to all our employees.

Read our Remuneration Policy







Health, Safety and Occupational Health Policy

Our goal is to create a healthy working environment where accidents, illnesses and fatalities are kept to a minimum. We use recognised methods to identify and manage risks, and managers have a clear responsibility for employees' safety and well-being. All work is aimed at ensuring that employees return home safely and that the company promotes professional working practices and a pleasant working environment. The policy applies to all our employees.

Read our Health, Safety and Occupational Health Policy

Landsnet's Code of Conduct

The Code of Conduct emphasises trust, respect and responsibility in all communications both inside and outside the company. Integrity is the guiding principle, where the interests of the company and individuals are clearly separated. The Code of Conduct applies to all our employees.

Read Landsnet's Code of Conduct

S1-2

Communication with employees and contractors, procedures related to suggestions and improvements

We are committed to creating a working environment where our people feel good, regardless of gender, age, seniority or origin. To ensure this goal is achieved, an emphasis is placed on regular and varied communication channels with employees, along with continuous improvements based on the results of surveys, conversations, and suggestions.

We support employees who care for sick parents or close relatives by providing five days of paid carer's leave to meet the challenges such responsibility can entail.

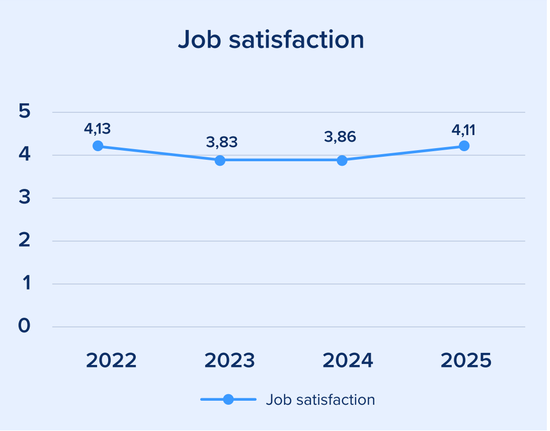
Workplace surveys

A workplace survey (Q12) is conducted annually to assess employees' working conditions and well-being. This is one of the most important metrics, and we have set ourselves the ambitious goal of keeping employee engagement above 4.4. In the last survey, engagement was measured at 4.16. Survey results are used to improve and inform decision-making. You can read more about the goals in section S1-4.

In addition to the Q12 survey, surveys are regularly conducted to measure well-being, psychological safety, management assessment and workplace culture. The results of these measurements are processed in workshops within divisions and teams to ensure they lead to improvements.

Special emphasis is placed on improvements where results are below expectations.





Employee engagement is measured with Gallup's 12 questions (Q12). The engagement result was 4.16, which is an increase year-on-year but below the company's target of 4.40.

Formal meetings (pulse meetings)

We have implemented a procedure in which managers hold at least four pulse meetings with their staff each year. These are short, focused employee meetings that are centrally recorded. The frequency of pulse meetings is measured to monitor the progress of formal meetings. The results of these measurements are discussed at monthly executive management meetings and used to intervene and/or support managers who fail to meet the set target, see target in section S1-4.

The number of registered pulse meetings in 2025 was 341, giving an average of two per employee — below the target of four per year. This remains an area of active focus: two per employee — below the target of four per year. This remains an area of active focus.

341
Pulse meetings during the year

2
Pulse meetings per employee on average

Onboarding and exit interviews

During their probationary period, all new colleagues have an individual interview with the HR Manager. The aim of these meetings is to assess the well-being, expectations and attitudes of new employees towards their work and managers, as well as to ensure a successful integration.
All those who leave the position of their own accord are offered an exit interview where the reasons for their departure are analysed and opportunities for improvement are identified.

Suggestion scheme

Staff can submit ideas and suggestions related to human resources through the company's suggestion scheme, see further discussion in section S1-2. The Quality Manager manages the system, follows up on suggestions and ensures they reach the relevant parties within the company.

Staff meetings

The purpose of staff meetings is to ensure a good flow of information, create alignment and encourage staff participation. They provide a forum for dialogue, decision-making, and joint analysis of issues affecting the company and its staff. The meetings are also important for implementing the company's strategy and ensuring that staff connect with it, understand how their role supports it, and how they can influence its progress.

By linking the strategy to daily work, understanding of the shared vision is increased, which contributes to more targeted decision-making and individual responsibility in strategic work. The meetings are held in different formats depending on the scope and nature of the issues, and contribute to increased efficiency, collaboration and alignment within teams.

Regular management meetings are held where various information and analyses are reviewed. In addition, a summary of information from staff, for example, from exit interviews, is prepared and presented to the executive management. This allows us to adapt our strategy and objectives if necessary and change priorities.

Response and prevention plans

We place great emphasis on the well-being and safety of our staff and follow clear response and prevention plans against bullying, gender-based and sexual violence, as well as other inappropriate behaviour. The aim of these plans is to ensure a safe working environment where respect, equality and well-being are paramount.

The prevention plan is part of our human resources and human rights policy and reflects the company's commitment to creating a healthy and safe working environment for all. Our code of conduct specifically addresses these issues and provides staff with clear guidelines on responsible and professional behaviour in the workplace, see further discussion in section S1-1. We emphasise that all staff share a collective responsibility for maintaining a healthy work environment and supporting a positive work culture. We consider bullying, sexual or gender-based violence to be serious offences and will never tolerate such conduct. We are prepared to take appropriate action in such cases and, if necessary, seek external experts to ensure professional and impartial handling. We also place great emphasis on education, and all staff receive regular training to raise awareness and strengthen prevention efforts.

To monitor staff well-being, we conduct an annual job satisfaction survey and hold regular pulse meetings between managers and staff. In this way, we ensure open dialogue, identify concerns in a timely manner and support a positive working environment.

Employees are encouraged to report all incidents or suspicions of bullying, sexual or gender-based violence, or other inappropriate conduct. Reports can be sent directly to the HR team or via the whistleblowing portal, where anonymous reports can be submitted for illegal or reprehensible conduct.

Our staff have access to clear channels for seeking redress for negative impacts attributable to the company's operations. Such matters can be raised through managers, the human resources department, the safety officer or union representatives. Cases are reviewed to ensure appropriate remedies, support, or correction, as applicable.

Psychological safety within teams is measured every other year. The last measurement was in 2024, and the next will be in the spring of 2026.

S1-3

Own Workforce-related measures

Measures and remedies related to our own staff are based on the results of the materiality assessment (see also the discussion in section S1-1). In the assessment, two important issues were identified as particularly significant in relation to our own staff: the health, safety and well-being of staff and competent staff and successful career development.

The following describes the main measures and remedies we use to address these issues.

Health, safety and well-being of staff

Staff safety is a primary concern. Our measures are designed to prevent incidents and reduce adverse impacts on the health and well-being of all employees. Key measures include a safety policy, regular safety audits, safety training, and the use of technological solutions. We measure success by monitoring the number of safety deviations, occupational accidents, and participation in safety courses. Metrics are discussed in more detail in section S1-13.
We take a holistic approach to staff health, addressing physical, mental, and social well-being in order to promote balance and safety at work.

Health promotion and education

Education and awareness are central to our approach to health and well-being. We regularly hold educational talks and health days covering all aspects of health — physical, mental, social, and professional.

Physical health

We support our staff's health with health days, a fitness grant, annual health check-ups, loan bicycles, and a transport grant that encourages active transport and a healthy lifestyle. During the year, 78 employees made use of the transport grant, and 107 employees made use of the fitness grant.

107
fitness grants

78
transport grants

Mental health as a priority

We provide staff with access to psychological support and workshops that promote mental well-being, and our educational material regularly covers mental health and stress management.

Social health and workplace culture

We place great emphasis on the social well-being of staff with a strong workplace culture and an employee association that strengthens relationships and cooperation.

