



## Iceland's Nationally Determined Contribution 2035

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### Introduction

This updated NDC represents Iceland's submission under the 3rd cycle of NDCs with climate targets for 2035.

Iceland plans to fulfil the NDC for 2035 through domestic measures and in cooperation with the European Union.

Iceland's NDC is formulated with continued collaboration with the EU in mind, based on current and longstanding cooperation on climate with the EU, although the specific provisions have yet to be defined.

Iceland is committed to a **50-55%** emission reduction target by 2035 compared to 2005 under the scope of the EU's Effort Sharing Regulation (ESR), which represents a significant progression from the corresponding 41% emission reduction target under ESR by 2030 compared to 2005.

With this submission, Iceland moreover sets for the first time a quantified reduction target for emissions from the LULUCF sector, committing to a **400 – 500 kt** net reduction of greenhouse gas emissions from the LULUCF sector by 2035 compared to 2025.

Iceland continues to regulate its emissions from industry that falls under the EU-ETS Directive (EU-ETS, 2003/87/EB) under that provision and furthermore commits to a qualitative target to support innovative technology, such as carbon capture, utilisation and storage of CO<sub>2</sub>, with focus on industries that falls under the EU-ETS Directive.

Iceland's overall target is thus economy-wide covering emissions from all sectors and greenhouse gases.

In accordance with the climate act, no 70/2012, Iceland is to be carbon neutral no later than 2040. Work is ongoing to define the target in more details.

Iceland reserves the right to revisit and revise its tripartite target when provisions to reach carbon neutrality in 2040 have been defined further by law or regulation, technological advancement and readiness make carbon capture, utilisation and storage of CO<sub>2</sub> from industry under the EU-ETS Directive becomes feasible, or the provisions of the climate cooperation with the EU are further defined.



## Iceland's Nationally Determined Contribution, 2035:

Iceland intends to continue its cooperation with the European Union on climate targets within the framework of their climate cooperation. Iceland's 2035 NDC reflects this cooperation, and Iceland's quantified targets are twofold:

Iceland is committed to a target of 50-55 per cent net reduction of greenhouse gas emissions by 2035 compared to 2005, in the sectors covered by the scope of the EU's Effort Sharing Regulation (ESR), including emissions from road transport, energy production, fisheries, product use, agriculture and waste management.

Iceland is committed to a target of 400-500 kt CO<sub>2</sub> eq. reduction of greenhouse gas emissions from the LULUCF sector by 2035 compared to 2025.

In addition to the above quantified targets, Iceland regulates emissions from industry, aviation and navigation that fall under the EU-ETS Directive. Iceland will support the advancement of new technologies, such as carbon capture, utilisation and storage of CO<sub>2</sub>, with a focus on industries that fall under the EU-ETS directive.

Iceland's overall target is economy-wide, as the combination of the three pillars of the climate cooperation (ESR, LULUCF, EU-ETS) covers emissions from all sectors and greenhouse gases.

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### Information necessary for clarity, transparency and understanding of (ICTU) of Iceland's Nationally determined contribution for the timeframe 2030-2035

