

Social Responsibility Report 2024



Table of contents

| | | |
|-----------|--|-----------|
| 01 | About the report | 3 |
| 02 | Statement of the Lead Team | 5 |
| 2.1 | Statement of the Lead Team | 5 |
| 2.2 | Alcoa Fjardaál's Organizational Chart | 7 |
| 03 | Address of the Operations Manager | 13 |
| 04 | Social Responsibility Policy | 15 |
| 4.1 | Human Resources | 17 |
| 4.2 | Environment | 17 |
| 4.3 | Economy/Value chain | 17 |
| 4.4 | Community | 17 |
| 05 | Alcoa Fjardaál's Social Aims 2025 | 19 |
| 06 | Alcoa Fjardaál's Operations | 23 |
| 6.1 | The production process | 25 |
| 6.2 | Governance | 25 |
| 6.3 | Certifications | 25 |
| 6.4 | The production process in Alcoa Fjardaál's smelter | 29 |
| 07 | Environment | 31 |
| 7.1 | Notifications | 33 |
| 7.2 | Green accounting | 33 |
| 7.3 | Raw material and resource use | 33 |
| 7.4 | Air Emissions | 37 |
| 7.5 | Fluoride in grass – Environmental monitoring | 40 |
| 7.6 | Noise | 40 |
| 7.7 | Waste management – Circular use of materials | 41 |
| 7.8 | Effluents | 41 |
| 7.9 | Social responsibility goals 2024 – Results | 42 |
| 08 | Human Resources | 43 |
| 8.1 | The Workplace | 46 |
| 8.2 | Workforce composition and staff turnover | 48 |
| 8.3 | Equal opportunities | 49 |
| 8.4 | Rules of Procedure and Code of Conduct | 50 |
| 8.5 | Safety | 50 |
| 8.6 | Health and Welfare | 51 |

| | | |
|-----------|---|-----------|
| 8.7 | Benefits for permanent employees | 54 |
| 8.8 | Career Development and Continuing Education | 54 |
| 8.9 | Social responsibility goals 2024 – Results | 56 |
| <hr/> | | |
| 09 | Society | 57 |
| 9.1 | Company News in 2024 | 59 |
| 9.2 | Stakeholders | 61 |
| 9.3 | Grants for Good Deeds | 64 |
| 9.4 | Sustainable development in East Iceland | 67 |
| 9.5 | Social responsibility goals 2024 – Results | 68 |
| <hr/> | | |
| 10 | Economy and the Value Chain | 69 |
| 10.1 | General information | 71 |
| 10.2 | Key figures | 71 |
| 10.3 | The company's financing | 71 |
| 10.4 | Cooperation with suppliers | 73 |
| 10.5 | Social responsibility goals 2024 – Results | 74 |
| <hr/> | | |
| 11 | GRI Standards Index | 75 |
| <hr/> | | |
| 12 | Alcoa Fjardaál's Policy Statement | 85 |
| <hr/> | | |

01 About the report

Since 2016, Alcoa Fjardaál has published a Social Responsibility Report and now publishes its ninth report which follows the international GRI (Global Reporting Initiative) standards for social reporting. The main objective of publishing the report is to promote transparency in the company's operations. The report provides an overview of the company's performance, the status of projects and the impact of its operations on the environment, human resources, value chain, economy and society.

Alcoa Fjardaál's green accounting is a key part of the report, as the company places special emphasis on increasing sustainability in its operations and systematically reducing the environmental impact of its operations, both directly and through its value chain. The company also wants to be a role model in social responsibility by creating a positive impact on the local community and building a workplace where all genders enjoy equal opportunities for growth and career development.

Alcoa Fjardaál has been a member of Global Compact through its parent company since 2009 and signed separately the UN's Women's Empowerment Principles in 2012. The company has also been an active party to Festa - Icelandic Center for Corporate Social Responsibility - since 2014 and we participate in The Climate Declaration of Festa and the City of Reykjavík, which means making a commitment to reduce the emission of greenhouse gases and reduce waste. The company has a sustainability steering group consisting of managers and key employees working across the company. The group has overseen the preparation of the report in collaboration with the consulting firm Langbrók ehf.

The content of the report is based on an analysis of the aspects of the operations that have a direct impact on the environment, society and economy. Furthermore, the opinions of internal and external

stakeholders are used to map the main sustainability aspects of the operations. Employees have participated in shaping the company's main corporate social responsibility goals. The measurements that are published in the report reflect the main interfaces of the operations, which are divided into the following categories:

Environment, human resources, society, value chain and economy. The steering group reports to the CEO of Alcoa Fjardaál, who is responsible for the company's sustainability matters.

Alcoa Fjardaál emphasizes transparency and social responsibility through targeted reporting that shows the results and impact of its operations on the environment, human resources, economy and society.



02 Statement of the Lead Team

Sustainability and social responsibility

Sustainability is a key element in Alcoa Fjardaál's policy and operations. We implement our sustainability policy by:

- Setting clear goals and metrics in environmental and social matters.
- Reducing environmental impact through responsible use of resources, energy efficiency, implementing circular processes and monitoring emissions from operations.
- Supporting the community through long-term partnerships with stakeholders and the development of local businesses.
- Integrating the United Nations Sustainable Development Goals into our social responsibility policy.

Sound governance

Clear communication with employees and stakeholders is a key component of Alcoa Fjardaál's governance. The company emphasizes transparency, accountability and trust in all aspects of its operations. We adhere to these emphases by:

- Operating in accordance with Alcoa Corporation's Global Compliance Program, which ensures ethical decision-making and regular education for employees on good governance.
- Having clear channels for reporting concerns or potential misconduct through the Integrity Line.
- Regularly conducting internal and external audits to assess whether Alcoa Fjardaál's governance is in accordance with applicable laws, regulations and recognized guidelines on good governance.

GRI Compliance and Transparency in Disclosure

We adhere to international sustainability reporting standards and publish annual sustainability information in accordance with the Global Reporting Initiative (GRI). This ensures clear, comparable and traceable disclosure to all stakeholders about the company's environmental impact, social responsibility and economic performance.

At Alcoa Fjardaál, we have a clear vision for the future and are constantly working to improve our operations in line with sustainability goals, social responsibilities and best practices in governance.

On behalf of the Lead Team,



Fernando Costa,
Alcoa Fjardaál's Plant Manager

The main goal of the company's social policy is to have a positive impact on society and reduce the negative environmental impact of the operations. We adhere to international standards and are constantly working to improve our operations, ensure responsible governance and support society with sustainability and social responsibility as our guiding principles.



2.2 Alcoa Fjardaál’s Organizational Chart





Fernando Costa,
Managing Director

Fernando Costa took over the position of Operations Manager at Alcoa Fjarðaál in November 2023. He came to Reydarfjörður from Pittsburgh in the USA, where he worked as regional manager of Alcoa's Business System (ABS) in North America. Fernando started working at the Alumar smelter in Brazil in 2002 where he was mainly involved in process development and casthouse operations. In 2015, he moved to the United States and took the position of technical director at Alcoa's Wenatchee works where he later led the company's aluminum production. In 2017, he took part in restarting Alcoa's smelter in Warrick after a break in production and he led the company's anode production.

Fernando has an Executive MBA degree from the University of Pittsburgh as well as an MBA degree from Fundacao Getulio Vargas in Brazil.



Vigdís Diljá Óskarsdóttir,
Manager of Communications and
Community Relations

Vigdís Diljá joined Alcoa Corporation in February 2024 as Alcoa in Iceland's manager of communication and social affairs. Vigdís Diljá has worked as a reporter and in television programming. Before joining Alcoa, she worked as a project manager at the municipality of Múlaþing.

Vigdís Diljá holds a bachelor's degree in Media and Communication Studies from the University of Akureyri.



Rakel Þráinsdóttir,
Procurement Manager

Rakel has worked as a Procurement Manager since October 2024. She joined Alcoa in 2022 as a procurement specialist. Before joining Alcoa, Rakel worked as a lawyer for the District Commissioner, the Internal Revenue Board and Iceland Revenue and Customs.

Rakel holds a Master of Laws (Mag. jur.) degree from the University of Iceland.



Smári Kristinsson,
Production Manager

Smári has held the position of Production Manager since 2023. Smári joined Alcoa in 2006 as Process Owner in Fjardaál's potroom. In 2008 he became Casthouse Manager and held that position until 2014 when he took the position of Potroom Manager. In 2018, he also took over the management of the anode rodding plant. Smári was General Process Owner from 2019 to 2021 and in 2021-2023 he held the position of Human Resources Manager. Before Smári started working at Alcoa, he worked as a software consultant.

Smári holds a bachelor's degree in Business Administration – Quality Management from the University of Akureyri.



Júlíus Brynjarsson,
ABS & IT Manager

Júlíus became part of the Fjardaál team in 2006, starting as a Lead Process Engineer in anode rodding, then transitioning to Process Owner in the casthouse, followed by Lead Process Engineer in the potroom. Progressing within the company, he assumed the role of Anode Rodding Manager in 2015, and later became the Casthouse Manager in 2018. From April 2022, Júlíus served as the ABS and Governance Strategy Manager, then as the EHS Manager from February 2022 to the end of 2023. Before joining Alcoa, Júlíus worked as a specialist at the Icelandic National Energy Authority.

Júlíus holds a B.Sc. degree in Mechanical and Industrial Engineering from the University of Iceland and an M.Sc. in Manufacturing and Product Design from the Technical University of Denmark.



Hlödver Hlödversson,
CAPEX Manager

Hlödver Hlödversson joined Alcoa in 2016 when he was hired as CAPEX Project Manager, but in the years 2008-2016 he performed that role as a contractor. In early 2024, Hlödver became CAPEX Manager. Before joining Alcoa, he was the CEO of Reykjalundur plastics industry.

Hlödver has a master's degree in Industrial Engineering from Aalborg University in Denmark.



Svanhildur Björg Pétursdóttir,
Maintenance and Reliability Manager

Svanhildur Björg took over the position of Manager of Maintenance, Reliability and Information technology in November 2023. Svanhildur started working at Fjardaál in 2019 as Maintenance Superintendent of Anode Rodding, Environment and the Port. She was a project manager at VHE in 2015–2019 and before that she worked as a mechanic.

Svanhildur completed her studies in marine and electrical engineering in 2012 from Akureyri Vocational School. She graduated in Mechanical Engineering from Reykjavík University in 2016 and in Business Administration from the University of Akureyri in 2022.



Óskar Sigurbergur Jónsson,
Contractor Services

Óskar Sigurbergur Jónsson will take up the position of Contractor Services Manager on May 1, 2025. Óskar has worked at Alcoa Fjardaál for almost 20 years, beginning as a Process Engineer in the potroom 2006–2009. From 2009 to 2014, he was project manager for the construction and operation of the Fjardaál pot repair shop and from 2014 to 2025, project manager in the Alcoa Fjardaál investment team.

Óskar holds a BS in engineering from the Iceland University of Technology.



Runólfur Sveinn Sigmundsson,
CFO

Runólfur Sveinn Sigmundsson started working at Alcoa Fjardaál as CFO in January 2025. Before Runólfur joined Fjardaál, he worked as a team leader in the audit department of Deloitte from 2016, where he performed audits and provided consulting for large and medium-sized companies in Iceland. Runólfur is a state authorized public accountant, having obtained his qualifications in 2023.

Runólfur holds a B.Sc. degree in Business Administration from the University of Iceland and an M. Acc. degree from the same university in Accounting and Auditing.



Ivar Sousa,
CTO

Ivar joined Alcoa Fjardaál as Potroom Technical Manager in December 2024. Before joining Fjardaál, he worked as Restart Potroom Manager at Alcoa Alumar in Brazil. His career at Alcoa began in 2005 as an intern, then he served as Production Specialist at the Alumar potroom from 2008 to 2014. In 2014, Ivar joined Alcoa in Wenatchee, USA. Ivar worked from 2015 to 2021 at Hydro in Brazil.

Ivar holds a B.Sc. in Metallurgical Engineering from the Federal Fluminense University and an MBA from Fundacao Getulio Vargas.



Kristinn Már Ingimarsson,
Potroom Services Manager

At the beginning of 2024, Kristinn Már took over the position of Potroom Services Manager, after having been general manager of technical affairs in aluminum production for over a year. Kristinn has worked at Alcoa Fjardaál since 2011. For the first six years he was an engineer in the potroom's technical team. From 2017 to 2019 he was the technical director of the rodding shop and from 2019 the technical lead for the potroom, rodding shop and pot relining.

Kristinn holds a B.Sc. and M.Sc. in Industrial Engineering from the University of Iceland.



Ásgrímur Sigurðsson,
Casthouse Manager

Ásgrímur served as Maintenance and Reliability Manager since Oct. 1, 2017, and took over as Casthouse Manager in April 2022. He joined Fjardaál in 2007 as Process Engineer in the casthouse and served as the casthouse Process Owner from 2012. Ásgrímur was part of Alcoa Corporation's casthouse segment CI team and supported various locations from 2015 to 2016. Before joining Fjardaál, Ásgrímur worked as a mechanic and metal turner.

Ásgrímur holds a bachelor's degree in Mechanical Engineering from Reykjavík University and a diploma in Project Management.



Helgi Einarsson,
EHS Manager

Helgi started working as Environment, Health and Safety Manager at Alcoa Fjardaál in early 2024. He previously worked at Fjardaál from 2006 to 2011 and has extensive international experience within the Alcoa Group. From 2011 to 2015, Helgi served as Health and Safety Manager at Ma'aden in Saudi Arabia. After that, he worked for Alcoa in England until in 2019 as Regional EHS Manager overseeing several specialized factories in Europe, within a business unit that now belongs to Arconic and Howmet Aerospace. Helgi was EHS Manager at Alcoa Mosjøen in Norway from 2019 to 2022. In 2022, he took over as Aluminum Production Manager at the same smelter and held that position until he returned to Fjardaál.

Helgi has a master's degree in management from the University of Liverpool.



Davíð Þór Sigurðarson,
Potroom Manager

Davíð has been Potroom Manager since the beginning of 2024. He had earlier held the position of Fjardaál's Aluminum Production Manager for almost a year. Davíð worked for Alcoa Fjardaál from 2006 to 2019, when he took over the job of regional manager for Eimskip Logistics that operates Fjardaál's harbor facilities. When Davíð was working for Alcoa he started in the procurement team, then moved on to the financial team and from 2010 was the project manager for export and quality at the casthouse.

Davíð achieved a bachelor's degree in business from Bifröst University in 2006 and a Master's degree in International Business from the same university in 2014.

03 Address from the Operations Manager



Dear Stakeholder,

Year after year, our journey has been defined by a relentless commitment to operational excellence, underpinned by an unwavering focus on safety. In last year's social responsibility report, I candidly shared the challenges we faced as we emerged from the COVID-19 era and tackled the operational hurdles of 2023. Reflecting on the year that followed, I am proud to report that our dedication to our stakeholders and our commitments for 2024 have not only been fulfilled but exceeded expectations.

The key to our success lies in the strategy we rolled out last year—an ambitious yet straightforward approach built on three foundational pillars: PEOPLE, STABILITY, and PRODUCTIVITY. This strategy has provided a clear focus and actionable roadmaps, empowering us to work cohesively toward achieving our goals in 2024.

Among our most transformative initiatives has been fostering a culture of STOPPING for safety. By empowering and encouraging our team members to report incidents and halt operations whenever they feel unsure in their tasks, we significantly increased the number of recorded incidents. While this may appear counterintuitive at first glance, it enables us to proactively address potential risks, which has been pivotal in preventing more serious incidents. The results speak for themselves — we saw improvements in all safety metrics in 2024 compared to 2023.

On the environmental front, we implemented a series of measures to address persistent challenges in the smelter. Although some improvements remain ongoing, notable progress was achieved in fluoride emissions, which closed the year at 0.329

kg F/ton Al — below our target of 0.350 kg F/ton Al and lower than the 2023 result of 0.348 kg F/ton Al. This achievement reflects our ongoing commitment to sustainability and environmental responsibility.

Several other milestones underscore our confidence in the path forward as we strive to become the workplace of choice for our community. In 2024, we achieved a full complement of pots in operation—a milestone not reached since 2018. This operational stability, combined with process control improvements and other initiatives, has allowed us to significantly reduce energy consumption, reduce anode effects¹, and extra sets² in our smelting process. Additionally, our metal purity has reached notable heights, unmatched since 2011, enabling us to increase the value of the products we cast.

In our casthouse operations, close collaboration with our maintenance and reliability teams has driven significant improvements in equipment reliability. These efforts culminated in an all-time production record for our rod mill machine in November. Among other remarkable achievements was the enhanced stability of our rodshop, ensuring high and safe anode stock levels throughout the year.

In 2025, we will remain firm in our commitment to providing a great workplace for our employees. Our focus on PEOPLE, STABILITY, and PRODUCTIVITY will continue to guide us with simplicity and discipline.

Fueled by teamwork and dedication, we are better equipped to withstand the market volatilities that could eventually affect the aluminum industry. Geopolitical and economic disruptions may present additional challenges, but our robust operations position us to navigate these waters with minimal confidence — protecting our community, the environment, and the interests of our valued customers.

We invite you to join us on this exciting journey through 2025, as we look forward to celebrating and recognizing many more achievements together.

We hope you enjoy the reading.



Fernando Costa,
Alcoa Fjardaál's Operations Manager

¹ The anode effect (AE) is a phenomenon that occurs in aluminum production when the alumina concentration in the electrolyte drops below a certain level. The voltage in the pot then rises rapidly, producing greenhouse gases such as CF₄ and C₂F₆.

² Emergency anode replacements are performed when the service life of carbon anodes becomes shorter than expected, for example due to instability in the pot or a defect in the anode. In this case, a new electrode must be installed earlier than expected, which increases carbon consumption in production.



04 Social Responsibility Policy

Alcoa Fjarðaál places a strong emphasis on social responsibility and sustainability in the company's operations. Sustainability focuses are constantly evolving to ensure a balance between environmental, economic and social factors. The role of the smelter in Reydarfjörður is to produce aluminum in a safe, environmentally friendly and cost-effective manner, in accordance with the operating permit and applicable laws and regulations. While the company focuses on its core business, it outsources to other companies various support services related to operations. In this way, Alcoa Fjarðaál contributes to the development of the economy in the region and thus strengthens sustainability in the local community. Alcoa Fjarðaál places great emphasis on fostering its human resources in accordance with the parent company's values of acting with integrity, operating with excellence, caring for people and leading with courage. The company works systematically to create a safe, fair and inspiring work environment where employees have equal opportunities to grow and develop in their work. To support its social responsibility, Alcoa Fjarðaál has implemented international sustainability standards, the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals (SDG) and uses them in its corporate social responsibility policy. In order to ensure transparency and access to information for stakeholders, Alcoa Fjarðaál publishes every year an annual and sustainability report. The results of measurements of the impact of the company's operations on the environment and society are published on the website samfelagsskyrsla.is.



