

ASSESSMENT

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Contacts

Krister Koskelo
Associate Lead Analyst – Sustainable Finance
krister.koskelo@moody's.com

James Southwood
Senior Sustainable Finance Associate
james.southwood@moody's.com

Amaya London
AVP-Sustainable Finance
amaya.london@moody's.com

Rarik ohf.

Second Party Opinion – Green Financing Framework Assigned SQS1 Sustainability Quality Score

Summary

We have assigned an SQS1 sustainability quality score (excellent) to Rarik ohf.'s (Rarik) green financing framework dated April 2026. Rarik has established its use-of-proceeds framework with the aim of financing projects across seven eligible green categories. The framework is aligned with the four core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2025 and the Loan Market Association's, the Asia Pacific Loan Market Association's and the Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Green Loan Principles (GLP) 2025, and the issuer has also incorporated all Moody's Ratings identified best practices. Furthermore, the framework demonstrates a high contribution to sustainability.

Sustainability quality score

SQS5
Weak

SQS4
Intermediate

SQS3
Good

SQS2
Very good

SQS1
Excellent

SQS1

Alignment with principles
USE OF PROCEEDS

Overall alignment

Not aligned

Partially aligned

Aligned

Best practices

FACTORS	ALIGNMENT
Use of proceeds	██████████
Evaluation and selection	██████████
Management of proceeds	██████████
Reporting	██████████

Contribution to sustainability

Final contribution to sustainability

Poor

Limited

Moderate

Significant

High

Preliminary contribution to sustainability
Relevance and magnitude

No adjustment

POINT-IN-TIME ASSESSMENT

Scope

We have provided a second party opinion (SPO) on the green credentials of Rarik's framework, including the framework's alignment with the ICMA's GBP 2025, and the LMA/APLMA/LSTA's GLP 2025. Under the framework, the company plans to raise green financing through green bonds, loans, or instruments to finance green projects across seven eligible categories, as outlined in Appendix 3 of this report.

Our assessment is based on the last updated version of the framework received on 22 April 2026, and our opinion reflects our point-in-time assessment¹ of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our [Assessment Framework: Second Party Opinions on Sustainable Debt](#), published in October 2025.

Issuer profile

Rarik ohf. (Iceland State Electricity) (Rarik) is a 100% state-owned enterprise established in 1946, with operations commencing in 1947. As a key player in Iceland's energy sector, Rarik is vital to the country's electricity procurement, distribution, and sales, particularly in rural areas, operating the largest electricity distribution system in Iceland. The company manages approximately 90% of the rural electricity distribution network, covering 80-90% of inhabited areas and serving around 15% of the population. Rarik's high voltage distribution network exceeds 10,000 km, with 84% of lines replaced by underground cables by the end of 2025.

The company's core operations include electricity distribution and owning four geothermal district heating utilities, providing clean heating solutions and supporting regional development. Through its subsidiary Orkusalan ehf., Rarik engages in both wholesale and retail markets, producing and trading electricity and thermal energy, including operating six hydropower plants.

Strengths

- » Eligibility criteria have been designed to be in line with substantial contribution criteria of applicable EU Taxonomy activities, where feasible, representing adherence to a very good market standard
- » Nearly all project categories have a high contribution to the climate change mitigation objective.

Challenges

- » No thresholds or estimates on energy savings were provided for smart meters, limiting visibility into sustainability impact.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Alignment with principles

Rarik's green financing framework is aligned with the four core components of the ICMA's GBP 2025 and the LMA/APLMA/LSTA's GLP 2025, and the issuer has also incorporated all Moody's Ratings identified best practices. For a summary alignment with principles scorecard, please see Appendix 1.

- | | |
|---|---|
| <input checked="" type="checkbox"/> Green Bond Principles (GBP) | <input checked="" type="checkbox"/> Green Loan Principles (GLP) |
| <input type="checkbox"/> Social Bond Principles (SBP) | <input type="checkbox"/> Social Loan Principles (SLP) |
| <input type="checkbox"/> Sustainability-Linked Bond Principles (SLBP) | <input type="checkbox"/> Sustainability Linked Loan Principles (SLLP) |

Use of proceeds



Clarity of the eligible categories – BEST PRACTICES

Rarik has clearly communicated the nature of the expenditures, which under this framework includes capital expenditures (capex) and operating expenditures (opex), and has clearly defined the eligibility criteria for the seven eligible categories. The company has identified the location of eligible projects as within Iceland. The definition of the seven eligible categories references the substantial contribution criteria that form part of the EU Taxonomy Climate Delegated Act, thus constituting a reference to stringent, internationally recognized technical thresholds.