Safety and well-being at work

We are constantly working to create a safe and healthy workplace where staff are encouraged to help prevent accidents and promote well-being at work.
The measures apply to all staff and are continuously implemented. The goal is to ensure a safe and healthy work environment and to respond to incidents with appropriate remedies when needed.
Participation in safety courses totalled 1,097.7 hours, and no accidents resulted in absence.

0
accidents resulting in absence

1097,7
hours in safety courses

Skilled employees and successful career development

To mitigate risks related to staff shortages and knowledge loss, and to support long-term needs, we emphasise structured education and continuous professional development, regular career development discussions, and management training. These measures apply to all employees and are both ongoing and planned, with the aim of enhancing skills, supporting career development, and seizing opportunities for greater success.

These measures are supported by the Human Resources department, managers, and internal processes that ensure clear responsibility and follow-up. The effectiveness of the measures is assessed through regular monitoring, including results from employee and workplace surveys, analyses of employee turnover and safety incidents.

Measures

Throughout the year, targeted measures were implemented to support the well-being, safety, and development of our employees. Rights related to parental leave were enhanced, including increased flexibility for employees during pregnancy and upon returning from parental leave. Additionally, provisions for leave due to the illness of close relatives were introduced. To enhance safety, a full-time safety officer position was added, and a new training system, Viska, was implemented at the end of the year to support targeted skills development.

S1-4

Own Workforce objectives

We have set objectives for our employees to promote the well-being, engagement, equality, safety, and stability of our human resources. The objectives support the company's human resources policy and are reviewed regularly. They apply to all employees, and success is assessed through regular follow-up and measurements. The results of individual measurements are shown in section S1-2.

Employee engagement

We have set a goal to enhance employee engagement. Engagement is measured every six months through employee surveys and pulse meetings, and performance is assessed annually by comparing results with previous years. A more detailed discussion of measurements can be found in section S1-2.

Pulse meetings

To support active dialogue, we have set a goal for a specific number of pulse meetings per year. The goal applies to all employees and is assessed annually. A more detailed outline of the implementation and results can be found in section S1-2.

Employee turnover

Employee turnover is one of the key indicators of human resources stability and workplace culture. Objectives are set to keep employee turnover within defined limits, and results are analysed regularly to mitigate the risks of staff shortages and knowledge loss. See the measurement in section S1-5.

Equal pay

Our objective is to ensure equal pay and equality in salary setting, where pay is determined solely on objective grounds. The pay gap is analysed regularly using appropriate metrics, and the results are used to ensure fairness in the company's pay system. See the measurement in section S1-15.

Health and safety of employees

We aim for zero workplace accidents, which is part of our systematic occupational health and safety work and applies to all employees. Success is assessed through regular analysis of occupational accidents and safety incidents to prevent accidents and continuously reduce risk. See more details in sections S1-3 and S1-13.



This year, 29 new employees joined the team. A fantastic addition that has not only increased our strength but also introduced fresh ideas and solutions to our work.

S1-5

Composition of the company's workforce

The following metrics shed light on the size and composition of the workforce, as well as its development over the years.

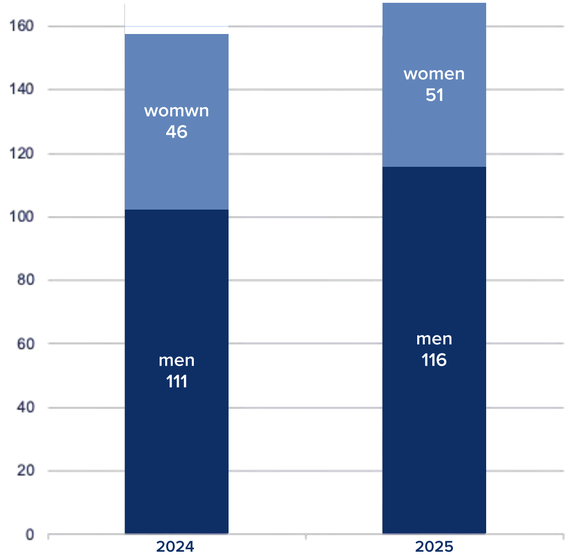
Information on the number of employees is presented here as of year-end.



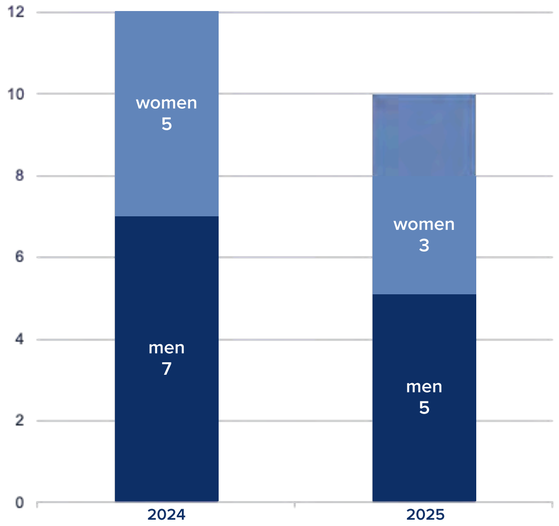
The year was characterised by new priorities that set the tone for change. The focus was on flexibility and employee well-being, with generous support for young parents and employees in the challenging circumstances of modern society.

Guðný Björg Hauksdóttir
Executive Vice President of Human Resources and Improvement

Permanent

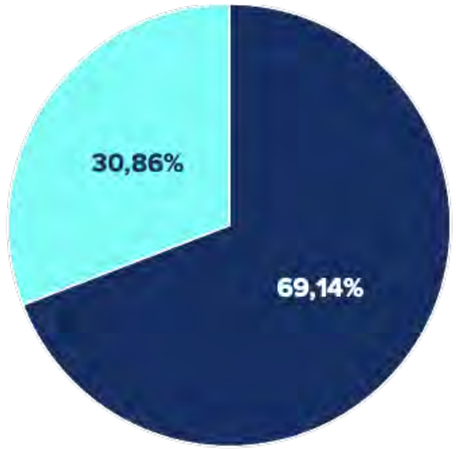


Temporary



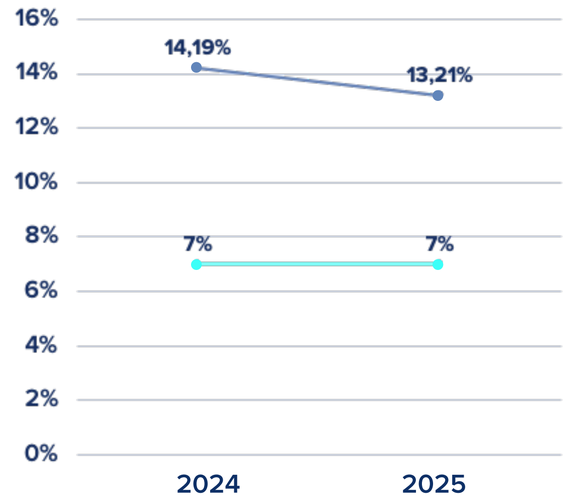
Men Women

Gender distribution of staff



Men Women

Employee turnover



Employee turnover was 13.21%, exceeding the set target of 7%. However, employee turnover decreases between years.

Employee turnover Maximum target

S1-6

Contractors at the company

A considerable number of contractors work with us at any given time, both in specialist and industrial roles. We have contractors who typically perform specialist tasks in close collaboration with our staff on the development and operation of the transmission system.

External contractors involved in our operations are hired based on their specialist knowledge and expertise. Fundamentally, the same rules and requirements for competence and knowledge apply to them as to our own staff. The same criteria apply to contractors and our own people regarding facilities, sanitary conditions, and safety rules, in line with the nature of the tasks they perform.

New construction projects are put out to tender both domestically and in the European Economic Area. Contracting companies working on new construction projects operate according to their own management systems but are subject to the company's processes and controls related to job risk assessments, codes of conduct, and safety rules.

S1-7

Scope of collective agreements

We comply with laws on collective agreements and ensure that all staff enjoy the rights and benefits stipulated in the agreements. Without exception, all our staff are covered by collective agreements, which guarantee all legal rights, including pay terms, sick leave, parental leave, notice provisions, and other related rights.