4.1. Human Resources

The general welfare and safety of our employees are always a priority. Similarly, emphasis is placed on the commitment and participation of employees in a work environment that encourages continuous improvement and supports training and education. Alcoa Fjardaál works systematically to promote and increase equality and foster diversity and a healthy workplace culture. The company follows the criteria of the UN Women's Empowerment Principles and the UN Global Compact and always strives to ensure that all individuals have equal opportunities for career development and equal opportunities regarding responsibility and assignment of tasks regardless of gender, race or sexual orientation. Fjardaál refers to the United Nations Sustainable Development Goals. Goal number 3 on good health and well-being and goal number 5 on gender equality are the guiding principles of the company's human resources policy.

4.2 Environment

Alcoa Fjardaál follows the policy of the parent company in environmental, health and safety matters. The company's performance in that respect is monitored through regular measurements with the aim of ensuring continuous improvement. The operation leaves an environmental footprint that has been mapped to minimize the impact on the internal and external environment. In our activities, we work to use resources better, minimize the amount of waste and harmful substances from the operation and reduce the emission of greenhouse gases through targeted actions, monitoring and control. Fjardaál takes into account UN's Global Goal number 12 on responsible consumption and production and Goal 13 on climate actions when working on improvement in environmental performance.

4.3 Economy/Value chain

Alcoa Fjardaál's social responsibility means ensuring the company's financial sustainability and having a positive economic impact in the local community. Alcoa Fjardaál systematically contributes to the development of business life in East Iceland by offering various support services to companies in the vicinity of the smelter. In this way, Alcoa Fjardaál enables those companies to build their operations in line with the development of the economy in the area. The company makes heavy demands on suppliers and service providers in terms of environmental, health and safety issues. Suppliers must meet social responsibility requirements as well as be competitive in price and service. UN Sustainable Development Goal number 8 on decent work and economic growth fits well with Fjardaál's economic policy.

4.4 Community

Alcoa Fjardaál emphasizes open and active dialogue with all stakeholders. The company believes that the prerequisite for ensuring the interests of shareholders and stakeholders lies in good and transparent governance. Alcoa Fjardaál works closely with stakeholders regarding the development of the community's infrastructure in terms of transport, innovation, education and social issues. In addition, Alcoa Fjardaál and the Alcoa Foundation contribute money to various issues, cultural events and projects in East Iceland. Alcoa Fjardaál places great emphasis on being an active participant in the local community and towards its stakeholders, which includes, among other things, spreading the message of the United Nations Sustainable Development Goals. Global Goal number 17 on partnership for the goals reflects those priorities.




05 Alcoa Fjarðaál's Social Aims 2025


In 2025, Alcoa Fjarðaál will continue to prioritize safety issues and safety culture. Management and staff will work together to create a healthy workplace culture and a family-friendly work environment. Emphasis is placed on equality issues and diversity in order to promote well-being, increased job satisfaction and engagement among employees.


Alcoa employees work every day according to the company's values: acting with integrity, operating with excellence, caring for people and leading with courage.




Community


 Increase the company's visibility with the advertising campaign "Stories from the East" and other video content on various media.


 Complete the implementation of a global social performance management system in accordance with the ASI standard.


 Establish an annual joint meeting with government officials in East Iceland.

Environment


 Continue the electrification of vehicles and equipment in addition to reducing fossil fuel use through equipment renewal.


 Complete the implementation of the new operating license for Alcoa Fjardaál.

 Complete the risk assessment for greenhouse gas emissions from Alcoa Fjardaál's operations.


 Complete the environmental risk assessment for Alcoa Fjardaál.


Finance and economics


 Produce 351,523 tons of aluminum in 2025.


 Complete the implementation of larger anodes in potroom production and thus support increased energy efficiency in production.

Human resources and safety

 Complete the analysis of the shift system and make a decision on the future of the system, with regard to employee welfare, health and safety.

 Complete the implementation of a new shift change meeting structure with an emphasis on safety issues in all of the smelter's production areas.

 Establish quarterly meetings for Fjardaál's equal opportunity committee.

 Convert all educational materials for employees to electronic format.





The objective of Alcoa Fjarðaál's smelter in Reydarfjörður is to produce aluminum in a safe, cost-effective and socially responsible manner. The company's strategy is to focus on these core activities and leave various support services related to the operation to other companies. In this way, Alcoa Fjarðaál contributes to the development of the economy in the region.

Alcoa Fjarðaál started production of aluminum in the smelter by Reydarfjörður in early April 2007 and had reached full production capacity by August 2008. The smelter's production permit is at present 360 tpy of aluminum according to the company's operating permit. Alcoa Fjarðaál produced 340,826 tons of aluminum in the year 2024.

The number of employees at the company was 570 in 2024. In addition, there are generally around 250 contractor employees working on the smelter site on various tasks, including production, maintenance, general services and consultation.

The company operates under an environmental operating permit (EOP) issued on 13 December 2024. The company's operations fall under company category 2.5, aluminum production, according to Act No.7/1998 on hygiene and antipollution measures. The EOP is valid until 2040, and the surveillance of the aluminum production is in the hands of the Environment Agency of Iceland.



6.1 The production process

Potroom

The smelter's production permit is at present 360 tpy of aluminum according to the company's operating permit. Alcoa Fjardaál's potlines produced 340,826 tons of aluminum in the year 2024. This is significantly less production than planned, due to Landsvirkjun's power cuts because of poor annual run-offs in the winter of 2023–2024. The number of employees at the company was 570 in 2024. In addition, there are generally around 250 contractor employees working on the smelter site on various tasks, including production, maintenance, general services and consultation.

Casthouse

In the year 2024, production was divided into 56% aluminum ingots, 23% HDC foundry and 20% aluminum rods. Around 0.9% of the production was scrap that was sold for remelting. The total volume of aluminum products from the casthouse was 343,540 tons.



6.2 Governance

Alcoa Fjardaál follows the values and guidelines of its parent company, Alcoa Corporation, on corporate governance, which ensure efficient and responsible operations at all levels of the company. The company emphasizes transparency, accountability and trust in all decision-making and operations. One of Alcoa's core values is integrity, and management encourages employees to act with honesty, responsibility and an open mind. To ensure that these values are a guiding light in daily work, the company follows clear codes of conduct and standard operating procedures, which promote ethical and professional decision-making.

Alcoa Fjardaál also adheres to international standards of good corporate governance and has implemented various tools and processes to enhance monitoring and risk management. The company operates under Alcoa Corporation's Global Compliance Program, which includes regular training on ethics and compliance, internal audits, and clear channels for employees to report concerns or misconduct. In addition, Alcoa Fjardaál is committed to social responsibility by supporting international standards such as the Global Compact and adhering to best practices in sustainability, labor rights, and transparency in governance. Transparency is a key component of Alcoa Fjardaál's governance. The company publishes annual sustainability information in accordance with the Global Reporting Initiative (GRI), which provides stakeholders with access to clear and comparable information about the impact of its operations on the environment, community, and the economy.

6.3 Certifications

Alcoa Fjardaál has a certification in place for the following ISO management system standards: ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018. On the



website of BSI in Iceland, which is Alcoa Fjarðaál's certification body, the standards are described as follows (translated from the Icelandic): The ISO 9001 Quality Management System Standard sets out requirements for a quality management system and provides a powerful tool to achieve even better operational results in a cost-effective and efficient manner. A systematic approach to continuous improvement is used to meet customer requirements and expectations. A company or an institute with an ISO 9001 certified quality management system has third-party confirmation that there is a clear vision of what products or services should be provided. The company or organization has implemented a system to inform and fulfill the expectations and requirements of consumers and customers. In addition, the system includes a methodology that assists in meeting legal and business requirements.

ISO 14001 is an environmental management standard which provides a tool for organizations that want to understand and manage the environmental impact of their activities. ISO 45001 is a standard for management systems for occupational health and safety

in the workplace. It is useful for companies in order to work purposefully to build a work environment where the health and safety of employees is prioritized and often one of the key elements of a strong human resources system. Increased resilience has been shown to be one of the organizational benefits of implementing ISO 45001 as well as demonstrating responsibility through a commitment to safe, healthy and sustainable work practices. In September 2024, maintenance audits were conducted on ISO 9001, ISO 45001 and ISO 14001. Alcoa Fjarðaál passed all the audits.

The ISO 50001 standard was also implemented during the year. ISO 50001 is an energy management standard that provides a systematic process for improving energy efficiency, reducing energy costs, contributing to a smaller carbon footprint and maximizing efficiency.

Two levels of certification were completed in 2024. The second audit was conducted in December without any non-conformities, and Alcoa Fjarðaál was formally certified in early January 2025. It is worth noting that Alcoa Fjarðaál is one of the first companies in Iceland to implement the standard.

Alcoa Fjarðaál is certified to IATF 16949:2016, which is an automotive manufacturer's quality management standard that ensures

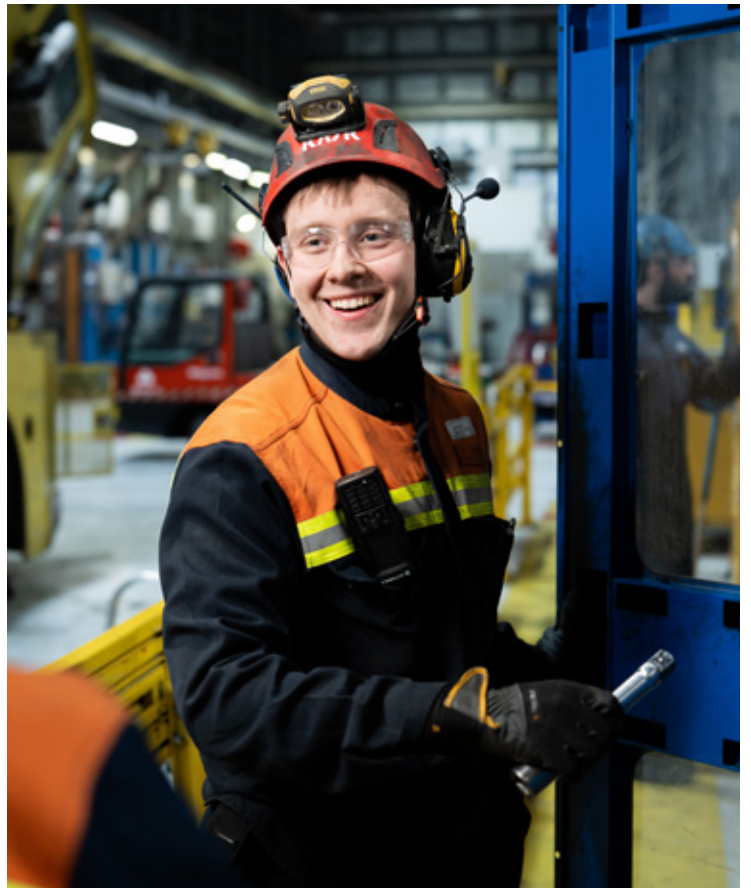


the safety and quality of products used in automotive production. In 2024, Alcoa Fjardaál passed a surveillance audit of the standard.

Alcoa Fjardaál is certified to the ASI standard, which stands for Aluminum Stewardship Initiative. ASI's aims are these, according to the association's website: "We bring together producers, users and stakeholders in the aluminium value chain with a commitment to maximize the contribution of aluminium to a sustainable society. Working together, we aim to collaboratively foster responsible production, sourcing and stewardship of aluminium." ASI certification is highly sought after in the aluminum industry as stakeholders, including customers, can trust that the companies that manage to meet the requirements are operating responsibly in the spirit of sustainable development. Demanding customers look to this certification. Alcoa Fjardaál received preliminary certification against the standard in 2020 and full certification in 2021, when certification bodies could travel to the country, as this had been delayed due to the Covid pandemic. In addition, Alcoa Fjardaál was part of the parent company's Chain of Custody Standard Certification. That standard requires that the supply chain uses registered and traceable materials produced and processed in aluminum production. In order for a company to be able to sell products with ASI quality certification, it must meet the requirements of both standards.

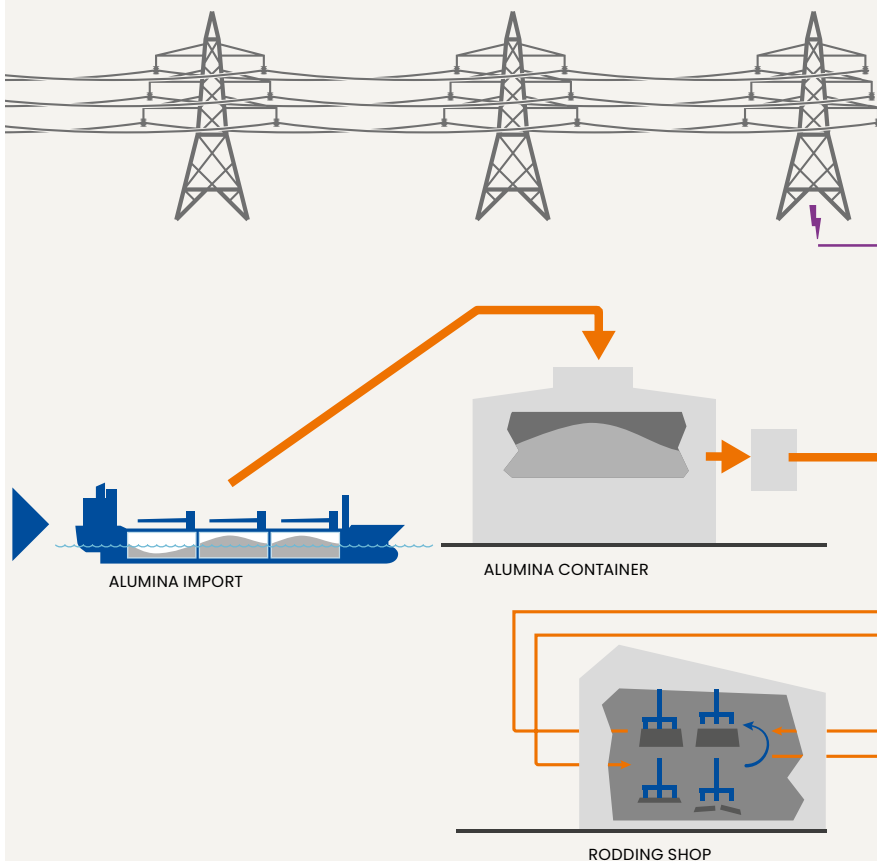
In the summer of 2017, Fjardaál received certification according to the equal pay standard of the Ministry of Welfare, ÍST 85:2012, and was the first large company in Iceland to receive that certification. In 2024, Alcoa Fjardaál passed a maintenance audit of the standard. The audit confirmed that work is carried out according to documented procedures and that there was no gender pay gap at Alcoa Fjardaál.





The production process in Alcoa Fjardaál's smelter

Resources



The main raw materials that Fjardaál imports come on the one hand from Australia (alumina) and on the other hand from Norway (anodes). Also, aluminum fluoride is imported from Norway. When alumina is unloaded in Mjóeyri harbor, it is sucked up from the ship's hold and transported by conveyor to an alumina silo with a capacity of 85 thousand tons.

In the year 2024, production was divided into 56% aluminum ingots, 23% HDC foundry and 20% aluminum rods and 0.9% of the production was scrap that was sold for remelting. The total volume of aluminum products from the casthouse was 343,540 tons.

651,545

Alumina consumption in tons

4,893

Electrical energy in GWh

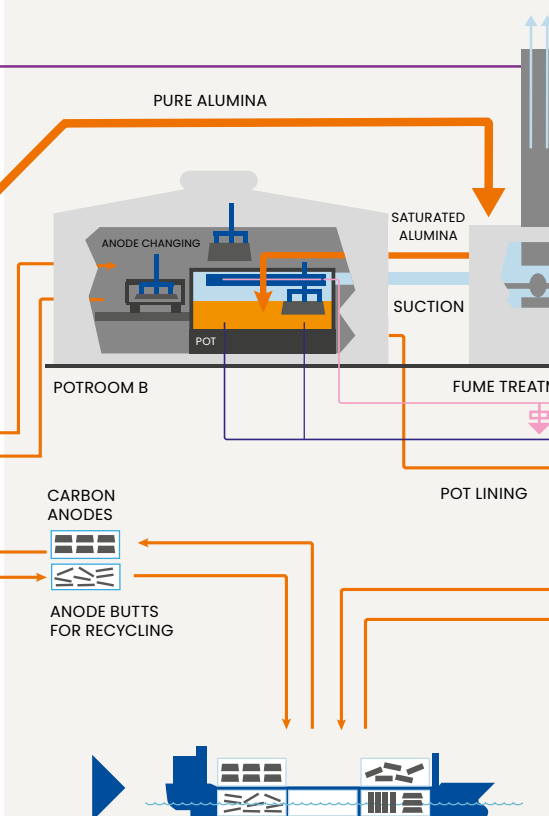
6,063

Aluminum fluoride consumption in tons

148,712

Freshwater use in M³

Processing



340,826

Aluminum from the potroom in tons

1.58 t CO₂/t Al

Carbon dioxide (CO₂)

99.9%

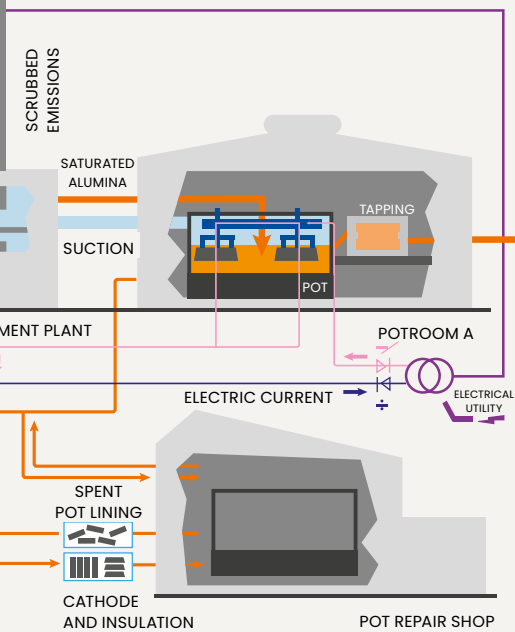
Fluoride recycled in production

0.33

Total fluoride kg/t aluminum

189,965

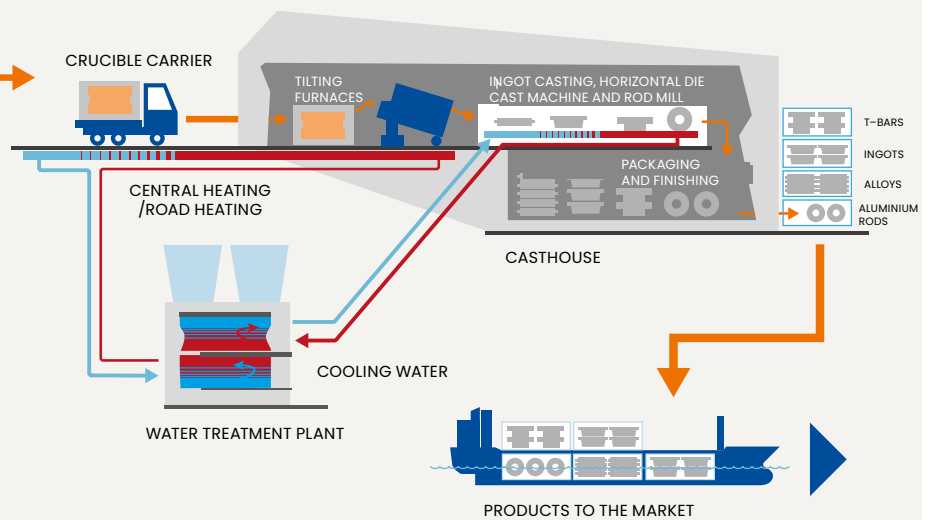
Anodes, tons



Exports

Liquid aluminum is transferred from the potrooms to the casthouse in special crucibles. There, the aluminum is cast into a final product that is shipped to the market in Europe.