Clarity of the environmental or social objectives – BEST PRACTICES

Rarik has clearly outlined the environmental objective associated with all seven eligible categories, which is climate change mitigation. All eligible categories are relevant to the environmental objective to which they aim to contribute. The objective is coherent with recognized international standards, including the United Nations' (UN) Sustainable Development Goals (SDGs) and the EU Taxonomy.

Clarity of expected benefits – BEST PRACTICES

The expected environmental benefits identified are clear and relevant for all seven eligible categories. These benefits are measurable and the company will report on these quantitative benefits in its ongoing reporting. The issuer will disclose the estimated share of refinancing to investors before each issuance, and the realized share of refinancing will also be included in the annual allocation report. Operating expenditure will qualify for a look-back period up to three calendar years prior to issuance, whereas the issuer has disclosed that other expenditures are not subject to a defined look-back period.

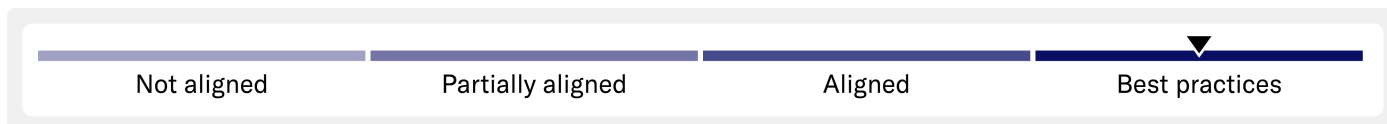
Process for project evaluation and selection



Transparency and clarity of the process for defining and monitoring eligible projects – BEST PRACTICES

The issuer's decision-making process for the evaluation and selection of projects is clear and structured, and outlined in its framework. The Green Finance Committee, among its various responsibilities, has the remit for identifying, evaluating, and monitoring the continuous compliance of eligible green projects; excluding eligible green projects that no longer comply with the eligibility criteria or have been postponed, canceled, divested, and replace them as soon as reasonably practicable, on a best-efforts basis. All projects will be monitored for their continued compliance throughout the lifetime of the green financing instruments. The environmental and social (E&S) risk mitigation process is described in the framework. The Committee evaluates and assesses environmental and social risks associated with proposed green projects. This includes consideration of human and labor rights and alignment with applicable international and local environmental and social laws and standards.

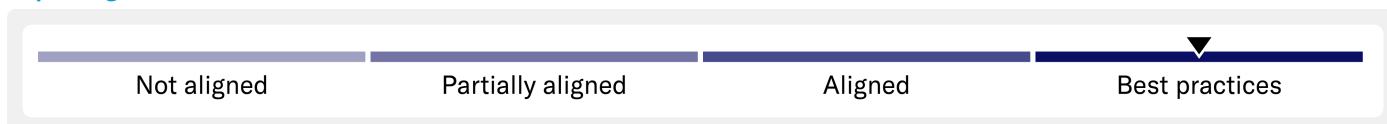
Management of proceeds



Allocation and tracking of proceeds – BEST PRACTICES

Rarik has defined a clear process for the management and allocation of instruments' proceeds in the framework. The issuer commits to the internal tracking of earmarked projects via an internal accounting system, or via a dedicated green account. The balance of tracked proceeds will be monitored on a continuous basis and a formal reconciliation will be performed at least annually. The issuer plans to fully allocate net proceeds within 24 months, in line with market best practices. Temporarily unallocated proceeds may be held or temporarily utilized or invested in accordance with Rarik's and Orkusalan's investment policy, including in cash or cash equivalents, or in other liquid marketable instruments.