1 Quantifiable information on the reference point (including, as appropriate, a base year):	
1a	Reference year(s), base year(s), reference period(s) or other starting point(s);
	2005 (ESR), 2025 (LULUCF)
1b	Quantifiable information on the reference indicators, their values in the reference year(s), base year(s), reference period(s) or other starting point(s), and, as applicable, in the target year;
	ESR: The reference indicator will be quantified based on greenhouse gas emissions covered by the Effort Sharing Regulation (ESR, Regulation (EU) 2018/842). These emissions are calculated as the national total greenhouse gas emissions without LULUCF as reported by the National Inventory Document and excluding emissions from stationary installations under Directive 2003/87/EC as well as CO <sub>2</sub> emissions from 1.A.3.a civil aviation. The base year emissions in 2005 are 3109.329 kt CO <sub>2</sub> eq, and the 2035 target is 1399.198 - 1554.665 kt CO <sub>2</sub> eq. LULUCF: The LULUCF reference indicator will be quantified based on net greenhouse gas emissions covered by the LULUCF Regulation (Regulation (EU) 2018/841) and are defined as the total net emissions as reported under the IPCC Sector 4. LULUCF in the National Inventory Report. The base year emissions for the LULUCF sector are the 2025 emissions (6262 kt CO <sub>2</sub> eq, according to current projections), and the 2035 target is between 5762-5862 kt CO <sub>2</sub> eq. Calculations on reduction/removals are based on the criteria defined in the EU Regulation 2018/841.
1c	For strategies, plans and actions referred to in Article 4, paragraph 6, of the Paris Agreement, or policies and measures as components of nationally determined contributions where paragraph 1(b) above is not applicable, Parties to provide other relevant information;
1d	Not applicable
	Target relative to the reference indicator, expressed numerically, for example in percentage or amount of reduction;
	ESR: At least <b>50-55</b> per cent reduction in greenhouse gas emissions as defined in the ESR regulation by 2030 compared to 2005 levels.

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		LULUCF: Iceland is committed to a target of 400-500 kt CO <sub>2</sub> per cent net reduction of greenhouse gas emissions from the LULUCF sector by 2035 compared to 2025.	
1e	Information on sources of data used in quantifying the reference point(s);	ESR: The ESR emissions in the year 2005 are fixed to the value of 3109.329 kt CO <sub>2</sub> eq. as per the decision of the EEA joint committee No 29/2022. LULUCF: The base year chosen for the LULUCF indicator is 2025. The 2025 reference point will be according to the most recent National Inventory Report (NIR).	
1f	Information on the circumstances under which the Party may update the values of the reference indicators.	Values of the reference indicator may be updated due to methodological improvements to the greenhouse gases inventory. For the ESR the base year and target year emissions are fixed.	
<b>2 Time frames and/or periods for implementation:</b>			
2a	Time frame and/or period for implementation, including start and end date, consistent with any further relevant decision adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA);	From 1 January 2031 - 31 December 2035	
2b	Whether it is a single-year or multiyear target, as applicable.	Single year target, 2035.	
<b>3 Scope and coverage:</b>			
3a	General description of the target;	Iceland will fulfil its NDC through domestic measures and in cooperation with the European Union and Norway. The climate cooperation is established within the European Economic Area Agreement (EEA Agreement) which establishes a single market for the EU Member States and three of the European Free Trade Association (EFTA) States, Iceland, Norway and Liechtenstein. The main pillars of the climate cooperation (Fit for 55) are the following three legislative acts:  a) The Effort Sharing Regulation (ESR): Regulation (EU) 2018/842 of the European Parliament and of the Council. The ESR regulates emissions excluding LULUCF not covered by the EU ETS, and sets binding national targets. These targets can be fulfilled through domestic emission reductions and/or by use of flexible mechanisms within the EU framework. The ESR regulation was incorporated into the EEA Agreement through addition of the regulation to Protocol 31 of the Agreement, by Joint Committee Decision No 269/2019.  b) The Land Use, Land-Use Change and Forestry (LULUCF): Regulation (EU) 2018/841 of the	

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European Parliament and of the Council. The (LULUCF) Regulation regulates emissions and removals for the land use, land use change and forestry sector. The LULUCF regulation was incorporated into the EEA Agreement through addition of the regulation to Protocol 31 of the Agreement, by Joint Committee Decision No 269/2019.

c) The EU Emission Trading System (EU ETS): Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading. The EU ETS regulates emissions from industrial plants, power plants, the petroleum industry and aviation and navigation within the European Economic Area. Iceland has been a part of the ETS since 2008 on the same terms as EU Member States. The ETS Directive was incorporated into the EEA Agreement through the addition of the Directive to Annex XX of the Agreement, by Joint Committee Decision No 146/2007 and subsequent Decisions reflecting updates to the Directive. Emissions from operators falling under the ETS directive are subjected to very rigorous monitoring plans and data quality requirements, with annual emission figures verified by accredited bodies as defined in the ETS directive and delegated/implementing acts. The reduction target under the system is collective for the whole system, hence no national reduction targets are set under the system.