Our staff use different terms depending on whether they are on permanent or temporary contracts, but in all cases, their rights are guaranteed under the collective agreement to which they belong. 92% of Landsnet's staff are in trade unions.

We respect the laws and rules of the labour market. By fully complying with collective agreements, we contribute to a trustworthy and fair working environment where equality and respect for staff are paramount.

S1-8

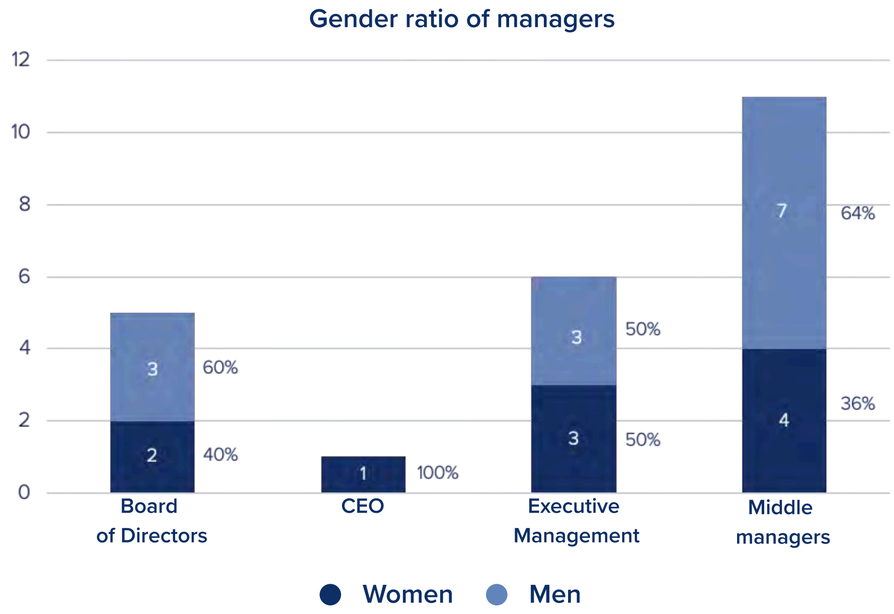
Diversity

Diversity is a key factor in building a strong and successful workplace culture. We have a certified equal pay system and comply with gender equality legislation to ensure that all staff have equal opportunities and rights in the workplace.

We maintain gender equality in the workplace through clear objectives and an annual review of the gender equality plan. The plan includes conducting an annual pay analysis to ensure pay is equal for work of equal value, maintaining an equal pay system, and regularly reviewing the gender equality plan to improve and adapt it as needed.

With these measures, we ensure the company remains a role model for equality and diversity in the workplace.

The results of pay analyses show that there is no unexplained pay gap, and any deviation is considered insignificant at 0.8% in favour of men.



Landsnet's Diversity Indicators

We track diversity indicators on the company's internal dashboard, where the following statistics, among others, are recorded and reviewed:

By using a dashboard, we ensure that managers have access to key data to support strategic planning for diversity and equality.

Gender ratio:
The ratio of women and men in all roles within the company, including management positions

Age composition:
Employees broken down by age group.

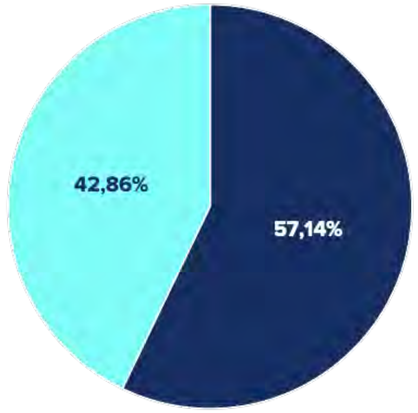
Length of service composition:
Employees broken down by length of service.

Generational gap:
Employees broken down by generation.

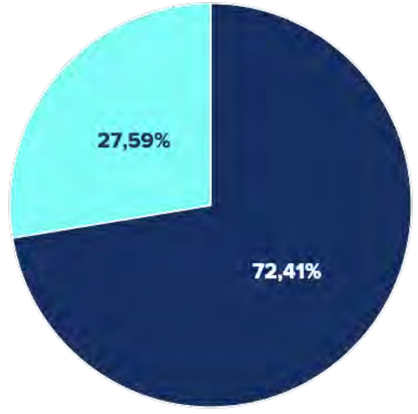
Employee nationality:
Employees broken down by nationality.

Employee education:
Employees broken down by the highest level of education.

Gender breakdown of employees on parental leave



Gender breakdown of new hires



Men Women

Recruitment policy

The recruitment process is in line with our diversity objectives.

The main priorities in recruitment are:

Advertisements for all.
Advertisments are worded neutrally and encourage people to apply regardless of age, origin or gender. Furthermore, most jobs are advertised irrespective of the location of a specific office.

Equality in decisions.
In cases where two equally qualified individuals are in the process, the person who contributes to greater diversity in the team is hired.

Impartiality in the process.
We ensure that the recruitment process is impartial by basing it on the applicants' skills rather than other factors.

21
on parental leave

Diversity in the management team

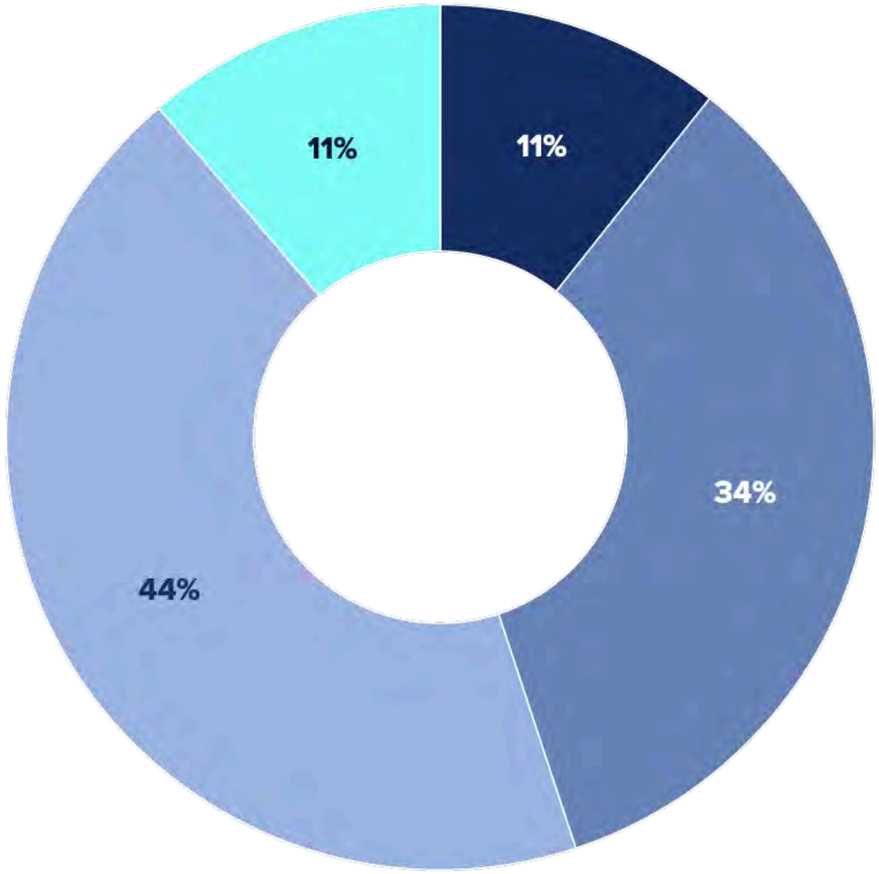
The goal is for the gender ratio of managers to be 50/50 men and women. We closely monitor progress towards these goals and regularly publish statistics on these diversity indicators, including in the annual report and in equal pay analyses. The proportion of women in the executive management is currently 50%, and 36% of middle managers.