Reporting



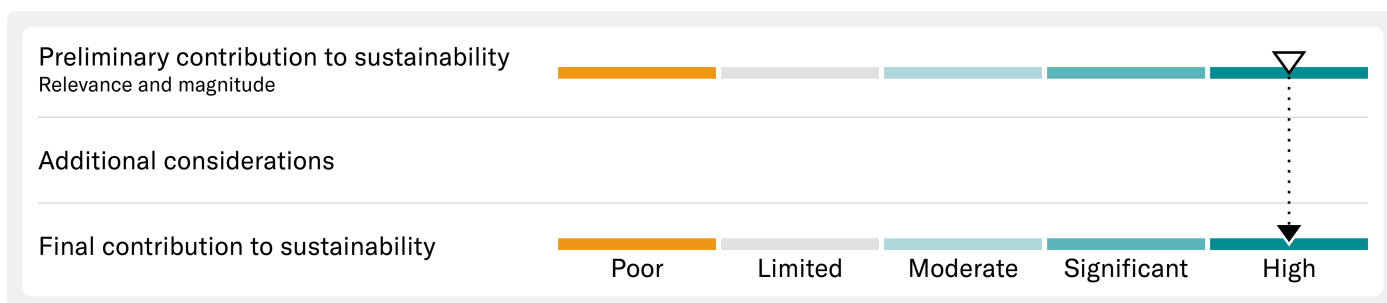
Reporting transparency – BEST PRACTICES

Rarik will report annually on the financing instruments under its framework. The reporting will be through an annual green financing instrument report, which will be published as part of its annual report and made publicly available on Rarik's website. The allocation and impact reporting will occur until full allocation of funds, and impact reporting will continue over the life of the green financing instruments. The reporting is exhaustive and includes the overview and outstanding amount of green financing instruments, the amount allocated at the eligible project or category level, the balance of unallocated proceeds, the share of refinancing, the description of green assets to which net proceeds have been allocated, and the information on the degree of alignment with the EU Taxonomy.

Rarik has identified clear and relevant environmental indicators for all the categories. The issuer commits to disclose the description of the methodologies and key assumptions used for impact reporting. The issuer will engage an independent external auditor with relevant expertise to conduct external verification for both allocation and impact reporting.

Contribution to sustainability

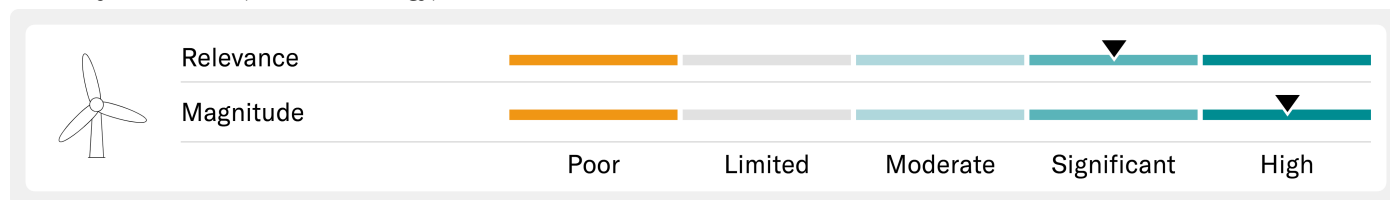
The framework demonstrates a high overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of high, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.



Preliminary contribution to sustainability

The preliminary contribution to sustainability is high, based on the relevance and magnitude of the eligible project categories. According to information provided by the issuer, the electricity distribution (renewable energy) category will receive a proportionally higher share of expected issuance, so we have weighted categories accordingly for our assessment. A detailed assessment by eligible category has been provided below.

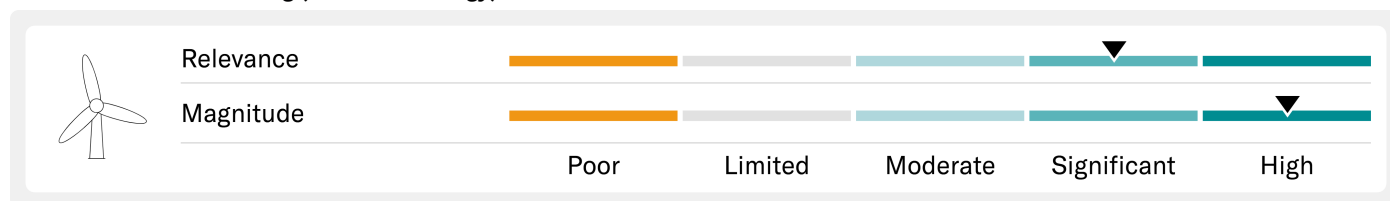
Electricity Distribution (Renewable Energy)



Addressing climate change mitigation is considered significantly relevant for the energy sector in Iceland and for the issuer. Although investments in renewable energy can be important to support Iceland’s decarbonization strategy, the need for further expansion is comparatively lower than in fossil-based economies, given that approximately 99% of the country’s electricity supply is already generated from renewable sources, mainly hydropower and geothermal energy.² Despite the already high share of renewables, the government has made the further expansion and maintenance of its renewable energy supply a priority to meet rising energy demand. Electricity supply remains the core business activity of the issuer and it has an important role to play in meeting Iceland’s climate goals, with the country aiming to achieve carbon neutrality by 2040.

