

2025

# Social Responsibility Report



Alcoa

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# 01 About the Report

Since 2016, Alcoa Fjardaál has published a Social Responsibility Report and now publishes its tenth report which follows the international GRI (Global Reporting Initiative) standard. The goal of the report is to ensure transparency in operations by disseminating information about outcomes, project status, and the company's main impacts on the environment, human resources, economy, and value chain.

Alcoa strives to be a role model in social responsibility and has established a policy that, among other things, includes strategically reducing the environmental impact of its operations. Environmental aspects are an important part of the report. In 2025, special emphasis was placed on reducing emissions and reinforcing actions that contribute to improved resource utilization and reduced environmental impact, both within the company and in collaboration with suppliers and other stakeholders in the value chain. Furthermore, Alcoa Fjardaál emphasizes being a responsible company in society. The emphasis is also on ensuring that the activities have a positive impact and contribute to the development of a workplace where all genders have equal opportunities to develop in their careers.

Alcoa is a signatory to the Global Compact, the United Nations' corporate sustainability initiative, through its parent company and has also committed since 2012 to working in accordance with the principles of the UN Women's Empowerment Principles. 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 greenhouse gas emission and reduce waste.

A group of employees 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. The views of internal and external stakeholders are also taken into account when assessing the main focus areas. Employees have participated in shaping the company's key corporate social responsibility goals.

Measurements in the report reflect the aspects most closely related to the operations and are presented in the following sections: environment, human resources, society, value chain and economy. The Social Responsibility Report's steering group reports to Alcoa Fjardaál's Operations Manager, who is responsible for the company's social and sustainability matters.



## 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.
- Preventing pollution as much as possible and reducing environmental impact through responsible use of raw materials, energy efficiency, implementation of circular processes and monitoring of 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

- 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.

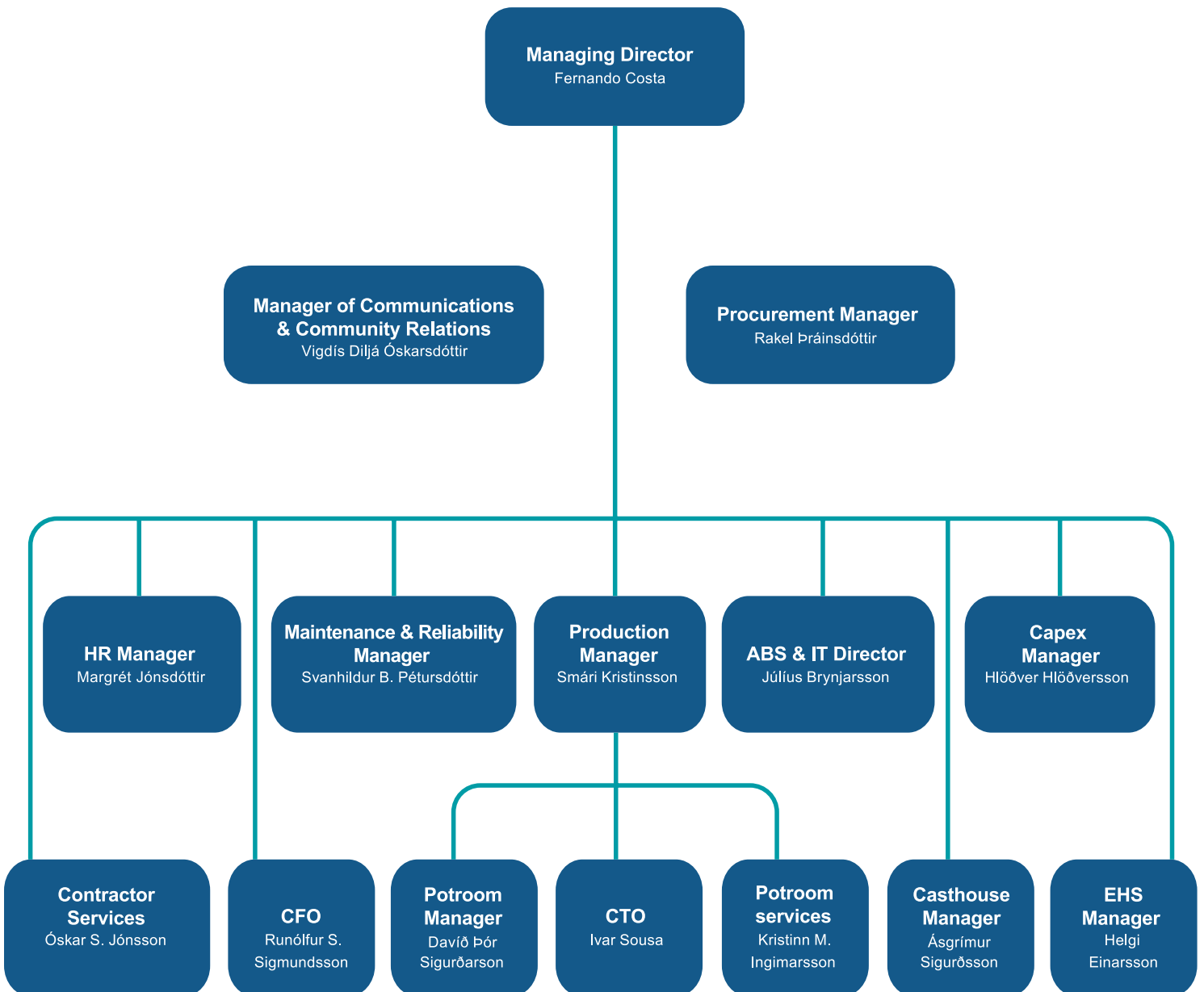
On behalf of the Lead Team,



Fernando Costa,  
Alcoa Fjardaál's Managing Director



## 2.1 Alcoa Fjarðaál's Organization Chart





**Fernando Costa,**  
Managing Director

Fernando Costa took over the position of Managing Director 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 the Warrick smelter after a break and he led the company's anode production.

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

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**Vigdís Diljá Óskarsdóttir,**  
Manager of Communications and Community Relations

Vigdís Diljá joined Alcoa Corporation in February 2024 as Alcoa in Iceland's Manager of Communications and Community Relations. She has worked as a reporter and in television programming and earlier she worked as a project manager for the municipality of Múlathing.

Vigdís Diljá holds a bachelor's degree in media and communication studies from the University of Akureyri.

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**Rakel Thráinsdóttir,**  
Procurement Manager

Rakel joined Alcoa in 2022 as Procurement Specialist and in October 2024 she assumed the position of Procurement Manager. Earlier, she worked as a lawyer for the District Commissioner, the Internal Revenue Board and Iceland Revenue and Customs.

She 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. He 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 assumed the position of Potroom Manager. In 2018, he also took over the management of the anode rodding plant. He was General Process Owner from 2019 to 2021 and in 2021-2023 he held the position of Human Resources Manager.

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 then transitioning to Process Owner in the casthouse, environmental technical team and 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 as Capital Project Manager, but in the years 2008-2016 he performed that role as a contractor. He assumed the position of CAPEX Manager in early 2024. Before joining Alcoa, he was the CEO of Reykjalundur plastics industry.

He has a master's degree in industrial engineering from Aalborg University in Denmark.



**Margrét Jónsdóttir,**  
Human Resources Officer

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Margrét joined Alcoa Fjarðaál in the summer of 2025 and took on the position of Human Resources Officer. She has extensive experience in human resources and has worked as a human resources manager for a decade, including at Icelandic Mountain Guides and Newrest Iceland.

Margrét holds three MBA degrees, two in human resources and one in international business from universities in the UK, Switzerland and Spain, as well as a B.Sc. in business administration from the University of Akureyri.



**Svanhildur Björg Pétursdóttir,**  
Maintenance and Reliability Manager

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

She graduated in Marine Engineering and Electrical Trades from Akureyri Comprehensive College in 2012, Mechanical Technology from Reykjavík University in 2016 and Business Administration from the University of Akureyri in 2022.



**Óskar Sigurbergur Jónsson,**  
Contractor Services Manager

Óskar assumed the title of Contractor Services Manager in May 2025. He has worked at Alcoa Fjarðaál for almost two decades. He worked as Process Engineer in Fjarðaál's potroom 2006–2009, project manager for the construction and operation of Fjarðaál's pot repair shop 2009–2014, and project manager in the Alcoa Fjarðaál investment team 2014–2025.

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



**Runólfur Sveinn Sigmundsson,**  
Chief Financial Officer

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Runólfur started working at Alcoa Fjardaál as CFO in January 2025. Before Runólfur joined Fjardaál, he worked as an accountant in the audit department of Deloitte, where he provided consulting and performed audits for large and medium-sized companies in Iceland. Runólfur holds a B.Sc. degree in Business Administration from the University of Iceland and an M.Acc. degree in Accounting and Auditing from the same university.

In 2023, Runólfur received legalization as Certified Public Accountant (CPA) from the Ministry of Culture and Trade/ Business Affairs (now the Ministry of Industries).



**Ivar Sousa,**  
CTO

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Ivar joined Fjardaál as CTO in December 2024. Before that, 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, before joining Alcoa Wenatchee in 2014. In the period from 2015 to 2021, he worked for 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 Manager

Kristinn Már took over as Potroom Manager in 2025. He had been Potroom Services Manager from early 2024, having been general manager of technical affairs in aluminum production. Kristinn has worked at Alcoa Fjardaál since 2011, first as an engineer in the potroom technical team and from 2017 to 2019 as technical director of rodding and environmental issues. In 2019 he became Technical Process Owner of the potroom, anode rodding and pot repair shop.

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



**Ásgrímur Sigurdsson,**  
Potroom Services Manager

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Ásgrímur took over as Potroom Services Manager in 2025. He served as Casthouse Manager from April 2022 and before that, he had been Maintenance and Reliability Manager since 2017. Ásgrímur joined Fjarðaál in 2007 as Process Engineer in the casthouse and was casthouse Process Owner from 2012. From 2015 to 2016 Ásgrímur was part of Alcoa Corporation's casthouse segment team and supported various locations.

He holds a bachelor's degree in mechanical engineering from Reykjavík University and a diploma in Project Management.



**Davíð Thór Sigurdarson,**  
Casthouse Manager

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Davíð Thór took over as Casthouse Manager in 2025. He had previously been Potroom General Manager of since the beginning of 2024 and before that, Manager of Aluminum Production for almost a year. Davíð worked as Regional Manager of Eimskip in East Iceland from 2019 and was previously at Alcoa Fjarðaál from 2006–2014, where he worked in procurement, finance and later as project manager of export and quality in the casthouse.

Davíð achieved a B.Sc. in Business Studies from Bifröst University in 2006 and a master's degree in international business from the same university in 2014.



**Helgi Einarsson,**  
EHS Manager

Helgi started working as Environment, Health and Safety Manager at Alcoa Fjarðaál in early 2024. He previously (2006-2011) worked at Fjarðaál and has since then achieved extensive international experience within the Alcoa Group. From 2011-2015, Helgi served as Health and Safety Manager at Ma'aden in Saudi Arabia. He worked for Alcoa England as Regional EHS Manager from 2015-2019, overseeing several specialized factories in Europe. He then took over the position of EHS Manager at Alcoa in Mosjøen from 2019–2022, before becoming Potroom Manager in that location from 2022–2023.

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

# 03 Address from the Operations Manager

In 2025, both our operating environment and our organization have continued to evolve. Throughout this period, we implemented several key programs aimed at strengthening safety and enhancing our work environment. Through discipline, collaboration, and determination our team was able to deliver 2025 as a year we can be proud of.

In our transformation journey, we committed to strengthening the fundamentals of our operation: safety maturity, work environment, stability, and productivity. Over the past two years, these efforts have delivered measurable improvements across the plant. Potroom anode effect minutes closed as the best performance since 2018, the total number of extra sets reached its lowest level since the start of our operations, and metal purity achieved its highest result on record.

Our safety maturity advanced significantly as we deployed critical initiatives such as STOP for Safety, Leader Time in the Field (LTIF), and a restructuring of the Environment, Health, and Safety (EHS) organization, designed to better support frontline activities. At the same time, we invested heavily in environmental improvements in our potrooms, with a strong focus on reducing fluoride emissions.

### **In November 2025, these investments delivered a remarkable milestone:**

0.08 kg F/ton Al — the lowest fluoride emission level ever recorded in a single month at Fjardaál.

Operational performance also remained solid. Across the plant, our teams delivered strong current efficiency, improved stability, and consistent production. These achievements reflect not only technical progress but also a cultural shift toward accountability, consistency, and excellence.

As we move forward, we recognize that sustaining high performance brings new responsibilities. Maintaining success requires the same discipline and systemic focus that enabled our progress to date. Standing still is not an option — in an increasingly competitive environment, remaining static is a guaranteed way to lose ground.

Our path ahead demands that we continue strengthening the programs we have worked hard to build, reinforce the fundamentals every day, and nurture the culture that has supported our progress. Together, we will continue driving Fjardaál toward safer, more stable, and more productive operations.



Fernando Costa,  
Alcoa Fjardaál's Operations Manager



Alcoa Fjarðaál's highlights regarding social responsibility reflect the company's aims and policies on adjusting its operations to the ideology of sustainable development. The general objective is to obtain a balance between the company's operations and environmental, economic and sociological issues. Ever since the company started operations, environmental, economic and sociological factors have been monitored, and the outcome has been reported on the homepage [sustainability.is](http://sustainability.is).

The role of Alcoa Fjarðaál's smelter in Reydarfjörður is to produce aluminum in a safe, environmentally friendly and cost-effective manner, in accordance with the requirements of the license and applicable laws and regulations. The company's strategy is to focus on these core activities and leave various support services related to the operation to other companies. Thus, Alcoa Fjarðaál systematically contributes to the development of business life and value creation in East Iceland.

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 has also implemented the United Nations Sustainable Development Goals and bases the company's social responsibility policy on them.

## **Alignment with Alcoa Global's ESG**

Fjarðaál's CSR methodology is aligned with the parent company's Environmental, Social and Governance (ESG) policy and presentation. We mirror Alcoa Global's focus on Approach to Sustainability, long-term goals and materiality analysis and report performance against GRI standards. This alignment ensures that Fjarðaál's goals, improvements and governance are aligned with Alcoa's overall strategy and ensures transparency towards stakeholders.