Women's decision-making power is also tracked, as it is one of our equality indicators. Women's decision-making power in companies refers to the extent of control, influence, and authority women have over strategy, decision-making, and management within a company. The goal is for women's decision-making power to be close to 50%.

44,3
average age of employees

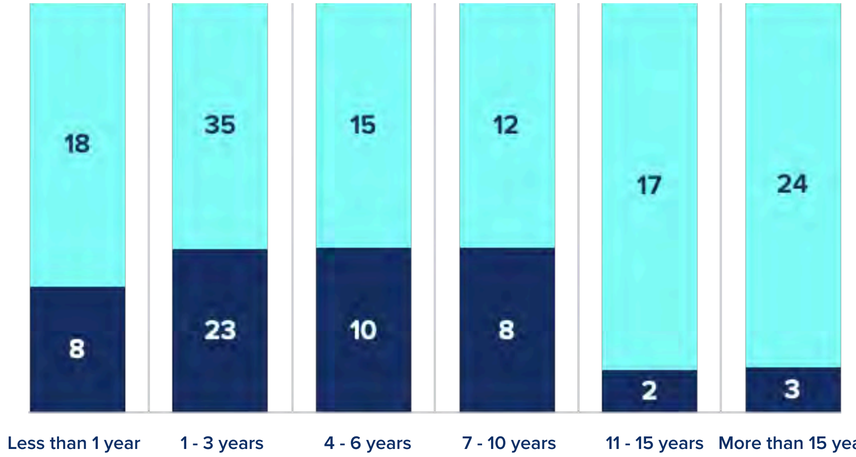
8 years and 8 months
average length of service

Generational breakdown at work

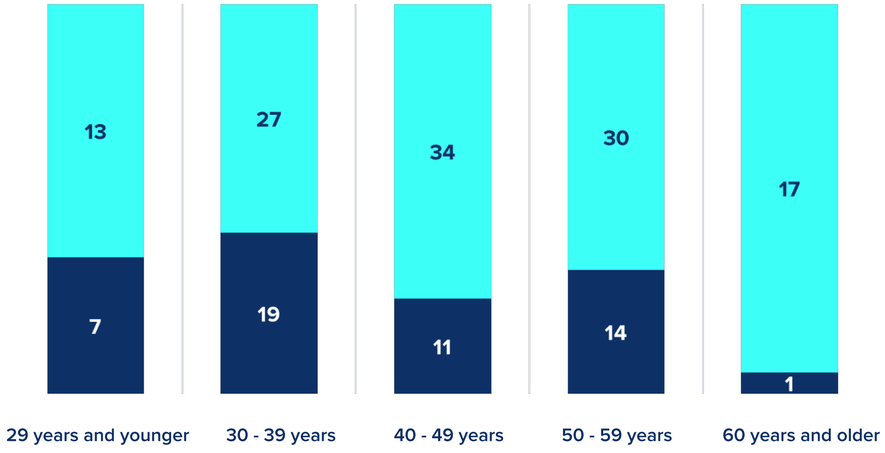


- Baby Boomers, b. 1946-1964
- Generation X, b. 1965-1980
- Millennials, b. 1981-1996
- Generation Z, b. 1997-2012

Length of service distribution



Age distribution of staff



- Women
- Men

S1-9

Employee Remuneration

We work to build and maintain a team of competent employees who support the company's role and operations. The emphasis is on paying competitive salaries without being a market leader. To ensure this, we participate in annual salary analyses and obtain market salary information. We use a certified equal pay system, which requires us to pay equal wages for the same or equivalent jobs, regardless of gender or other factors. The equal pay system is audited at least once a year. We have also established a specific remuneration and equal pay policy, which can be viewed on the company's website. Further information can be found in sections S1-1 and S1-15.

Read our remuneration policy

S1-10

Employee Benefits

We fully comply with the current collective bargaining agreements in the labour market, as well as the labour legislation in force at any given time. Employees' rights are guaranteed in accordance with applicable laws and regulations. This covers all aspects relating to rights and obligations in the workplace, including sick leave rights, termination provisions, rights in the event of accidents, maternity/paternity leave, and retirement.

S1-11

Employees with Disabilities

Respect for the rights of disabled people and international agreements, including the UNCRPD, is a guiding principle.

Disability is generally defined according to these standards and covers physical, mental and sensory disabilities, as well as chronic illnesses or health conditions that limit an individual's participation in society.

We ensure that no health information or information about employees' disabilities is collected, as this is considered sensitive personal data. It is recognised, however, that visible disabilities such as mobility impairments or sensory disabilities do not affect employment within the company, as the work environment is suitable and can accommodate individuals with mobility impairments.

S1-12

Education and Professional Development Metrics

Employee education and training are central to our long-term success. Our aim is to foster an environment that encourages innovation and professional growth, strengthening both our operations and our contribution to the Icelandic economy. We are working to promote robust knowledge creation, increase trust and enhance social responsibility.

Policy and Objectives

The energy sector is in constant development, and we emphasise promoting education and knowledge within the country. We actively participate in research and development work, including collaborations with foreign parties, transmission system operators in the Nordic countries, and Reykjavik University.

Our objective is to build knowledge that supports the long-term development and operation of the transmission system, and we approach this systematically through annual training plans, collaboration with industry, and support for further education.

We also place emphasis on annually supporting two projects at the undergraduate or master's level, and we offer apprenticeships for trade students and internships for university students.

Targeted Education and Training

Success is ensured through an annual needs analysis in all areas of the company, which forms the basis for a training plan and a targeted provision of courses and training for employees. We also offer study grants and flexibility for those who wish to pursue further education. For specialists, we offer paid study leave every four years.

Onboarding New Employees

A thorough reception and integration of new employees is a priority for us. We focus on introducing the company's operations, rules and culture, as well as ensuring successful individual training under the guidance of experienced staff.

Workplace Culture and Safety

We work systematically towards a constructive workplace culture where knowledge, communication and safety are at the forefront. We place great emphasis on personal safety, information security, and mental and social well-being, which is reflected in regular education and training. Safety is our absolute priority, and we place great emphasis on creating a work environment where all staff can work safely.

Recording and measuring knowledge

To ensure continuity and reduce knowledge leakage, we record all training and knowledge in our integrated management system. Viska, an electronic educational system, ensures convenient access for staff to educational materials, and our human resources system tracks all training information.

Through targeted education, training and a knowledge-oriented workplace culture, we ensure our future competitiveness and the quality of our operations.

We will continue to invest in knowledge and professional development to ensure outstanding working practices and reliability in operating the electricity transmission system in Iceland.

The Education Committee ensures that the company's education plan is regularly reviewed and updated in line with operational developments. This always gives staff the opportunity to develop their skills and achieve good results at work.

51,5
hours
in education and training per employee

S1-13

Health and safety metrics

Safety is the highest priority in all our operations. We have implemented a comprehensive safety policy and established rules that promote a healthy and safe working environment for all staff and contractors.

We are certified to the ISO 45001 standard, a specification for occupational health and safety. Emphasis is placed on regular training, audits and risk analyses with the aim of ensuring that safety, environmental and occupational health matters are an integral part of our operations, whether it be in the work of our people in construction and maintenance or decision-making regarding investments, selection of contractors or purchase of goods and services for the operations. The same requirements apply to all our contractors and service providers.

This category covers all staff, and there are requirements for regular health checks, on the one hand annually for staff who work in the field on maintenance jobs and on the other hand every two years for specialists. Similarly, there is regular safety training for all staff, as well as more specific courses for staff who work on maintenance jobs.



The goal in safety matters is to have zero accidents in our operations. In parallel, we place great emphasis on all incidents being reported and recorded with the aim of learning from them and implementing necessary improvements to prevent similar incidents from happening again. Last year, there were no accidents that resulted in absence from work.

We collaborate on safety matters with other energy companies in the country and similar infrastructure companies in the Nordic region, which helps us to ensure best practices and good working methods at all times.