Whilst Iceland's quantified target pertains to the sectors covered by the scope of the ESR and LULUCF, Iceland's target is economy-wide, as the combination of the three acts mentioned above covers emissions from all sectors and greenhouse gases.

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### Sectors covered:

#### 1. Energy

Aviation: Emissions from civil aviation are included only in respect of CO<sub>2</sub> emissions from flights subject to effective carbon pricing through the EU ETS. These comprise flights within the European Economic Area, departing flights to Switzerland and departing flights to the United Kingdom.

International navigation: Emissions from international navigation, are included only in respect of CO<sub>2</sub> emissions subject to effective carbon pricing through the EU ETS.

Other energy source categories in accordance with IPCC guidelines.

2. Industrial processes and product use
3. Agriculture
4. Waste

3b Sectors, gases, categories and pools covered by the nationally determined contribution, including, as applicable, consistent with Intergovernmental Panel on Climate Change (IPCC) guidelines;

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## 5. Land Use, Land Use Change and Forestry (LULUCF)

### Gases covered:

Gases covered:  
Carbon Dioxide (CO<sub>2</sub>)  
Methane (CH<sub>4</sub>)  
Nitrous Oxide (N<sub>2</sub>O)  
Hydrofluorocarbons (HFCs)  
Perfluorocarbons (PFCs)  
Sulphur hexafluoride (SF<sub>6</sub>)  
Nitrogen trifluoride (NF<sub>3</sub>)

Further information will be given in accordance with the IPCC guidelines and the relevant UNFCCC Decisions in the Biennial Transparency Reports and the National Inventory Report.

Since Iceland's NDC is economy-wide with all sectors covered, it complies with this provision. Iceland's national inventory document (NID) describes the sources considered insignificant and reported as not estimated. The NID provides justifications for exclusion.

3c How the Party has taken into consideration paragraph 31(c) and (d) of decision 1/CP.21;

3d Mitigation co-benefits resulting from Parties' adaptation actions and/or economic diversification plans, including description of specific projects, measures and initiatives of Parties' adaptation actions and/or economic diversification plans.

### 4 Planning processes:

4a Information on the planning processes that the Party undertook to prepare its nationally determined contribution and, if available, on the Party's implementation plans, including, as appropriate;

The NDC was prepared on the basis of emission reduction projections taking into account the most recent updates to Iceland's climate mitigation policy, represented in the 2025-2026 implementation plan for the Climate Action Plan updated in 2024. Moreover, the NDC was presented to Iceland's Climate Council for commentary and consequently submitted for public consultation during a two-week period in September 2025.

Iceland's standing inter-ministerial climate change committee is responsible for the development of mitigation measures for the Climate Action Plan and often relies on ad hoc working groups for technical work.