Economic policymaking takes into account SDG 8 on decent work and economic growth.





## 4.1 Human Resources

The general welfare and safety of our employees are always a priority. Emphasis is placed on the commitment and active 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, diversity and a healthy workplace culture. The company follows the criteria of the UN Women's Empowerment Principles and the UN Global Compact and ensures that all individuals have equal opportunities for career development and assignment of tasks regardless of gender, race or sexual orientation.

When formulating its human resources policy, Fjardaál considers, among other things, the United Nations' Sustainable Development Goals No. 3 on good health and well-being and No. 5 on gender equality.

## 4.2 The Environment

Alcoa Fjardaál follows the policy of the parent company in environmental, health and safety matters. Performance is monitored through regular monitoring and targeted improvements aimed at reducing the environmental impact of the operations and ensuring responsible resource use.

The company's environmental footprint has been mapped to minimize the impact on the internal and external environment. In our activities, we work on continuous improvements that include, among other things, better resource utilization, less waste and pollution, and a continued reduction in greenhouse gas emissions.

Our environmental priorities specifically support the UN's Sustainable Development Goals 12 and 13 concerning responsible consumption and climate action.

### 4.3 Economy and Value Chain

Alcoa Fjarðaál's social responsibility means ensuring the company's financial sustainability and having a positive economic impact in the local community.

The company contributes to the development of the economy in East Iceland by offering support services to local companies, which can thus build and strengthen their own operations in parallel with the operation of the smelter.

We make strict demands on suppliers and service providers regarding environmental, health and safety issues and their contribution to social responsibility. Suppliers must also be competitive in prices and services.

Great emphasis is placed on the company being an active participant in the local community and on promoting and supporting the message of the United Nations Sustainable Development Goals in our operations. These emphases are in line with UN Sustainable Development Goal No. 17 on collaboration and cooperation on the goals.

### 4.4 Social impact






Alcoa Fjarðaál emphasizes open and active dialogue with all stakeholders. We believe that the prerequisite for safeguarding the interests of shareholders and stakeholders lies in good and transparent governance.

Fjarðaál works closely with municipalities, institutions and other stakeholders to develop social infrastructure, including those related to transportation, innovation, education and social affairs. Alcoa Fjarðaál and the Alcoa Foundation also contribute funds to diverse community projects, cultural events and development in East Iceland.









# 05 Social Responsibility Goals 2026






## Community

-  Establish a Community Advisory Board as a regular forum for structured dialogue with stakeholders in East Iceland.
-  Promote transparency and information flow to stakeholders about Fjardaál's social contribution.
-   Hold an annual grant ceremony for the Fjardaál Community Fund, with an emphasis on transparency and visibility of supported projects.
-   Promote employee volunteerism by increasing opportunities to participate in Action events and other community projects.






## Human Resources

-  Formulate a policy on competence and staffing, define competence criteria, standardize hiring processes and training programs.
-  Strengthen the onboarding and career development process, with an emphasis on increased participation of employees and contractors in educational and development programs.
-  Support further Icelandic language learning for employees.
-  Transfer more educational and safety materials to electronic format, continuing the work of recent years.
-  Ensure follow-up on trials with shift system changes and conduct surveys of our employees' opinions on the changes.
-  Implement and establish a safety communication plan with an emphasis on developing a safety culture within Fjardaál.

## Environment

-  Ensure that the company's operations are fully compliant with the provisions of the operating permit. Deviations from the operating permit are recorded in the appropriate system.
-   Ensure that the internal limits for pollutant emissions, cf. Table 1, are met. Monthly results shall be recorded in the internal database as soon as they are available.
-   Improve the management and monitoring of the formation of basement material and ensure that excess material does not accumulate. The total production of clean bath will be approximately 4,800 tons per year and 2,000 tons of excess basement material shall be reused in the company's processes.

## Economy and the Value Chain

-  Produce 353,079 tons of aluminum in 2026.
-   Follow up on goals for increased stability and current amplification.
-   Work on improvements in the potroom bath process with a focus on reducing inventories of covering material.

Alcoa Fjardaál emphasizes transparency and social responsibility through targeted reporting. Reporting provides clarity on the results and impact the company's operations on the environment, human resources, economy and society, in line with the growing demands for sustainability and responsible governance.



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. In 2026, Alcoa Fjarðaál potroom production was 351,059 tons of aluminum and the total volume of products from the casthouse was 351,564 tons of aluminum.

The number of employees at the company was 574 in 2025. 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 351,059 tons of aluminum in the year 2025.

### Casthouse

In the year 2025, production was divided into 56% aluminum ingots, 5% T-bars, 17% foundry and 21% aluminum rods. 1% of the production was scrap that was sold for remelting. The total volume of aluminum products from the casthouse was 351,564 tons.

## 6.2 Governance

Alcoa Fjardaál follows the values and guidelines of Alcoa Corporation on good and responsible corporate governance, which ensure professional and efficient operations at all levels of the company. The operation emphasizes transparency, responsibility and trust. Integrity is one of the company's key values. Management encourages employees to act with integrity, professionalism and



open communication, and these values are supported by clear codes of conduct and work practices that support quality and ethical decision-making in daily tasks.

The company follows international standards of good governance and has established a variety of processes and tools to strengthen controls and risk management. Alcoa Fjardaál 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. Alcoa Fjardaál also supports international standards such as the Global Compact and adheres to best practices in the areas of sustainability, labor law and responsible governance.

Transparency is a key element of the company's governance. Alcoa Fjardaál annually publishes sustainability information in accordance with the Global Reporting Initiative (GRI), which provides stakeholders with clear, comparable and reliable information about the impact of its operations on the environment, community, and the economy.



## 6.3 Certifications

Alcoa Fjardaál operates under integrated management systems that meet the requirements of major international standards in the areas of quality, environment, health and safety, equal pay and energy efficiency. The company continues to maintain continuous improvement, targeted and systematic management, as well as transparency in operations and passed all annual certification audits in 2025.

### ISO management system standards

Alcoa Fjardaál has a certification in place for the following ISO management system standards:

- *ISO 9001:2015 – Quality Management System* that sets out requirements for a systematic approach to quality, continuous improvement and meeting customer expectations. The certification confirms that the company has a clear vision for services and products, effective procedures and processes that ensure traceability, legal compliance and reliable service.
- *ISO 14001:2015 – Environmental Management System* that supports the company in identifying, managing and reducing the environmental impact of its operations.

- *ISO 45001:2018 – Occupational Health and Safety Management System.* The standard strengthens the ability of organizations to ensure a safe and healthy working environment and supports responsible working practices.

- *ISO 50001:2018 – Energy Management System.* The standard was implemented in 2024 and includes a systematic process to improve energy efficiency, reduce costs, reduce carbon footprint and increase efficiency. Alcoa Fjardaál completed the two-stage certification process in 2024 and was formally certified in January 2025 without any non-conformities. The company is one of the first in Iceland to implement this standard.

### Other certifications

- *IATF 16949:2016 – the automotive industry’s quality management standard* which guarantees that parts and materials used in car manufacturers’ production meet strict requirements for safety, quality and traceability.
- *ASI – Aluminum Stewardship Initiative – an international certification for aluminum processing and supply chain (Performance Standard and Chain of Custody).* The certification confirms socially responsible production, responsible use of raw materials and reliable management in the aluminum industry’s supply chain. Alcoa Fjardaál received



interim certification in 2020 and full certification in 2021. The company is also part of the parent company's certification for a traceable supply chain. The next audit of the ASI standard will take place in 2027.

- *ÍST 85:2012 – Wage Equality Standard*  
Alcoa Fjardaál received certification in 2017 and was the first large enterprise in Iceland to meet the requirements of the standard. The certification ensures that a formal, transparent and systematic equal pay system is in place.

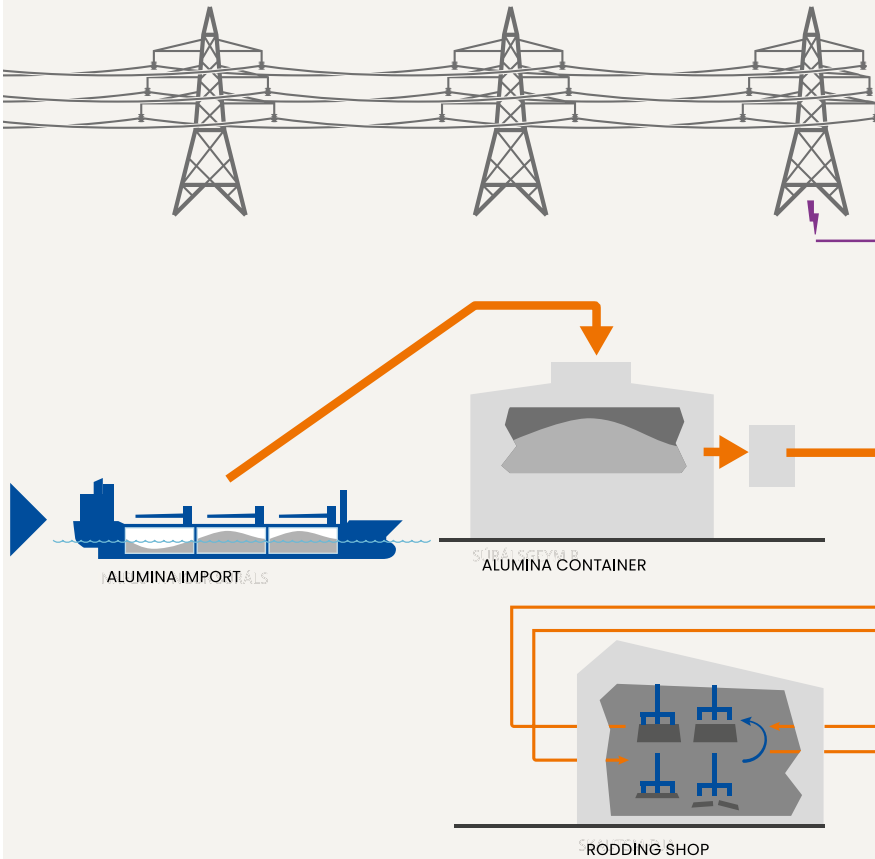
**2025 Audits**

Alcoa Fjardaál passed all annual audits in 2025. No significant deviations were recorded and the audits confirmed that management systems were well implemented, effective and in accordance with the requirements of the standards.



# Alcoa Fjardaál's production process

## 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 2025, production was divided into 56% aluminum ingots, 5% T-bars, 17% foundry and 21% aluminum rods. 1% of the production was scrap that was sold for remelting.

The total volume of aluminum products from the casthouse was 351,564 tons.

**668,886**

Alumina consumption in tons

**4,976**

Electrical energy in GWH

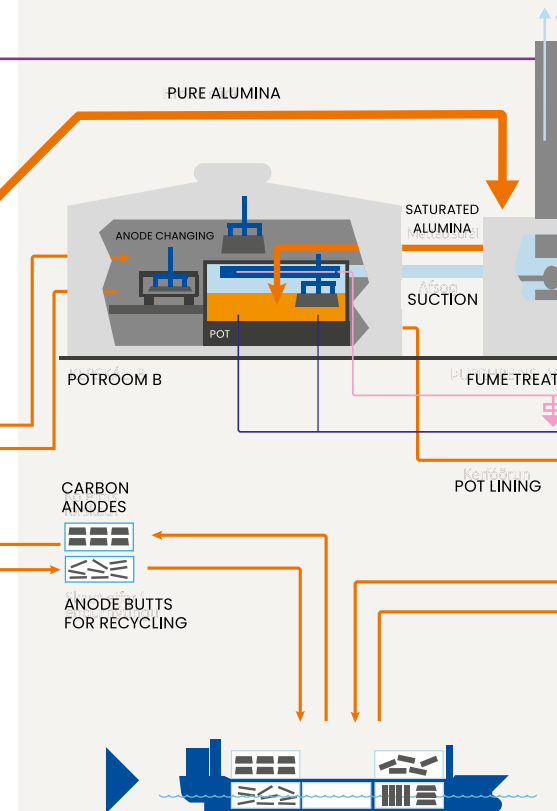
**5,994**

Aluminum fluoride consumption in tons

**170,152**

Freshwater use in M<sup>3</sup>

## Processing



**351,059**

Aluminum from the potroom in tons

**1.55 t CO<sub>2</sub>/t Al**  
Carbon dioxide (CO<sub>2</sub>)

**99.9%**

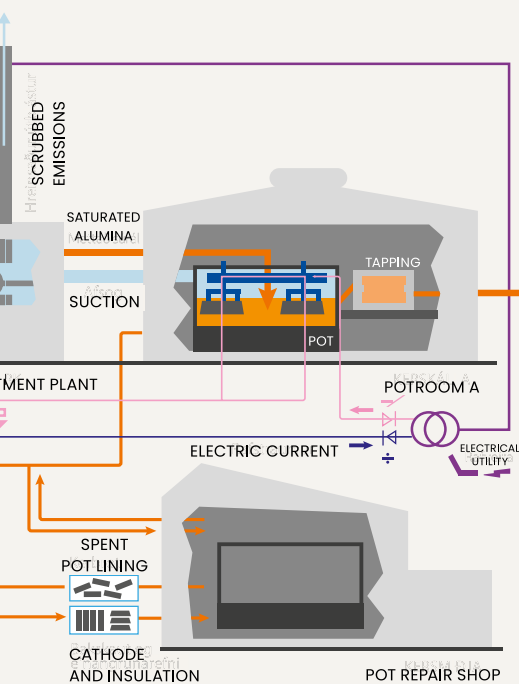
Fluoride recycled in production

**14.17**

Total fluoride kg/t aluminum

**194,099**

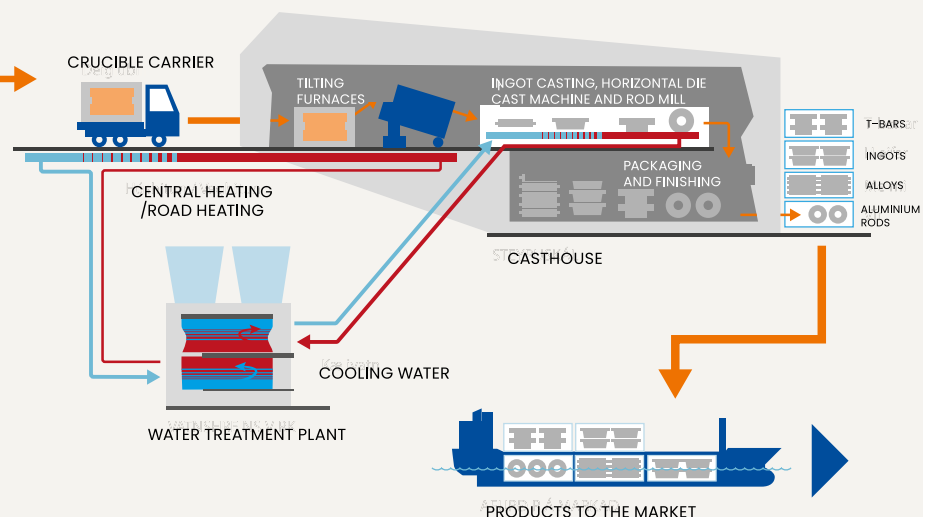
Anodes, tons



## 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.

**12.26 kg/t Al**

Sulphur compounds (SO<sub>2</sub>)