Emergency Management

In recent years, we have alternated between levels of uncertainty and danger due to the situation on the Reykjanes peninsula and because of the weather. In these circumstances, our role is to work closely with the Department of Civil Protection and Emergency Management when a threat to the country's electricity system arises. According to the Electricity Act, our role is to coordinate the emergency response of other electricity companies, ensure that they adhere to recognised procedures, and maintain effective cooperation with the civil protection system. Defence and response measures have gone well and without incident, which testifies to careful and successful collaboration.

Employee training in safety matters is based on the risk factors to which employees are exposed at any given time. The focus of training is determined by the risks involved in construction and operational tasks.

S1-14

Work–Life Balance Metrics

The work–life balance of employees is a key factor in their well-being and in the company's performance. This is supported by offering flexibility in work arrangements wherever possible. Measures include flexible working hours, enabling employees to adapt their working days to personal needs, remote work in accordance with the company's attendance policy, and reduced working hours, which employees are encouraged to utilise in line with collective agreements.

Employees are also encouraged to make use of annual leave and parental leave, where applicable, as these are important for maintaining balance and well-being.

To monitor work–life balance, regular measurements and analysis of data from the company's attendance management system are conducted. The system records and reviews the proportion of employees utilising reduced working hours, the proportion of employees working partly remotely, the number and proportion of employees taking annual leave and vacation, and the utilisation of parental leave among employees. All employees are entitled to parental leave in accordance with applicable legislation and collective agreements, cf. sections S1-7 and S1-10.

These data are reviewed regularly and used to assess whether employees have access to measures that support work–life balance. Where necessary, improvements are implemented to enhance the working environment and ensure that employees are able to achieve a healthy work–life balance.

Expectant parents are offered paid leave one month prior to the estimated due date of their child. In addition, parents are offered the option of returning to work at an 80% employment ratio while receiving 100% salary for a period of three months.

This flexibility is intended to support parents in meeting the demands of modern family life.

21
fóru í fæðingarorlof



The family day was a great success, bringing together staff and their families for a day of fun and good spirits. There were games, refreshments, and a variety of entertainment for all ages.

The day highlighted the importance of spending time together and will definitely be repeated.

S1-15

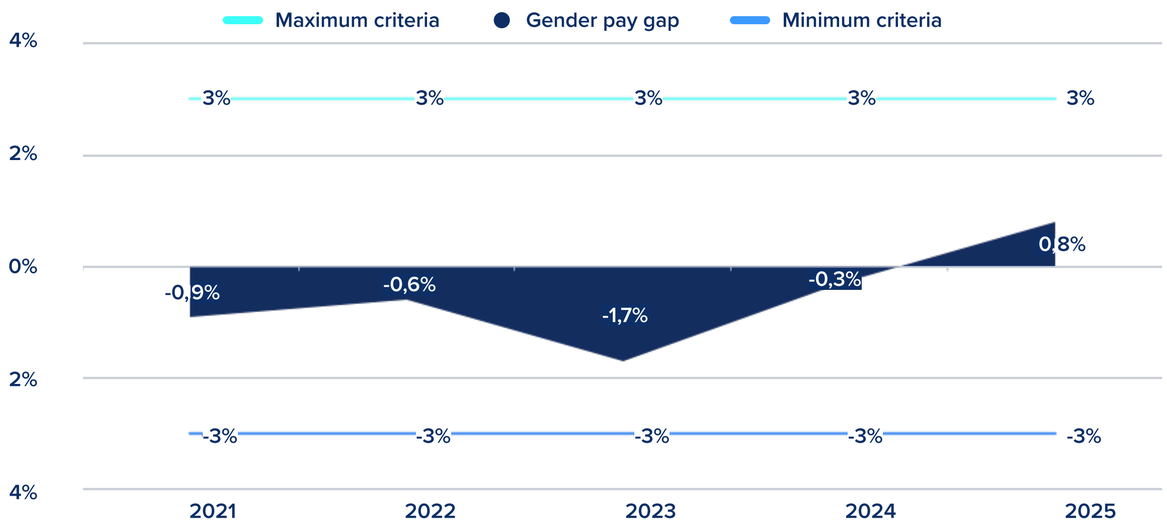
Pay criteria

The company's equal pay policy applies to all staff and is an integral part of its human resources, terms of employment, and gender equality policies. Further explanations can be found in section S1-1.

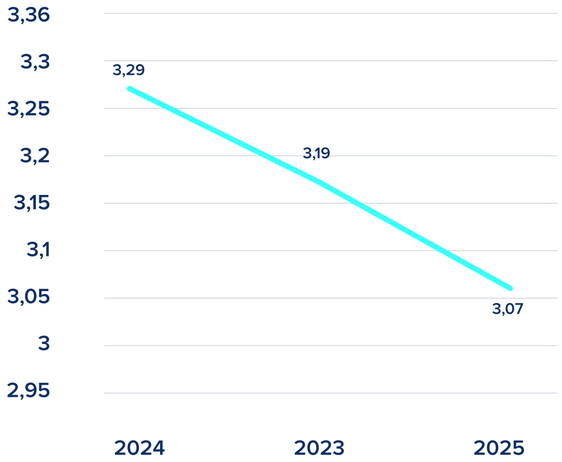
We have an active equal pay system that is audited annually.

A pay analysis is carried out annually, and the results for 2025 show that there is no unexplained pay gap, and the deviation is considered insignificant at 0.8% in favour of men.

Equal pay analysis



CEO pay ratio



We participated in the Women's Day Off 2025 by encouraging women within the company to take part. By doing so, we want to demonstrate in practice that equality matters and that their voices and contributions are important. The day reminds us that equality is not a given but a collective project for which we are responsible.

A special solidarity meeting was held within the Association of Women in the Energy Sector, and we encouraged our female colleagues to participate.

S1-16

Suggestions and complaints regarding human rights violations

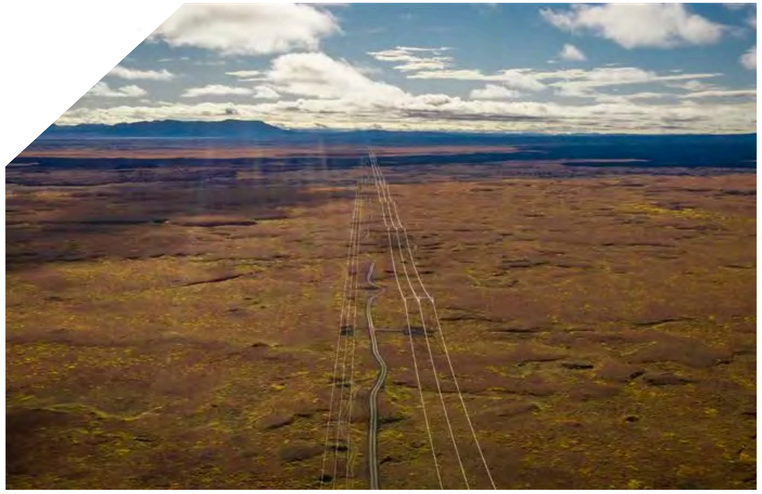
No such incidents were reported in 2025.

0
reports regarding the ECHR during the year



SEP 2025

In other news



03.09.2025

Transmission System Plan 2025–2034 submitted to the National Energy Authority

The Transmission System Plan 2025–2034 has now been submitted to the National Energy Authority for review and approval. This is always a major milestone, and exciting yet challenging times lie ahead for the development of the transmission system.



16.09.2025

Green restoration after construction – optimistic about swift results

Landsnet is working in collaboration with Land and Forest Iceland on mitigation measures to address vegetation disturbance caused by the construction of Kröflulína 3 and Hólasandslína Line 3.



17.09.2025

Landsnet secures loan from the Nordic Investment Bank

Landsnet and the Nordic Investment Bank (NIB) have signed a USD 35 million loan agreement, equivalent to approximately ISK 4.2 billion.