Fjardaál produces aluminum ingots, aluminum rods and foundry.



In the casthouse, cooling water for production is reused. The water is cleaned in a water purification plant and fed back into the machines of the casthouse. By-products and hazardous waste from production are transported to recyclers in Europe.

13.14 kg/t Al

Sulphur compounds (SO_2)

41,532

Anode butts for recycling in tons

0.083 t CO_2 -eq/t Al

PFCs

1,651

Aluminum-rich scrap for recycling in tons

133 billion

Export value in ISK
(1,054M USD)

Casthouse production
in tons:

192,507

Aluminum ingots

79,168

Alloys

68,722

Aluminum rods

3,143

Nonconforming
products

07 Environment

Alcoa Fjarðaál strives to minimize the negative environmental impact of its operations through mitigating measures and the company sets ambitious internal environmental goals each year. Since the start of the smelter's operations, the company has carried out extensive environmental monitoring in Reydarfjörður in accordance with a monitoring plan approved by the Icelandic Environment and Energy Agency. Results are published annually in our Green Accounting that is available under on the Environment and Energy Agency's website.

The purpose of the environmental monitoring is to assess the impact of the plant's operations on the environment in its vicinity. The main source of air pollutants from production is potroom exhaust, which is released on the one hand through the roof vents and on the other as pot fumes, which is cleaned in a dry scrubber as explained in more detail in section 6.1, on the production process.

Alcoa Fjardaál works systematically to minimize environmental impact and promote sustainability through responsible resource utilization, monitoring and continuous improvement in operations.





7.1 Notifications

In 2024, the company sent five formal notices for deviations or for information to the Icelandic Environment and Energy Agency and the Health Authority of East Iceland:

February: Notification of a failure in fluoride collectors at monitoring stations.

March: Notice of a production water leak in the water treatment plant.

May: Notice of a failure in flow meters for sampling in the potroom roof framework.

June: Notice on the results of emissions from a dust collector in the casthouse.

July: Notice of oil content in the sewer from an oil separator in the vehicle workshop exceeding limits.

7.2 Green accounting

Key figures regarding production and raw

material and resource use are presented in section 7.3 as a table of Green Accounting. The table is to be found on page 34.

7.3 Raw material and resource use

The production of aluminum in 2024 was 340,826 tons, which is a decrease of just over 6 thousand tons year-on-year. The decrease is largely explained by the electricity cuts that the company underwent during the year. The total electricity consumption per produced ton of aluminum was 14,358 kWh, which is similar year-on-year in electricity consumption per production unit. Anode effect time increased year-on-year and while it was higher in the first half of the year, it decreased somewhat in the second half. The main reason for this development is that the decision was made to change the emphasis of the pot controls in the potroom, with the aim to increase potline stability and thereby reduce tap outs. As a result, there was an increase in the release of PFC substances from the operations. CO₂ emissions decreased year-on-year, i.e. following a decrease in production and fewer pots in operation. The use of aluminum fluoride decreased slightly or by 421 tons year-on-year due to reduced production. The total fluoride emission per ton of aluminum produced decreased year-on-year, and it was below the annual average of the operating permit.

Fluoride in grass was measured during the summer and those measurements were below the reference limits of the monitoring program in the summer of 2024, see details in section 7.5. The hydrogen fluoride concentration in the atmosphere was monitored at the monitoring stations, similar to previous years. In 2024, increased stability was promoted by amending pot operation with the aim to achieve stability in production in 2024 while increasing the number of pots in operation. A total of 47 pot shells were relined in Fjardaál's pot lining facility, which is operated by contractors. A total of 940 cathodes were used to line

Table 1

Green accounting**Results**

| | 2022 | 2023 | 2024 | Goal 2025 | Unit |
|--|---------------|---------------|---------------|------------------|-----------------------------------|
| Production | | | | | |
| Pure aluminum | 331,574 | 346,874 | 340,826 | | t |
| Raw material and resource use | | | | | |
| Alumina | 636,449 | 663,918 | 651,810 | | t |
| Aluminium fluoride | 5,976 | 6,485 | 6,064 | | t |
| Anodes | 188,716 | 196,486 | 189,965 | | t |
| Cathodes | 2,460 | 1,382 | 1,476 | | t |
| Water consumption | 72,852 | 40,460 | 148,712 | | m ³ |
| Electrical energy | 4,793 | 4,997 | 4,893 | | GWh ¹ |
| Propane (GHS220, GSH280) | 171,814 | 159,422 | 251,455 | | l |
| Biodiesel –B10 (GHS07, GHS08, GHS09) | | | | | l |
| Diesel oil (GHS07, GHS08, GHS09) | 457,964 | 478,138 | 432,107 | | l |
| Gasoline (GHS02, GHS07, GHS08, GHS09) | 14,084 | 10,318 | 12,768 | | l |
| The use of dangerous substances (other than those listed and identified with caution labels in production and raw material and resource use) | | | | | |
| Hard coal tar pitch (GHS08) | 607.5 | 402.5 | 435.5 | | t |
| Antimicrobial agents (GHS05, GHS09) | 47 | 80 | 82 | | t |
| Lubricating oils and greases | 42,764 | 43,538 | 38,570 | | l |
| Coolants | 64 | 908 | 256 | | kg |
| Air emissions | | | | | |
| Total fluoride | 0.32 | 0.35 | 0.33 | 0.31 | kg/t Al |
| Of which gaseous fluoride | 0.22 | 0.23 | 0.23 | | kg/t Al |
| Of which fluoride in dust | 0.10 | 0.12 | 0.10 | | kg/t Al |
| Sulfur compounds as SO2 | 13.15 | 12.94 | 13.14 | 15.00 | kg/t Al |
| Of which from anodes | 11.71 | 11.58 | 11.67 | | kg/t Al |
| Of which from alumina and COS | 1.28 | 1.36 | 1.28 | | kg/t Al |
| Dust | 0.35 | 0.43 | 0.30 | 0.40 | kg/t Al |
| Carbon dioxide (CO2) | 1.53 | 1.58 | 1.58 | | t CO₂/t Al |
| Fluorocarbon (PFC) | 0.083 | 0.073 | 0.083 | 0.100 | t CO₂-eq /t Al |
| Sulfurhexafluoride (SF6) | 0.06 | 0.11 | 0 | | kg CO₂-eq /t Al |
| Waste | | | | | |
| For recycling/reuse | 50,577 | 47,938 | 48,010 | | t |
| Of which spent pot lining | 44,644 | 42,663 | 41,532 | | t |
| Of which aluminum dross | 49 | 554 | 1,243 | | t |
| For incineration (energy production) | 132 | 418 | 90 | | t |
| For landfill | 517 | 325 | 432 | | t |
| Hazardous waste | | | | | |
| For recycling/reuse | 5,411 | 5,183 | 4,842 | | t |
| Of which spent pot lining | 0 | 0 | 0 | | t |
| Of which aluminum dross | 1,810 | 1,612 | 1,651 | | t |
| For landfill | 9,685 | 4,718 | 5,846 | | t |
| For incineration (energy production) | 221 | 114 | 186 | | t |
| Of which oil-contaminated toxic waste | 98 | 82 | 75 | | t |
| By-products | | | | | |
| Bath (GHS07, GHS08, GHS09) | 2,260 | 2,045 | 3,051 | | t |
| Measurements in discharge to the sea ² | | | | | |
| Oil and grease | <2 | <2-8 | <2-11 | | mg/l |
| Aluminum | 0.20-0.41 | 0.42-0.98 | 0.18-0.70 | | mg/l |
| Fluoride | 2.9-12 | 10-11 | 3-15 | | mg/l |

1 1 GWh equals 1,000,000 kWh.

2 Values given as lowest and highest measured values for the year

Performance better than internal goals.
The internal goal was not achieved.

the shells in 2024. As in previous years, a more environmentally friendly carbon ram paste was used in the relining process as compared to what was used before, a total of 435.5 tons.

All cooling water from industrial processes is cleaned in Alcoa Fjardaál's water treatment plant and reused in the casthouse. Fjardaál's water consumption is among the lowest known within the Alcoa Group. Water consumption is similar year-on-year, and freshwater consumption in 2024 was 148,965 m³.

In 2024, an effort was made to measure water consumption at the company by installing a water meter on the inlet valve. Water consumption in 2024 was measured to be around 148,712 m³. Thereof, the sowcaster and the HDC (horizontal casting machine) in Alcoa Fjardaál's casthouse used about 60,000 m³. The water treatment plant has the capacity to clean 3,500 cubic meters of water per calendar day and reuse it in the casthouse. Thereof, 9,467 m³ of water passed through distillers in 2024. The average evaporation from casting machines is 140 m³ per day, which is about 40% of the volume of the system. No cooling water from industrial processes is supplied to the wastewater. Furthermore, part of the heat generated from cooling water is used for central heating and snow-melting on the site.

The total use of fossil fuels for vehicles decreased by 43,981 L from the previous year. The use of diesel oil decreased from 478,138 L to 432,107 L between 2023 and 2024. However, the use of gasoline increased from 10,318 L to 12,768 L. The explanation for the decrease is mainly due to the driving of vehicles outside the company, not counted within the driving time of vehicles directly related to the company's aluminum production. Increased use of fossil



fuels in 2024 corresponds to an decrease in emissions of 119 tons of CO₂ equivalents. A comparison of driving hours in the year 2023 and 2024 shows that the driving time of mobile equipment on the smelter site increased by 1,334 hours. The driving time of electric vehicles increased by 5% year-on-year and has a direct impact on reducing diesel consumption. See more about vehicle driving time in Table 1. Propane is used for preheating of equipment in the casthouse, for example molds in the sowcaster. Propane use increased by 92,033 L year-on-year. The increase in 2024 can be traced to work that was carried out on the relining of two furnaces in the casthouse, where a considerable volume of propane gas is used to cure furnace lining refractory. The total consumption amounts to an increase in CO₂ emissions that corresponds to around 139 tons of CO₂ equivalents. Table 3 provides an overview of energy consumption from the fuel sources used

Table 2

Comparison of vehicle driving time year-on-year (hours)

| Year | 2022 | 2023 | 2024 |
|---------------------------|---------------|---------------|---------------|
| Forklifts | 16,450 | 14,729 | 12,989 |
| Electric forklifts | 11,792 | 10,589 | 14,125 |
| Crucible carriers | 10,103 | 10,659 | 10,866 |
| Anode haulers | 18,916 | 19,703 | 18,869 |
| Bathmobiles | 3,351 | 3,859 | 4,185 |
| Vacuum truck | 4,207 | 2,311 | 2,227 |
| Front end loader | | | |
| Mobile fluoride feeder | 58 | 1,287 | 1,142 |
| Sweeper truck | 82 | 44 | 112 |
| Total | 64,959 | 63,181 | 64,515 |
| Increase in driving time: | 3,171 | | 1,334 |
| Decrease in driving time: | | 1,778 | |

Rough numbers drawn from METER report:
- Benedikt Stefánsson/Kristinn Örn Sigurdsson

| | | | |
|---------------------------------|-------|-------|-------|
| Proportion of electric vehicles | 18.2% | 16.8% | 21.9% |
|---------------------------------|-------|-------|-------|

Table 3

Transport fuel combustion in gigajoules

| | 2022 | 2023 | 2024 | Proportional change year -on-year |
|---------------------------------|---------------|---------------|---------------|---|
| Diesel | 17,677 | 18,456 | 16,679 | -9.63% |
| Gasoline | 482 | 353 | 437 | 23.74% |
| Propane gas | 16,030 | 14,874 | 23,461 | 57.73% |
| Total energy consumption | 34,189 | 33,683 | 40,577 | 20.47% |

Decrease Increase



on the site. The total energy consumption in gigajoules increased by 20.5% in 2024 compared to the previous year, and this is mainly due to increased consumption of gasoline and propane.

7.4 Air Emissions

Stability in the potroom is a key prerequisite for low emissions into the atmosphere. Whereas a number of operational factors can affect this stability, the largest single factor influencing the release of fluorine and other substances is the setting of anodes. The largest emissions occur during anode setting. Stabilization slows down the burning of anodes and thereby the efficiency of anodes is improved. In addition, the anode effect time is decreased, which reduces PFC emissions. These two factors lead to a general reduction in operational problems. Increased stability therefore reduces emissions from the plant. The main pollutants are monitored; they are gaseous fluoride (HF) and dust and sulfur dioxide (SO₂) as well as the greenhouse gases carbon dioxide (CO₂), fluorocarbons (PFC) and sulfur hexafluoride (SF₆).



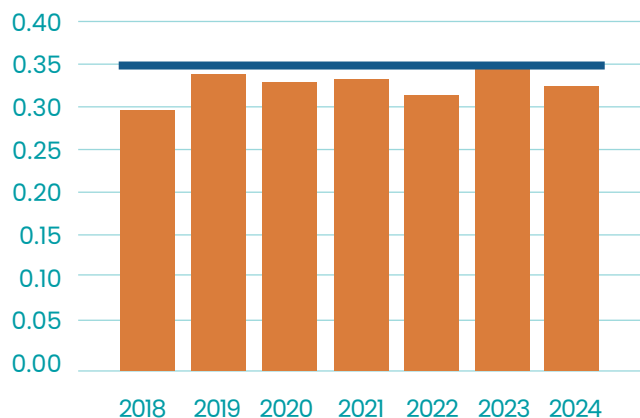
Information on emissions is summarized in section 7.2 (Green accounting). The total emission of fluoride was 0.33 kg per ton of aluminum produced and decreased year-on-year. The emissions were above the company's internal target but below the operating license limit. The total dust emission was under the company's internal target and was measured at 0.30 kg/t aluminum and decreased year-on-year. The dust emission was well below the operating permit limit. The emission of sulfur dioxide (SO₂) from the use of anodes was below the operating permit limit, or 11.67 kg/t aluminum. The emissions are similar year-on-year (Figure 4). The sulfur content of the anodes is closely monitored, and weekly information is received from suppliers on the results of chemical analyzes of the anodes. The total emission of sulfur compounds as SO₂ amounted to 13.14 kg/t aluminum and increased slightly year-on-year.

7.4.1 Greenhouse Gas Emissions

Carbon dioxide (CO₂) emissions are calculated based on the use of anodes using mass balance calculations. Emissions in 2024 were 1.58 t CO₂/t aluminum, unchanged from the previous year. Figure 6 shows the emissions of perfluorocarbons (PFCs) as CO₂ equivalents in the years 2019–2024. PFC is a greenhouse gas that is produced by anode effects in pots, and the emission of these substances is calculated based on the number and duration of anode effects. In 2024, 0.083 tons of CO₂-equivalents of PFCs were released per ton of aluminum produced. This corresponds to 3.93 tons of PFCs being released into the atmosphere. PFC emissions were up from the previous year. The increase can be attributed to changes in potroom controls that led to fewer tap outs from pot operations. The total emission of greenhouse gases from production decreased year-on-year, or by 5,268 tons of CO₂ equivalents. This reduction is due to decreased aluminum production and therefore less anode consumption.