**44,733**

Anode butts for recycling in tons

**0.059 t CO<sub>2</sub>-eq/t Al**

PFCs

**1,593**

Aluminum-rich scrap for recycling in tons

**131 billion**

Export value in ISK (\$1B)

Casthouse production in tons:

**196,853**

Aluminum ingots

**18,063**

T-bars

**57,966**

Alloys

**74,564**

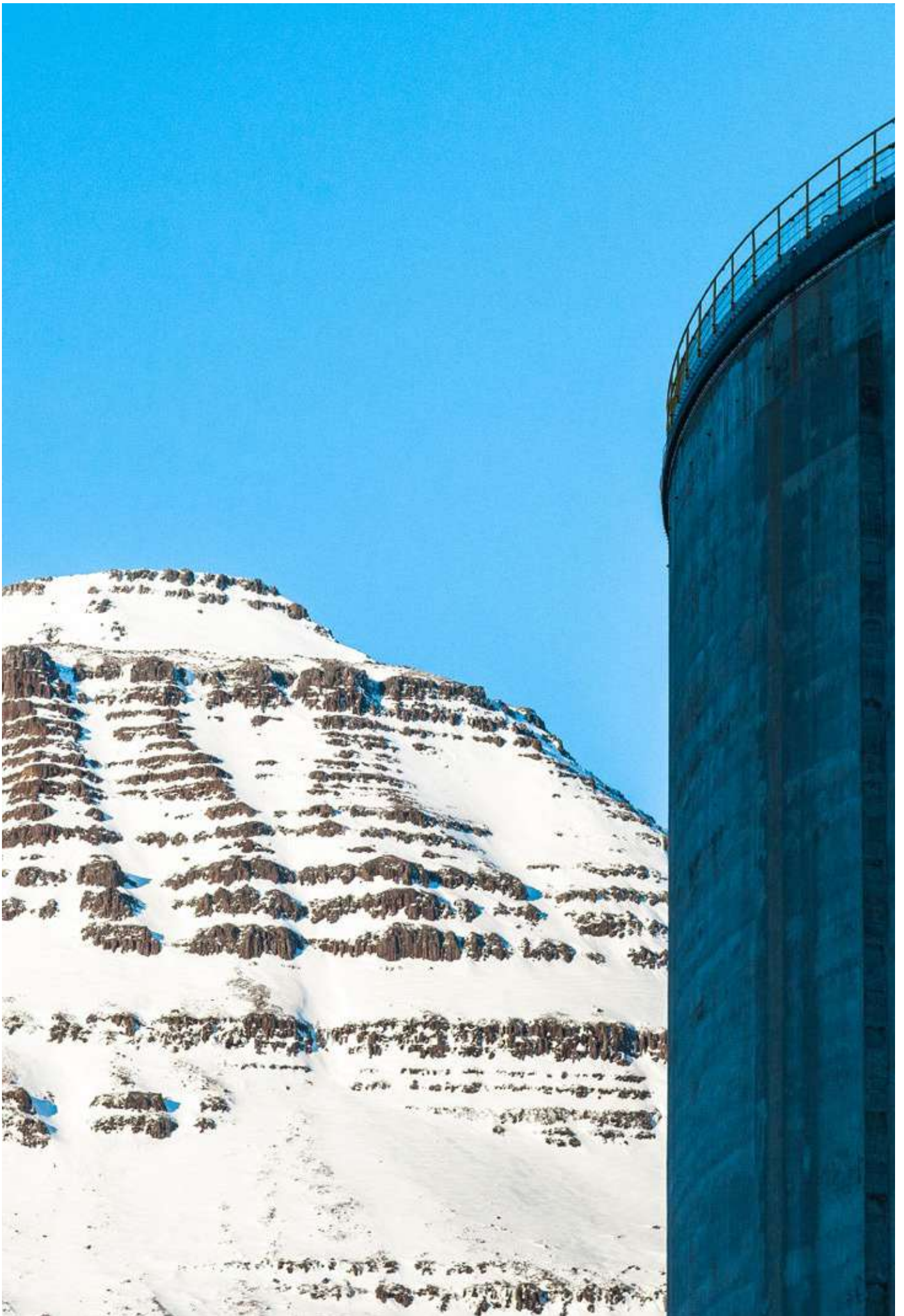
Aluminum rods

**4,135**

Nonconforming products

## 07 The 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 also available on the Environment and Energy Agency's website. The purpose of environmental monitoring is to assess the impact of the plant's operations on the environment in its vicinity. The main source of polluting substances from production in the atmosphere is exhaust from the potroom. It is released on one hand through the roof vents and on the other as pot fumes, which are cleaned in a dry scrubber.





## 7.1 Notifications

In 2025, the company sent ten formal notices of deviations or information to the Icelandic Environment and Energy Agency and the Health Authority of East Iceland:

- January: Notification of high oil and fat content in the wastewater of the western pond.
- May: Notification of a power outage in potroom and that the oil content in the wastewater from the oil separator had exceeded the operating permit limits.
- July: Notification of a change in our partner for the operation of monitoring stations and a production water leak from the sea cooling system of the heat exchange compartment.
- August: Notification of a visible emission during the unloading of alumina and oil content in the sewer from an oil separator in the vehicle workshop exceeding limits.
- September: Notification of a power outage in the potroom.
- November: Notification of a power outage in the potroom and of dust emissions from two dust collectors exceeding the operating permit limits.

## 7.2 Environmental information

Key figures regarding production and raw material and resource use are presented in section 7.3. as a table of environmental information. The table is to be found on page 32.

### 7.3 Raw material and resource use

The production of aluminum in the potroom in 2025 was 351,059 tons, which is an increase of just over 10 thousand tons, or around 3% compared with 2024. The increase in production can be largely attributed to the effects of energy cuts in 2024 due to low water levels in reservoirs, as well as increased stability in potroom operations.

The total electricity consumption per produced ton of aluminum was 14,174 kWh, which is comparable to the electricity consumption per production unit between years. Anode effect time decreased between years. While it was lower in the first half of the year, it rose slightly in the second. This increase is explained by a change in emphasis in pot controls aimed at increasing the stability of the potline and thereby reducing tap-outs, that could lead to increased emissions of PFCs from the operation.

CO<sub>2</sub> emissions decreased between years, despite an increase in production and more pots in operation. CO<sub>2</sub> emissions per production unit decreased by 2% between years. The use of aluminum fluoride was similar to the previous year, or about 6,000 tons. The total fluoride emission per ton of aluminum produced was also similar 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 2025, see details in section 7.5. As before, hydrogen fluoride concentration in the atmosphere was monitored at monitoring stations.

In 2025, work continued on improvements to the pot controls and the introduction of larger anodes, which contributes to increased potline stability. A total of 70 pot shells were relined in Fjardaál's pot lining facility, which is operated by contractors. A total of 1,500 cathodes were used to line the shells in 2025. As in previous years, a more environmentally friendly carbon

Table 1		Results				
<b>Green accounting</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Goal 2025</b>	<b>Unit</b>
<b>Production</b>						
Pure aluminum		346,874	340,826	351,059		
<b>Raw material and resource use</b>						
Alumina		663,918	651,810	668,886		t
Aluminium fluoride		6,485	6,064	5,968		t
Anodes		196,486	189,965	194,099		t
Cathodes		1,382	1,476	2,292		t
Water consumption		40,460	148,712	170,152		m <sup>3</sup>
Electrical energy		4,997	4,893	4,976		GWh <sup>1</sup>
Propane (GSH220, GSH280)		159,422	251,455	341,879		l
Biodiesel -B10 (GHS07, GHS08, GHS09)						l
Diesel oil (GHS07, GHS08, GHS09)		478,138	432,107	387,352		l
Gasoline (GHS02, GHS07, GHS08, GHS09)		10,318	12,768	15,599		l
<b>The use of dangerous substances</b> (other than those listed and identified with caution labels in production and raw material and resource use)						
Hard coal tar pitch (GHS08)		402.5	435.5	525,0		t
Antimicrobial agents (GHS05, GHS09)		80	82	94		t
Lubricating oils and greases		43,538	38,570	28,332		l
Coolants		908	256	92		kg
<b>Air emissions</b>						
<b>Total fluoride</b>		<b>0.35</b>	<b>0.33</b>	<b>0.33</b>	<b>&lt;0.31</b>	<b>kg/t Al</b>
Of which gaseous fluoride		0.23	0.23	0.23		kg/t Al
Of which fluoride in dust		0.12	0.10	0.10		kg/t Al
<b>Sulfur compounds as SO2</b>		<b>12.94</b>	<b>13.14</b>	<b>12.26</b>	<b>15.00</b>	<b>kg/t Al</b>
Of which from anodes		11.58	11.67	11.16		kg/t Al
Of which from alumina and COS		1.36	1.28	1.20		kg/t Al
<b>Dust</b>		<b>0.43</b>	<b>0.30</b>	<b>0.34</b>	<b>&lt;0.4</b>	<b>kg/t Al</b>
<b>Carbon dioxide (CO2)</b>		<b>1.58</b>	<b>1.58</b>	<b>1.55</b>		<b>t CO<sub>2</sub>/t Al</b>
<b>Fluorocarbon (PFC)</b>		<b>0.073</b>	<b>0.083</b>	<b>0.059</b>	<b>&lt;0,1</b>	<b>t CO<sub>2</sub>-eq /t Al</b>
<b>Sulfurhexafluoride (SF6)</b>		<b>0.11</b>	<b>0</b>	<b>0.33</b>		<b>t CO<sub>2</sub>-eq /t Al</b>
<b>Waste</b>						
<b>For recycling/reuse</b>		<b>47,938</b>	<b>48,010</b>	<b>51,442</b>		<b>t</b>
Of which spent pot lining		42,663	41,532	44,773		t
Of which aluminum dross		554	1,243	1,270		t
<b>For incineration (energy production)</b>		<b>418</b>	<b>90</b>	<b>139</b>		<b>t</b>
<b>For landfill</b>		<b>325</b>	<b>432</b>	<b>389</b>		<b>t</b>
<b>Hazardous waste</b>						
<b>For recycling/reuse</b>		<b>5,183</b>	<b>4,842</b>	<b>4,786</b>		<b>t</b>
Of which spent pot lining		0	0	0		t
Of which aluminum dross		1,612	1,651	1,593		t
<b>For landfill</b>		<b>4,718</b>	<b>5,846</b>	<b>6,302</b>		<b>t</b>
<b>For incineration (energy production)</b>		<b>114</b>	<b>186</b>	<b>186</b>		<b>t</b>
Of which oil-contaminated toxic waste		82	75	78		t
<b>By-products</b>						
Bath (GHS07, GHS08, GHS09)		2,045	3,051	2,730		t
<b>Measurements in discharge to the sea <sup>2</sup></b>						
Oil and grease		<2-8	<2-11	<2-20		mg/l
Aluminum		0.42-0.98	0.18-0.70	0.25-33		mg/l
Fluoride		10-11	3-15	2.1-12.5		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.



ram paste was used in the relining process, a total of 525 tons.

All cooling water from industrial processes is cleaned in a water purification plant and reused in the casthouse. The company's water consumption is one of the lowest within the Alcoa Group. Fresh water consumption increases between years and was 170,152 m<sup>3</sup> in 2025. Thereof, the sowcaster and the HDC in Alcoa Fjarðaál's casthouse used about 50,000 m<sup>3</sup> and 11,114 m<sup>3</sup> of the water through the distiller in 2025. The water treatment plant has the capacity to clean 3,500 cubic meters of water per calendar day and reuse it in the casthouse. The average evaporation from casting machines is 140 m<sup>3</sup> per day, which is about 40% of the volume of the system. No cooling water from industrial processes is supplied to wastewater. Furthermore, part of the heat generated from cooling systems is used for central heating and snow-melting on the smelter site. In 2024, an effort was made to measure water consumption at the company by installing a water meter on the inlet valve, and the results are therefore much more significant than before.

The total use of fossil fuels for vehicles decreased by 4,551 L from the previous year. The use of diesel oil decreased from 394,733 L to 387,352 L between 2024 and 2025. However, the use of gasoline increased

from 12,768 L to 15,599 L. The explanation for the increase is mainly due to the driving of vehicles outside the company, not counted within the driving time of vehicles directly related to aluminum production. Decreased use of fossil fuels in 2025 corresponds to a decrease in emissions of 4.8 tons of CO<sub>2</sub> equivalents. When the driving hours of the year 2025 were compared with the year 2024, the outcome was that the driving time of mobile equipment on the smelter site decreased by 1,089 hours. The driving time of electric vehicles increased by 3,6% year-on-year and has a direct impact on reducing diesel consumption. See more about vehicle driving time in Table 2. Propane is mainly used for preheating of equipment in the casthouse, for example molds in the sowcaster. The use of propane gas increased between years by 90,423 l. Part of the explanation for this is that in 2025, 3 new aluminum crucibles that require special preheating were commissioned and it was a challenge to find an economical but also safe way to operate the burners that are used for this purpose. The total consumption amounts to an increase in CO<sub>2</sub> emissions that corresponds to around 97 tons of CO<sub>2</sub> equivalents. Table 3 provides an overview of energy consumption from the fuel sources used on the site. The total energy consumption in gigajoules increased by 21.2% in 2025 compared to the previous year, and this is mainly due to increased consumption of gasoline and propane.