The financing of electricity distribution networks is expected to have a high long-term contribution to climate change mitigation. Maintaining and enhancing the distribution grid is expected to help support continued integration of renewable energy, ensure a more secure power supply, and enable electrification across various sector end-use cases. The issuer has chosen to adhere to the substantial contribution criteria of economic activity 4.9., “Transmission and distribution of electricity” of the EU taxonomy, representing a reference to a stringent standard. The issuer has specified that the planned distribution investments mainly relate to reinforcement, modernization, and expansion of the distribution network, including increases in grid capacity. Rarik also continues to replace overhead lines with underground cables to improve reliability and reduce weather-related outages. Environmental and social externalities are well managed through both the issuer’s risk management systems and stringent local regulations.

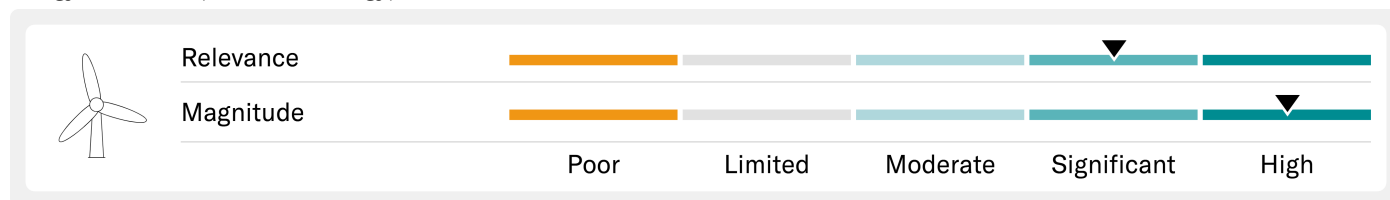
Geothermal District Heating (Renewable Energy)



Addressing climate change mitigation is considered significantly relevant for the energy and heating sector in Iceland and for the issuer. Although investments in renewable heat can be important to support Iceland’s decarbonization strategy, the need for further expansion is comparatively lower than in fossil-based economies, given that around 90% of the energy used for domestic heating in Iceland already comes from geothermal energy, with a majority of the rest coming from the country’s clean electricity supply and only around 1% of the total, or less, from fossil fuels. Despite the already high share of renewables and of geothermal penetration, expansion and maintenance of the geothermal heat network remains a priority to meet rising demand. Heat supply, alongside electricity supply, is a core business activity of the issuer and ensuring continued clean heat has an important role to play in meeting Iceland’s climate goals.

The financing of geothermal wells and district heating networks is expected to have a high long-term contribution to climate change mitigation. By following the substantial contribution criteria for EU Taxonomy activities 4.15. and 4.22., the category references one of the most stringent available standards. The heating network only carries fossil fuel-free heat from geothermal sources. The geothermal wells in scope in this category, for the extraction of hot water for direct use in the heating network, are considered to have limited negative externalities. This is notably the case by comparison to certain other geothermal technologies such as enhanced geothermal, which is not used in Iceland. In any case, the issuer’s risk management systems and local regulatory safeguards ensure the management and mitigation of negative environmental and social externalities.

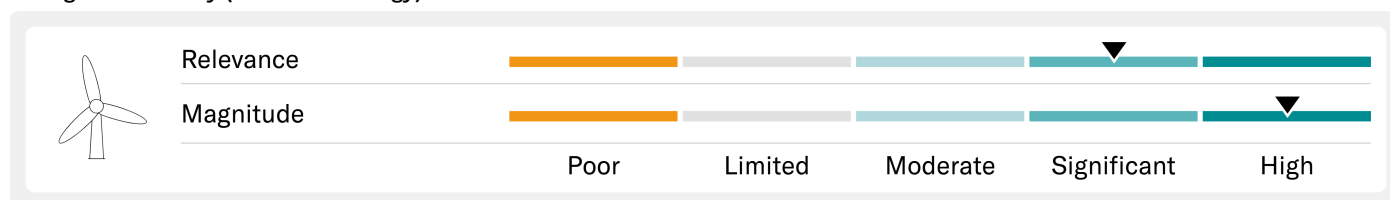
Energy Production (Renewable Energy)



Addressing climate change mitigation is considered significantly relevant for the energy sector in Iceland and for the issuer. Although investments in renewable energy can be important to support Iceland’s decarbonization strategy, the need for further expansion is comparatively lower than in fossil-based economies, given that approximately 99% of the country’s electricity supply is already generated from renewable sources, namely hydropower and geothermal. Despite the already high share of renewables, the government has made the further expansion and maintenance of its renewable energy supply a priority to meet rising energy demand. Electricity supply remains the core business activity of the issuer (see further analysis under the first eligible category, Electricity distribution).