ESRS S2

Workers in the value chain

The value chain is an integral part of our operations, and it is therefore important to us that our suppliers ensure their workers have fair working conditions, a safe working environment and that their human rights are respected.



S2-1

Policy related to workers in the value chain

Our approach to value chain management is built on clear expectations: suppliers must provide fair working conditions, a safe working environment, and respect for the human rights of their employees.

At the beginning of the year, work began to strengthen requirements for the safety and working conditions of suppliers' employees, as well as to implement a standardised supplier assessment.

The supplier assessment includes, among other things, an analysis of the working environment, employees' social rights and welfare, as well as suppliers' financial position, quality management matters, environmental factors, sustainability, and information security.

The first supplier assessment in the new format took place towards the end of the year, and now, at the beginning of 2026, there is a plan for which suppliers will undergo a supplier assessment in the near future, using a materiality classification for this process. The results will be recorded in a central database for ongoing measurement. A system was also established to streamline internal processes, and quality procedures have been implemented in parallel.

We will work with our suppliers based on the supplier assessment to improve working conditions and employee safety. It is also anticipated that the minimum requirements in the supplier assessment will be raised year on year.

There will also be an emphasis on service companies in the local area, with the aim of achieving an outstanding assessment within three years. Audits will be conducted to verify their self-assessment.

From the beginning of 2025, we have required a self-assessment in tenders to ensure compliance with ESRS S2. The self-assessment is part of the tender conditions and may be subject to an audit. The results have been positive, and our suppliers have fulfilled the self-assessment in all cases.

We have already applied the exclusion grounds in accordance with Regulation No. 340/2017 and Directive 2014/25/EU in our procurement process. By making the supplier code of conduct part of the self-assessment and the supplier assessment, and by implementing ESRS S2, the company is going further to ensure responsible and sustainable business in the value chain.

The company's policy and actions in the aforementioned context are as follows:

Fair practices and compliance with international standards

We have published a supplier code of conduct based on fundamental principles of human rights, equality and fair working practices. This policy is in line with international standards, such as the fundamental principles of the International Labour Organisation and the UN Guiding Principles on Business and Human Rights.

The policy applies to all suppliers with whom we do business. In the self-assessment and supplier assessment, they are asked to read and accept the code of conduct as part of the assessment.

S2-2

Communication with workers in the value chain and procedures related to feedback and improvements

Monitoring and follow-up

We emphasise monitoring suppliers to ensure they comply with established rules and criteria. This includes, among other things, an assessment of the implementation of the self-assessment introduced at the beginning of the year, in which suppliers provide information about their operations in relation to ESRS S2. Contracts for the supervision of practical works will include provisions regarding audits of those suppliers with respect to sustainability issues, as will contracts that involve audits of factories abroad or in Iceland.

In addition, we will conduct random audits of domestic service providers and foreign suppliers when the opportunity arises.

Stakeholder consultation

We will maintain regular consultation with employees, suppliers and other stakeholders in the value chain to ensure that as many viewpoints as possible are taken into account in the ongoing development of policy and the implementation of monitoring.

Responding to challenges

When challenges arise, such as violations of labour legislation or other deviations from the self-assessment, the company has established clear processes to respond. This includes a remediation plan, sanctions if necessary, and support for suppliers to improve working conditions. Statistics on arising cases will be maintained, and a target for their reduction is expected to be in place at the beginning of 2026.

Suggestions and complaints

In both the self-assessment and supplier assessment processes, suppliers are required to have procedures enabling employees to raise concerns or complaints about working conditions, and to handle these fairly and effectively.

Through self-assessment and supplier assessments, we ensure our business practices align with international standards and promote responsible working practices throughout the value chain. By holding suppliers to clear sustainability requirements, we reinforce the importance of social responsibility and environmental stewardship. Where challenges arise, we respond through defined processes, active monitoring, and ongoing stakeholder dialogue.

A process is being developed to make it easier for customers and suppliers to submit suggestions.

In tender processes, an appeal to the Public Procurement Complaints Committee is the formal route for tenderers and suppliers to lodge complaints regarding alleged breaches of procurement rules. There are various general complaint channels for suppliers to submit comments, such as phone calls, emails, or meetings.



S2-3

Measures related to staff in the value chain

We will respond on a case-by-case basis when deviations from contractual obligations arise. Each case will be assessed individually, and decisions on measures will be taken in accordance with contractual authorisations and the severity of the deviation. Please refer to sections S2-1 and S2-2 for a more detailed discussion of measures.

S2-4

Objectives related to staff in the value chain

Suppliers are classified by importance into critical, important, and general suppliers. Critical and important suppliers must submit a supplier assessment, which a procurement specialist reviews and verifies with supporting documents. A supplier must achieve at least 70% in the factors that apply to them to be considered to meet our requirements.

The aim is for all our critical suppliers and a portion of the important ones to have completed the supplier assessment satisfactorily by the end of 2026.



In other news



10.10.2025

Preparation for the laying of Þorlákshafnarlína Line 2

We are currently preparing to lay an underground cable between Hveragerði and Þorlákshöfn. The project is part of the ongoing development of the electricity transmission system in South Iceland and aims to strengthen the security of supply and improve the operational security of the electricity system in the area.



23.10.2025

Court of Appeal (Landsréttur) upholds District Court ruling on expropriation for the Suðurnesjalína Line 2 route.

The Court of Appeal (Landsréttur) today rejected the claim of several landowners to invalidate the decision of the Minister of the Environment, Energy and Climate of 21 June 2024 authorising Landsnet's expropriation for the laying of Suðurnesjalína Line 2 in the Municipality of Vogar.



ESRS S4

Electricity customers and users

Our policy is aimed at creating value for customers. In order to understand what constitutes added value from the perspective of customers and stakeholders, it is essential to maintain regular dialogue and conduct targeted surveys.



S4-1

Policy related to customers and electricity users

Creating value for customers is central to how we operate. Understanding what customers and stakeholders consider meaningful requires regular dialogue and well-designed surveys.

The responsible parties ensure that work is carried out in accordance with the stakeholder and communication analysis process. The Quality Manager project manages this work, and the analysis falls under Landsnet's risk assessment register. Communication and stakeholder analysis are discussed in more detail in section SBM-2.

Open and transparent consultation with stakeholders is important to us to build trust, align expectations, and promote the successful development of infrastructure. To this end, we maintain regular and organised communication with stakeholders, both those who directly impact our operations and those who indirectly impact our activities.

In the communication and stakeholder analysis carried out in autumn 2025, we have analysed our main stakeholders, who are as follows:

Customers

Key aspects of communication are an emphasis on security of supply, a stable tariff, transparency in information provision and an active dialogue about both operations and the future.

Owner

Emphasises financial stability, investments in the transmission system to support the energy transition, as well as sustainability, energy security, and access to energy.

Financiers

Demand transparency and clear information about finances and sustainability.

General electricity users

Although they are not our direct customers, they are our ultimate owners. Their main priorities relate to information provision, energy security and access to energy.

Regulators and associations

Ensure that operations comply with the Electricity Act and regulations, and that revenue caps benefit the company and electricity users.

Employees

According to the workplace analysis, employees emphasise clear dialogue about roles and expectations, encouragement for professional development, and feedback on progress and performance.

Government authorities

Have an interest in the functionality of the energy system, security of supply, energy access and energy supply.

Suppliers and business partners

Emphasis is placed on a trusting business relationship, secure delivery of goods and production methods that take into account ethical values, human rights, environmental protection and social responsibility.

Municipalities and associations

Want guaranteed access to energy and energy security, but also have concerns about the environmental and social impacts of our operations.

In this section, however, we focus our attention on customers and general electricity users. It should be noted that work on the strategy began in early October 2025. In the preparation and data processing, stakeholders and customers have had the opportunity to express their views.

S4-2

Communication with customers and electricity users, procedures related to feedback and improvements

Every year, we conduct a survey among our customers in which we ask, among other things, about satisfaction with our service, the conduct of our staff, our timing and promises, and trust in us.

