

RioTinto

Governance statement 2025

Rio Tinto á Íslandi ehf.



Governance statement 2025 Rio Tinto Iceland Ltd.

This statement is based on the corporate governance guidelines issued by Nasdaq, the SA Confederation of Icelandic Enterprise and the Icelandic [Chamber of Commerce Version 6.0](#).

1. Purpose and mission

The Purpose of the Company is to continuously find better ways to produce high quality aluminum with maximum profitability in conformance to customers' requirements by keeping environmental, safety and health affairs in the forefront. The company has resolved to be a leader in all its operations, to be guided by continual improvements and to always act in harmony with the environment and community. Our future depends on outstanding employees where human rights and equality are a guiding light. We abide entirely by laws and regulations and by Rio Tinto code of conduct, The Way We Work. Our vision is to ensure growth and competitiveness of the company in a sustainable manner and achieve carbon neutrality by 2040.

2. Legislation and Regulations Specifically Governing Rio Tinto Iceland's Governance and Operations

Rio Tinto Iceland's field of operations is extensive and therefore subject to various pieces of legislations. As well as the Master Agreement between ISAL and the Icelandic government, legislation such as the Hygiene and Pollution Prevention Act and the Annual Accounts and Public Limited Companies Act plays a major role.

Our operations require an operating license, and ISAL was issued with an operating license by the Environment Agency of Iceland on 28th of October 2021, which is valid until November 1st 2037. The operating license is accessible on the company's website and on the Environment Agency's website. The Environment Agency also acts as a regulator.

ISAL's quality system includes a specific register of the laws and regulations relevant to our operations, which is reviewed and updated regularly.

3. Other Rules, Criteria and Standards Relevant to Rio Tinto Iceland's Operations

The company has been certified to the following standards that are certified by external auditors: ISO 9001, ISO 14001, ISO 45001 and ASI Version 3.

4. Main Aspects of Internal Control and Risk Management

The company's senior management team, led by the General Manager, is responsible for putting in place an active system of internal control and risk management and ensuring that it is formalized, documented, and verified on a regular basis. The main aims of internal control and risk management in our operations are to give reasonable assurance of satisfactory results and efficiency in our operations, to provide external and internal parties with reliable and legitimate financial information and to comply with the laws and regulations applicable to our operations. The General Managers responsibility is to monitor, analyze and measure the risks facing the company.

Regular assessment of the risks posed by or to our operations with regards to health, safety, security, environment, human rights, community, and operations is performed. These assessments are the responsibility of the respected manager for each of these areas and are approved by the Senior Management. Key business risks, Class III and Class IV, are reviewed quarterly, and changes approved by ISAL's senior management team. Risks are managed in a centralized system within Rio Tinto.

Internal control of financial reporting is designed in such a way as to give reasonable assurance that financial reports comply with recognized financial reporting standards and present no significant shortcomings, e.g. procedural problems, errors.

One of the General Manager's obligations is to maintain an organizational chart clearly specifying the areas of responsibility, the powers of employees and the reporting lines within the company.

As part of the annual management review, the senior management team and relevant leaders participate in a two-day detailed review of all aspects of the company's operations and performance of the previous year.

The external auditor conducts surveys on the effectiveness of internal control in connection with the audit of the company's annual accounts. Certain aspects of internal controls have been regularly inspected in recent years by the internal audit department of Rio Tinto, ISAL's parent company.

Governance statement

5. Appointment of the Board of Directors and Board Members

The Board of Directors of the Company shall consist of five persons elected at the Annual General Meeting for a term of one year. When electing the Board of Directors, the shareholder shall also designate a Chairman from among the Board members.

The Chairman shall convene meetings of the Board of Directors and preside at meetings of the Board of Directors. Meetings shall be held at the discretion of the Chairman. Meetings shall also be held if any member of the Board of Directors, the General Manager, or the Company's auditor so requires.

Directors may participate in Board meetings from distance with the assistance of electronic media and be allowed to exercise there any right available to Directors, including their voting rights.

Decisions at meetings of the Board of Directors shall be taken by majority vote from the Directors present in person, from distance. Proposals fail if votes break even. In case votes break even in elections of persons, the matter shall be referred to the shareholder(s) for decision.