The financing of hydropower investments and wind power generation is expected to have a high long-term contribution to climate change mitigation. Most or nearly all of the allocation is expected to go towards hydropower investments, as the implementation of legislation relating to wind power is still ongoing in Iceland. Eligibility criteria refer to the substantial contribution criteria of EU Taxonomy activities 4.3. and 4.5., which is considered a stringent standard. For hydropower, most current and future projects will be run-of-river projects, which have few inherent externalities compared to other hydropower technologies. Additionally, all hydro projects abide by the EU Taxonomy threshold of a maximum of 100g CO₂e/kWh, and all future projects, and most current ones, also comply with the power density criterion of above 5 W/m². All projects are subject to identification of potential negative social and environmental impacts.

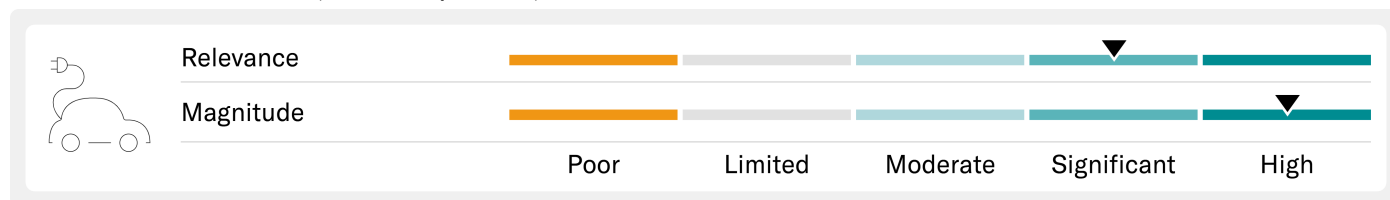
Storage of Electricity (Renewable Energy)



Addressing climate change mitigation is considered significantly relevant for the energy sector in Iceland and for the issuer. Although investments in energy storage can be important to support Iceland’s decarbonization strategy, the need for further expansion is comparatively lower than in fossil-based economies or in economies reliant on intermittent renewables, given that approximately 99% of the country’s electricity supply is already generated from non-intermittent renewable sources, namely hydropower and geothermal. Still, the financing of the storage of electricity is key for the issuer and will have an important role to play in meeting Iceland’s climate goals, to ensure an adequate supply of clean energy.

Investments in energy storage are expected to have a high long-term contribution to climate change mitigation. An estimated 100% of the allocation is expected to go towards battery energy storage systems (BESS), which are considered best available technology with no lock-in effects. A negligible share of allocation may go towards pumped hydropower storage, although the issuer is actively switching from pumped hydro to BESS. In any case, pumped hydro will be subject to the issuer’s environmental and social risk management processes and local safeguards. Eligibility criteria refer to the substantial contribution criteria of EU Taxonomy activity 4.10., which is considered a stringent standard.

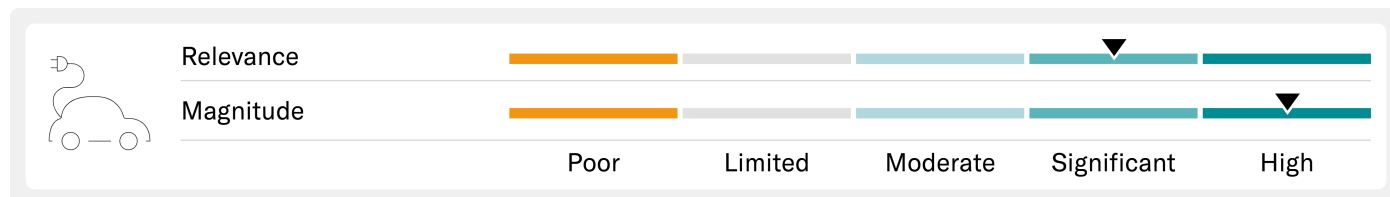
Electrification of Vehicle Fleet (Clean Transportation)



Electrification of the vehicle fleet is addressing climate change mitigation, which is considered to be of significant relevance considering the issuer, its sector and country context. The relevance score is driven by the fact that addressing climate change mitigation is highly relevant for the transport sector and in the Icelandic context, but is not the most material sustainability issue for the issuer or its sector as an energy utility. Transport also has a relatively low materiality for Rarik at entity level, with vehicles and equipment accounting for only 17% of its total GHG emissions in 2024. However, the issue remains of primary importance at the national level in Iceland. According to the IEA, the transport sector represents 60% of Iceland's total energy-related CO₂ emissions as of 2023, making it the largest emitting sector.³ Iceland's transport decarbonization strategy aims for carbon neutrality by 2040 and a fossil fuel-free transportation sector by 2050.