## 7.4 Emissions into the atmosphere

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 in aluminum production is improved. It also reduces the frequency of anode effect incidents and reduces the release of PFCs. In addition, the anode effect time is reduced, which reduces PFC emissions. Together, these factors contribute to fewer operational problems and lower overall emissions from the operation.

The main pollutants are monitored, i.e. gaseous fluoride (HF), dust and sulfur dioxide (SO<sub>2</sub>) as well as the greenhouse gases carbon

Table 2

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

Year	2023	2024	2025
Forklifts	14,729	12,989	8,602
Electric forklifts	10,589	14,125	16,199
Crucible carriers	10,659	10,866	11,865
Anode haulers	19,703	18,869	18,883
Bathmobiles	3,859	4,185	4,078
Vacuum truck	2,311	2,227	2,276
Front end loader			
Mobile fluoride feeder	1,287	1,142	1,129
Sweeper truck	44	112	394
<b>Total</b>	<b>63,181</b>	<b>64,515</b>	<b>63,426</b>
Increase in driving time:		1,334	1,089
Decrease in driving time:	1,778		

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

Proportion of electric vehicles	16.8%	21.9%	25.5%
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Table 3

### Transport fuel combustion in gigajoules

	2023	2024	2025	Proportional change year -on-year
Biodiesel	0	0	0	0%
Diesel	18,456	16,679	16,517	-0.97%
Gasoline	353	437	534	22.18%
Propane gas	14,874	23,461	31,897	35.96%
<b>Total energy consumption</b>	<b>33,683</b>	<b>40,577</b>	<b>48,948</b>	<b>20.63%</b>

Decrease Increase





dioxide (CO<sub>2</sub>), fluorocarbons (PFC) and sulfur hexafluoride (SF<sub>6</sub>). Information on emissions is summarized in Section 7.2 (environmental information). 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 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 (SO<sub>2</sub>) from the use of anodes was below the operating permit limit, or 11.16 SO<sub>2</sub> 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 analysis.

#### **7.4.1 Greenhouse Gas Emissions**

Carbon dioxide (CO<sub>2</sub>) emissions are calculated based on the use of anodes using mass balance calculations. Emissions in 2025

were 1.55 tons of CO<sub>2</sub> per ton of aluminum produced a decrease from the previous year. Figure 6 shows the emission of fluorocarbons (PFCs) as CO<sub>2</sub> equivalents in the years 2020–2025. PFCs are greenhouse gases that are produced by anode effects in pots, and the emission of these is calculated based on the number and duration of anode effects. In 2025, 0.059 tons of CO<sub>2</sub>-equivalents of PFCs were released per ton of aluminum produced. This corresponds to 2.99 tons of PFCs being released into the atmosphere in 2025. PFC emissions were down from the previous year. The decrease 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 3,505 tons of CO<sub>2</sub> equivalents. This overall reduction in greenhouse gas emissions occurred despite increased aluminum production and greater anode consumption.

#### **7.5 Fluoride in grass – Environmental monitoring**

Alcoa Fjarðaál'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 is published in May each year and available on the Icelandic Environment and Energy Agency's website and Alcoa Fjarðaál's home page.

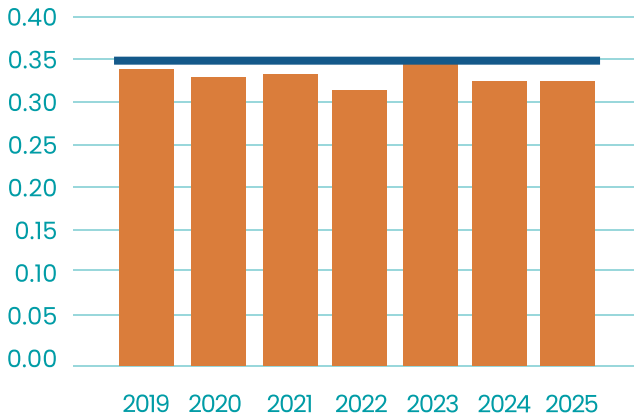
Measurements of fluorine levels in grass, which are carried out over the summer with the health of herbivores in mind, are an important part of the monitoring plan. Six measurements are made, two per month in June, July and August. In autumn, the average of all samples is recorded to see the overall figure for the summer. The samples are always taken in the same place and with the same method to ensure they are comparable.

The reference limit in Alcoa Fjarðaál'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 was 33.1 µg F/g, which is below the reference limit, but still an increase from the previous year when the values were well below the limit.

Weather conditions in the summer of 2025

Figure 2

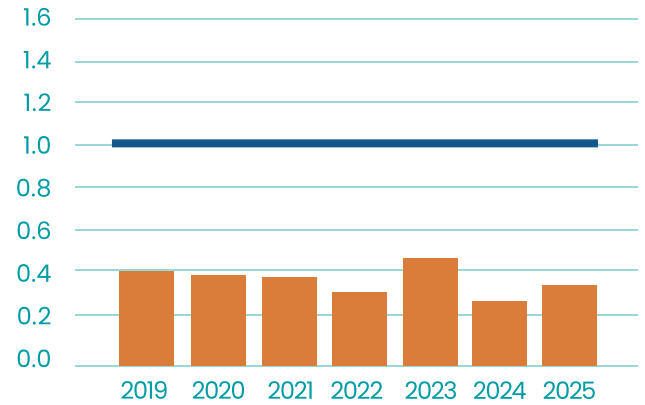
**Total fluoride emissions (kg/t Al)**



TF Operating permit limits

Figure 3

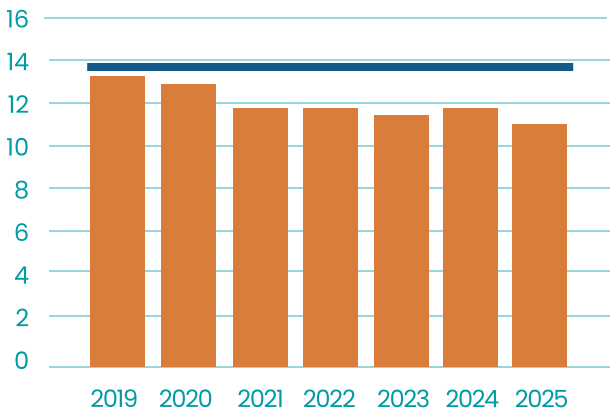
**Dust emissions (kg/t Al)**



Dust Operating permit limits

Figure 4

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



SO<sub>2</sub> Anodes Operating permit limits

Figure 5

**Carbon dioxide emissions (t CO<sub>2</sub>/t aluminum)**

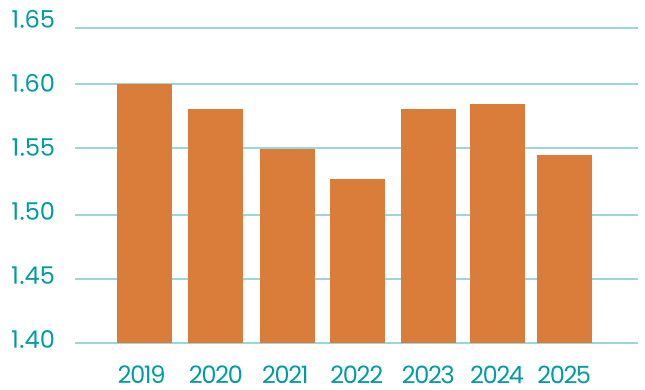


Figure 6

**Emissions of fluorocarbons as CO<sub>2</sub> equivalents (t CO<sub>2</sub> eq/t aluminum)**

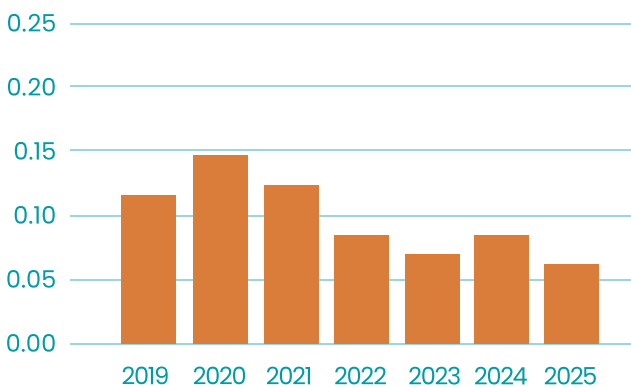
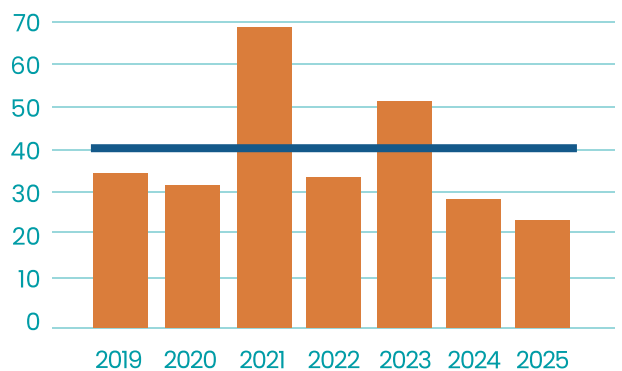


Figure 7

**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 <sub>2</sub> equivalents		Emissions 2023 Tons CO <sub>2</sub>	Emissions 2024 Tons CO <sub>2</sub>	Emissions 2025 Tons CO <sub>2</sub>	Year-on-year
<b>Scope 1*</b> (direct emissions)	Carbon consumption	547,221.0	538,826.0	542,666	0.7%
	PFC	25,401.6	28,141.4	20,660	-26.6%
	Propane gas	245.0	384.4	519	35%
	Acetylene	0.210	0.200	0.009	-95.4%
	Diesel	1.39	1.50	4.72	214.4%
<b>Scope 2*</b> (indirect emissions)	Diesel	1,295.0	1,170.3	1,158.9	-1.0%
	Gasoline	23.9	29.4	35.9	22.3%
	HFC	1,369.6	452.3	120.1	-73.4%
	SF <sub>6</sub>	92.0	0.0	117.1	100.0%
<b>Scope 3*</b> (indirect emissions)	Rental car usage				
	Landfilling and composting	211.5	276.8	396.6	43.3%
	Transportation to landfill	14.5	37.2	39.9	23.3%

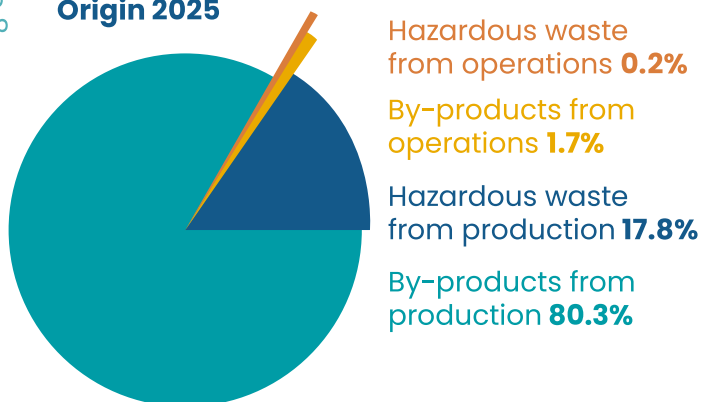
Decrease Increase

\* "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.

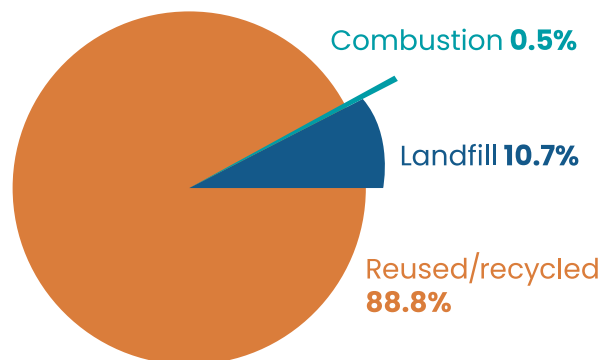
Figure 8

### Division ratio and disposal of waste in 2025

#### Origin 2025

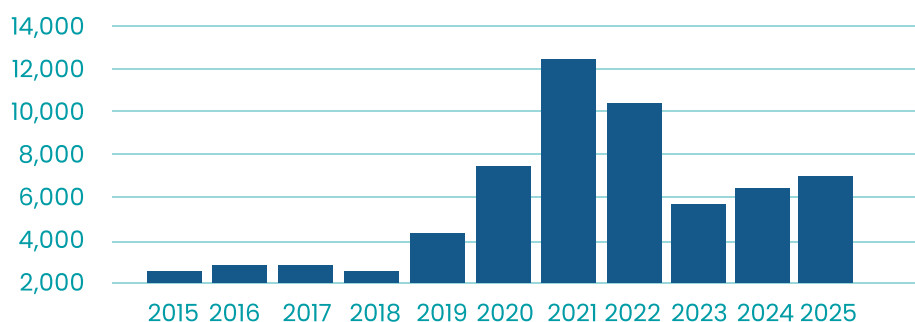


#### Disposal 2025



#### To landfill

In tons





were generally favorable in East Iceland. June was rather cold, while July and August were warm and mild. Precipitation was higher in July and August, but lowest in June. 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. There has been no evidence to date which indicates that fluoride in Reydarfjörður has affected herbivore health.

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.

Staff receive regular training on the environmental impact of the operations so that they are aware of the importance of minimizing emissions and ensuring good monitoring of the reliability of pollution control equipment.

## 7.6 Noise

Alcoa Fjarðaál measures environmental noise from its operations in accordance with the provisions of the operating permit. These measurements are made every four years according to a monitoring plan, or more frequently if changes are made to operations, in accordance with Regulation 724/2008 on noise. These measurements were last carried

out in 2025, according to the plan, and the results were below the regulation's limit values.

## 7.7 Waste management – Circular use of materials

Alcoa Fjarðaál has the vision that all waste from operations can be reused or recycled and that landfilling is the last option. The company emphasizes 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, efforts are generally made to minimize waste generation.

The total amount of waste in 2025 was 62,716 tons, which is an increase of 3,309 tons or 5.6% from the previous year. The increase can mainly be attributed to a higher volume of anode butts and spent pot linings. In total, 89% was recycled and 0.5% was sent for incineration, mainly nationally. 6,692 tons went to landfill, or about 10.7% of the total amount, which is an increase of 14.5% from the previous year. The increase is mainly explained by a higher amount of spent pot linings 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 Fjarðaál, 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. Hopefully, that work on the project will continue in 2026 and the recycling rate will then 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 still only a small fraction of the total that goes to landfill. We will continue to look for ways to minimize landfilling and ensure that spent pot lining and other by-products are reused.