The Board shall keep a Record of Minutes of the proceedings of the board meetings and confirm the minutes with their signature. Signatures of the majority of the Board of Directors will bind the Company. The Board of Directors grants Power of Procuration. The Board of Directors functions in accordance with the Rules of Procedures adopted by the Board from time to time.

Directors of the Board of Directors are:

Christian Charbonneau, Chairman
Katrín Pétursdóttir
Rannveig Rist
Sigurður Þór Ásgeirsson
Patrice Bergeron

The gender ratio on the company's Board is such that 60% are male and 40% female in 2025. Appointments of board members are made based on law nr. 2/1995 which ensures either sex is at least 40% of board members.

Appointments of Board members are based on qualification and with our Equal rights pay policy in mind ([see Annex A](#)).

Governance statement

Further information on board members:

Christian Charbonneau (b. 1968). Joined the board in 2024. Chairman of the Board. Graduate from the University of Montreal Law Faculty (1998) and Montreal's École Polytechnique in Civil Engineering (1991); member of the Quebec Bar and Professional Order of Engineers. Currently Chief Counsel – Aluminium Atlantic with Rio Tinto. Joined Rio Tinto (then Alcan) in 2004 after having occupied various positions in law firms and corporations. Has since providing legal advice on various matters, including ISAL business. No connection with major clients or competitors and not a shareholder of the company.

Katrín Pétursdóttir (b. 1962). Joined the Board in 2011. Graduate in Industrial Operations from the Technical College (Iceland). CEO of Lýsi and Executive Director of a company owned by Lýsi. Board member at Rammi and Akraborg, Árvakur hf. and other smaller companies. No connection with major clients or competitors. Is not a shareholder of the company and is independent from our activities.

Patrice Bergeron (b. 1972). Joined the Board in 2024. A chemical engineer from Laval University. Has more than 29 years of experience in various management positions within Alcan and Rio Tinto. Current occupation : General Manager of Alma Works, Qc, Canada. No connection with major clients or competitors and not a shareholder of the company.

Rannveig Rist (b. 1961). Joined the Board in 2024. She is General Manager of the company since 1997. See further information on Rannveig under [section 9](#).

Sigurður Þór Ásgeirsson (b. 1961). Joined the Board in 2024. A Mechanical Engineer from the University of Iceland, a MSc degree in Industrial Engineering from Stanford University and an AMP Diploma from Reykjavík University. Has extensive work experience within the company since 1987. A Casthouse Manager in 1997, a Finance Manager since 2000 and a deputy General Manager since 2005. No connection with major clients or competitors. Is not a shareholder of the company.

6. Board Activities

Four board meetings were held in 2024, including the Annual General Meeting (AGM). On May 15th, the outgoing board met in Straumsvík. Attendees: Jean Francois Faure, Maria Tournas, Etienne Jacques, Brynjólfur Bjarnason, Katrín Pétursdóttir, Margrét Sanders and Magnús Júlíusson.

On May 15th, the AGM was held. Attendees: Jean Francois Faure (with power of attorney), Etienne Jacques, Maria Tournas, Brynjólfur Bjarnason, Magnús Júlíusson, Margrét Sanders and Katrín Pétursdóttir.

The AGM elected a new board until the next AGM and subsequently the second board meeting of the year was held with the newly elected board. Attendees: Christian Charbonneau, Katrín Pétursdóttir, Rannveig Rist and Sigurður Þór Ásgeirsson. Patrice Bergeron was absent.

The fourth meeting was on November 21st. Attendees: Christian Charbonneau, Patrice Bergeron, Katrín Pétursdóttir, Rannveig Rist and Sigurður Þór Ásgeirsson.

Governance statement

7. Performance Appraisal of the Board and Audit Committee

ISAL’s Board has not conducted a specific performance appraisal of its activities. Performance of the company is set and reviewed at the group level. This creates a set of targets with a focus on collective success. The benchmarking parameters with weights resulting in overall scorecard of 99% for Rio Tinto and ISAL in 2024.



The Board’s Audit Committee is active. The role of the Audit Committee is to review the Annual Financial Statements and ensure that they are in accordance with the law and review the audit plan and internal controls and internal audit. The Audit Committee addresses issues that may arise in connection with the Annual Financial Statements. For the first half of 2024, the Audit Committee members were Herbert Baldursson, Chairman, Jean Francois Faure and Margrét Sanders. They met on May 8th 2024. After the AGM a new Audit committee was elected: Herbert Baldursson, Christian Charbonneau and Katrín Pétursdóttir. They met on November 11th 2024.