The financing of fully electric vehicles is considered to highly contribute to mitigating climate change. The category is considered to finance best available technology, with no carbon lock-in. Projects will reduce greenhouse gas emissions by replacing fossil fuel-based vehicles with emission-free alternatives, thereby supporting more sustainable and lower-carbon operational practices. The issuer intends to finance 100% battery-electric vehicles, which are considered a best practice technology. The issuer intends to finance emission-free vehicles of categories 'N1' (lighter duty vehicles) and 'N2' (heavy-duty vehicles), both of which will be fully electric. We note that FCEV (fuel cell electric vehicles) are also included in this category, but 0% allocation is expected, and therefore it does not impact the score. Eligibility criteria of this category have been set with reference to the substantial contribution criteria of EU Taxonomy activity 6.5., to the extent they are applicable.

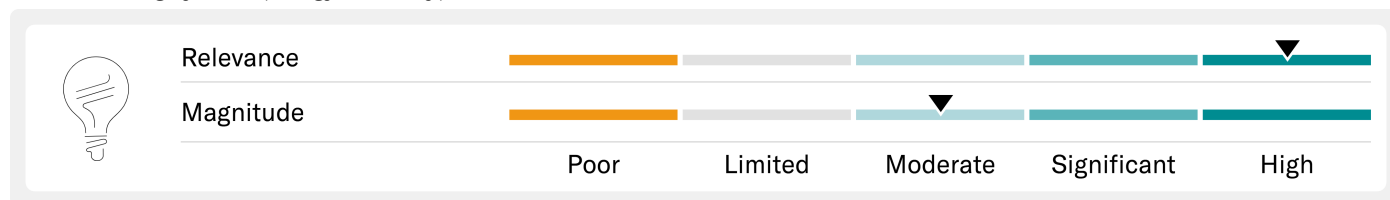
Charging Infrastructure (Clean Transportation)



Charging infrastructure addresses climate change mitigation, which is considered to be of significant relevance for the issuer, its sector and country context. The score is driven by the fact that addressing climate change mitigation is highly relevant for the transport sector and in the Icelandic context, but is not the most material sustainability issue for the issuer or its sector as an energy utility. However, the issue remains primary of importance at the national level. We also favorably view the fact that the financed infrastructure will help improve the sector sustainability profile due to the majority of charging facilities being publicly accessible.

The eligible category is likely to contribute to a highly positive long-term impact. The eligible projects will facilitate the adoption of electric vehicles, improve accessibility to public charging services, and contribute to the reduction of greenhouse gas emissions by supporting the shift from fossil fuel-based transport to electric alternatives. While this category includes both public charging points and those for employee use only, the majority of financing will go toward publicly accessible ones. The criteria are in alignment with strict international standards, namely the substantial contribution criteria of the EU taxonomy criteria for activity 6.15. Associated externalities are considered negligible for this category.

Smart Metering Systems (Energy Efficiency)



Smart metering systems enhance energy efficiency and thereby support climate change mitigation, a highly relevant objective for the issuer, its sector and country context. The financing of smart metering systems is of key importance for a company like Rarik, within the context of its electricity and district heating distribution networks. In addition, smart metering systems, allowing for demand optimization and energy savings, thereby contribute to energy efficiency, which is key to reaching Iceland's carbon neutrality goal.

Smart meters are considered to have a moderate contribution to climate change mitigation. While a good standard is applied, there is a lack of visibility regarding estimated or realized energy savings during the practical application of the technology. While the smart metering technology will support the development of a tariff structure that incentivizes energy savings, more efficient consumption patterns, and improved utilization of the network, it is not clear how this will translate into typical energy savings. The issuer has neither provided estimates of typical energy savings to be achieved, nor set any minimum threshold for such savings. We note that the benefits of smart metering technology are typically contingent on the behavior of the user, and therefore the resulting energy benefits can be variable across households. The issuer has defined this category by reference to the substantial contribution criteria of applicable EU taxonomy activities 4.9. and 4.15., which are considered a good standard.

Additional contribution to sustainability considerations

We have not made an adjustment to the preliminary contribution to sustainability score based on additional considerations.