Figure 2

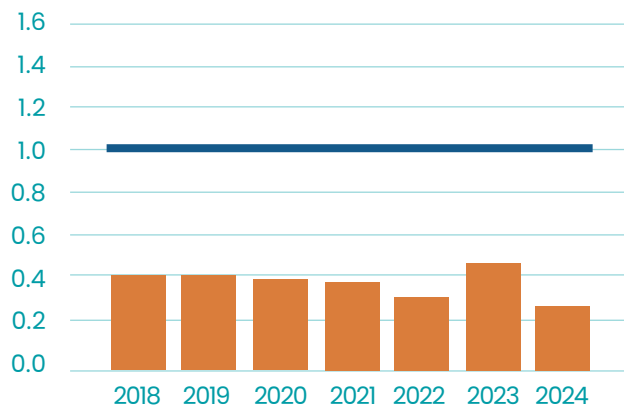
Total fluoride emissions (kg/t Al)



TF Operating permit limits

Figure 3

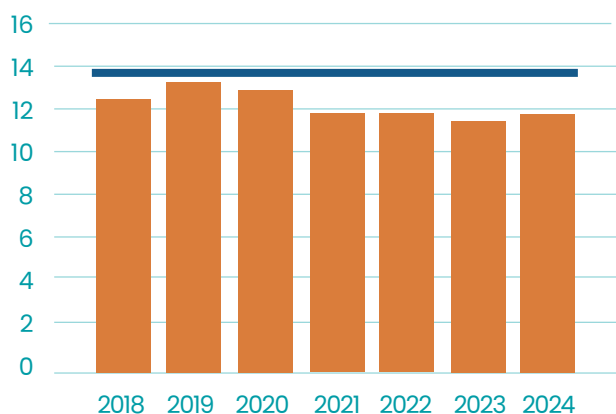
Dust emissions (kg/t Al)



Dust Operating permit limits

Figure 4

Emissions of sulfur dioxide from anodes (kg/t Al)



SO₂ Anodes Operating permit limits

Figure 5

Carbon dioxide emissions (t CO₂/t aluminum)

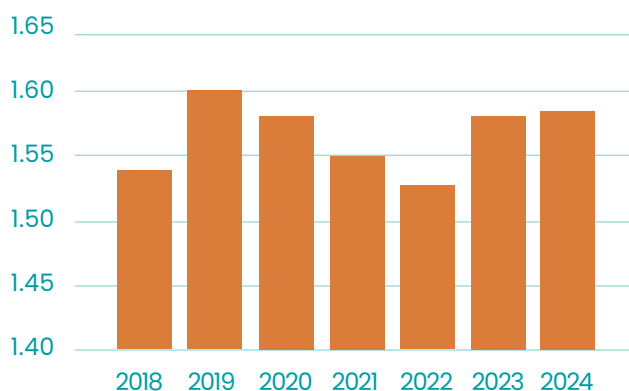


Figure 6

Emissions of fluorocarbons as CO₂ equivalents (t CO₂ eq/t aluminum)

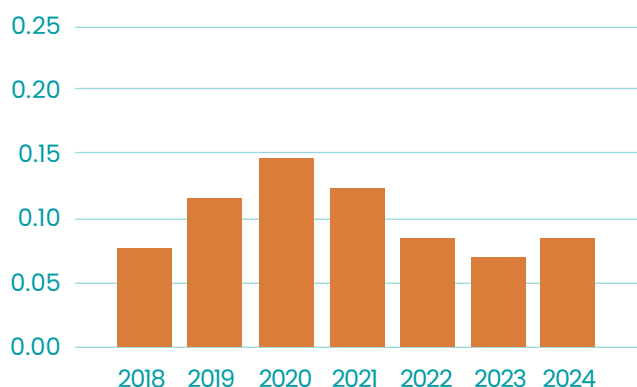
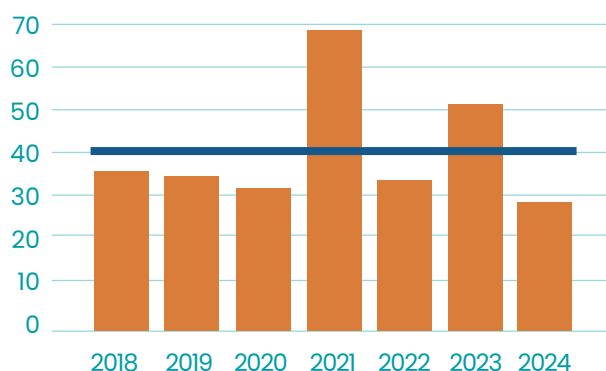


Figure 7

Overall results of fluoride in grass (µg/g)



Reference limit (µg/g)

Concentration of fluoride in grass. The blue line shows reference limits for herbivores that have been included in the monitoring plan.

Table 4

| Direct and indirect GHG emissions in t CO ₂ equivalents | | Emissions 2022 Tons CO ₂ | Emissions 2023 Tons CO ₂ | Emissions 2024 Tons CO ₂ | Year-on-year |
|--|----------------------------|--|--|--|--------------|
| Scope 1* (direct emissions) | Carbon consumption | 506,233.2 | 547,221.0 | 538,826.0 | -1.5% |
| | PFC | 27,668.1 | 25,401.6 | 28,141.4 | 10.8% |
| | Propane gas | 274.8 | 245.0 | 384.4 | 56.9% |
| | Acetylene | 0.6 | 0.210 | 0.200 | -4.8% |
| | Diesel | 1.9 | 1.39 | 1.50 | 7.9% |
| Scope 2* (indirect emissions) | Diesel | 1,240.3 | 1,295.0 | 1,170.3 | -9.6% |
| | Gasoline | 32.4 | 23.9 | 29.4 | 23.7% |
| | HFC | 155.8 | 1,369.6 | 452.3 | -67.0% |
| | SF ₆ | 20.3 | 92.0 | 0.0 | -100.0% |
| Scope 3* (indirect emissions) | Rental car usage | | | | |
| | Landfilling and composting | 573.5 | 211.5 | 276.8 | 30.9% |
| | Transportation to landfill | | 14.5 | 37.2 | 156.3% |

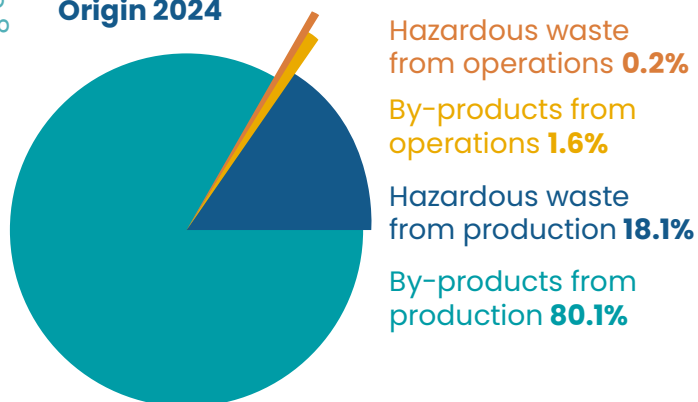
Decrease Increase

* "Scope" refers to the source of greenhouse gas emissions, where 1 is direct from production, 2 is indirect emissions related to energy consumption, and 3 is other indirect emissions.

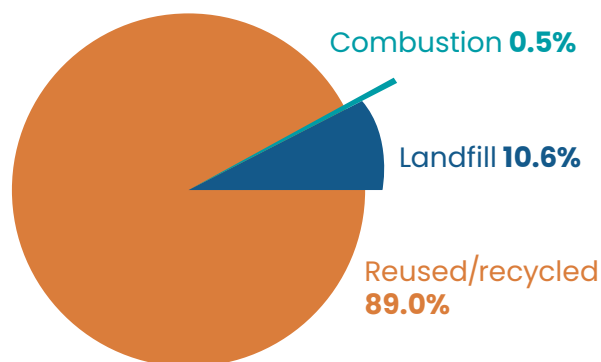
Figure 8

Division ratio and disposal of waste in 2024

Origin 2024

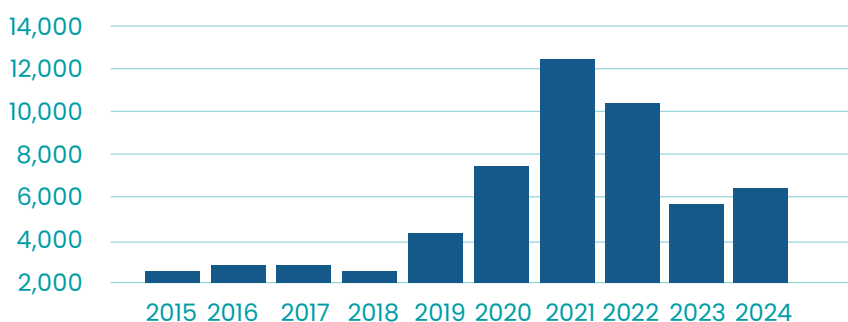


Disposal 2024



To landfill

In tons





7.5 Fluoride in grass – Environmental monitoring

Alcoa Fjardaál's environmental monitoring is comprehensive. It is in accordance with the monitoring plan for the main aspects of the environment in Reydarfjörður, such as air quality measurements and vegetation studies. The results are presented in an annual report that will be published in May and be available on the Environment and Energy Agency's website and Alcoa Fjardaál's home page. Measurements of fluorine levels in grass, which are carried out over the summer with animal health in mind, are an important part of the monitoring plan. Six measurements are made, two per month in June, July and August. In autumn, the average of all samples is recorded and thus the average for the summer period is found. The samples are always taken in the same place and with the same method to ensure they are comparable. The reference limit in Alcoa Fjardaál's monitoring plan is 40 µg F/g in grass on average outside the dilution area. The results of these measurements are shown in Figure 7. The average concentration of fluoride in grass in the summer of 2024 was 22.9 µg F/g of grass, which is under the limit values and some decrease from the previous summer when the results were

over the limit. The summer of 2024 was generally dry in East Iceland. While August was particularly rainy, July had the least precipitation. Fluoride concentrations in grass are carefully monitored to ensure the health of herbivorous animals in the vicinity.

There has been good cooperation with farmers who raise sheep in Reydarfjörður, and veterinarians have examined the animals annually. According to these examinations, there has been no evidence to date that indicates that fluoride in Reydarfjörður has affected herbivores. There is no danger to people from the plant's fluoride emissions. The environmental monitoring report shows more detailed information about vegetation monitoring in Reydarfjörður. The plant has an active steering group all year round to monitor this work and the results. Staff receive regular training on the environmental impact of production so that they are aware in their work of the importance of minimizing emissions and ensuring good monitoring of the reliability of pollution control equipment.

7.6 Noise

Alcoa Fjardaál measures environmental noise from its operations in accordance with the provisions of the operating permit.

These measurements are made every eight years according to a monitoring plan, or if changes are made to operations, in accordance with Regulation 724/2008 on noise. These measurements were last carried out in 2020, according to the plan, and the results were below the regulation's limit values.

7.7 Waste management

- Circular use of materials

Alcoa Fjardaál has the vision that all waste can be reused or recycled and that landfilling is the last option. The company focuses on finding ways to bring waste and hazardous materials from production to recycling. Sorting at the source is the foundation for the aim that most of the company's waste can be recycled. In addition, opportunities for minimization are constantly sought to prevent the generation of waste. The total amount of waste in 2024 was 59,406 tons, which is a decrease of 1,280 tons or 2% year-on-year and can mainly be traced to fewer pot relinings. In total, 89% of the waste was recycled and 0.5% was sent for incineration, mainly nationally. A total of 6,278 tons of waste went to landfill, or almost 10.6% of the total. This is an increase of 18% year-on-year, and the difference is mainly due to the increased volume of spent pot lining that was sent to landfill. Since 2019, it has not been possible to send spent pot lining for recycling as was done before, and therefore the recycling rate has decreased in recent years. Alcoa Fjardaál, in collaboration with the parent company, has looked for ways to recycle spent pot lining, and testing has now begun in collaboration with a Dutch and a British company. We plan for this project to continue in 2025 so that the recycling rate will increase again. A certain type of dust from the bath treatment plant and cellulose, which is organic waste from the water treatment plant, are sent to landfill, but it is only a small fraction of the total that goes to landfill. We will continue to look for ways to minimize landfilling and put

spent pot lining into use. The largest part, or about 98% of waste, is generated due to production and about 2% from general operations. Figure 8 shows the percentage of waste and hazardous materials, on the one hand from production and on the other hand from general operations. It also shows the relative amount of waste that went to landfill out of the total amount. Cleaned anode residues make up about 70% of the total amount of waste that is sent for recycling. They are recycled in Mosjøen in Norway and used in new anodes and constituted about 25% of the total number of imported anodes.

7.8 Effluents

Sewage from the company and the surrounding industrial area is treated in a treatment plant located in the industrial area at Hraun. The sewage goes through a four-stage treatment before it is discharged to the sea. Solid materials from the sewage treatment plant are recycled into soil in connection with forestry. The treatment plant is operated by a third party. Drainage from areas where oil or chemical products are processed is routed through oil separators and drainage from the kitchen is routed through a grease trap. These are emptied regularly and oil-contaminated water is processed by appropriate parties when pertinent. Surface water from the industrial site is channeled through retention ponds before it flows to the sea. Samples are taken from pond drainage in the autumn and spring. In 2024, the analysis results were below the operating permit limit. The results of the measurements of aluminum, oil/fat and fluorides are given as the highest and lowest values in section 7.2. According to the operating permit, the number of suspended particles in the effluent must not increase by more than 10 mg/L compared to the measured amount in the inflow, and the measurements were similar year-on-year and below the limit in 2024, as in previous years.



7.9 Social responsibility goals 2024 – Results

Continue to develop Icelandic language training for foreign employees. The goal was achieved, an investment was made in the smart app “Bara tala” and all foreign employees are offered the opportunity to learn Icelandic free of charge through the app or with a local instructor.

Make a decision on the final implementation of the changed shift system. The target was not achieved. Work on the review of the shift system extended beyond the end of the year. The aim is for a final decision on the future of the shift system to be made by 2025.

Complete the implementation of the Gender Equality Committee and consolidate the changed structure. The target was not achieved. We will continue to work towards this goal in 2025.

Develop and establish regular staff meetings (Town Hall). Goal achieved and regular meetings were held with employees.

Start using security cameras in the work area. Goal achieved: in 2024 the use of CCTV began in Alcoa Fjardaál's work areas.



Alcoa Fjarðaál employs a diverse group of people with different backgrounds in terms of age and origin, education and experience. In 2024, there were around 570 permanent employees, 76% of whom were men and 24% women. The company's senior management team consisted of 13 people at the end of the year, of whom two were women.

Alcoa Fjarðaál outsources the tasks in the operation that do not belong to the core business. In this way, the company supports the development and operation of other companies in the region and thus has a positive effect on further business development in East-Iceland. Moreover, roughly 250 other people work on the site: contractors and their employees. Thus, in total, around 800 people are employed in the smelter site in Reydarfjörður.

Contractor employees work in canteen operations, housekeeping, the design and development of investment projects, employee transportation, procurement and warehouse operations for consumables and spares, mechanical engineering and maintenance, harbor operations and goods traffic, to name a few examples. This contractor activity reflects a broad field of work that has a positive effect on innovation and development in the region, as many new companies have been established for providing services to Alcoa Fjarðaál.

Alcoa Fjarðaál places great emphasis on creating a safe working environment that contributes to increased job satisfaction and social well-being, where cooperation is a key issue.

Employees either adhere to the workplace agreement between Alcoa Fjarðaál and the unions AFL and RSÍ or have individual agreements where wage trends follow VR union's agreement with SA (The Confederation of Icelandic Employers).

Alcoa Fjardaál emphasizes the safety and well-being of employees in all its operations by ensuring that the work environment, work processes and project organization meet the strictest safety requirements. Equality has been at the forefront since the founding of Alcoa Fjardaál, and through recognition, education and a focus on equal opportunities, employees have the benefit of respect and support to grow and develop in their role.



Table 5

Residence of Fjardaál's employees

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------------|------|------|------|------|------|
| Residence in Fjardabyggd | 61% | 62% | 62% | 62% | 62% |
| Residence in Fljótsdalshérad | 29% | 30% | 30% | 26% | 26% |
| Residence elsewhere in East-Iceland | 6% | 0.4% | 1.7% | 5% | 4% |
| Residence elsewhere in the country | 4% | 7.3% | 5.8% | 7% | 7% |

Table 6

New hires

| | 2021 | 2022 | 2023 | 2024 |
|----------------------------------|------|------|------|------|
| Permanent appointments | 106 | 80 | 69 | 71 |
| Temporary employees | 10 | 4 | 1 | 1 |
| Summer employees | 110 | 80 | 62 | 47 |
| Casual laborers paid by the hour | 40 | 35 | 61 | 46 |

Table 7

Residence of Fjardaál's new hires

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------------|------|------|------|------|------|
| Residence in Fjardabyggd | 78% | 56% | 60% | 66% | 70% |
| Residence in Fljótsdalshérad | 19% | 15% | 18% | 17% | 18% |
| Residence elsewhere in East-Iceland | 0% | 3% | 2% | 5% | 3% |
| Residence elsewhere in the country | 3% | 24% | 20% | 12% | 9% |

Figure 9

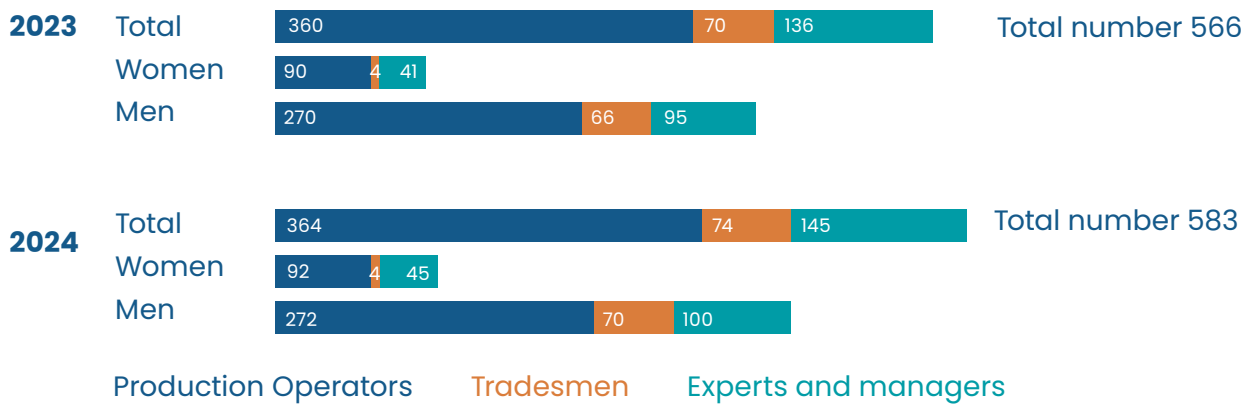
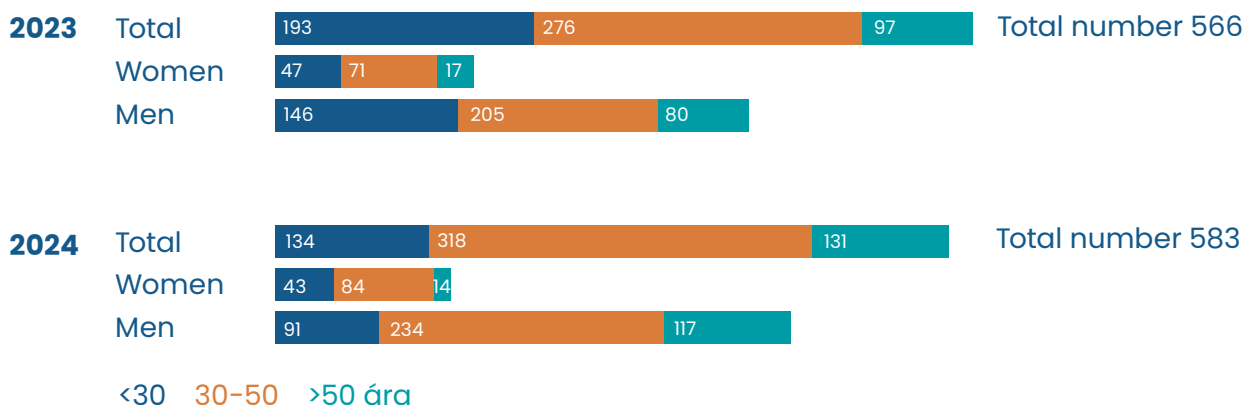
Composition of the labor force by occupation

Figure 10

Composition of the labor force by age

8.1 The Workplace

8.1.1 Job Satisfaction

A workplace survey is administered to Alcoa employees worldwide every 18 months. In between, shorter surveys are conducted, which are called «pulse surveys» and are primarily aimed at following up on the implementation plan that is made in the wake of the larger ones.