The board rules of procedures and sub-committees are available upon request from the GM’s office of the Company.

8. Remuneration Policy

The annual report of our parent company, Rio Tinto Ltd., contains a detailed Remuneration statements by the People & Remuneration Committee chair. The report is publicly available on riotinto.com and is intended to ensure that the people and remuneration policies, frameworks and practices are aligned with the Group’s strategy, objectives, and values. All the principles and policies in the statement apply to ISAL’s staff members and are considered as ISAL’s remuneration policy. Other ISAL’s employees work under the conditions of a general wage agreement (see under people in [Annex A](#)). Our Policy regarding Equal Pay and Equality is also available in Annex A. Since the remuneration of ISAL’s staff members are taken at the group-level, ISAL’s board does not have a Remuneration Committee per se.

Board members compensation

ISAL’s board members are paid an annual compensation in accordance with the decision of the Annual General Meeting.

Governance statement

9. General Manager and Executive Board

Rannveig Rist (b. 1961) is General Manager (GM). She has been the GM since 1997. Holds an MBA degree from the University of San Francisco, an AMP diploma from Reykjavík University, is Mechanical Engineer from the University of Iceland, a craftsman master's degree in mechanical engineering and Level 4 Mechanical Engineering diploma. Prior to joining ISAL in 1990 assuming a management position she worked at the Hydrological institute at the National Energy Authority and was a First Engineer at sea on a sea trawler. She has no connection with major clients or competitors and is not a shareholder of the company. She does not hold a stock option in the company.

The GM is the principal executive point of contact for the company and is generally accountable for ensuring that appropriate business strategies are in place and that these are acted upon according to the priorities established by the Board of Directors as well as the priorities of the parent company Rio Tinto and in a manner that is consistent with accepted and necessary business practices. The GM is responsible for ensuring that the company's strategies are acted upon successfully and that the operation respects Icelandic and international laws. The GM is accountable for the direction of all aspects of the plant operation, including HSEC performance and customer satisfaction.

Rannveig is a board member of Samál, Icelandic Association of Aluminium producers. She is a Board member of Lýsi hf., board member of Klíníkin Ármúla ehf. and is a board member of the Confederation of Icelandic Business (SA). Previously she was a chairman of the board of Síminn hf., board member of Skipti hf., SPRON hf., Jarðboranir hf., HB Grandi hf., Promens hf. and Chamber of Commerce.

Reporting to the General Manager are six managers:

Árni Stefánsson, Casthouse and safety
Guðni Ingólfsson, HEQ and Technology
Einar Aron Einarsson, Electrolysis
Gaukur Garðarsson, Maintenance
Adriana Karolina Pétursdóttir, Human Resources
Sigurður Þór Ásgeirsson, Finance

From June 1st 2025, Sigurður Þór Ásgeirsson will retire and Óskar Arnórsson will become Finance Manager.

Appointments of managers and leaders are based on qualification and with our Equal rights and equal pay policy in mind ([see Annex A](#)).

Annex A also has more detailed organization chart which explains further roles and responsibilities.

10. Convictions or Fines

Under the Master Agreement between Rio Tinto Iceland's parent company and the Icelandic government ratified by the Icelandic Parliament in 1966, ISAL pays fees to the parent company for various types of assistance and consultancy. The Icelandic tax authorities ruled that these arrangements did not comply with new legislation on transfer pricing between related parties as regards the period 2014–2016. In mid-2021 the issue was referred to the State Internal Revenue Board, which upheld the tax authorities' ruling. Since then, ISAL has been working together with its parent company on adapting these payments to bring them into line with the requirements of the tax authorities.

In 2022 the Tax authorities ruled for years 2017 and 2018 that fees paid to the parent company were not considered operational cost even though Rio Tinto had submitted new documents for those years to comply with the ruling from 2021. The new ruling was referred to the State Internal Ruling Board in 2023 who again confirmed the tax authorities ruling. The company has decided to challenge the ruling before the courts and the process is likely to start in 2025.

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