The company has a robust ESG risk management system in place, using a formal risk management process to manage both its financial and nonfinancial risks ranging from human resources and working environment, to operations, system management, and information security. Rarik maintains comprehensive contingency plans and climate crisis action plans to manage climate related risks, including those affecting access to renewable energy installations. The company's investment strategy prioritizes renewal and development of the distribution system to prioritize safety, efficiency, and reliability. For each specific project undertaken by the group, the potential social and environmental impacts are analyzed to determine whether specific permits are required. All procedures are described in the Group Risk Assessment and comply with Icelandic law.

Regarding coherence, Rarik is closely aligned with national climate priorities. As a 100% state owned enterprise in the energy sector, the issuer's decarbonization strategy is in line with Iceland's national-level Climate Action Plan which aims to achieve carbon neutrality by 2040. In line with the country's Climate Action Plan, which requires state institutions and state-owned enterprises to complete the energy transition in their fleets by 2030, Rarik is working to transition its fleet to electric vehicles. The proportion of electric vehicles in the M1/N1 category at Rarik stood at 31% as of the end of 2024, compared to 17% in 2023 and 2% in 2022. Additionally, at entity level, Rarik reports comprehensively on relevant sustainability metrics and developments as part of its annual reporting, including on the reduction of its scope 1, 2, and 3 GHG emissions.

Appendix 1 - Alignment with principles scorecard for Rarik's green financing framework

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score	
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Best practices	Best practices	
		Definition of content, eligibility and exclusion criteria for nearly all categories	A			
		Location	A			
		BP: Definition of content, eligibility and exclusion criteria for all categories	Yes			
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Best practices		
		Coherence of project category objectives with standards for nearly all categories	A			
		BP: Objectives are defined, relevant and coherent for all categories	Yes			
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Best practices		
		Measurability of expected benefits for nearly all categories	A			
		BP: Relevant benefits are identified for all categories	Yes			
		BP: Benefits are measurable for all categories	Yes			
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	Yes			
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes			
	Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A		Best practices
			Disclosure of the process	A		
Transparency of the environmental and social risk mitigation process			A			
BP: Monitoring of continued project compliance			Yes			
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Best practices		
		Periodic adjustment of proceeds to match allocations	A			
		Disclosure of the intended types of temporary placements of unallocated proceeds	A			
		BP: Disclosure of the proceeds management process	Yes			
		BP: Allocation period is 24 months or less	Yes			
Reporting	Reporting transparency	Reporting frequency	A	Best practices		
		Reporting duration	A			
		Report disclosure	A			
		Reporting exhaustivity	A			
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	Yes			
		BP: Clarity and relevance of the indicators on the sustainability benefits	Yes			
		BP: Disclosure of reporting methodology and calculation assumptions	Yes			
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes			
		BP: Independent impact assessment on environmental and social benefits	Yes			
Overall alignment with principles score:					Best practices	

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The seven eligible categories included in Rarik's framework are likely to contribute to five of the United Nations' Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 7: Affordable and Clean Energy	<i>Electricity distribution (Renewable energy)</i>	7.1: Ensure universal access to affordable, reliable and modern energy services
	<i>Geothermal district heating (Renewable energy); Energy production (Renewable energy); Storage of electricity (Renewable energy)</i>	7.2: Increase substantially the share of renewable energy in the global energy mix
	<i>Smart metering systems (Energy efficiency)</i>	7.3: Double the global rate of improvement in energy efficiency
GOAL 9: Industry, Innovation and Infrastructure	<i>Electricity distribution (Renewable energy); Storage of electricity (Renewable energy) Charging infrastructure (Clean transportation)</i>	9.1: Develop sustainable infrastructure to support economic development and human well-being, focusing on equitable access
	<i>Geothermal district heating (Renewable energy); Energy production (Renewable energy); Electrification of vehicle fleet (Clean transportation); Smart metering systems (Energy efficiency)</i>	9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with all countries taking action
GOAL 11: Sustainable Cities and Communities	<i>Geothermal district heating (Renewable energy)</i>	11.1: Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
	<i>Electrification of vehicle fleet (Clean transportation); Charging infrastructure (Clean transportation)</i>	11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all
GOAL 12: Responsible Consumption and Production	<i>Geothermal district heating (Renewable energy); Smart metering systems (Energy efficiency)</i>	12.2: Achieve the sustainable management and efficient use of natural resources
GOAL 13: Climate Action	<i>Electricity distribution (Renewable energy); Geothermal district heating (Renewable energy); Energy production (Renewable energy); Storage of electricity (Renewable energy); Electrification of vehicle fleet (Clean transportation); Charging infrastructure (Clean transportation); Smart metering systems (Energy efficiency)</i>	Measures to reduce GHG emissions contribute to climate action under SDG 13

The United Nations' Sustainable Development Goals (SDGs) mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the issuer's financing framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 3 - Summary of eligible categories in Rarik's framework