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, as well as the proportion of waste that went to landfill. Cleaned anode butts make up about 70% of the total amount of waste that is sent for recycling. They are recycled in Mosjøen, Norway, and used in the production of new anodes. This corresponds to about 23% of the total amount 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. They 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 2025, 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. The results were similar between years, as in previous years.



## 7.9 Social responsibility goals 2025 – Performance

**Complete the environmental risk assessment for Alcoa Fjardaál.** The goal was achieved. The company's environmental risk assessment was carried out in collaboration with the parent company and has been completed.

**Complete the implementation of the new operating license for Alcoa Fjardaál. The goal was achieved.** The company received a new operating license at the end of 2024, and its operations have taken this into account without any problems.

**Complete the risk assessment for greenhouse gas emissions from Alcoa Fjardaál's operations.** The goal was achieved. Work on the project will continue.



## 08 Human Resources

Alcoa Fjardaál employs a diverse group of people with different backgrounds. In 2025, there were around 574 permanent employees, of whom 75% were men and 25% were women. The company's senior management team consisted of 14 people at the end of the year, of whom 3 were women.

By outsourcing projects that are not considered core business, Alcoa Fjardaál creates opportunities for other companies to operate and grow in the region. In this way, the company has a positive impact on the economy in East Iceland. Around 250 individuals work for other companies within the smelter or in the smelter area, and in total there are around 800 jobs related to the smelter's operations 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 movement of goods, 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 Fjardaál.

Alcoa Fjardaál places great emphasis on creating a safe working environment that contributes to increased job satisfaction and social well-being. Teamwork and targeted guidance are the cornerstones of daily work. Employees either adhere to the workplace agreement between Alcoa Fjardaál 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).



Table 5

<b>Residence of Fjardaál's employees</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Residence in Fjardabyggd	61%	62%	62%	62%	62%	62%
Residence in Fljótisdalshérad	29%	30%	30%	26%	26%	29%
Residence elsewhere in East-Iceland	6%	0.4%	1.7%	5%	4%	0%
Residence elsewhere in the country	4%	7.3%	5.8%	7%	7%	9%

Table 6

<b>New hires</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2024</b>
Permanent appointments	106	80	69	71	68
Temporary employees	10	4	1	1	17
Summer employees	110	80	62	47	52
Casual laborers paid by the hour	40	35	61	46	44

Table 7

<b>Residence of Fjardaál's new hires</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Residence in Fjardabyggd	78%	56%	60%	66%	70%	70%
Residence in Fljótisdalshérad	19%	15%	18%	17%	18%	18%
Residence elsewhere in East-Iceland	0%	3%	2%	5%	3%	0%
Residence elsewhere in the country	3%	24%	20%	12%	9%	12%

Figure 9

### Composition of the labor force by occupation

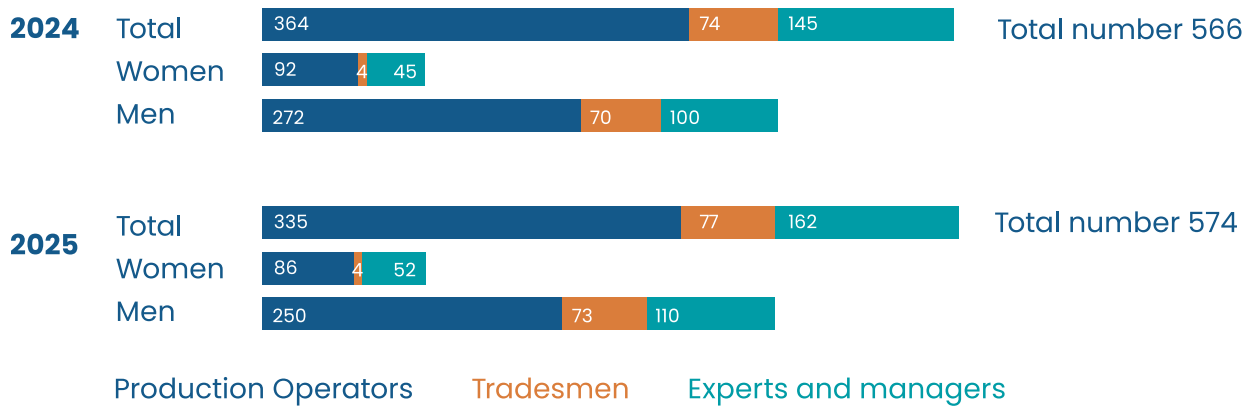
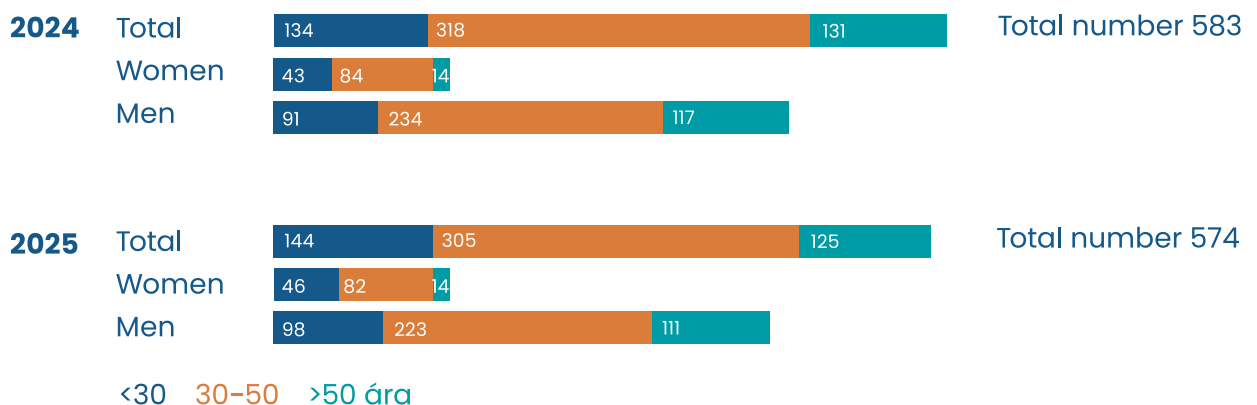


Figure 10

### Composition of the labor force by age



## 8.1 The Workplace

### 8.1.1 Job satisfaction

An Employee Engagement survey is conducted for 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 plans that were made in the wake of the larger ones.

With regular surveys, Alcoa seeks to monitor the factors that affect performance and job satisfaction, while giving employees the opportunity to anonymously submit ideas and suggestions for improvement. The results of the survey are presented to all employees, and the results of each team are discussed at team meetings where the emphasis is on active dialogue and clear improvement actions. This promotes targeted collaboration between management and employees on continuous improvement.

Participation in the 2025 pulse survey was 86% at Fjardaál, which is considered a very high percentage in such a large company. Good participation reflects the ambition of employees and their desire to have a positive impact on the workplace.

### 8.1.2 Workplace development

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 culture at Alcoa Fjardaál. All employees receive appropriate security training before they start working for Fjardaál and regular refresher training during their employment time at the company. Emphasis is placed on each person’s responsibility for their own safety, as well as on employees being concerned about the safety of others.

In recent years, increased emphasis has been placed on safety-related registrations, clearer definitions of types of incidents, systematic investigations of them and follow-up with improvements. Employees are also encouraged to guide each other in safety matters and to stop work if there is any doubt that everyone’s safety is ensured. Clear requirements and shared responsibility



for safety build trust and strong group cohesiveness in the workplace.

In this context, we build on the company’s core values – integrity, excellence, care and courage – which form the basis for a good working environment and well-being in the workplace.

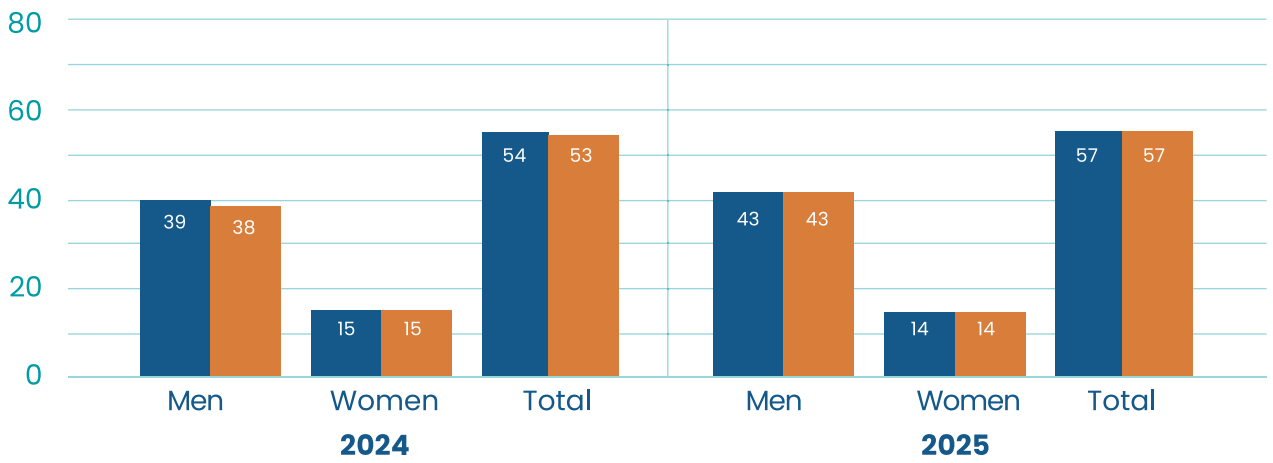
In 2025, regular events had a permanent place in the social life of Alcoa Fjardaál employees. Teams planned and held their own events. Two successful annual festivals were held to ensure that all staff on shift work had the opportunity to attend. As in previous years, Alcoa Fjardaál offered its employees and their spouses a Christmas buffet.

The Sómi Employees’ Association hosted the annual Advent entertainment for employees and their families. The event is always well attended and marks the beginning of the Christmas celebrations for many 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.

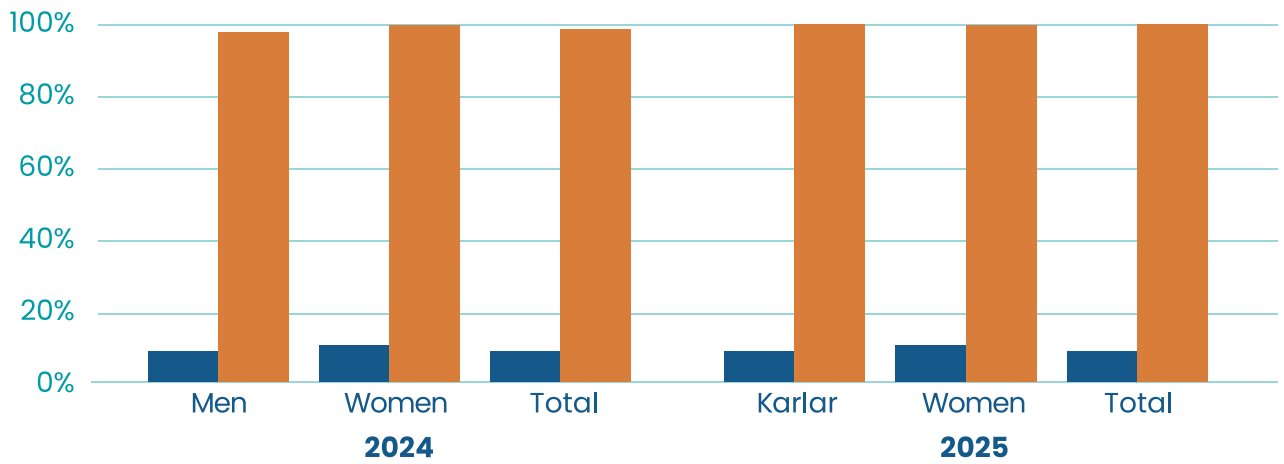
Figure 11

### 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





### 8.1.3 Labor/management relations

A new wage agreement between Alcoa Fjardaál and the unions AFL and RSÍ was signed on September 19, 2025. The agreement is valid from March 1, 2025, to February 28, 2029. The previous agreement expired at the end of February 2025, and therefore it took quite a long time to reach a new agreement. The agreement is comparable to the wage agreements that other large-scale industrial companies have made and guarantees employees comparable wage benefits during the contract period. It is gratifying that a consensus has been reached on a four-year agreement that guarantees employees and the company predictability in the coming months and years.

### 8.2 Workforce composition and staff turnover

Equality and diversity have been at the forefront of shaping Alcoa Fjardaál's workplace culture. There has been a systematic effort to balance gender ratios and build a workplace where all employees enjoy equal opportunities to develop in their jobs. In 2025, the proportion of women at Alcoa Fjardaál was 25%.

Total employee turnover was 11% in 2025 compared to 10% the previous year. Emphasis

has been placed on sharpening team organization and individual accountability, ensuring efficient processes and eliminating waste in all processes. Decision-making is 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.

The number of foreign-born employees at Alcoa Fjardaál has increased in recent years, in line with developments in the Icelandic labor market, which is characterized by low unemployment, high demand for labor, and increased competition for employees. A diverse group of employees means numerous opportunities and values, but also challenges, especially in terms of language 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 was prepared in accordance with the Gender Equality Act no. 150/2020. The plan is also linked to Alcoa's global core values – integrity, excellence, care and courage – which guide its operations.

In the company's job advertisements, jobs are always advertised for all genders and jobs at the smelter are designed so that they can be performed safely regardless of gender. The company aims to create a family-friendly workplace where employees feel comfortable. Efforts are made to enable employees to balance work and family life. Parents are encouraged to shoulder equal responsibility for the care and upbringing of their children.

Sexual and gender-based harassment and bullying are not tolerated and such cases are taken seriously by Alcoa Fjardaál. If issues of this nature arise, clear work procedures are followed to ensure safety, health and wellness in the workplace.

The company operates according to an Equal Opportunity Program which specifies the parties responsible for its review and consequent improvements. The Human Resources Officer is responsible for implementing the program, while senior management oversees its follow-up and deviations, with the support of Alcoa Fjardaál's Equal Opportunities 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. Management and contacts of the groups maintain Alcoa's global policy and ensure its implementation in a manner that is appropriate in each location.