The goal of regularly conducting surveys is to measure the factors that research shows create general job satisfaction and engagement in the workplace, as well as giving employees the opportunity to anonymously submit improvement ideas. The overall results of the workplace survey are presented to employees and the results of each team are presented at team meetings where the emphasis is also placed on discussing what is going smoothly and setting up a clear plan for improving what can be done better. In this way, managers work systematically with their employees on actions that contribute to improvements in the workplace.

Participation in the 2024 workplace survey was much higher than before, with 86% of employees participating. The results of the survey in 2024 show higher overall job satisfaction than the previous year, which is particularly noteworthy due to this high participation rate. A significant change was seen in certain teams that had not made the effort to participate before but have done so now. This can be seen as a sign of the employees' ambition and commitment to having a positive impact. It also supports managers in using the results to work on improvements and strengthen a good foundation for growing job satisfaction year-on-year.

8.1.2 Workplace Culture

Teams are the basic units in the organization and management of Alcoa Fjardaál. The workplace culture is characterized by a high level of collaboration within and between

teams, with strong emphasis on good communication, systematic information flow, and knowledge sharing.

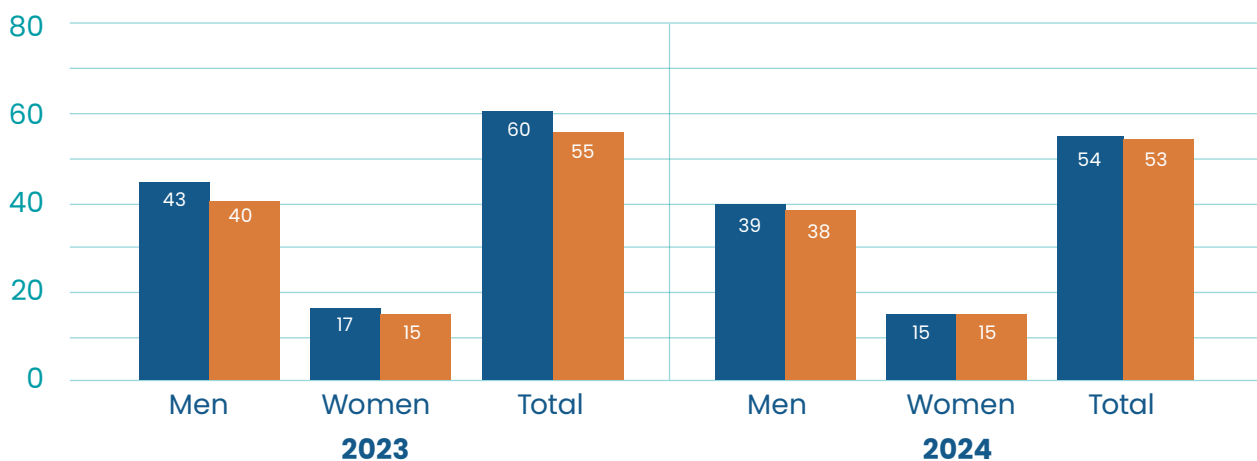
Employee safety is central in all daily activities and the workplace culture at Alcoa Fjardaál. Employees receive appropriate training in security matters before they start working for Fjardaál and regular refresher training during their employment time at the company. A major factor is taking care of one's own safety, but also and no less, being concerned about the safety of others. Increased emphasis has been placed on registrations around safety issues, definitions of types of incidents, investigation of incidents and solutions for improvement. Employees are also encouraged to guide each other when it comes to safety issues and to stop work if they feel unsafe with the construction or see others in such situations. By making high demands when it comes to employee safety, increased trust and group cohesiveness are established.

The company's values are highly prioritized in this context: We act with integrity, operate with excellence, care for people and lead with courage, as these support a good work environment and well-being at work.

In the year 2024, regular events in the social life of the employees took place. Team

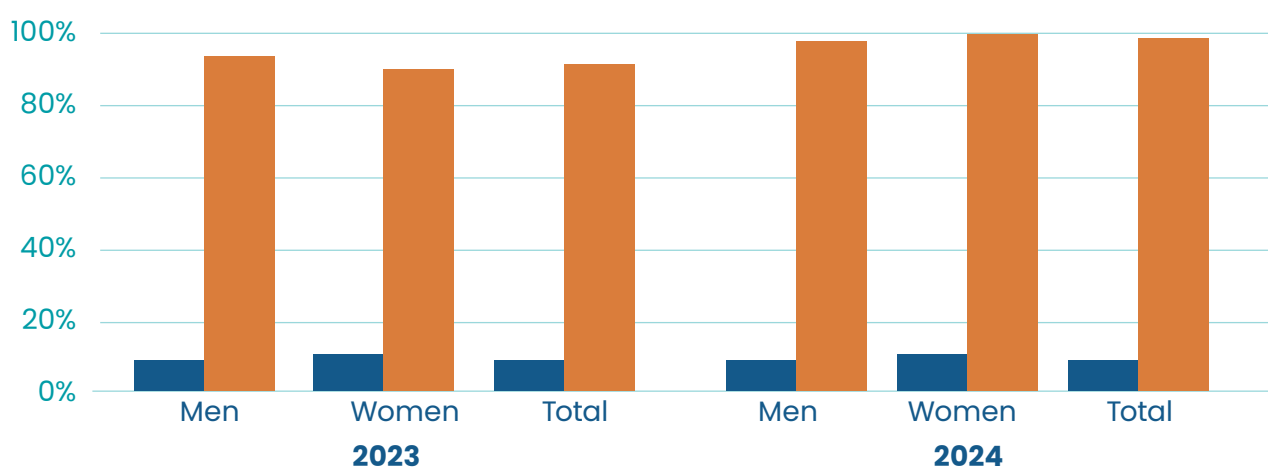


Figure 11

Return rate after parental leave

Number on parental leave during the year
Back to work after parental leave

Figure 12



Percentage of the total number who took parental leave
Percentage who returned after parental leave

Table 8

Women's wages as a percentage of men's wages by occupation

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------|------|------|------|------|
| Managers | 90% | 92% | 95% | 99% | 106% |
| Experts | 92% | 91% | 98% | 96% | 95% |
| Engineers | 94% | 91% | 94% | 106% | 0% |
| Technicians and specially trained staff | 96% | 89% | 94% | 93% | 75% |
| Office workers | 100% | 99% | 100% | 102% | 88% |
| Service, sales and security jobs | 0% | 0% | 0% | 0% | 0% |
| Tradesmen and skilled industrial workers | 86% | 97% | 94% | 96% | 83% |
| Engine and engine maintenance personnel | 94% | 97% | 100% | 97% | 97% |

events were held and the teams organized their own recreation that varied between teams. Two successful annual festivals were held to ensure that all staff on shift work had the opportunity to attend. Alcoa Fjardaál invited its employees and their spouses to a Christmas buffet, just like in previous years.

Sómi, Alcoa Fjardaál's staff association, hosted an annual Advent party for staff and their families. These events are very well attended and often mark the beginning of Christmas celebrations for employees and their families.

Employees have the opportunity to pay a monthly contribution to the staff association's Grant Fund. Participation in the fund is optional and Alcoa Fjardaál pays a counter contribution. Allocations are made from the Grant Fund to those who need it due to serious illnesses or accidents in the immediate family.

8.1.3 Labor/management relations

The collective bargaining agreement with the unions AFL and RSÍ signed in early 2023 was in effect until February 28, 2025. Preparations for a new agreement began last fall. The first negotiation meetings took place in early December and negotiation meetings have been held regularly since then. An agreement had not yet been finalized at the time of publication of this report, but it is hoped that an agreement will be reached soon.

8.2 Workforce composition and staff turnover

Alcoa Fjardaál has from the very beginning had the objective of equalizing the gender ratio and building a workplace where everyone gets equal opportunities to prosper and grow in their work. The company has always focused on equality issues to create a workplace culture based on equality and diversity. The percentage of women at the company in 2024 was 24%.



The company's managers are alert to opportunities to balance the gender ratio, and when advertising for new employees, it is noted that jobs are suitable for all genders.

Total employee turnover decreased significantly year-on-year and was 10% in 2024 compared to 15% the previous year. During the year, emphasis was placed on sharpening team organization and individual accountability, ensuring efficient processes and eliminating waste in all processes. Decision-making was based on data and decisions were always followed up in a clear and efficient manner to achieve set goals, as figures from the operation clearly show that great success has been achieved in many areas of production.

At Alcoa Fjardaál, the number of employees of foreign origin has been rapidly increasing and this is in line with the change that has been taking place in the workforce in Iceland, where there is a low unemployment rate, tension in the labor market and strong competition for people. There are many opportunities and values in a diverse workplace, but at the same time challenges that mainly relate to languages and communication.

Alcoa Fjardaál offers Icelandic language lessons to employees of foreign origin, using both on-site teachers and the smart solution “Bara tala.” The policy has been set that Icelandic is the first language and English the second language, i.e. if knowledge of Icelandic is not present, English is used to ensure mutual understanding. This is primarily done with safety considerations in mind, but also to create solidarity in the workplace and simplify communication and the provision of information.

8.3 Equal opportunities

Alcoa Fjardaál’s Equal Opportunity Policy is based on the Icelandic Gender Equality Act no. 150/2020. Alcoa Fjardaál also links its Equal Opportunity Policy to the four values that guide Alcoa’s global operations (act with integrity, operate with excellence, care for people and lead with courage). In the company’s job advertisements, roles are usually advertised for all genders. The jobs in the plant are designed in such a way that they can be performed safely regardless of gender. Parents are encouraged to harmonize their work with family life and shoulder equal responsibility for the care and upbringing of their children. The company aims to create a family-friendly workplace where all employees feel comfortable. At Alcoa Fjardaál, sexual and gender-based harassment and bullying are not tolerated and such cases are taken seriously. If issues

of this nature arise, clear work procedures are followed to ensure health and safety in the workplace. The company operates according to an Equal Opportunity Program which specifies the parties responsible for its review and consequent improvements.

The HR manager is responsible for the enforcement of the Equal Opportunity Policy. The Lead Team is responsible for the follow-up of the policy and deviations from it with the support of Alcoa Fjardaál’s equal opportunity committee.

There are active inclusion groups within Alcoa’s parent company, and Alcoa Fjardaál’s employees participate in their awareness raising.

These groups referred to are EAGLE, which safeguards and draws attention to the rights of LGBT+ people, Alcoa Women’s Network, or AWN, which draws attention to the status of women and empowers them at work, AWARE, which emphasizes cultural diversity, and the ABLE group which promotes the rights and opportunities of disabled people in the labor market. The main role of the Lead Team and the group representatives is to support Alcoa’s joint global strategy regarding the above-mentioned issues, and to advance the implementation of the strategy in the manner that is appropriate in each location.



8.3.1 Women's wages as a percentage of men's wages by occupation

Table 8 shows women's wages as a percentage of men's wages, broken down by job category within the company. Experience, education and skills are taken into account when making salary decisions for experts, and salaries are compared to what is prevalent in the market through participation in salary surveys. While wage decisions for personnel working in production and industry are bound by a collective agreement, important factors in the development of wages for these groups are length of service and work arrangements. It can, for instance, have much effect on outcome if few women are in certain groups or have a shorter period of employment, for example among craftsmen and specially trained staff.

8.3.2 Equal pay certification

Since 2017, Fjardaál has had certification according to the equal pay standard of the Icelandic Ministry of Welfare and was the first large company in Iceland to receive that certification. In 2024, the company passed an audit which confirmed that work is carried out according to documented procedures and that there is no gender pay gap at Alcoa Fjardaál.

8.4 Rules of Procedure and Code of Conduct

Alcoa's rules of procedure and code of conduct serve as a guide for employee integrity and good governance. They are set with the objective to provide guidance to employees to meet the company's standards in terms of good business practices, which primarily relate to how the company wants to do business across the world. The rules of procedure are reviewed annually and employees receive targeted training on them. Employees are encouraged to report violations of various kinds, such as corruption, human rights violations, discrimination or harassment,



intellectual property violations, and potential security threats. More detailed information on rules of procedure and the code of conduct can be viewed in its entirety [here](#).

8.5 Safety

Great emphasis is placed on the safety and health of staff and contractors at Alcoa Fjardaál. We work systematically to minimize the risk of accidents, minimize pollution, promote health and support a safe working environment. The philosophy used when it comes to identifying hazards, evaluating situations and preventing deviations or accidents is called "Human Performance" and this approach has proven to be very effective. Employees also employ a methodology known as "Critical Risk Management" (CRM) to ensure that the proper defenses against known hazards are always in place. Great emphasis is placed on the right of employees to "Stop and seek help" if they feel unsafe or do not have enough knowledge of the task performed. It is also mandatory to hold a "Pre Task Brief" if there is a risk of possible accidents. Alcoa Fjardaál follows its policy and the policy of the parent company in environmental, health and safety matters.

Efforts are being made to improve the working environment to ensure the safety

and health of employees. All accidents and mishaps are recorded in order to learn from them. The company is certified by the OHSAS 18001 health and safety management system. All employees receive basic training in environmental, health and safety issues. At Alcoa Fjardaál, there are health and safety committees, whose role is to promote health and safety in the workplace. Committees work on various issues and provide training such as fall protection, "lock, tag, verify" and hazardous materials to name a few examples. At the same time, the committees contribute to various improvements aimed at making the workplace safer by eliminating hazards and improving working conditions and procedures.

8.5.1 Accidents and deviations regarding health and safety

Accidents, near-misses and health and safety incidents are recorded in an incident recording system and reported in accordance with applicable laws and regulations. Root cause analyzes are carried out and preventive measures implemented so that similar incidents do not recur. In 2024, 45 "near misses" and two accidents were recorded, i.e. where an employee is injured and is therefore unable to perform



their traditional tasks in production. In 2024, 19,502 safety audits were carried out compared to around 17,714 audits the previous year. These audits are extremely important for employee safety as they aim to identify opportunities for improvement in safety matters before accidents occur. They contribute to the increased presence of managers in the production areas and ensure that wrong behavior is corrected on the spot. It has been proved that there is a correlation between the frequency of audits and a reduction in accidents.

8.6 Health and welfare

Alcoa Fjardaál cares about the health of its employees and works hard to prevent work-related diseases such as respiratory diseases, hearing impairment, skin problems and chronic musculoskeletal diseases. Annual measurements are carried out to ensure a healthy working environment for staff, for example acoustic measurements and atmospheric air quality measurements. A well-equipped health care center is operated in the smelter, where qualified nurses are present. The main goal of the healthcare efforts is to prevent work-related diseases among employees. Employees also receive training



on prevention and how best to take care of their own well-being and safety at work.

8.6.1 A new shift system

Since the change to the employee shift system in September 2022, there has been some uncertainty as to whether the system would be short-term or long-term. A lot of work was put into preparation and stakeholder collaboration in 2022 with the implementation of a new system with the aim of ensuring the well-being of staff and sufficient rest between shifts. It was suggested that the system be reviewed after a year and the success of the changes evaluated.

From the second half of 2023 and throughout 2024, a lot of work was put into achieving stability in production and it was decided to postpone work on reviewing the shift system. This work began in November 2024 and external parties were hired to do the analysis and make recommendations for implementation. In December, Gallup conducted a survey among Fjardaál's shift workers, asking about their attitudes towards shift systems. Participation in the survey was 89% and the results were presented at staff meetings in early 2025. Workshops with shift workers were subsequently organized.

8.6.2 Welfare services

A robust welfare service is operated for employees and their immediate families in collaboration with health service company Heilsuvernd. The service means that employees and their immediate relatives can seek help from a wide range of professionals for personal difficulties or unexpected trauma. The service is free of charge for employees and without the intervention of the company's management. Full confidentiality is maintained and information is not provided to the relevant workplace. Each employee can receive six hours of services, such as financial advice, legal assistance, psychological counseling, lifestyle counseling, and online sleep therapy.

8.6.3 Health awareness committee

At Alcoa Fjardaál, there has been a health awareness committee throughout the years that organizes various events that promote health for employees. In 2024, the committee hosted events to increase education and awareness about health and well-being in life and work.

8.6.4 Health Care Center

Alcoa Fjardaál runs a health care center on its premises, which is open every workday from 8 am to 4 pm. The nurses in the center provide varied services. The health center's operations had to be changed due to mold found in the premises. Renovations were carried out in the second half of the year, which resulted in the health center moving between facilities with a corresponding reduction in services. The health care professionals are in charge of general education regarding health to the staff and scheduling doctor's appointments at the center.

For example, during 2024, around 87 people came for a medical examination, 160 for spirometry and 204 employees for audiometry. In 2024, there were 68 medical examinations for new hires and 34 medical examinations for summer hires.



Figure 13

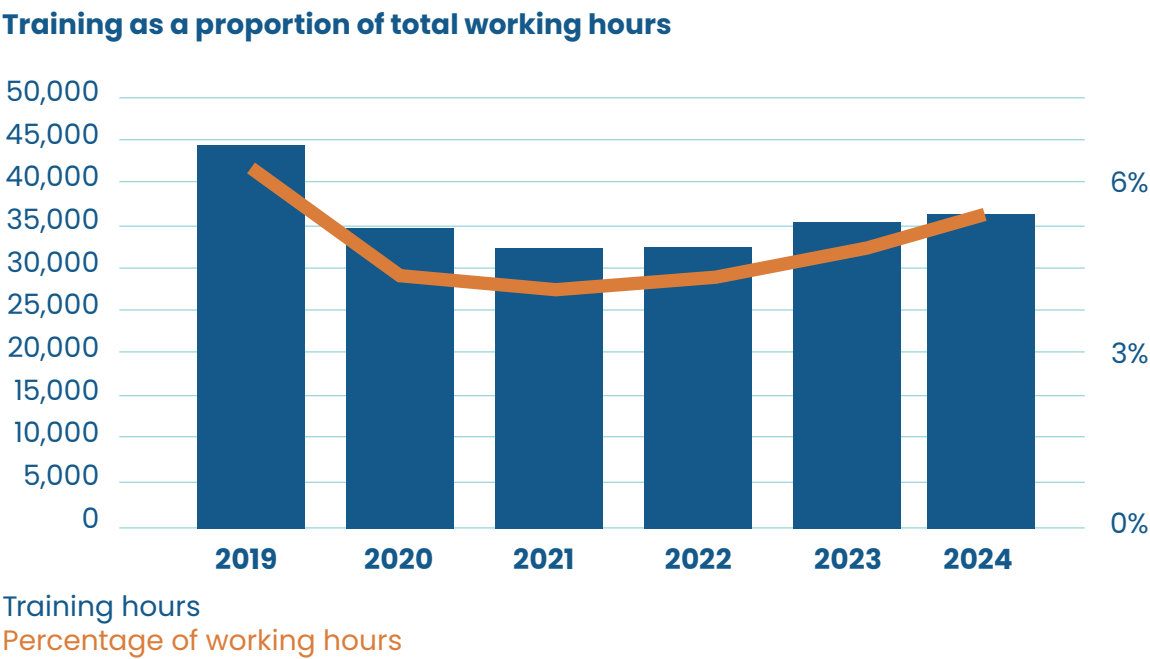


Table 9

| Employee turnover by gender | 2021 | 2022 | 2023 | 2024 |
|-----------------------------|------|------|------|------|
| Men | 9% | 8% | 11% | 7% |
| Women | 5% | 3% | 4% | 3% |
| Total | 14% | 11% | 15% | 10% |



8.7 Benefits for permanent employees

Alcoa Fjardaál’s employees have access to a canteen and a health care center at the workplace. They also get free bus rides to and from work. There are six electric charging stations in the company’s main parking lot, where employees have the opportunity to charge electric cars during working hours.