The survey results show that both trust and satisfaction have decreased slightly year-on-year. Overall, however, the situation is good. The adjacent figure shows the trend in scores for trust and satisfaction with the service from 2021 to 2025.

The 2025 customer survey showed a 5% decrease in trust and satisfaction with the service from the previous year.
Opportunities for improvement from the customer survey are the responsibility of Business and System Development. The company engages in extensive consultation beyond statutory requirements, which results in a wide range of comments on projects and operations.

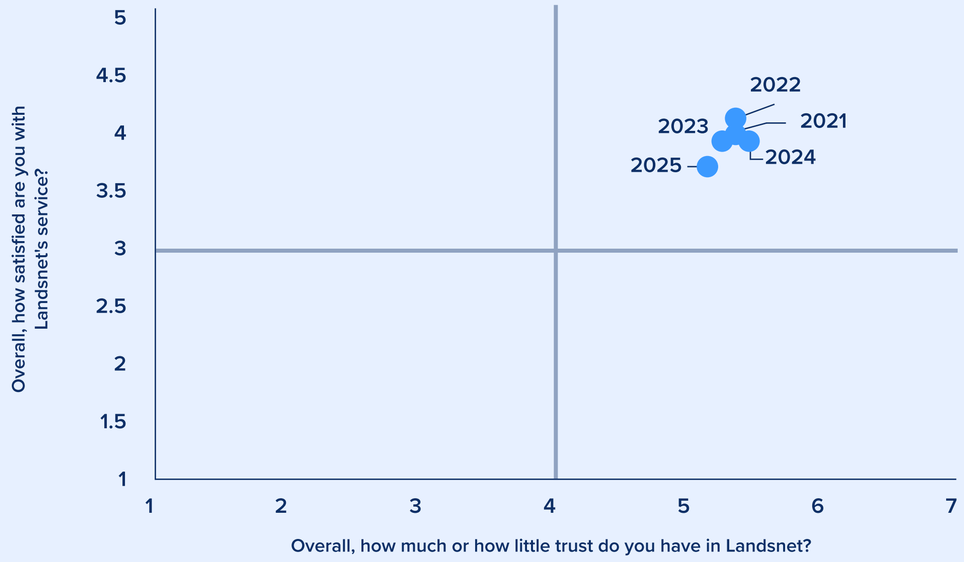
To ensure continuous improvement, we hold an annual management review in which survey results and improvements are discussed. We have a system for feedback and complaints from internal and external stakeholders.

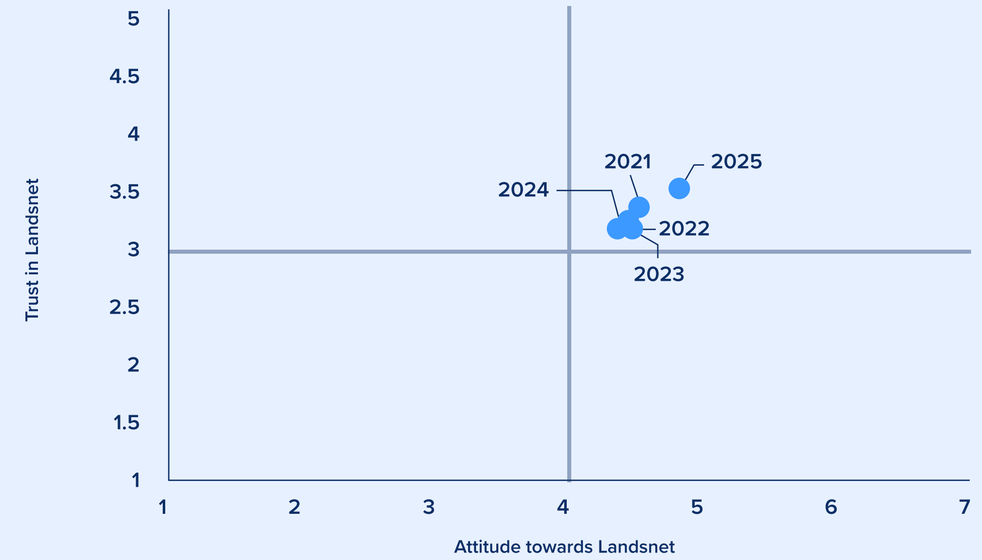
We also conduct an annual survey measuring attitudes, knowledge, and trust among the general public. For an infrastructure company whose operations affect all electricity users, this kind of regular assessment is essential. Attitudes and knowledge of Landsnet are the foundations of the public trust on which we depend.

In recent years, attitudes and trust have remained stable. In 2025, however, attitudes improved by 8.7% and trust by 10% from the previous year.

A key aspect of communication with customers is understanding their needs to respond to them, along with transparent information about the development of the transmission system. For prospective customers, the most important thing is to understand how to connect to the transmission system and how the connection and contract process is structured. The purpose is to build a trusting business relationship in which we share a mutual understanding of our needs and those of our customers.

Communication with the public involves providing information on the development of the transmission system and project plans, as well as ongoing updates during disruptions to electricity transmission that affect the public's access to electricity.





The following table provides an overview of how organised communication, consultation and information provision to stakeholders and customers is arranged, along with examples of changes that have occurred in communication with these two groups.

	General electricity users	Customers
How dialogue and information provision are organised	News on the website and social media Information about interruptions and power outages on the website and in the app Spring meeting and report publication	Surveys on knowledge, attitudes and trust Meetings with account managers Regular operational committee meetings Spring meeting and report publication Customer survey
Purpose of dialogue and information provision	To provide information about the system plan and the development of the transmission system To provide information about energy security in general, but also by region, and what plans are in place to improve it. Information about interruptions and power outages	To understand customer needs and be able to respond to them To build trust and transparency in what Landsnet does To enable new customers to connect based on their needs
Examples of outcomes from dialogue and consultation	Change in information provision on the website Shift in focus on social media regarding information provision	Change in the organisation of customer service. Change in approach regarding service, more frequent communication with less satisfied groups

S4-2

Measures related to customers and electricity users

We emphasise continuous improvement and responsible responses to feedback and any negative impacts that may arise from our operations. A coordinated and controlled process is being developed to improve the handling of feedback and complaints, the registration of this feedback, and to ensure root cause analyses and clear answers.

It is important to ensure a comprehensive overview, accurate statistics, and consistent procedures for responding to customers following feedback or complaints.

The main focus is to clarify the channels for complaints into the company, ensure consistent registration of all non-conformities, and correct documentation and traceability. No complaints regarding data protection breaches or loss of customer data were received by the company last year.

Our customers can provide feedback and comments to the company in various ways, including via Landsnet.is or by contacting their main point of contact. Feedback is registered in the department to which it pertains. Root cause analyses and remedies are carried out within the process to which the feedback is directed.

We have liability insurance that covers damage caused by the company. In cooperation with the distribution system operator in the relevant area, we examine, on a case-by-case basis, payments to individuals who have suffered damage due to system failures. No payments were made last year for damages caused by system failures.

S4-4

Objectives related to customers and electricity users

Our System Plan 2025–2034 sets out a plan for the sustainable development of the electricity transmission system. It is prepared transparently and systematically in accordance with government policy on the energy transition. The plan seeks to ensure a reliable, economical, and equitable electricity supply to customers and end-users, in line with objectives for access to energy, security of supply, and sustainable development.

In preparing the System Plan, emphasis is placed on open consultation and the active participation of customers and other stakeholders. Assumptions, scenarios, and project prioritisation are analysed and publicly presented, and feedback is used to improve decision-making and enhance the quality of the plan. The System Plan goes through a two-stage consultation process and is also reviewed and approved by the National Energy Authority, which strengthens transparency, non-discrimination, and responsible governance in decisions that affect the long-term development of the electricity system.

The plan is based on the Electricity Act and the Regulation on the System Plan, as well as strategic government decisions on the development of the electricity transmission system. All planned projects are assessed with regard to security of supply, economic efficiency, and user equality, with the aim of ensuring the stable operation of our customers, supporting economic development, and equalising living conditions throughout the country.