### 8.3.1 Equal Pay Certification

Alcoa Fjardaál has been certified as an equal pay organization by the Ministry of Welfare since 2017 and was the first large company



in Iceland to receive such certification. In 2025, the company passed an audit which confirmed that work is carried out according to documented procedures and that there is no gender pay gap.

## 8.4 Rules of Procedure and Code of Conduct

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. The goal is that it provides clear guidance on the company's standards for business conduct and reflects Alcoa's emphasis on responsible practices globally. The rules are reviewed annually, and employees receive regular and targeted training connected with them.

Employees are encouraged to report possible violations of various kinds, including corruption, human rights violations, discrimination or harassment, intellectual property violations, and potential security threats. Alcoa's Anti-Retaliation Policy prohibits anyone from taking action against employees for asking a question or raising a concern in good faith.

## 8.5 Safety

Alcoa Fjardaál operates in accordance with its policies and follows the policy of the parent company in environmental, health and safety matters. Great emphasis is placed on the safety and health of staff and contractors. We work systematically to mitigate the risk of accidents, minimize pollution, promote health and support a safe working environment. In order to identify hazards, assess situations, and prevent violations or accidents, the “Human Performance” philosophy is used, and it has proven to be 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. Special emphasis is placed on the right of employees to stop work and seek assistance if they experience insecurity or lack of knowledge during the execution of work. In addition, it is mandatory to hold a pre task brief (PTB) before work begins, especially when the risk of accidents is considered to be present.

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” (LTV) and hazardous materials. 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 analyses are carried out and preventive measures are implemented so that similar incidents do not recur. In 2025, 46 near misses and three lost time incidents were recorded where employees were injured and were therefore unable to perform



their normal duties. In 2025, 24.652 safety audits were carried out compared to around 19.502 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. In addition, audits contribute to increased visual management presence in the production areas and to the correction of incorrect behavior on site. A correlation has been shown between the frequency of audits and the reduction of accidents.

## 8.6 Health and welfare

Alcoa Fjardaál places great emphasis on the health and well-being of employees and works systematically to prevent work-related diseases, such as respiratory diseases, hearing loss, skin problems and chronic musculoskeletal disorders. Annual measurements are carried out to ensure a healthy working environment, e.g. acoustic measurements and atmospheric air quality measurements.

Alcoa Fjardaál operates a well-equipped health care facility with two full-time nurses and regular medical attendance. There is also an ergonomics specialist at the facility. The main emphasis is on the prevention of work-related illness. Employees 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**

At Fjarðaál, great emphasis has been placed on ensuring that the shift system meets the wishes of as many people as possible. In September 2022, a new eight-hour shift system was introduced. 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 Fjarðaál'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. At meetings with all production teams in the spring of 2025, proposals for shift systems were presented for employees to choose between.

The result of all this work was that from the

beginning of February 2026, two new shift systems will be tested in parallel, one with eight-hour shifts and the other with twelve-hour shifts. The majority of employees in the potroom and on maintenance shift duty chose to test a twelve-hour shift system, where they work either four-day shifts or four-night shifts in a row and have six days off between shift cycles. Other shift workers will work an eight-hour shift system, where they work six shifts over five days and have five days off between shift cycles. Each eight-hour shift cycle begins with two-day shifts, then goes on to two-night shifts and ends with two evening shifts. Two different shift systems come with increased costs, but the company wants to accommodate the wishes of employees as far as possible. Decisions about the continuation will then be made in light of the employees' experience of the two shift systems.

### **8.6.2 Welfare services**

A robust welfare service is operated for employees and their immediate families. In 2025, we changed partners and the company Kara Connect now provides the service instead of Heilsuvernd. Every year, employees can receive six hours of services from a wide range of professionals free of charge, for example financial consultancy, legal assistance, psychological counseling,

lifestyle advice and sleep counselling. The welfare service is without the intervention of managers or Fjardaál's specialists. Full confidentiality is maintained and information about individual employees' use of the service is not accessible to the company. Each employee has their own welfare portal on the Kara Connect website where they can book appointments, monitor their credit status and access a variety of knowledge.

### **8.6.3 Health awareness committee**

The Employee Health Awareness Committee has been operating at Alcoa Fjardaál for a long time and regularly organizes events that promote increased education and awareness of health and well-being, both at work and in their spare time.

### **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. Two nurses work there and provide a variety of services intended to promote the health, safety and wellbeing of employees. Doctors are also regularly present at the center. The health care center is responsible for health examinations, mask fitting, hearing protection fitting, first aid training and planning doctor appointments. The health care center also provides health-related education and advice, follows up on employees during illness and welcomes people returning from absence because of accidents or illnesses. The health care center also ensures that the workplace meets the company's regulations and health standards and participates in health-related incident investigations.

For example, during 2025, around 134 people came for a medical examination, 314 for spirometry and 395 employees for audiometry. In 2025, there were 68 medical examinations for new hires and 52 medical examinations for summer hires.

### **8.7 Benefits for permanent employees**

Alcoa Fjardaál has an excellent cafeteria, and the company pays for the food, which is considered taxable employee benefits. Alcoa Fjardaál's employees have access to a health care center at the workplace. Free bus rides to and from work are offered. The company's main parking lot has six charging points for electric cars that employees can use during

working hours. The use of the chargers has been good ever since their installation, and the number of electric cars owned by employees has increased between years.

According to Icelandic tradition, the company gives its employees a Christmas gift every year, and at Easter the employees get a chocolate egg. This gift is also used for charity, as Alcoa Fjardaál supports good causes 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.

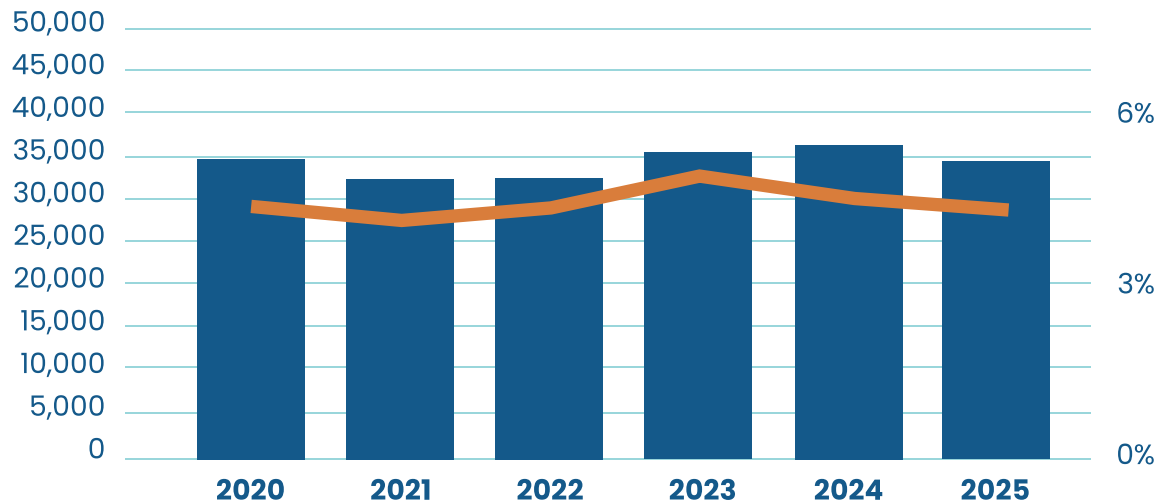
### **8.8 Career Development and Continuing Education**

Alcoa Fjardaál takes great pride in the education and training of the company's employees. In the year 2025, Alcoa Fjardaál's staff devoted 34,383 hours to training, which means that on the average, each of them used about 3.8% of their working time for training.



Figure 13

**Training as a proportion of total working hours**



**343,383** working hours for training or around **3.8%** of working hours on average in training.

Training hours  
Percentage of working hours

Table 9

<b>Employee turnover by gender</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Men	9%	8%	11%	7%	8%
Women	5%	3%	4%	3%	3%
<b>Total</b>	<b>14%</b>	<b>11%</b>	<b>15%</b>	<b>10%</b>	<b>11%</b>

The ratio decreased slightly between years due to a decrease in new hires and changes to employee induction training.

In 2024, a major review of Alcoa Fjardaál’s educational activities 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 result of this work was that a large part of the training at Fjardaál in 2025 was conducted electronically. This includes the so-called access course, which provides employees and contractors with access to the Fjardaál work site; it is now entirely electronic. In addition, in 2025, the AVIA competency system from Akademías was implemented to manage the competencies and courses of contractors working on the Fjardaál site. Furthermore, Fjardaál invested in access to the Akademías Workplace School for all its employees.

Alcoa Fjardaál offers employees that fulfill certain requirements to study at the Alcoa Fjardaál Industry School, which is divided into two stages: undergraduate and postgraduate studies. 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 343 students has graduated from the program, of which 189 from undergraduate studies and 154 from graduate studies. In 2025, 20 students graduated from the school’s undergraduate programs.

The idea for the Industrial School was originally obtained from the smelter in Straumsvík (Alcan, now Rio Tinto), Southwest Iceland, but the program has been adapted to the needs of Alcoa Fjardaál. The school benefits both the company and its employees. Employees increase their knowledge through the program and upon completion of the program, they

Table 10

<b>Employee turnover by age group</b> (as compared with total number of employees)	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
18-20	1%	2%	1%	0%	1%
21-25	3%	2%	3%	2%	2%
26-30	3%	2%	3%	2%	2%
31-35	1%	1%	2%	2%	1%
36-40	1%	1%	2%	1%	1%
41-45	1%	1%	1%	1%	1%
46-50	1%	1%	1%	1%	1%
51-55	1%	0%	0%	0%	1%
56-60	0%	1%	0%	0%	0%
61-66	0%	1%	1%	1%	0%
66-	1%	1%	1%	0%	1%
<b>Total</b>	<b>14%</b>	<b>12%</b>	<b>15%</b>	<b>10%</b>	<b>11%</b>

receive a salary increase according to the collective agreement. In return, the company benefits from more qualified employees who can take on increased responsibility and provide guidance to less experienced colleagues, which is a key factor for the stability and operational security of the plant. Part of the program is also evaluated for matriculation, and completion provides a good basis for further studies.

In 2025, 30 employees graduated from Alcoa’s ASE management program. ASE stands for Advancing Supervisory Excellence and is designed for all managers and future managers at Fjardaál.

Around 40 people studied Icelandic at the company in 2025, and 60 employees used the smart solution “Bara Tala” to learn Icelandic.



Table 11

Accident rate	2017	2018	2019	2020	2021	2022	2023	2024	2025
Lost time incidents	1	0	2	0	1	1	4	3	3
Near miss incidents	12	13	11	5	6	8	17	45	46
Lost time injury frequency	0.23	0	0.46	0	0.23	0.22	0.68	0.45	0.39
Medical treatment injury frequency	2.71	2.05	2.54	3.5	3.06	2.38	2.57	1.94	2.08
Overall incident frequency	14.26	16.4	14.33	16.44	15.8	13.73	16.16	21.39	14.66
Lost time and restricted work injury frequency	0.9	0.45	1.62	1.4	1.4	1.22	0.68	2.08	2.08
Total safety audits									24,652

Figure 14



**34.383**

WORKING HOURS  
INVESTED IN EMPLOYEE  
TRAINING IN 2025



THAT MAKES



**3.8%**

OF EMPLOYEE  
WORKING HOURS  
IN 2025



## 8.9 Social responsibility goals 2025 – Performance

**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.** The goal was partially achieved. The analytical work on the shift system was completed and a trial period with a changed arrangement began in 2025. A decision on the future of the system will be made after the trial period.

**Complete the implementation of a new shift change meeting structure with an emphasis on safety issues in all of the smelter's production areas.** The goal was achieved. A standardized arrangement for Toolbox Talks has been implemented in all production areas, with a targeted emphasis on safety issues.

**Establish quarterly meetings for Fjardaál's equal opportunity committee.** Target not reached. The arrangement will be reviewed in 2026.

**Convert all educational materials for employees into electronic format.** The goal was partially achieved. All employee training is now available in electronic format. After thorough consideration, a decision was made to offer some of the educational material in other formats, where it is considered more suitable for the purpose and implementation.



## 09 Society

Alcoa Fjarðaál places great emphasis on open, transparent and purposeful dialogue with stakeholders, and being a trusted and responsible participant in the local community is our guiding light. The company strives to create a positive and lasting impact by building good cooperation with residents, municipalities, institutions and non-governmental organizations in the local community.

Management and key employees have regular and structured communication with key stakeholders, with an emphasis on mutual information and consultation regarding company issues and community development. This contributes to increased trust, better decision-making and a shared vision for sustainable development.

Alcoa Fjarðaál also contributes to the community through targeted financial contributions and support for a variety of projects. Through the Fjarðaál Community Fund and with grants from the Alcoa Foundation, emphasis is placed on projects that promote education, environmental protection, public health and community development in the vicinity of the smelter. When selecting projects, long-term impact and how they support the sustainability and well-being of the community are considered.

From the very beginning, the company has monitored key social indicators to assess the influence of its activities on the local community. This monitoring includes aspects such as labor-force participation rate, economic impact, public health, education and attitudes of residents. The results are used to identify opportunities for improvement and ensure that operations are in line with the needs and expectations of the community.



## 9.1 Company news in 2025

### Stories from the East

At the beginning of 2025, Fjarðaál launched the communication project “Stories from the East,” which throws a light on the daily lives of employees who work in various roles and contribute to society in East Iceland. In short and personal videos, employees talk about their work, the journey to Fjarðaál and what inspires them in their daily life. The videos are regularly posted on Fjarðaál’s Facebook page, where visitor can watch them and get to know the people who stand behind the smelter. The goal is to promote transparency, strengthen ties with the local community and remind us that Fjarðaál’s success is based primarily on our people.

### International Women’s Day

International Women’s Day was celebrated at Fjarðaál on March 8, as in recent years. On the occasion of the day, a special video was released where women from different teams talked about their work, what they appreciate most about it and what aspects are most important to them in work and play. The celebration was also intended to remind us of the importance of equality in daily working practices.

### Family Technology Day

There was a lot of fun at the Family Technology Day in Neskaupstaður, where a group of Fjarðaál employees welcomed curious guests of all ages. The goal of participating was to introduce the technology, the jobs and the people behind the operations in Reydarfjörður, and to create a platform where people of all ages could ask questions and test themselves. Just like before, the personal fall protection equipment drew very much attention and the children had a great time testing it in safe conditions.