The number of electric vehicles owned by staff is growing and the charging stations have been used much since they were installed. There is a noticeable increase in their use year-on-year. According to Icelandic tradition, the company gives its employees a Christmas gift every year, and at Easter the employees get a chocolate egg. That gift is also a charitable act, that is, Alcoa Fjardaál has supported a good cause by purchasing Easter eggs for employees.

Employees can apply for grants for exercise, glasses, hearing aids, laser eye surgery, treatment by a chiropractor, physiotherapist, masseuse or podiatrist and for stride analysis and shoe insoles. Colonoscopy for cancer prevention for employees 50 years and older is also fully paid.



8.8 Career Development and Continuing Education

Alcoa Fjardaál takes great pride in the education and training of the company’s employees. In 2024, a major review of content, presentation and opportunities for improvement regarding the processes, cost and organization of studies was carried out. The main goal of this review was to modernize the course material and simplify access with the associated reduced costs for the company and optimization for employees.

The year was characterized by analytical work and certain optimization measures, but plans assume that in the first half of 2025,

Table 10

| Employee turnover by age group (as compared with total number of employees) | | 2021 | 2022 | 2023 | 2024 |
|--|--|------------|------------|------------|------------|
| 18-20 | | 1% | 2% | 1% | 0% |
| 21-25 | | 3% | 2% | 3% | 2% |
| 26-30 | | 3% | 2% | 3% | 2% |
| 31-35 | | 1% | 1% | 2% | 2% |
| 36-40 | | 1% | 1% | 2% | 1% |
| 41-45 | | 1% | 1% | 1% | 1% |
| 46-50 | | 1% | 1% | 1% | 1% |
| 51-55 | | 1% | 0% | 0% | 0% |
| 56-60 | | 0% | 1% | 0% | 0% |
| 61-66 | | 0% | 1% | 1% | 1% |
| 66- | | 1% | 1% | 1% | 0% |
| Total | | 14% | 12% | 15% | 10% |

Table 11

| Accident rate | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------|-------|------|-------|-------|------|-------|-------|-------|
| Lost time incidents | 2 | 1 | 0 | 2 | 0 | 1 | 1 | 4 | 3 |
| Near miss incidents | 18 | 12 | 13 | 11 | 5 | 6 | 8 | 17 | 45 |
| Lost time injury frequency | 0.44 | 0.23 | 0 | 0.46 | 0 | 0.23 | 0.22 | 0.68 | 0.45 |
| Medical treatment injury frequency | 2.64 | 2.71 | 2.05 | 2.54 | 3.5 | 3.06 | 2.38 | 2.57 | 1.94 |
| Overall incident frequency | 17.63 | 14.26 | 16.4 | 14.33 | 16.44 | 15.8 | 13.73 | 16.16 | 21.39 |
| Lost time and restricted work injury frequency | 0.44 | 0.9 | 0.45 | 1.62 | 1.4 | 1.4 | 1.22 | 0.68 | 0.45 |

Figure 14



36,240

WORKING HOURS SPENT
ON EMPLOYEE TRAINING
IN 2024



THAT MAKES



4.4%

OF THE WORKING
HOURS OF EMPLOYEES
THAT YEAR



22 individuals graduated from postgraduate studies from the Alcoa Fjardaál Industry School in 2024.

the procedures will have been amended with targeted changes and outcomes of this initiative. Part of the training and education will be converted to online courses.

The company offers employees that fulfill certain requirements to study at the Alcoa Fjardaál Industry School, which is divided into two stages: undergraduate and postgraduate. The school is a collaboration project between Alcoa Fjardaál and Austurbrú (the East Iceland Center of Knowledge). Since the school was implemented in the fall of 2011, a total of 323 students have graduated from the program, of which 169 from undergraduate studies and 154 from graduate studies. In 2024, 19 students graduated from undergraduate studies and 22 from postgraduate studies at Alcoa Fjardaál Industry School.

The idea for the Industrial School was originally obtained from the smelter in Straumsvík, but the program has been adapted to the needs of Alcoa Fjardaál. The Industry School benefits both the company and its employees. Employees who study at the school add to their knowledge and upon completion of the program, they also receive a salary increase according to the collective agreement. As a result, the company has more qualified staff who can take on more responsibility and guide less experienced colleagues, not to mention that it is crucial for the stability of the plant to have qualified and experienced people working there. Part of the program is also evaluated for matriculation and the completion provides a good basis for further studies. In the year 2024, Alcoa Fjardaál's staff devoted 36,240 hours to training, which means that on the average, each of them used about 4.4% of their working time for training. This is an increase from previous years and in line with Alcoa Fjardaál's increased focus on staff education and training.

8.9 Social responsibility goals 2024 – Results

Continue to develop Icelandic language training for foreign employees. The goal was achieved, an investment was made in the smart app "Bara tala" and all foreign employees are offered the opportunity to learn Icelandic free of charge through the app or with a local instructor.

Make a decision on the final implementation of the changed shift system. The target was not achieved. Work on the review of the shift system extended beyond the end of the year. The aim is for a final decision on the future of the shift system to be made by 2025.

Complete the implementation of the Gender Equality Committee and consolidate the changed structure. The target was not achieved. We will continue to work towards this goal in 2025.

Develop and establish regular staff meetings (Town Hall). Goal achieved and regular meetings were held with employees.

Start using security cameras in the work area. Goal achieved: in 2024 the use of CCTV began in Alcoa Fjardaál's work areas.

09 Society

Alcoa Fjarðaál emphasizes open and active dialogue with stakeholders and wants to be a role model in social responsibility by creating a positive impact on the local community. Management regularly communicates with stakeholders and meets with them on matters of common interest. Alcoa Fjarðaál and the Alcoa Foundation provide funds for significant issues with a focus on projects related to the smelter's area of impact. Alcoa Fjarðaál has monitored social indicators since the smelter's operation began.

Alcoa Fjardaál emphasizes social responsibility and an open and active dialogue with stakeholders in order to have a positive impact on the local community.



9.1 Company News in 2024

International Women's Day

Alcoa celebrates International Women's Day on March 8th every year. To mark the day in 2024, the Alcoa Women's Network (AWN) hosted an online event where women from various Alcoa locations around the world presented different improvement projects.

Presidential Candidates Visit

Several presidential candidates visited Alcoa Fjarðaál during the 2024 election campaign. Halla Tómasdóttir visited the smelter with her husband. Candidates Baldur Thórhallsson and Halla Hrund Logadóttir also visited. During each of the visits, employees were invited to a dialogue with candidates in the Fjarðaál canteen.

Alcoa Corporation CEO Visits

Bill Oplinger, President and CEO of Alcoa Corporation, Matt Reed, Executive Vice President and Chief Operations Officer, and Veronica Dolç, Head of Alcoa's European Aluminum Production, visited Fjarðaál in April 2024. They met with the Fjarðaál Lead Team, toured the smelter site, and held a meeting with all on-duty employees. The

message they conveyed at that meeting was clear: Fjarðaál's operations were on the right track, and employees were encouraged to continue on the same path.

Annual Women's Coffee

Since the smelter began operations, it has become a tradition to celebrate Icelandic Women's Day on June 19, in a special way by inviting women in East Iceland to a so-called "Women's Coffee" in the Fjarðaál canteen.

A large number of women from the local community came together in the canteen, enjoying live music and listening to talks by Heida Ingimarsdóttir and Svanhildur Björg Pétursdóttir. The event is an important part of Alcoa Fjarðaál's commitment to gender equality.

Celebrating Diversity

June is Pride Month and Alcoa actively participates in celebrating it.

In celebration of PRIDE Month, four staircases in Fjarðaál's main building were made especially colorful by decorating them with the colors of the Pride flag. Alcoa's



Halla Tómasdóttir, the President of Iceland, visited Alcoa Fjarðaál during the presidential campaign and chatted with staff in the canteen.



Volunteers enjoy pizza after a successful Alcoa Foundation volunteer project at Sólin, community center for children with special needs.

EAGLE Day was celebrated at Fjarðaál with a special rainbow cake after lunch. EAGLE is one of four inclusion groups operating within Alcoa worldwide. EAGLE focuses on equality issues for LGBT+ people in a broad context and the organization's campaign is based on respect and equal opportunities.

20 years since the first Groundbreaking

On July 8, exactly 20 years had passed since the groundbreaking ceremony at the Fjarðaál plant site. The day was celebrated with a barbecue for employees in gleaming sunshine at the Fjarðaál site.

Alcoa Fjarðaál receives a Sustainability Award

In September, Alcoa Fjarðaál was granted the Sustainability Axis at a ceremony at Reykjavík University. The Sustainability Axis is a new measure that assesses the public's attitude towards the performance of Icelandic companies and institutions in sustainability issues. The survey behind the Sustainability Axis consists of six questions that examine consumers' attitudes towards companies' performance in sustainability matters. The questions include whether companies contribute to society,

whether they care about customer welfare and whether they strive to minimize waste. Alcoa Fjarðaál received the highest score in the aluminum producer category.

November was Volunteer Month

In the fall of 2024, grants for Action projects were reintroduced. The procedure for Action projects is that an employee can apply for a



Every June 19th, a Women's Coffee is held in the Fjarðaál canteen to celebrate women's suffrage in Iceland, which was granted to women in 1915.



Alcoa Fjardaál received the Sustainability Axis 2024 in the aluminum producer category.

grant from Fjardaál for a specific project for a non-profit or charitable organization to which they belong. The applicant then encourages their colleagues and others in the non-profit organization to participate in the project. If eight or more Alcoa employees volunteer their time for the project, Alcoa Fjardaál will provide financial support for the project.

On November 9, the former Action project of the month was completed when a group of volunteers from Fjardaál and Höttur Sports Association installed insulation in the roof of a new stadium in Fellabaer, a community in East Iceland. The building will significantly improve the facilities for soccer playing in East Iceland. The second Action project was completed on November 19, when a group of volunteers from Alcoa and Blaer Equestrian Club worked on improvements to the club's facilities at Dalahöllin in the town of Neskaupstaður.

In addition to these two Action projects, a large volunteer project was undertaken in November by the Alcoa Foundation in Sólin, a leisure center for children with special needs.

Seven different spaces were created, all of which support the children's development and needs through perception, creative play and movement.

9.2 Stakeholders

Alcoa Fjardaál has identified the company's stakeholders with the aim to better assessing the needs, priorities and common interests of the stakeholders. Stakeholders are divided into direct stakeholders, local environment, society and international environment. The company's stakeholder analysis was done in collaboration with consultants in work meetings with multidisciplinary groups of employees. Stakeholders were listed and defined according to area of contact and importance. Alcoa Fjardaál is a big company located in a small community, and that role comes with a lot of responsibility. The company has always put a lot of effort into good communication with diverse groups of stakeholders through regular meetings and collaboration.

9.2.1 Survey among residents

It is important that there is harmony about the company's activities in the local community. Therefore, it is crucial to cultivate that relationship in a purposeful way through dialogue and cooperation. An active conversation with the community is one of the main pillars of Alcoa Fjardaál's social policy, and the satisfaction of residents in East Iceland with the company is measured annually.

In a survey conducted by Gallup in the fall of 2024, 78.3% of respondents were positive or rather positive towards Alcoa Fjardaál, which is a slight increase year-on-year; in 2023, 75.2% of respondents were positive.

In the same survey, residents of East Iceland were asked if they believed Alcoa Fjardaál's smelter had a positive effect on living conditions in East Iceland, and 93.7% of the respondents considered the effect to be rather or entirely positive. This is an increase year-on-year and equals the highest measurement for this item made in 2021.

Residents were also asked how they thought the

Figure 15

Stakeholder analysis

Fjardaál has conducted an analysis of the company's stakeholders in order to better understand the needs and priorities of the groups. Stakeholders are divided into direct stakeholders, local environment, society and international environment. The company's stakeholder analysis was done in a brainstorming session with a multidisciplinary group of employees. Stakeholders were listed and defined according to area of contact and importance.





company performed in the various aspects of social responsibility.

Stakeholder analysis

Fjardaál has conducted an analysis of the company's stakeholders in order to better understand the needs and priorities of the groups. Stakeholders are divided into direct stakeholders, local environment, society and international environment. The company's stakeholder analysis was done in a brainstorming session with a multidisciplinary group of employees. Stakeholders were listed and defined according to area of contact and importance.

Residents in East Iceland believe that Alcoa Fjardaál's best performance is when it comes to equality and health and safety issues, as 81.4% of respondents believe that the company is doing well or very well in those matters. While 79.6% believe that Alcoa Fjardaál is doing well in gender equality, in 2023 the proportion was 83.2%, so there is a decrease year-on-year.

Residents were also asked how they think

the company is doing in environmental matters, and 60.2% believe that Alcoa Fjardaál is doing rather well or very well. According to respondents, the company is doing the least in open communication with the public, where 60.1% believed that Fjardaál is doing it well or very well, which is an increase from the previous year, where the proportion was 56.5%.

9.2.2 Good communication and disclosure

Alcoa Fjardaál places great emphasis on the dissemination of information about the company's activities to residents in East Iceland and other stakeholders. The publication of a social responsibility report is part of that disclosure as the report defines the impact of the activities on the economy, environment and society. Alcoa Fjardaál also has a Facebook page and uses it to interact with the public and share information regarding Alcoa Fjardaál and the aluminum industry in Iceland. Alcoa Fjardaál's management is in regular contact with stakeholders such as farmers in the area, members of Althing (parliament) for the constituency and ministers who have to do with the company's issues.

Alcoa Fjardaál is a member of the Icelandic Association of Aluminum Producers (Samál), the Icelandic Aluminum Cluster (Álklasinn), the Federation of Icelandic Industries (SI) and the Confederation of Icelandic Employers (SA).

Good communication and information provision are key factors in the operations both inside and outside the company, with employees as well as contractors and suppliers. Regular meetings are held for all the plant's employees, where various issues and the company's position are discussed from different angles. There are also regular meetings with contractors and suppliers where the main topics and status in issues related to e.g. company operations, environment, health and safety are discussed. More information about the well-being of employees and the company's relationship with them is provided in the human resources section of this report.

Residents are encouraged to submit comments to the company. This can be done in a variety of ways: via Fjardaál's telephone number +354 470 7700, by email to fjardaal@alcoa.com or by visiting Fjardaál's website, www.alcoa.is and selecting "**Contact us**".

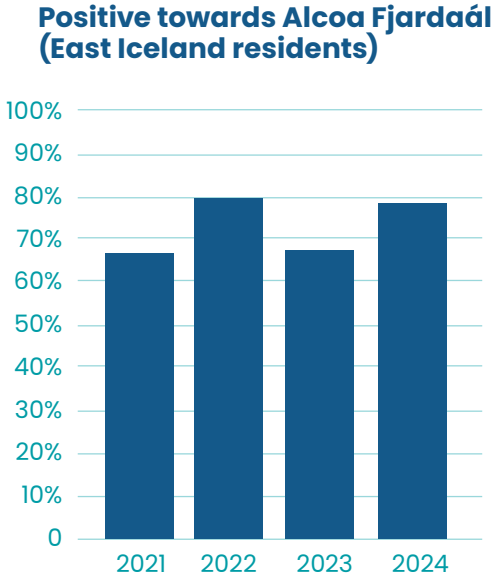
9.3 Grants for Good Deeds

In 2024, Alcoa Fjardaál and the Alcoa Foundation awarded 98.4 million ISK through various community grants, mainly in East Iceland. Alcoa Fjardaál's community grants were over 46.4 million ISK in 2024 and increased by 11 million year-on-year. Grants from the Alcoa Foundation were to the amount of 52 million ISK in 2024 and increased by 28 million year-on-year. Since 2003, the company has allocated a total of about ISK five billion to various community and infrastructure projects. Grants are not allocated to individuals, companies, political parties, religious associations or for the general operation of NGOs. Table 12 shows the distribution of the grants during the year 2024.

Table 12

| | |
|-------------------------------------|-------------------|
| Action grants | 800,000 |
| Environment and nature conservation | 700,000 |
| Safety and health | 9,850,000 |
| Culture and social work | 13,250,000 |
| Sports | 21,800,000 |
| Alcoa Foundation grants | 52,000,000 |
| Total | 98,400,000 |

Figure 16



9.3.1 The Alcoa Fjardaál Grant Fund

Alcoa Fjardaál operates a grant fund that distributes grants to community projects in East Iceland. In 2024, the fund awarded grants to 25 projects, to a total of 46.4 million ISK. For example, the Gerpir Rescue Team in Neskaupstaður received a grant of 650 thousand ISK to expand the team's drone unit, and the Sudurfjarda Hiking Association received a grant of 400 thousand to clean beaches and mark hiking trails.

Alcoa Fjardaál also awarded the East Iceland Music Center in Eskifjörður an annual grant to host cultural events, a total of 2.5 million ISK in 2024, and Slátturhúsid Cultural Center in Egilsstaðir also received 2.5 million ISK to host cultural events. Alcoa Fjardaál also granted the Fjardabyggd and Múlathing disaster response teams with 2 million ISK for community support following the disasters that struck in 2024.

Grants were awarded to sports clubs in East Iceland, a total of 218 million ISK, and, as



Alcoa Foundation supports a new mental health facility in East Iceland with 30 million ISK.

usual, the Christmas funds in Fjardabyggd and Múlathing were awarded 700 thousand ISK each, which is an increase of 200 thousand ISK for each fund from 2023.