The System Plan is also situated within Iceland's energy policy and climate goals, and it supports the energy transition by creating the conditions for increased electricity generation, the connection of new customers, and the secure supply of renewable energy to current and future users.

A new CEO and Board of Directors took the helm, and subsequently, work began on a new strategy and a review of our brand. The year was also characterised by major changes in the international environment that affect us, and it is therefore important to have a clear strategy and vision in these turbulent times.

Einar Snorri Einarsson
Director of the CEO's Office



NÓV 2025

In other news



04.11.2025

Changes to the tariff due to transmission losses

On the 1st of November, the transmission tariff was adjusted due to transmission losses.



04.11.2025

Holtavörðuheiðarlína Line 3 to be routed through the settlement route

The Board of Landsnet has approved that Holtavörðuheiðarlína Line 3 will be routed through the so-called settlement route.



06.11.2025

Letter of intent on strengthening the electricity system in Northeast Iceland

Today, a letter of intent was signed between Landsnet, Iceland State Electricity and the Ministry of the Environment, Energy and Climate on measures to strengthen the electricity system in Northeast Iceland.

ESRS G1

Business Conduct

Trust, transparency, and predictability underpin everything we do. Our approach to business conduct is grounded in robust risk management, sound corporate governance, and a commitment to sustainability throughout the value chain.



G1-1

Policy on business ethics

Trust, transparency, and predictability underpin everything we do. Our approach to business conduct is grounded in robust risk management, sound corporate governance, and a commitment to sustainability throughout the value chain. The values guiding our workplace culture are cooperation, respect, and responsibility. A range of governance documents has been established to give practical expression to these principles.

The main ones are: the board's rules of procedure, code of conduct, human resources and human rights policy, sustainability policy, code of conduct for suppliers, and procedures for handling tips and complaints.

We are subject to rules on procedures for employees' disclosure of illegal or other reprehensible conduct. To enable staff and external parties to anonymously report alleged misconduct, illegal acts, reprehensible conduct, or breaches of rules committed by the board, management, staff, or suppliers, we have a whistleblowing channel accessible on our website.

Our internal processes contain instructions on the channels, handling and processing of reports of breaches of law or other reprehensible conduct in our operations.

We participated in Career Days, where we had the opportunity to meet students, share knowledge, and discuss the diverse and important work that takes place at the company. This participation is important to us as it strengthens ties with future generations, introduces opportunities in the energy and infrastructure sector, and supports the development of knowledge and skills for the future.

G1-2

Actions related to business ethics

Increased development of the European electricity system has put pressure on the supply chain, leading to longer delivery times and rising prices. We emphasise chain responsibility and its connection to international standards as part of our corporate social responsibility.

Our procurement is governed by laws and regulations that emphasise competition. We are therefore subject to a tendering obligation if the cost of planned procurement exceeds the applicable threshold amounts at any given time. The tenders also reflect our policy on safety, corporate social responsibility and innovation. We have updated our supplier assessment to address all ESG factors. Supplier assessment is discussed in more detail in sections S2-1 and S2-4.

During the year, 53 procurement processes were carried out. Contracts concluded through procurement processes amounted to just over 7.2 billion, and individual contract amounts ranged from about 1.5 million to 500 million.

G1-3

Objectives related to business ethics

We operate under a special licence and are subject to the supervision of the Electricity Regulatory Authority. Although the company does not operate in a competitive market, competition law may apply to its operations.

The code of conduct stipulates that management and staff should perform their duties responsibly and in accordance with the important social role we play, with our values as a guiding principle.

Staff are instructed to be mindful of conflicts of interest that may arise from direct or indirect interests and to maintain impartiality in their interactions with customers, suppliers, shareholders, and others with whom they interact.

Specific measurable objectives for governance and business conduct have not yet been formalised.

G1-4

Metrics related to incidents of corruption and bribery

channels, handling, and processing of reports of legal violations or reprehensible conduct in operations that fall under Act No. 40/2020 on the protection of whistleblowers. Staff can report legal violations or reprehensible conduct through a channel that ensures anonymity, if they so choose. If a report is received, it is handled according to a defined procedure. It is possible to report violations or reprehensible conduct through the company's internal system on its website, which is available to both staff and external parties.

The Code of Conduct applies to all staff, including board members and the CEO. The Code of Conduct supplements the official regulatory framework and procedures, providing guidance in areas not covered by laws, rules, and guidelines. The Code of Conduct is intended, among other things, to promote and maintain professional working practices, increase transparency, and combat corruption.

No cases of corruption or bribery have arisen involving management, employees, or customers, and neither management nor staff have been convicted of such offences in the company's operations.

G1-5

Metrics related to political influence and lobbying

We work to build consensus on our role and activities through continuous dialogue with stakeholders, grounded in candour, responsibility, open-mindedness, mutual respect, and a willingness to cooperate.

According to our Code of Conduct, we build on professional and constructive cooperation with public authorities, regulatory bodies, public institutions, interest groups, and other parties with whom we work.

We are members of Samorka, the Icelandic Energy and Utilities Association, which in turn is a member of the Confederation of Icelandic Enterprise.

Samorka operates in the professional fields of electricity, and the purpose of the association is, among other things, to promote the common interests of its members, including safeguarding members' interests, maintaining connections and communication with domestic and foreign institutions, and providing information and opinions to public authorities and other parties.

We do not make donations to political organisations, and by law, they are prohibited from accepting contributions from companies that are majority-owned or controlled by the state or municipalities.
No one who held a position in public administration in the last two years was appointed to executive management.

G1-6

Metrics related to payment terms

Our payment terms are in accordance with the company's general supplier terms, which apply equally to all suppliers. These state that we pay invoices for purchases 30 days after the end of the invoicing month, provided that other conditions of the supplier's terms are met. There are no legal proceedings underway regarding late payments or outstanding payments.

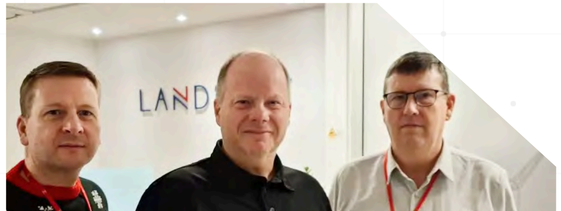
In other news



01.12.2025

Significant uncertainty ahead and a need for clear policymaking

A new energy forecast for Iceland, jointly prepared by Landsnet, the Environment and Energy Agency, and the Electricity Authority, shows that significant challenges and considerable uncertainty lie ahead in the development of the electricity sector. The energy forecast was presented at Harpa on 1 December.



12.12.2025

Cooperation between Landsnet and Landsbjörg was strengthened with a new agreement

The Board of Directors of Landsnet has approved the routing of the Holtavörðuheiði Line 3 via the so-called ‘settlement route’.



18.12.2025

Laxey joins the group of customers

Landsnet and Laxey have signed a transmission agreement to supply electricity to land-based aquaculture in the Westman Islands. On this occasion, Lárus Ásgeirsson, Chairman of the Board of Laxey, visited us at Gylfaflöt to discuss the current situation and the future.



17.12.2025

Increased security of supply creates opportunities: Westman Islands Cables 4 and 5 are now operational

Today, a major step was taken in the history of electricity in the Westman Islands when the Westman Islands Cables 4 and 5 were put into operation. The arrival of the new cables enhances the security of the electricity supply to the Westman Islands, and three powerful subsea cables now supply it with electricity.



15.12.2025

Páll Harðarson elected Chairman of the Board of Elma orkuviðskipti

Páll Harðarson has been elected Chairman of the Board of Elma orkuviðskipti ehf., a subsidiary of Landsnet. Elma operates a short-term electricity market, a so-called day-ahead market, in cooperation with Nord Pool, and also runs an electronic auction market for long-term electricity contracts.

LANDSNET

2025