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	<p>The administration framework regarding climate issues is set through Climate Act No 70/2012 for emissions covered by the ESR and the LULUCF regulation, and through ETS Act No 96/2023.</p> <p>The Climate Act prescribes clear directions on arrangements for the work on the Climate Action Plan and how it should be updated and reviewed. Moreover, it has provisions on the advisory role of Iceland's Climate Council. It also provides a framework on adaptation to climate change, as well as guidelines regarding the scientific reporting on the impact of climate change on Iceland. According to the Climate Act, the Climate Action Plan is to be reviewed at least every four years, taking into account international commitments and the stated objectives of the government. The Climate Action Plan was last reviewed in 2024, with a 2025-2026 implementation plan approved by cabinet in September 2025. The work on the Climate Action Plan was carried out by a standing inter-ministerial climate change committee, with the Association of Local Authorities also represented, led by the Ministry for the Environment, Energy and Climate.</p> <p>Regulation 786/2024 on the inter-ministerial climate change committee further defines the arrangement for the work on the Climate Action Plan and Iceland's National Adaptation Plan. Regulation 334/2024 on Iceland's Climate Council further defines its governance and role as an advisory body to the development and implementation of climate policy in Iceland.</p> <p>The ETS Act transposes all the requirements of the EU ETS legislative framework, as incorporated into the EEA Agreement, into Icelandic law.</p>
4ai	<p>Domestic institutional arrangements, public participation and engagement with local communities and Indigenous Peoples, in a gender-responsive manner;</p>
4aii	<p>Contextual matters, including, <i>inter alia</i>, as appropriate:</p>
4aiia	<p>National circumstances, such as geography, climate, economy, sustainable development and poverty eradication;</p>
4aiib	<p>Best practices and experience related to the preparation of the nationally determined contribution;</p>
4aic	<p>Information on national circumstances can be found in Iceland's Biennial Transparency Report (BTR) and National Inventory Document (NID).</p>
	<p>Iceland's Climate Council has the role of providing oversight and advice to the government on strategic decisions and Iceland's climate-related goals.</p>
	<p>Integration of just transition and gender equality is fundamental.</p>

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Other contextual aspirations and priorities acknowledged when joining the Paris Agreement;

The Constitution states that all shall be equal before that law and enjoy human rights without regard to sex, religion, opinion, national origin, race, colour, financial status, parentage and other status.

Men and women shall have equal rights in every respect.

Act on equal gender right and gender equality No 150/2020 is to prevent gender discrimination and to create and maintain equal rights and opportunities for all genders in all aspects of the community.

Specific information applicable to Parties, including regional economic integration organizations and their member States, that have reached an agreement to act jointly under Article 4, paragraph 2, of the Paris Agreement, including the Parties that agreed to act jointly and the terms of the agreement, in accordance with Article 4, paragraphs 16–18, of the Paris Agreement;

Not applicable.

4b Article 4, paragraph 2, of the Paris Agreement, including the Parties that agreed to act jointly and the terms of the agreement, in accordance with Article 4, paragraphs 16–18, of the Paris Agreement;

4c How the Party's preparation of its nationally determined contribution has been informed by the outcomes of the global stocktake, in accordance with Article 4, paragraph 9, of the Paris Agreement;

Iceland's NDC takes note of the outcome of the global stocktake, according to Decision 1/CMA.5 Specifically, Iceland's NDC seeks to represent the need for deep, rapid and sustained reductions in greenhouse gas emissions in line with 1.5 °C pathways by contributing to the phase-out of fossil fuels across sectors and the strategic, fair and ambitious implementation of carbon capture, utilization and storage, according to para. 28.

4d Each Party with a nationally determined contribution under Article 4 of the Paris Agreement that consists of adaptation action and/or economic diversification plans resulting in mitigation co-benefits consistent with Article 4, paragraph 7, of the Paris Agreement to submit information on: i. How the economic and social consequences of response measures have been considered in developing the nationally determined contribution; ii. Specific projects, measures and activities to be implemented to contribute to mitigation co-benefits, including

Not applicable.

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information on adaptation plans that also yield mitigation co-benefits, which may cover, but are not limited to, key sectors, such as energy, resources, water resources, coastal resources, human settlements and urban planning, agriculture and forestry; and economic diversification actions, which may cover, but are not limited to, sectors such as manufacturing and industry, energy and mining, transport and communication, construction, tourism, real estate, agriculture and fisheries.