9.3.2 Alcoa Foundation Grants

The Alcoa Foundation, based in the United States, has provided community grants to projects in Iceland, mostly in East Iceland, ever since Alcoa began operations in Iceland. The fund focuses on supporting projects in the field of environmental issues, human rights or education that have sustainability as a guiding principle. In 2024, the Alcoa Foundation sponsored projects in Iceland for around 52 million ISK.

The largest grant of the year, totaling over 30 million ISK, was awarded to Austurbrú for a project under the working title "Mental Health Center in East Iceland." The project is a collaboration between the Occupational Rehabilitation of East Iceland (StarfA), the Health Institute of East Iceland, the municipalities of Múlathing and Fjardabyggd, as well as Austurbrú, which is leading the project.

The East Iceland Rescue Teams Education Fund was awarded a grant to promote continuing education and run courses for rescue team volunteers in East Iceland. This is a grant for three years amounting to over 23 million ISK, and in 2024 the fund provided 7 million ISK of it.

Work continued on a joint project between the two large municipalities in East Iceland, Fjardabyggd and Múlathing, to promote the self-awareness and self-confidence of young people in the municipalities' primary schools. The project also focuses on promoting STEM teaching for the same group, with the aim of increasing the number of students who choose that field in graduate studies. The total amount of the grant is over 26 million ISK. The project timeline spans three years, and in 2024 the third and final part was paid out, over 9 million ISK.



Sólin, a leisure service for children and young people with special needs run by Múlathing municipality, received a two million ISK grant from the Alcoa Foundation. The Action volunteer project related to the grant is discussed in more detail in section 9.1. At Sólin, services are offered after the traditional school day and during times when schools are not in operation.

The Nature School also received a four million ISK grant from the Alcoa Foundation. The school has facilities in the Wilderness Center at the head of Fljótsdalur valley. The Nature School's outdoor learning and indoor courses emphasize diversity, cooperation and self-confidence, environmental awareness, health promotion and challenges.

9.4 Sustainable development in East Iceland

The Alcoa Fjarðaál and Landsvirkjun Sustainability Initiative has been ongoing since 2004 with the aim to monitor the impact of the construction and operation of the Alcoa Fjarðaál smelter and Kárahnjúkar power plant on the community, environment and economy in East Iceland. The purpose is to monitor the development of certain indicators, which in most cases are numerical

measures that give an indication of the development of environmental, economic and social issues during the construction and operation period of the smelter and power plant.

The project's website is sjalfbaerni.is. Data collection by the companies for the project has now been ongoing for 20 years and it has attracted attention far beyond the country. Since 2020, an agreement has been in place with the company Austurbrú, which has been responsible for consulting services, maintenance and development of the sustainability project, and that agreement was valid until 2024. Austurbrú's role was to work with the project's steering group on any kind of presentation, data collection, data processing, meeting preparation, planning and maintenance and operation of the project's website, as well as other occasional projects that the steering committee assigned consultants to work on. In 2024, work was underway to renew the agreement with a one-year contract, in which Austurbrú will review the last 20 years and assess the impact that the Kárahnjúkar power plant and the aluminum smelter have had on society, the economy and the environment.





9.5 Social responsibility goals 2024 – Results

Establish an annual joint meeting with government officials in East Iceland. The goal was not achieved. However, Fjarðaál's management had regular meetings with the Fjardabyggd local government.

Initiate a publicity campaign about grants and grantees from Alcoa's funds. The goal was achieved by increasing activity on social media where grants were announced.

Increase the allocated amount for the smelter's community fund. Goal achieved, the total amount of allocations increased by over a million ISK year-on-year.

10 Economy and the Value Chain

The main focus of Alcoa Fjarðaál's social responsibility is to promote the development of the economy in East Iceland. Alcoa Fjarðaál outsources various support services to other companies and thus enables them to develop their operations in the area. The company encourages customers, suppliers and service providers to increase their efforts toward social responsibility and has provisions to that effect in agreements with suppliers. Alcoa Fjarðaál takes into account the environmental policy of suppliers and service providers with whom the company does business. Trade agreements made between related companies are comparable to those with unrelated companies as stipulated in the investment agreement between Alcoa and the government of Iceland, and applicable law.

Alcoa Fjardaál promotes sustainable and responsible value creation through transparent business practices, solid collaboration in the value chain, and a positive impact on the local community and the Icelandic economy.



10.1 General information

Alcoa Fjardaál's potline consists of 336 pots where aluminum is produced. The pots are replaced every 5–7 years. In the year 2024, an average of 324 pots were active. The production was approximately 341 thousand tons, which is an decrease of about 6 thousand tons from the previous year. The high quality of the aluminum the company produces means that a large portion of it is used in value-added products such as aluminum wire and alloy.

All of Alcoa Fjardaál's products are sold by Fjardaál to a sales company in the Netherlands, owned by Alcoa. Most of the products are consequently sold to European customers. Around 42% of Fjardaál's alumina purchased in 2024 came from Alcoa of Australia-Alumina and 58% from Alcoa World Alumina LLC in Brazil. The anodes used in the smelter are produced in Norway by Alcoa Norway ANS which is owned by Alcoa. Trade agreements made between related companies are comparable to those with unrelated companies as stipulated in the investment agreement between Alcoa and the government of Iceland, and applicable law.

10.2 Key figures

Market conditions in 2024 were somewhat better than in 2023, with the average price of aluminum at USD 2,409 per ton compared to USD 2,249 per ton in the previous year. However, raw material prices for aluminum production also rose year-on-year, which affected the results, which were average, as can be seen in Figure 17.

Market forecasts assume growing demand for aluminum, particularly the low carbon footprint brand. The carbon footprint of aluminum from Alcoa Fjardaál is among the lowest in aluminum production worldwide. For the past few years, supplies of aluminum from China have had a significant impact on aluminum pricing

as most of the aluminum available on the market comes from China. It is clear that China does not produce a relatively large amount of aluminum with a low carbon footprint.

Export revenues in 2024 amounted to 133 billion ISK (966 M USD), and of these 30% remained in Iceland, or 44 billion ISK, in the form of taxes, salaries and the procurement of goods and services from local suppliers. Salary payments together with salary-related expenses amounted to just over 9 billion ISK.

Alcoa returns value to society in various ways, including tax payments; the company paid 1.8 billion ISK in taxes and public charges¹ in Iceland in 2024, as Table 13 shows. Alcoa Fjardaál's investment at the time – amounting to about 230 billion ISK at the current exchange rate of the US dollar – was one of the largest in the history of Iceland.

10.3 The company's financing

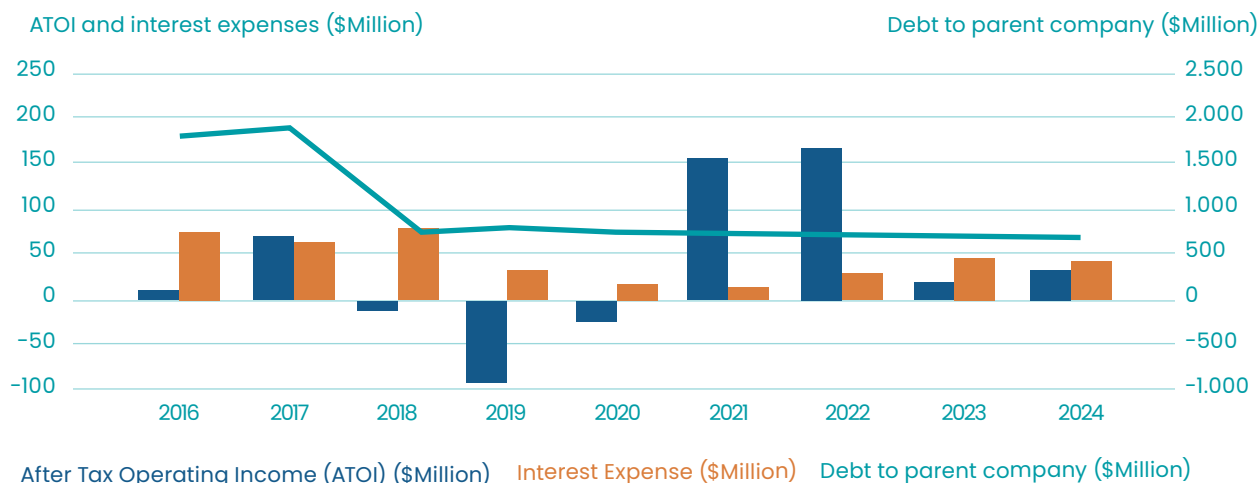
In 2003, an investment agreement was signed between the government of Iceland and Alcoa. The agreement is based on Act No. 12/2003 on the authorization of contracts for an aluminum plant in Reydarfjörður, which was approved by Althing (the Icelandic Parliament) on March 11 of that year. The agreement is public and accessible to everyone on Althing's (the parliament's) website. Fjardaál has always operated in accordance with the investment agreement and the general laws that apply in the country. At the end of 2018, Alcoa in Iceland's² financing was reviewed by the parent company. The company's equity was increased by 1,169 M USD and was used to pay off Alcoa in Iceland's debt to the parent company by a corresponding amount.

¹ Public charges include property taxes, water tax, port fund charges and payroll taxes.

² Alcoa in Iceland ehf. and Reydarál ehf. are the holding companies of Alcoa Fjardaál sf.

Figure 17

Development of debt to the parent company, interest expenses and after tax operating income (ATOI)



Figure

Development of interest rates on Fjardaál's loans from the parent company

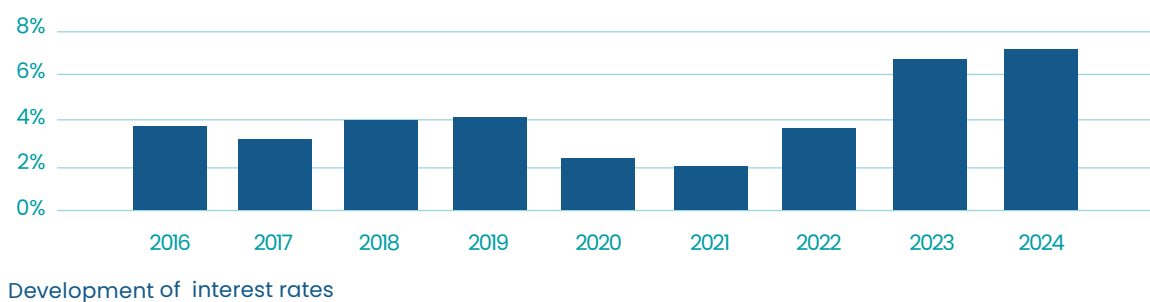


Table 13

| Key figures – Amounts are in billions of ISK at each year's exchange rate | 2022 | 2023 | 2024 |
|---|-------|-------|-------|
| Salary payments and wage-related expenses, including insurance fees | 8.0 | 8.7 | 9.4 |
| Total payments by Fjardaál to Icelandic parties | 43.1 | 42.5 | 44.4 |
| Gross export in billions of ISK | 142.7 | 126.8 | 133.2 |
| The percentage of domestic purchases of the company's total income | 30% | 33% | 33% |
| Total taxes and public charges | 1.3 | 1.5 | 1.8 |
| Average salary of employees in millions of ISK per year | 10.3 | 11.1 | 12.2 |



Alcoa Fjardaál has a major and positive impact on the Icelandic economy through the acquisition of foreign currency income, purchases of domestic goods and services, payment of taxes and public fees, the creation of numerous well-paid jobs and general and extensive support for the community in East Iceland.

10.4 Cooperation with suppliers

Alcoa Fjardaál is committed to promoting social responsibility and sustainability throughout its value chain. Alcoa follows clear processes to ensure that suppliers meet strict requirements for quality, competitiveness and sustainable

practices. Cooperation with suppliers is based on the company's values, in particular integrity, responsibility and transparency, and promotes strong long-term relationships and an incentive for improvement and sustainability.

To ensure that suppliers operate in accordance with Alcoa's standards for social responsibility and ethics, Alcoa Fjardaál follows the procedures and analytical methods of the parent company. Independent supplier due diligence is carried out with the aim of reducing risk, ensuring legal and regulatory compliance and supporting ethical business practices. Certain suppliers are subject to such analysis and no comments have been

made regarding Fjardaál's suppliers.

The company also collaborates with Eco-Vadis, which provides a recognized analysis of supplier social responsibility. The analysis supports status assessments, increases transparency and facilitates improvement efforts within the value chain.

In 2023, the parent company implemented the Supplier Site Collaboration Program, which Alcoa Fjardaál relies on to implement responsibility requirements. The project is based on direct communication with suppliers, interviews with employees and contractors, education in social responsibility and the use of technology solutions to increase clarity in information provision. Results show that such collaboration enhances transparency and trust and creates real opportunities for improvement.

All suppliers working within the Alcoa Fjardaál site must meet pre-selection requirements and answer questions annually according to the company's standard. The emphasis is on complying with laws and regulations, with particular emphasis on labor rights, anti-corruption, safety and environmental issues. In this way, Alcoa ensures that social responsibility is integrated throughout the supply chain.



10.5 Social responsibility goals 2024 – Results

Work on the electrification of cars and mobile equipment on the plant site. The goal was achieved, as in 2024, four diesel forklifts were replaced with electrical ones. In 2025, work will continue on electrifying vehicles and mobile equipment in the smelter, in addition to increased focus on reducing the use of fossil fuels through equipment renewal.




A decision will be made on whether to install a new casting line in the casthouse. The target was not met, and a final decision has not yet been made on whether to proceed with the project. Instability in global affairs and market conditions have contributed to the delay.

About 342,000 tons of aluminum will be produced. The production was somewhat lower than in the previous year and under the smelter's production capacity, due to Landsvirkjun's reduction of electricity delivery to the plant in 2024. The target was not achieved. In 2024, 340,826 tons of aluminum were produced, which is 1,174 tons below the target. This is significantly less production than planned, due to Landsvirkjun's power cuts in the winter 2023-2024.



Continue with the project on new pot design and bigger anodes. The goal was met and the transition to a new pot design will take place in 2025. The project on larger anodes is well advanced and will be completed in 2025.









The company and information

| | | | | |
|-----|---|--|---|---|
| 2.1 | Organizational Profile. | | Alcoa Fjardaál sf. | |
| 2.2 | Entities/parties included in the organization's sustainability reporting. | | The report deals with the operations and activities of Alcoa Fjardaál sf. | |
| 2.3 | Reporting period, frequency and contact point. | | The reporting period is from January 1–December 31, 2024. Contact for questions regarding the report: Vígdís Dilljá Óskarsdóttir. | |
| 2.4 | Restatements of information. | | This is the company's eighth integrated Annual and Sustainability Report and it is in accordance with the GRI standards for the management of material topics. | |
| 2.5 | External assurance. | | Langbrok ehf. assisted the steering committee on social responsibility with the reporting, based on the GRI Content Index. Alcoa Fjardaál's sustainability policy is approved by the company's board and executive committee. The operations are certified by ISO9001, ISO14001, ASI and ÍST 85:2012. | |
| 2.6 | Operations, value chain and other business relationships. | | Alcoa Fjardaál produces aluminum in a safe, economical and sustainable way. |  |
| 2.7 | Employees. | | Human resources. |   |
| 2.8 | Workers who are not employees. | | Human resources. | |

Governance

| | | | | |
|------|--|-----|---|---|
| 2.9 | Governance structure and composition. | Yes | Adhered to the governance of the parent company. |  |
| 2.10 | Nomination and selection of the highest governance body. | Yes | Guidelines on Corporate Governance – Alcoa Corporation. |  |
| 2.11 | Chair of the highest governance body. | Yes | Guidelines on Corporate Governance – Alcoa Corporation. | |
| 2.12 | Role of the highest governance body in overseeing the management of impacts. | Yes | Fjardaál's Operations Manager is responsible for the company's sustainability policy and it is also approved by the Lead Team. The sustainability steering group is responsible for the sustainability focus and the implementation of Alcoa Fjardaál's social responsibility policy. | |
| 2.13 | Delegation of responsibility for managing impacts. | Yes | Alcoa Fjardaál's sustainability focus is approved by the board and the parent company's governance procedures are followed. | |
| 2.14 | Role of the highest governance body in sustainability reporting. | Yes | The CEO is responsible for the company's sustainability policy and it is approved by the Lead Team. Lead Team members are responsible for the issues that relate to their business units/field of work. | |

Governance

| | | | | |
|------|---|-----|--|---|
| 2.15 | Conflicts of interest. | Yes | Guidelines on Corporate Governance - Alcoa Corporation. | |
| 2.16 | Communication of critical concerns. | Yes | Guidelines on Corporate Governance - Alcoa Corporation. |    |
| 2.17 | Collective knowledge of the highest governance body. | Yes | Alcoa Fjardaál's Lead Team. |  |
| 2.18 | Evaluation of the performance of the highest governance body. | Yes | Guidelines on Corporate Governance - Alcoa Corporation. |  |
| 2.19 | Remuneration policies. | Yes | All employees except the members of the Lead Team are bound by a collective agreement. The salary of the members of the Lead Team takes into account the market salary of employees in similar jobs at companies in a similar industry and trends between years. | |
| 2.20 | Process to determine remuneration. | Yes | The parent company's procedures are followed. | |
| 2.21 | Annual total compensation ratio. | Yes | Every year, Alcoa Fjardaál participates in the salary surveys of PWC and Intellecta and compares salaries at the company with those surveys. The equal pay management system is reviewed annually. |  |

Strategy, policies and practices



| | | | | |
|------|---|----------------|---|---|
| 2.22 | Statement on sustainable development strategy. | Yes | Sustainability and social responsibility policy. |    |
| 2.23 | Policy commitments. | Yes | Alcoa Fjardaál's sustainability and social responsibility policy is approved by the company's board and lead team. | |
| 2.24 | Embedding policy commitments. | Yes | Goals are set and actions/processes implemented based on Alcoa's strategy. | |
| 2.25 | Processes to remediate negative impacts. | Yes, partially | The negative effects of the operation have been partially mapped. Continued analysis regarding emissions for value chain emissions (Scope 3) is planned in order to implement further mitigation measures for the future. |    |
| 2.26 | Mechanisms for seeking advice and raising concerns. | Yes | Alcoa Corporation Integrity Line. | |
| 2.27 | Compliance with laws and regulations. | Yes | No incidents reported in 2024. | |
| 2.28 | Membership associations. | Yes | Governance. |  |

Strategy, policies and practices




| | | | | |
|------|---------------------------------------|-----|---|---|
| 2.29 | Approach to stakeholder engagement. | Yes | Governance. |  |
| 2.30 | Collective bargaining agreements. | Yes | All staff, apart from the lead team, work according to collective agreements. The terms and conditions of Alcoa Fjardaál sf. employees follow the collective agreements of SA and VR and they enjoy benefits according to them. |  |
| 3.1 | Process to determine material topics. | Yes | Langbrók Consulting in collaboration with a steering group has worked on the material analysis of the report. |  |

Finance and economics




201 – Economic performance

| | | | | |
|-------|---|-----|---|--|
| 201-1 | Direct economic value generated and distributed. | Yes | Direct financial performance as shown in the financial statements. |  |
| 201-2 | Financial implications and other risks and opportunities due to climate change. | Yes | Fjardaál's operations fall under the EU trading system for greenhouse gas emissions in accordance with Act 70/2012 on climate matters. |  |
| 201-3 | Defined benefit plan obligations and other retirement plans. | Yes | In addition to the statutory mandatory insurance of pension rights, Alcoa Fjardaál sf. pays 4% of the total salary of the staff to a personal pension fund. | |
| 201-4 | Financial assistance received from government. | Yes | Alcoa Fjardaál did not receive financial support from the government in 2024. | |

202 – Market presence

| | | | | |
|-------|---|----------------|---|---|
| 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage. | Yes, partially | Own workforce |  |
| 202-2 | Proportion of senior management hired from the local community. | Yes | 9 out of 10 members, or 90% of the lead team in 2024 came from the local community. |   |

203 – Indirect economic impacts

| | | | | |
|-------|--|----------------|--|---|
| 203-1 | Infrastructure investments and services supported. | Yes, partially | Alcoa Fjardaál's social responsibility means ensuring the company's financial sustainability and having a positive economic impact in the local community. Alcoa Fjardaál systematically contributes to the development of business life in East Iceland by offering various support services to companies in the vicinity of the smelter. |   |
| 203-2 | Indirect economic impacts. | Yes, partially | Economy, tax footprint. |  |

Finance and economics

204 – Procurement practices

201-1 Proportion of spending on local suppliers.