### Open Residents’ Meeting

In 2025, Alcoa hosted an open public meeting in Reydarfjörður where residents had the opportunity to meet company representatives and gain insight into the operations of the smelter. In the meeting, we presented the main focuses and results for 2024, and the managers replied to questions and suggestions from the audience. The aim of the meeting was to provide a forum for open dialogue with the residents, promote transparency and strengthen ties with the local community.

### Annual Litter Pickup Day at the Plant

A group of Fjarðaál employees took a break from their regular work at the end of May and held their annual Litter Pickup Day in the area around the smelter. Plucking took place around the site, where employees collected trash that had drifted in during the winter months. After the work was done, the participants enjoyed coffee and snacks in the canteen, as a thank you for a job well done.

The Annual Pickup Day has become a permanent part of Fjarðaál’s environmental and social activities and reminds us of the importance of a joint effort when it comes to keeping the environment clean and tidy.

### Alcoa Fjarðaál received the Sustainability Axis

Alcoa Fjarðaál received the highest score in the aluminum producer category of the Sustainability Axis 2025. This is the second year in a row that the company has received this recognition, and the score has increased significantly between years. The increase reflects increased public trust in Fjarðaál’s sustainability focus and confirms continued progress in transparency, social responsibility and environmental management. The Sustainability Axis is a measure that assesses the public’s attitude towards the performance of Icelandic companies and institutions in sustainability issues. The underlying survey consists of six questions that assess how consumers perceive companies’ involvement in social matters, whether they conduct their



From the Family Technology Day in Neskaupstaður



operations with the well-being of customers as a guiding principle, and whether they work systematically to reduce waste and operational burden on the environment. The results provide an important indicator of the company's trust and reputation in society and how its sustainability policy reaches the public.

### **Celebrating diversity**

June is Pride Month globally and Alcoa actively participates in celebrating it. 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. To mark the month, employees were invited to participate in a fun photography project where they could take pictures with special rainbow photo frames. The frames made it possible for people to show their support in a simple, creative and colorful way.

### **Annual Women's Coffee**

Since the smelter began operations, it has become a tradition to celebrate Icelandic Women's Day on June 19 by inviting women in East Iceland to the smelter. Fjardaál

continued this good tradition in 2025 and invited women from the local community to a Women's Coffee in the company's dining room, where refreshments and a varied entertainment program were offered. Vigdís Diljá Óskarsdóttir, Fjardaál's Community Relations Manager, Líneik Anna Saevarsdóttir, Fjardabyggd community's Director of Education and School Services and former MP, Birna Gudmundsdóttir, Safety Specialist and Alcoa Women's Network contact, as well as Nanna Imsland and Fridrik Jónsson who provided musical entertainment and created a warm atmosphere, took the stage.

The event highlights the importance of equality in the company's daily operations and the fact that Fjardaál's aim has since its beginning been to create a workplace where equality, respect and equal opportunities are at the forefront. The company was delighted to invite women in East Iceland to celebrate together on this important day and continue the tradition that has become one of the most important local community events of the year.

### **Pink October**

Bleikur október er árlega helgaður baráttunni Pink October is an annual event dedicated



Alcoa Fjarðaál's Annual Women's Coffee

to the fight against breast cancer and has become an important part of prevention and awareness-raising efforts nationwide. In October 2025, Fjarðaál actively participated in the cause through education and events organized by the Alcoa Women's Network (AWN), one of Alcoa's four global inclusion groups.

On Tuesday, October 21, Hrefna Eythórsdóttir, chairwoman of the Eastfjords Cancer Society, visited Fjarðaál and gave a presentation to increase breast cancer awareness. She also visited the production area's cafeterias, where employees could learn about prevention and get answers to questions about the importance of regular screenings and gain knowledge about cancer symptoms.

The next day, Wednesday, October 22, a special pink dessert was served in the cafeteria on the occasion of Pink Day, which highlighted the importance of solidarity and support in the fight against cancer.

### **Sómi's Christmas Tree Party**

Sómi, Alcoa Fjarðaál's employee association held its annual Christmas tree party on November 15 and 29. The tradition has become established as one of the most enjoyable events of the year for employees and their families. A total of 212 people attended the former party. Musicians Aron Leví Beck and Karítas Harpa Davídsdóttir, as well as members from the "Accordion Lovers" in Nordfjörður performed at the ceremony. A total of 70 gingerbread houses were decorated; Christmas bingo was in place and Santa Claus paid a visit.

### **Action volunteer projects**

Every year, Alcoa Fjarðaál invites applications for so-called Action projects. The goal of the projects is to support non-profit organizations in the local community and encourage employees to volunteer for a good cause. An employee applies for a grant for a specific project and encourages colleagues to participate. If eight or more Alcoa employees volunteer their time for the project, Alcoa Fjarðaál will provide financial support for it. In 2025, two Action projects were completed and the third one unfortunately had to be postponed:

#### **Renovation of the racecourse in Mýnes in Egilsstadir**

The first Action project of the year was carried out in the START Motorsports Club's training area, where a group of volunteers from Fjarðaál joined forces to improve the facilities for the club's robust children's activities. The project included, among other things, clearing stones off the track and repairing posts, markings and fences. The goal was to ensure a safe and accessible training area for the youngest players.

#### **Restoration at Dagmálalækur in Seydisfjörður**

The second Action project took place at the stream Dagmálalækur in Seydisfjörður, where work was carried out on renovations to a popular outdoor recreation area. Volunteers removed the remains of an old shelter, added masonry and prepared the area for a new shelter and improved facilities. The project contributed to creating a picturesque and pleasant area that is useful for both residents and visitors traveling along the national road.



A group of volunteers at Dagmálalækur in Seydisfjörður

### Installation of a basketball court in Reydarfjörður

– postponed due to bad weather A special Action project was planned in collaboration with the Youth Association Valur in Reydarfjörður, where volunteers were to assist in the installation of a new basketball court on the school grounds. However, bad weather caused a setback, and the project was postponed until next year. The project will be resumed when conditions permit and continues to be an important step in strengthening outdoor recreation and sports facilities for children and young people in the area.

## 9.2 Stakeholders

Alcoa Fjarðaál has identified the company's stakeholders with the aim to better assessing their needs, priorities and common interests. 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 Fjarðaál 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. Such relations are a key factor in building trust, strengthening a shared vision and ensuring that the smelter's operations have a long-term positive impact on society.

### 9.2.1 Survey among residents

It is important that there is harmony with 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 Fjarðaál's social policy, and the satisfaction of residents in East Iceland towards the company is measured annually.

Gallup conducts an annual image survey that measures attitudes towards the company, trust and impact on society. The results for 2025 show that positivity towards the company remains very strong.

78.5% of respondents have a positive view of Alcoa Fjarðaál, which is almost the same as the previous year, and only 5.7% express a negative attitude. The average is 5.3, which is significantly higher than the Gallup baseline (4.6). Trust in the company also remains strong, although with slight fluctuations: 61.8% have a lot of trust in Alcoa Fjarðaál,



Volunteers working on the Mýnes racetrack



Sómi's Christmas tree party

while the number of those with little trust is decreasing slightly. Interestingly, older age groups are more positive and have more trust than younger groups, with a decrease seen among the 18–29 age group.

The survey also shows that 92.8% believe that Alcoa Fjardaál has a positive impact on living conditions in East Iceland, and satisfaction with living in the region is very high, with 93.3% saying they are happy to live in East Iceland. The company's contribution to culture and society is high rated: 60.9% consider the contribution to be high, and the number of those who consider it “very high” increases from 13.1% to 15.9%.

As for the key aspects of social responsibility, it is clear that the company is doing well in most aspects: 81.3% believe that Alcoa Fjardaál is doing well in health and safety, 63% in environmental issues, and 83.6% in equality issues. Also, 68.7% believe that the company encourages employees to participate in society, and 59.2% believe that it has open communication with the public.

### 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 Althingi (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.

#### Contact Us

Residents are encouraged to submit comments, enquiries or concerns to Alcoa Fjardaál. This can be done in a variety of ways: via Fjardaál's telephone number (+354) 470 7700, by email to [Fjardaál@alcoa.com](mailto:Fjardaál@alcoa.com) or by visiting Fjardaál's website, [www.alcoa.is](http://www.alcoa.is) and selecting “Contact us”.

Figure 15

## Stakeholder analysis

Fjarðaál 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.





Action project at the Start motorsports club's training area

## 9.3 Grants for Good Deeds

### 9.3.1 The Alcoa Fjardaál Grant Fund

Alcoa Fjardaál operates a grant fund that distributes grants to community projects in East Iceland. In 2025, Fjardaál awarded almost 53 million ISK to various community projects.

Among the projects that received funding are the Fjardabyggd Fire Department, which received a grant to purchase a SimMan training dummy. Brimrún rescue team received a grant to purchase a trailer for a rescue quad bike. The East Iceland Concert Association also received a grant for concerts that support mental health issues in the region, and the Skaftfell Art Center in East Iceland received a grant to install a wheelchair ramp outside the center.

With these grants, Fjardaál supports a variety of projects that promote safety, culture and welfare in society and lay the foundation for a sustainable future for East Iceland.

During the year, almost 28 million ISK were paid to sports clubs in East Iceland. In addition, 3 million ISK went to the Fjardabyggd and Múlathing Christmas funds, which provide aid to disadvantaged families.

### 9.3.2 Alcoa Foundation Grants

In 2025, the Alcoa Foundation supported a variety of projects that promote education,

environmental protection and community development in East Iceland. The total amount of grants awarded was approximately ISK 82 million, which covers grants approved during the year.

The grants were divided into two main categories, on the one hand, projects in the field of environmental and nature conservation and on the other hand, community and education projects.

The focus in 2025 was to support projects that build knowledge, promote sustainable development and strengthen the foundations of society for the future. The largest grants of the year went to projects in the field of nature conservation, research and academic work. Skálanes, Eastfjords TERN and East Iceland Vocational School all received grants in 2025 on the basis of three-year allocation agreements.

Skálanes received a grant of almost 19 million ISK for the continued development of a multi-purpose science, teaching and educational center in Seydisfjörður. The project supports research and education in the field of nature conservation with an emphasis on landscape and ecosystem protection.

Eastfjords TERN, a multidisciplinary research project of Southern Connecticut State University, received a grant of almost 42 million ISK for research on biodiversity and water quality in East Iceland with an emphasis on sustainable development. The

project is being carried out in collaboration with high school Menntaskólinn in Egilsstaðir, which involves data collection, field trips and education for students. This collaboration builds an important bridge between international university research and local education and knowledge development in East Iceland.

In addition, vocational school Verkmenntaskóli Austurlands received a grant of over 14 million ISK to improve technical equipment and teaching facilities with the aim of reflecting the modern requirements of industry and technology. The grant will help to strengthen practical training, bring schools and industries closer together, and better prepare students for the technical jobs of the future.

In the Employee Engagement category, grants were awarded for projects that promote well-being and enhance culture. Grants in this category are awarded in collaboration with Alcoa's inclusion groups in the areas of inclusion, equality, and diversity. Further discussion of the groups can be found in section 8.3 on equality issues.

Among the grant recipients was Sólin, a recreation center for children and teenagers with special needs run by Múlathing, which received a grant of over one million ISK (in collaboration with inclusion group ABLE). Austurbrú regional development organization also received a grant of over one million ISK for a project that aims to promote inclusion and support multiculturalism by establishing an immigrant council in all municipalities in East Iceland and for the region as a whole (in collaboration with inclusion group AWARE).

In addition, Samtökin 78, the National Queer Organization of Iceland, was awarded a grant of over one million ISK for educational projects in East Iceland (in collaboration with EAGLE inclusion group). Aflid, an organization against sexual and domestic violence, also received support of over one million ISK (in collaboration with inclusion group AWN), and Valur Youth Association received a grant of almost two million ISK (through the Community Impact Campaign). With these grants, the Alcoa Foundation contributes to strengthening the community and the environment in the spirit of sustainability and cooperation

## 9.4 Sustainable development in East Iceland

The year 2025 was a year of reckoning in the Alcoa Fjarðaál and Landsvirkjun Sustainability Initiative, which has been ongoing since 2004. Since the beginning, the project has monitored the impact of the construction and operation of the Kárahnjúkar power plant and the aluminum smelter in Reydarfjörður on society, the environment and the economy in East Iceland. In 2025, Austurbrú worked on a comprehensive report on the project, which compiled data and developments over the past 20 years, with an emphasis on how social, economic and environmental indicators have changed during the construction and operation of the power plant and smelter.

From the beginning, the Sustainability Initiative focused on monitoring the development of a variety of indicators that provide clear indications of the status and changes in social, environmental and economic factors in the region. The report will be presented in 2026 and will provide a comprehensive overview of the project's impact and the changes that have occurred in East Iceland over these two decades.



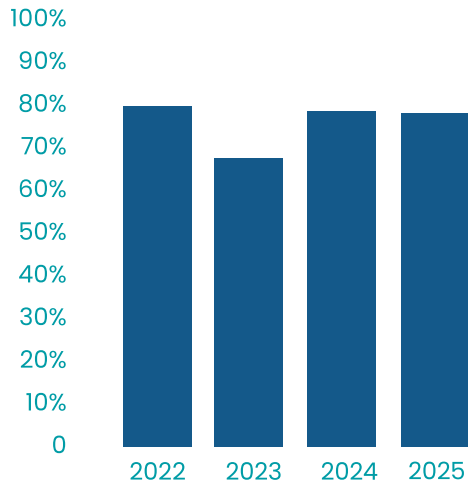
Table 12

**Grants 2025**  
– amounts by categories (ISK)

Action grants	1,200,000
Safety and health	12,200,000
Culture and social work	11,700,000
Sports	27,430,000
Alcoa Foundation grants	82,000,000
<b>Total</b>	<b>84,730,000</b>

Figure 16

**Positive towards Alcoa Fjarðaál**  
(East Iceland residents)





## 9.5 Social responsibility goals 2025

### – Performance

**Increase the company’s visibility with the advertising campaign “Stories from the East” and other video content on various media.** The goal was achieved. In 2025, the campaign “Stories from the East” was launched and published on Fjardaál’s social media along with other short video content. The project increased the company’s visibility and strengthened ties with residents in East Iceland.