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Electricity distribution (Renewable energy)	<p>Projects directly associated with meeting electricity demand, including the expansion, enhancement and maintenance of electricity distribution system to accommodate increased electricity demand and support the continued integration of renewable energy within the grid.</p> <p>This growth in demand is partly driven by the electrification of transport (e.g. vehicles or ships) and in industrial processes. Eligible projects may also include maintenance and upgrade of network components necessary to serve both existing and future electricity need.</p>	Climate change mitigation	<ul style="list-style-type: none"> - Meters of infrastructure newly installed/maintained. - Ratio of high voltage system in underground cables. - MWh of renewable electricity distributed annually
Geothermal district heating (Renewable energy)	<p>Projects directly associated with meeting hot water demand through the production and distribution of renewable district heating. These projects may include the development, drilling and operation of geothermal wells, the installation and upgrade of production equipment, and the expansion or maintenance of district heating network components such as pipelines, pumps and storage tanks.</p> <p>District heating infrastructure must comply with the applicable efficiency standards under the EU Taxonomy substantial contribution criteria, including the requirement that the system uses at least 50% renewable energy.</p>	Climate change mitigation	<ul style="list-style-type: none"> - Estimated avoided GHG emissions (tCO₂e) per year. - Meters of hot water piping infrastructure newly installed/maintained. - Annual amount of hot water produced (m³ and/or MWh).
Energy production (Renewable energy)	Projects directly associated with production and sale of energy from renewable energy sources. These projects will typically include expenditures related to development, construction, operation and maintenance of renewable energy generation facilities, including hydropower and wind power, as well as investments that increase installed renewable electricity generation capacity.	Climate change mitigation	<ul style="list-style-type: none"> - Estimated avoided GHG emissions (tCO₂e) per year. - Annual renewable electricity generated (by technology). - Additional capacity of renewable energy connected to the grid (MW).
Storage of electricity (Renewable energy)	Projects directly associated with the development, construction, operation and maintenance of electricity storage facilities that enable the storage of electricity and its subsequent return to the grid, supporting renewable energy integration and system flexibility. This includes pumped hydropower storage.	Climate change mitigation	<ul style="list-style-type: none"> - Installed storage capacity (MW / MWh). - Estimated avoided GHG emissions from displaced fossil balancing (tCO₂e).
Electrification of vehicle fleet (Clean transportation)	Projects directly related to the electrification of the vehicle fleet. This may include expenditures associated with the procurement, integration and operation of zero-emission vehicles within the company's operational activities. Such projects aim to reduce greenhouse gas emissions by replacing fossil fuel-based vehicles with emission-free alternatives, thereby supporting more sustainable and lower-carbon operational practices.	Climate change mitigation	<ul style="list-style-type: none"> - Number of new zero-emissions vehicles.

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Charging infrastructure (Clean transportation)	<p>Projects related to the installation and operation of electric vehicle charging infrastructure.</p> <p>In the case of Orkusalan, this may include expenditures associated with the development, construction, installation and maintenance of publicly accessible charging infrastructure and home charging, including rapid charging stations.</p> <p>For Rarik, eligible expenditures may include the installation and operation of charging infrastructure intended for internal use, supporting the electrification of the company's own vehicle fleet and operational transport needs.</p> <p>Such projects are intended to facilitate the adoption of electric vehicles, improve accessibility to charging services and contribute to the reduction of greenhouse gas emissions by supporting the shift from fossil fuel based transport to electric alternatives.</p>	Climate change mitigation	- Number of new charging units installed
Smart metering systems (Energy efficiency)	<p>Projects directly associated with the deployment, installation and operation of smart metering systems within electricity and district heating distribution networks.</p> <p>These projects typically arise from: Installation and integration of smart meters to improve demand-side management and system efficiency.</p> <p>Digitalisation of distribution infrastructure to reduce technical losses and enhance grid stability.</p> <p>Enabling improved monitoring, consumption transparency and load balancing within renewable-based energy systems.</p> <p>Smart metering systems form part of electricity distribution (EU Taxonomy Activity 4.9) and district heating distribution (activity 4.15), where the relevant technical screening criteria are met.</p>	Climate change mitigation	- Number of smart meters installed - Estimated energy savings (MWh/year).

Endnotes

¹ Point-in-time assessment is applicable only on date of assignment or update.

² International Energy Agency, "[Iceland: Electricity](#)," accessed 17 March 2026.

³ International Energy Agency, "[Iceland: Emissions](#)," accessed 17 March 2026.

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