Yes,
partially

See Section 10 (Table 13).



205 – Anti-corruption

205-1 Operations assessed for risks related to corruption.

Yes,
partially

The Integrity Line, Code of Conduct.

205-2 Communication and training about anti-corruption policies and procedures.

Yes

All daytime workers, over 150 people, received anti-corruption training during the year.

205-3 Confirmed incidents of corruption and actions taken.

Yes

There were no confirmed incidents reported during the year.

206 – Anti-competitive behavior

206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.

Yes

No violations were reported in 2024.

207 – Tax

207-1 Approach to tax.

Yes

Alcoa follows the general laws that apply in the country, and the company has also followed the investment agreement that was made with the government of Iceland in 2003.

Environment

301 – Materials

301-1 Materials used by weight or volume.

Yes

Environment.

301-2 Recycled input materials used.

N/A

301-3 Reclaimed products and their packaging materials.

N/A

302 – Energy

302-1 Energy consumption within the organization.

Yes

Environment.



302-2 Energy consumption outside of the organization.

Yes,
partially

Environment.



302-3 Energy intensity.

Yes

Environment.



302-4 Reduction of energy consumption.

Yes

Environment.



302-5 Reductions in energy requirements of products and services.



Yes

Environment.



Environment

303 – Water and effluents

| | | | | |
|-------|--|----------------|--|---|
| 303-1 | Interactions with water as a shared resource. | Yes | Water originates from the water source of Fjardabyggd municipality at Geithúsaá River. |  |
| 303-2 | Management of water discharge-related impacts. | Yes, partially | Environment. |  |
| 303-3 | Water withdrawal. | Yes | Environment. |  |
| 303-4 | Water discharge. | Yes | Environment. |  |
| 303-5 | Water consumption. | Yes | Environment. |  |

304 – Biodiversity

| | | | | |
|-------|--|-----|--------------|--|
| 304-1 | Operational sites in or near protected areas. | N/A | | |
| 304-2 | Significant impacts of activities, products and services on biodiversity. | Yes | Environment. |  |
| 304-3 | Habitats protected or restored. | N/A | |  |
| 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operation. | N/A | | |

305 – Emissions

| | | | | |
|-------|--|----------------|---|---|
| 305-1 | Direct (Scope 1) GHG emissions. | Yes | Environment. |  |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Yes | Environment. |  |
| 305-3 | Other indirect (Scope 3) GHG emissions. | Yes, partially | Environment. |  |
| 305-4 | GHG emissions intensity. | Yes | Environment. | |
| 305-5 | Reduction of GHG emissions. | Yes | Environment. |  |
| 305-6 | Emissions of ozone-depleting substances (ODS). | No | Fjardaál does not use ozone-depleting substances in its production. | |
| 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions. | N/A | These emissions are an insignificant part of the company's total emissions. | |

306 – Effluents and waste

| | | | | |
|-------|---|-----|--|--|
| 306-1 | Water discharge by destination and quality. | N/A | | |
|-------|---|-----|--|--|



Environment**306 – Effluents and waste**

| | | | | |
|-------|---|-----|--|---|
| 306-2 | Waste by type and disposal method. | Yes | Environment. |  |
| 306-3 | Significant spills. | Yes | Environment. |  |
| 306-4 | Transport of hazardous waste. | Yes | The transportation of hazardous materials is according to strict procedures and special containers are used for this waste. Hazardous materials are transported by sea to certified recyclers. |  |
| 306-5 | Water bodies affected by water discharges and/or runoff (306-5-a, b, c, e). | Yes | No wastewater is provided from the operation. |  |




307 – Environmental compliance

| | | | | |
|-------|---|-----|--------------|--|
| 307-1 | Non-compliance with environmental laws and regulations. | Yes | Environment. | |
|-------|---|-----|--------------|--|


308 – Supplier environmental impact

| | | | | |
|-------|---|-----|--|---|
| 308-1 | New suppliers that were screened using environmental criteria. | Yes | Alcoa Fjardaál follows the rules of the parent company. |  |
| 308-2 | Negative environmental impacts in the supply chain and actions taken. | Yes | ASI certification. Alcoa Fjardaál follows the rules of the parent company. |  |


Social disclosures**401 – Employment**

| | | | | |
|-------|---|-----|---|---|
| 401-1 | New employee hires and employee turnover by age group. | Yes | New hires and employee turnover (employee turnover is not defined by residence). |  |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees. | Yes | Part-time and freelance employees receive the same benefits, with the exception that only permanent employees can become shareholders in the company. |  |
| 401-3 | Parental leave – Percentage of employees returning to work after parental leave. | Yes | Human resources, figures 11 and 12. |  |










402 – Labor/management relations

| | | | | |
|-------|---|-----|--|---|
| 402-1 | Minimum notice periods regarding operational changes. | Yes | Section 4.5 of the collective agreement between Alcoa Fjardaál and the unions AFL and RSÍ. |  |
|-------|---|-----|--|---|


403 – Occupational Health and Safety

| | | | | |
|-------|---|-----|---------|---|
| 403-1 | Occupational health and safety management system. | Yes | Safety. |  |
|-------|---|-----|---------|---|

Social disclosures**403 – Occupational Health and Safety**

| | | | | |
|--------|--|-----|--|---|
| 403-2 | Hazard identification, risk assessment, and incident investigation. | Yes | Safety. |  |
| 403-3 | Occupational health services. | Yes | Safety. |  |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety. | Yes | Section 7 of the collective agreement between Alcoa Fjarðaál and the unions AFL and RSÍ. |  |
| 403-5 | Worker training on occupational health and safety. | Yes | Education and training. |  |
| 403-6 | Promotion of worker health. | Yes | Health and welfare. |  |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships. | Yes | Health and welfare. |  |
| 403-8 | Workers covered by an occupational health and safety management system. | Yes | Health and welfare. |  |
| 403-9 | Work-related injuries. | Yes | Health and welfare. |  |
| 403-10 | Work-related ill health. | Yes | Health and welfare. |  |



404 – Training and Education

| | | | | |
|-------|---|----------------|---|---|
| 404-1 | Average hours of training per year per employee by gender and employee category. | Yes | Safety. Measured as a percentage of working hours, not categorised by gender or trade. | |
| 404-2 | Programs for upgrading employee skills and transition assistance programs. | Yes | Career Development and Continuing Education. Measured as a percentage of working hours, not categorised by gender or trade. | |
| 404-3 | Percentage of employees receiving regular performance and career development reviews. | Yes, partially | Career Development and Continuing Education. Not classified by gender and job category. |  |

405 – Diversity and equal opportunity


| | | | | |
|-------|--|-----|----------------|---|
| 405-1 | Diversity of governance bodies and employees. | Yes | Own workforce. |   |
| 405-2 | Ratio of basic salary and remuneration of women to men by employee category and workplace. | Yes | Own workforce. |   |

406 – Non-discrimination


| | | | | |
|-------|---|-----|---|---|
| 406-1 | Incidents of discrimination and corrective actions taken. | Yes | No cases were specified regarding violations of the company's equality and human rights policy. |   |
|-------|---|-----|---|---|

Social disclosures


407 – Freedom of association and collective bargaining

| | | | | |
|-------|---|-----|--|---|
| 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk. | Yes | No announced deviation in the year 2024. |  |
|-------|---|-----|--|---|

408 – Child labor

| | | | | |
|-------|--|-----|--|---|
| 408-1 | Operations and suppliers at significant risk for incidents of child labor. | Yes | Alcoa Fjarðaál sf. enforces policies against child slavery. No announced deviation in the year 2024. |  |
|-------|--|-----|--|---|

409 – Forced or compulsory labor

| | | | | |
|-------|---|-----|--|---|
| 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor. | Yes | No announced deviation in the year 2024. |  |
|-------|---|-----|--|---|

410 – Human rights

| | | | | |
|-------|---|-----|---|---|
| 410-1 | Employee training on human rights policies or procedures. | Yes | Alcoa Fjarðaál follows the human rights policy that is presented in induction training. |   |
|-------|---|-----|---|---|

411 – Human rights

| | | | | |
|-------|---|-----|--|--|
| 411-1 | Incidents of violations involving rights of indigenous peoples. | N/A | | |
|-------|---|-----|--|--|



412 – Human rights

| | | | | |
|-------|--|-----|--|--|
| 412-1 | Operations subject to human rights reviews. | N/A | | |
| 412-2 | Employee training on human rights policies or procedures. | Yes | Annual courses are held for employees with financial and human responsibility. | |
| 412-3 | Significant agreements that include human rights clauses or that underwent human rights screening. | N/A | | |


413 – Local Communities

| | | | | |
|-------|---|-----|--------------|---|
| 413-1 | Operations with local community engagement, impact assessments, and development programs. | Yes | Society. |  |
| 413-2 | Operations with potential negative impacts on local communities. | Yes | Environment. | |

414 – Supplier social assessment

| | | | | |
|-------|--|----------------|--|---|
| 414-1 | New suppliers screened using social criteria. | Yes, partially | Cooperation with suppliers. Value Chain. |   |
| 414-2 | Negative social impacts in the supply chain and actions taken. | Yes | Value Chain. | |

Social disclosures**415 – Policy**

| | | | | |
|-------|--------------------------|-----|---|---|
| 415-1 | Political contributions. | Yes | Alcoa Fjardaál sf. does not make any financial contributions to political activities. |  |
|-------|--------------------------|-----|---|---|

416 – Customer health and safety

| | | | | |
|-------|---|-----|--------------------------------|---|
| 416-1 | Assessment of the health and safety impacts of products and services. | N/A | | |
| 416-2 | Incidents of non-compliance concerning health and safety impacts. | Yes | No incidents in the year 2024. |  |

417 – Marketing and labelling

| | | | | |
|-------|--|-----|--|---|
| 417-1 | Requirements for product and service information and labeling. | N/A | |    |
| 417-2 | Incidents of non-compliance concerning product and service information and labeling. | N/A | | |
| 417-3 | Incidents of non-compliance concerning marketing communications. | N/A | | |

418 – Customer privacy

| | | | | |
|-------|---|-----|---|--|
| 418-1 | Complaints concerning breaches of customer privacy and losses of customer data. | Yes | No complaints received regarding potential privacy breach or the loss of customer data. | |
|-------|---|-----|---|--|

419 – Customer privacy

| | | | | |
|-------|---|--|---|--|
| 419-1 | Non-compliance with laws and regulations in the social and economic area. | | Alcoa Fjardaál received no fines in 2024. | |
|-------|---|--|---|--|



Values

Act with Integrity

We are honest and accountable and we comply with all laws and policies. We safeguard the security of the company's data and personal information. We build trust through open communication with buyers, suppliers and employees.

Operate with Excellence

Continuous improvement is the foundation for Alcoa Fjardaál's continued success. We relentlessly pursue outstanding quality and productivity in order to meet and exceed our customers' expectations. We constantly seek new methods to protect the environment and our employees in a sustainable and socially responsible manner. We set ourselves ambitious goals for every year and take action to achieve greater results.

Care for People

We convey empathy, kindness and respect in all our communications and appreciate everybody's contribution. Thus, we establish mutual trust and ensure safety for everyone. We listen, help and praise.

Lead with Courage

We lay the foundation for the future with innovation and avoid stagnation. We welcome every opportunity to develop and have the courage to present and try new ideas.

Vision

We produce aluminum in a safe, accountable, economically sustainable and socially responsible way. Alcoa Fjardaál complies with legal requirements and other requirements made to the company. Alcoa Fjardaál supports an organizational culture with a common vision for sustainable

development and social responsibility guided by the company's values.

In its operations, Alcoa Fjardaál uses renewable energy wherever possible and has in place an efficient energy control system to maximize energy efficiency.

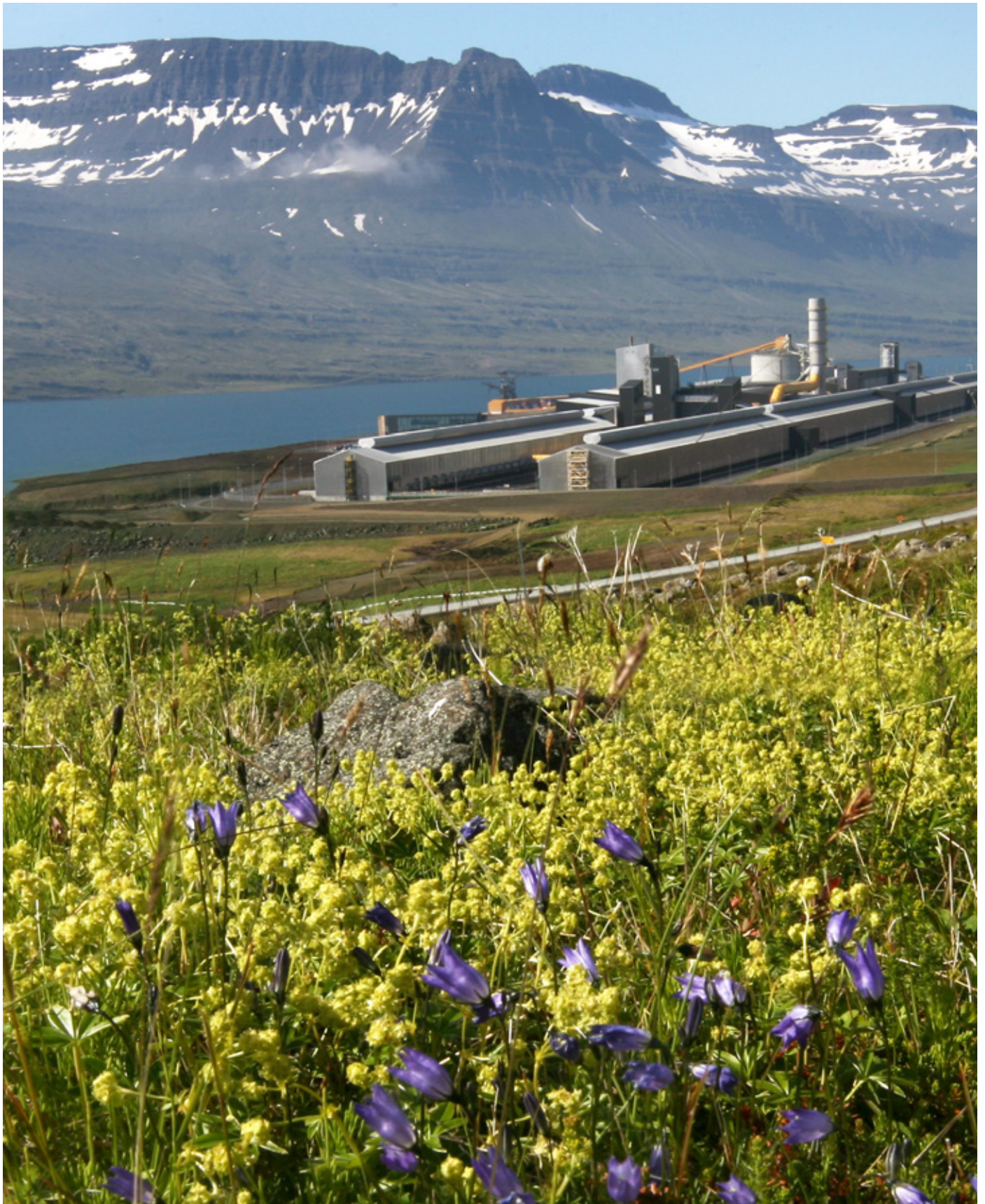
Alcoa Fjardaál is committed to offer a safe and healthy working environment, with the goal to prevent work-related injuries and occupational diseases, as well as to promote the mental and physical health of employees.

Through consultation with staff and their participation, we are constantly working on improvements in environmental, health and safety matters. The goal is always to eliminate hazards in the work environment and minimize health risks. Alcoa Fjardaál's employees work in a safe and responsible manner with respect for the environment, as the goal is to minimize pollution from the company's operations. We will not compromise environmental, health or safety values for profit or production.

Reydarfjörður, December 1st, 2024



Fernando Costa,
Alcoa Fjardaál's Plant Manager



Responsibility and Editorship

Vigdís Diljá Óskarsdóttir, Manager of Communications and
Community Relations, vigdisdilja.oskarsdottir@alcoa.com

Consultant

Soffía S. Sigurgeirsdóttir,
Langbrók ehf.

asi Aluminium
Stewardship
Initiative



IATF 16949
Automotive Quality
Management
CERTIFIED



ISO 9001
Quality
Management
Systems
CERTIFIED

ISO 14001
Environmental
Management
CERTIFIED

ISO 45001
Occupational
Health and Safety
Management
CERTIFIED

ISO 50001
Energy
Management
CERTIFIED

Alcoa Fjardaál's values

Act with Integrity · Operate with Excellence · Care for People · Lead with Courage

Alcoa Fjardaál

Hraun 1
731 Reydarfjörður, Iceland
+354 470 7700
alcoa.is