**Complete the implementation of a global Social Performance Management System in accordance with the ASI standard.** The goal was achieved. In 2025, the implementation of the system was completed in line with the requirements of the ASI standard and linked to Fjardaál’s community work procedures and processes.

**Establish an annual joint meeting with government officials in East Iceland.** The goal was partially achieved. Fjardaál continued regular dialogue with local government officials through meetings throughout the year. However, an annual joint meeting of all municipalities in East Iceland was not fully achieved in 2025.

# 10 Finance and the Value Chain

Economic impact and responsible management of the value chain are key elements of Alcoa Fjardaál's corporate social responsibility. The company focuses on promoting the sustainable development of the economy in East Iceland by creating value, supporting diverse economic activities and strengthening the region's long-term competitiveness.

Alcoa Fjardaál plays an important role in the local economy and works systematically to maximize the positive economic impact of its operations. The company regularly invites bids for a variety of support services and projects that create opportunities for domestic companies to grow and develop. This contributes to increased knowledge, innovation and value creation in the local community, as well as increasing economic diversity.

Responsibility in the value chain is an integral part of the company's operations. Alcoa Fjardaál requires its customers, suppliers and service providers to operate in accordance with recognized standards of social responsibility, human rights, industrial hygiene and environmental protection. Such standards are, among other things, set out in partnership agreements, which stipulate ethical standards and responsibility in operations. The company encourages partners to continuously improve and increase transparency in their own operations.

When selecting suppliers and service providers, the overall impact is considered, including environmental policy, carbon footprint, resource utilization and social factors. In this way, Alcoa Fjardaál seeks to reduce negative impacts in the value chain and support sustainable development in a broader context.

Trade agreements between affiliated companies are concluded on market terms and are comparable to agreements with unrelated companies, in accordance with the investment agreement between the Icelandic government and Alcoa as well as applicable laws and regulations. This ensures that transactions are transparent, fair and in accordance with international standards of good governance.

With a focused approach to economic impact and responsible management of the value chain, Alcoa Fjardaál strives to create long-term value for the company, its partners and society as a whole.



## 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 2025, an average of 333 pots were active. The potroom production was approximately 351 thousand tons, which is an increase of about 10 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 rods 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 61% of Fjardaál's alumina purchased in 2025 came from Alcoa of Australia Alumina and 39% from Alcoa World Alumina LLC in USA. Anodes used in the smelter are produced in Mosjøen 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 for 2025

Market conditions in 2025 were somewhat better than in 2024, with the average price of aluminum at USD 2,600 per ton compared to USD 2,400 per ton in the previous year. However, raw material prices for aluminum production also rose year-on-year, which affected the results, 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 2025 amounted to 131 billion ISK (1 billion USD), and of these 34% remained in Iceland, or 44.2 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 10 billion ISK. Alcoa returns value to society in various ways, including tax payments; the company paid 2.3 billion ISK in taxes and public dues in Iceland in 2025, as Table 13 shows. Alcoa's investment

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 Althingi (the Icelandic Parliament) on March 11 of that year. The agreement is public and accessible to everyone on Althingi'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's financing was reviewed by the parent company. The company's equity was increased by 1,169 million USD and was used to pay off Alcoa in Iceland's debt to the parent company by a corresponding amount. 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

Figure 17

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

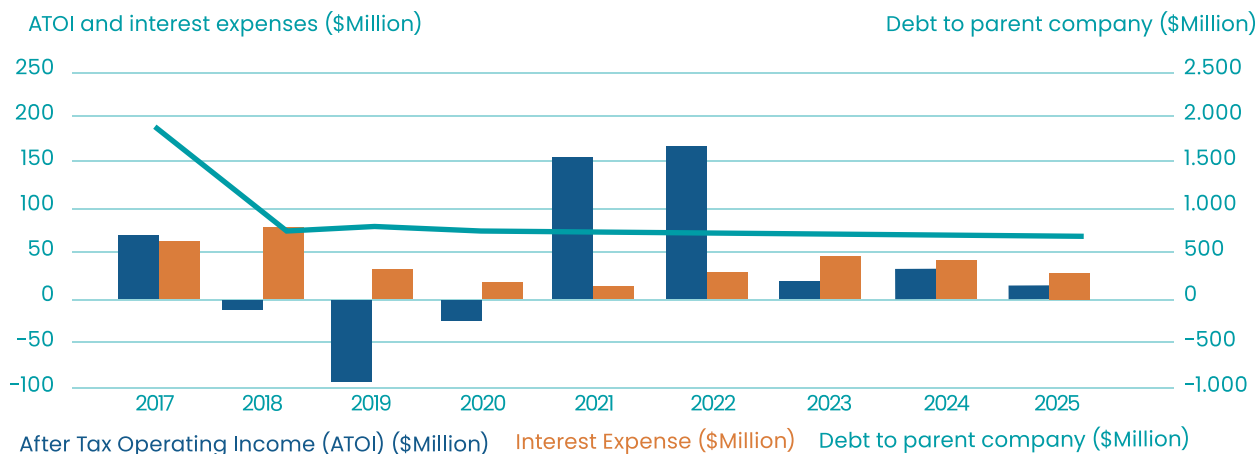


Figure 18

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

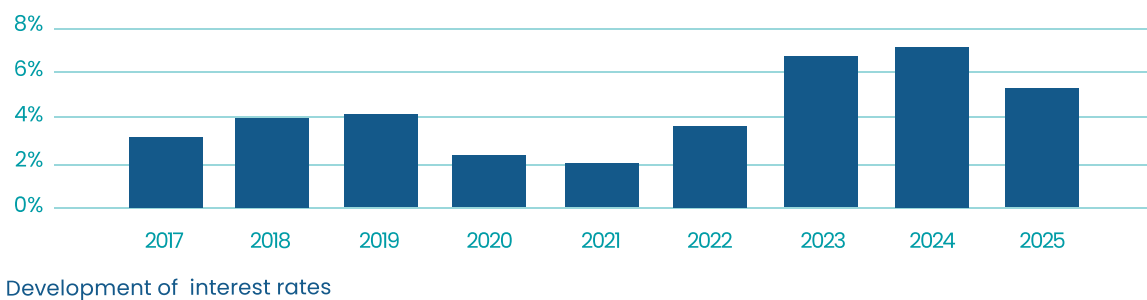


Table 13

Key figures – Amounts are in billions of ISK at each year's exchange rate	2023	2024	2025
Salary payments and wage-related expenses, including insurance fees	8.7	9.4	10.2
Total payments by Fjardaál to Icelandic parties	42.5	44.4	44.2
Gross export in billions of ISK	126.8	133.2	131.2
The percentage of domestic purchases of the company's total income	33%	33%	34%
Total public taxes	1.5	1.8	2.3
Average salary of employees in millions of ISK per year	11.1	12.2	13.4

<sup>1</sup> Public charges include property taxes, water tax, port fund charges and payroll taxes

<sup>2</sup> Alcoa in Iceland ehf. and Reydarál ehf. are the holding companies of Alcoa Fjardaál sf.

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 a Supplier Site Collaboration Program that Alcoa Fjardaál uses to implement supplier responsibility requirements within the smelter site. 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.

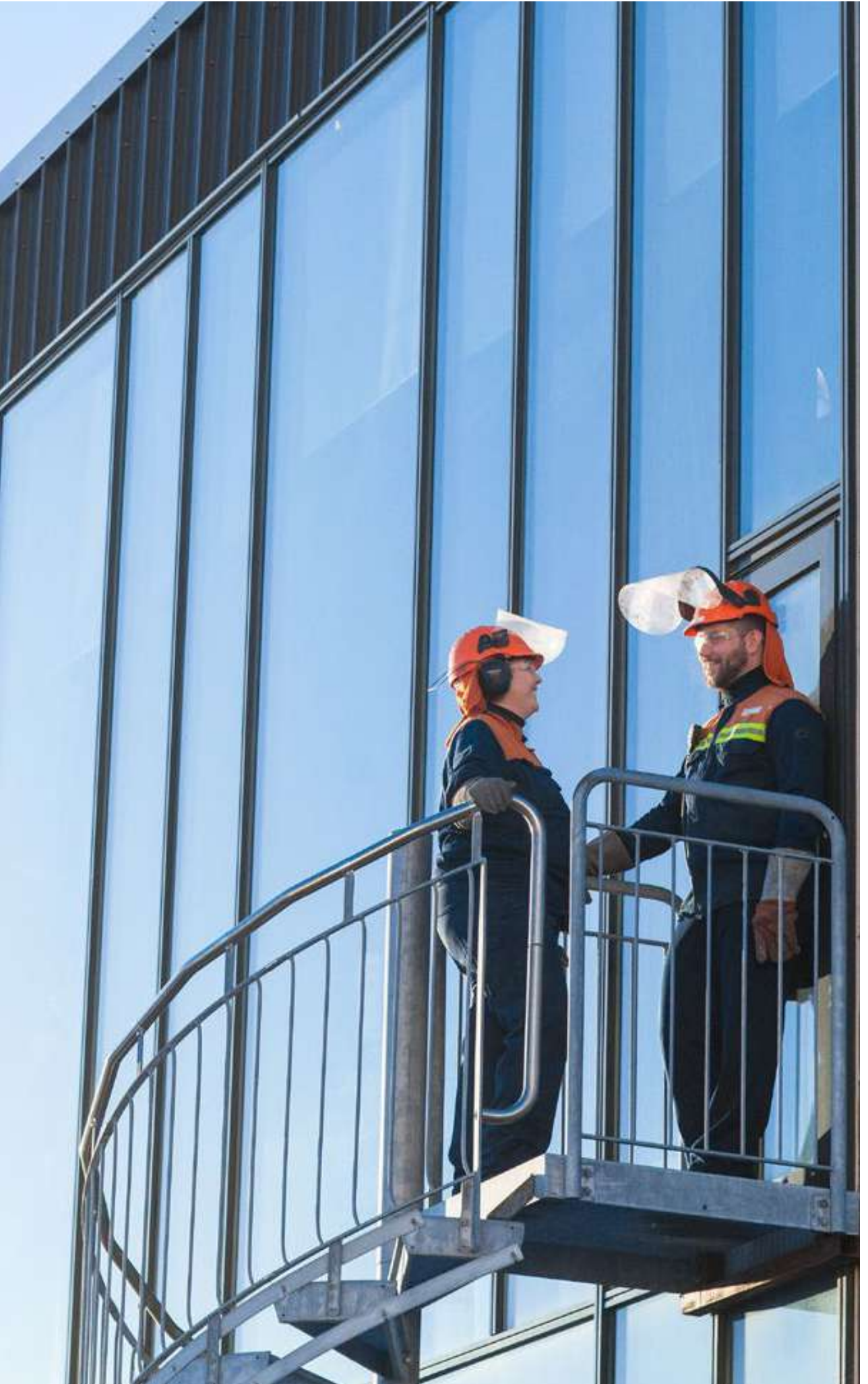
## **10.5 Social responsibility goals 2025 – Performance**

**Produce 351,523 tons of aluminum in 2025.** Target not reached. Production for the year was 351,059 tons, or 464 tons below target. The reason was a delay in the implementation of larger anodes according to the original plan, which had the effect of reducing production.




**Complete the implementation of larger anodes in potroom production and thus support increased energy efficiency in production.** The goal was achieved. The implementation of larger anodes was on schedule during the year, although 5 months behind schedule due to a delay in the delivery of equipment. Changes to anode rodding were made in early November and larger anodes were subsequently commissioned. The project was successful, and the results have already had a positive impact on production in the potroom.





# 11 GRI Standards







## The company and information

2.1	Organizational Profile.		Alcoa Fjarðaál sf.	
2.2	Entities/parties included in the organization's sustainability reporting.		The report deals with the operations and activities of Alcoa Fjarðaál sf.	
2.3	Reporting period, frequency and contact point.		The reporting period is from January 1–December 31, 2025. Contact for questions regarding the report: Vigdís Diljá 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 Fjarðaál'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 Fjarðaál 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	Fjarðaál'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 Fjarðaál's social responsibility policy.	
2.13	Delegation of responsibility for managing impacts.	Yes	Alcoa Fjarðaál'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 considers 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 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 2025.	
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 Fjarðaál 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	Fjarðaál'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 Fjarðaál sf. pays 4% of the total salary of the staff to a personal pension fund.	
201-4	Financial assistance received from government.	Yes	Alcoa Fjarðaál did not receive financial support from the government in 2025.	

### 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 Fjarðaál's social responsibility means ensuring the company's financial sustainability and having a positive economic impact in the local community. Alcoa Fjarðaál 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).	
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### 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 2025.
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### 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.
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## 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	Fjarðaál 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		
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## 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.	
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### 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 RÍ.	
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### 403 – Occupational Health and Safety


403-1	Occupational health and safety management system.	Yes	Safety.	
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## 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.	
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**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 2025.	
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**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 2025.	
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**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 2025.	
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**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.	 
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**411 – Human rights**

411-1	Incidents of violations involving rights of indigenous peoples.	N/A		
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**412 – Human rights**

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

413-1	Operations with local community engagement, impact assessments, and development programs.	Yes	Society.	
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413-2	Operations with potential negative impacts on local communities.	Yes	Environment.	
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**414 – Supplier social assessment**

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




### 415 – Policy

415-1	Political contributions.	Yes	Alcoa Fjardaál sf. does not make any financial contributions to political activities.	
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### 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 2025.	

### 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.	
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### 419 – Customer privacy

419-1	Non-compliance with laws and regulations in the social and economic area.		Alcoa Fjardaál received no fines in 2025.	
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We produce aluminum in a safe, 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 protect the environment by preventing pollution as much as possible and reducing the environmental impact of our operations.

We will not compromise environmental, health or safety values for profit or production.

### **Act with Integrity**

We are honest and accountable, and we comply with all laws and policies by all accounts. 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 continuous improvement. We welcome every opportunity to break out of traditional ways and have the courage to present and try new ideas.

Reydarfjörður, March 2026



Fernando Costa,  
Alcoa Fjardaál's Managing Director



**Responsibility and Editorship**

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**Consultant**

Soffía Sigurgeirsdóttir  
 Langbrók ehf.

**asi** Aluminium  
 Stewardship  
 Initiative



### Alcoa Fjarðaál's values

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

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