### Assumptions and methodological approaches, including those for estimating and accounting for anthropogenic GHG emissions and, as appropriate, removals:

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Assumptions and methodological approaches used for accounting for anthropogenic GHG emissions and removals corresponding to the Party's nationally determined contribution, consistent with decision 1/CP.21, paragraph 31, and accounting guidance adopted by the CMA;

5b

Assumptions and methodological approaches used for accounting for the implementation of policies and measures or strategies in the nationally determined contribution;

5c

If applicable, information on how the Party will take into account existing methods and guidance under the Convention to account for anthropogenic emissions and removals, in

Assumptions and methodological approaches are in accordance with methodologies and common metrics assessed by the IPCC (see 5 (d), below).

Final accounting towards the target at the end of NDC implementation period may depend on further arrangements in Iceland's cooperation with the EU. Any use of internationally transferred mitigation outcomes will be included in Iceland's accounting, consistent with the approach used by the EU and accounted for in a way that avoids double counting. This approach is yet to be fully defined and agreed upon by all involved parties.

Not applicable.

Iceland's current greenhouse gas inventory is in accordance with Decision 18/CMA.1 and hence the IPCC 2006 Guidelines, the 2013 Revised Supplementary Methods and Good Practice Guidance Arising from the Kyoto Protocol (IPCC 2013 KP Supplement), the 2013 Supplement to the 2006 IPCC Guidelines for the National Greenhouse Gas Inventories: Wetlands (IPCC 2013 Wetlands Supplement) and the 2019 Refinements to the 2006 IPCC Guidelines.

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accordance with Article 4, paragraph 14, of the Paris Agreement, as appropriate;	
5d	IPCC methodologies and metrics used for estimating anthropogenic GHG emissions and removals;
5e	Sector-, category- or activity-specific assumptions, methodologies and approaches consistent with IPCC guidance, as appropriate, including, as applicable:
5ei	Approach to addressing emissions and subsequent removals from natural disturbances on managed lands;
5eii	Approach used to account for emissions and removals from harvested wood products;
5eiii	Approach used to address the effects of age-class structure in forests;
5f	Other assumptions and methodological approaches used for understanding the nationally determined contribution and, if applicable, estimating corresponding emissions and removals, including:
5fi	How the reference indicators, baseline(s) and/or reference level(s), including, where

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applicable, sector-, category- or activity-specific reference levels, are constructed, including, for example, key parameters, assumptions, definitions, methodologies, data sources and models used;

industries. The ESR emissions in the year 2005 are fixed to the value of 3109.329 kt CO<sub>2</sub>eq. as per the decision of the EEA joint committee No 29/2022.

Emissions under the scope of the EU Emission Trading System (ETS) concerns industrial plants, commercial aviation and navigation within the European Economic Area. As the EU ETS operates across borders to reduce emissions collectively, emissions from operators registered in Iceland are not included in the national reference indicator. However, by participating in the system, Iceland continues to contribute to progress overall emission reductions within the ETS framework.

Iceland participates in the EU regulatory framework for Land Use, Land-Use Change and Forestry (LULUCF). Within the climate cooperation with the European Union and Norway, emissions and removals from the land sector will be accounted for based on specific accounting rules for the different land categories in regulation (EU) 2018/841, Art 6-8 and Annex IV.

Accounting rules and targets for the period 2026-2030 are pending uptake of the updated regulation into the EEA Agreement and the LULUCF target for Iceland is still not known. Despite not setting a quantifiable target for 2030 in Iceland's revised 2030 NDC, this 3rd NDC commits to a quantifiable target of 400- 500 kt CO<sub>2</sub>eq. net reduction of greenhouse gas emissions from the LULUCF sector by 2035 compared to 2025. Calculations on reduction/removals are based on the criteria defined in the Regulation (EU) 2018/841.

5fii	For Parties with nationally determined contributions that contain non-greenhouse-gas components, information on assumptions and methodological approaches used in relation to those components, as applicable;
5fiii	For climate forcers included in nationally determined contributions not covered by IPCC guidelines, information on how the climate forcers are estimated;
5fiv	Further technical information, as necessary;

Not applicable.

Not applicable

Not applicable

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5g The intention to use voluntary cooperation under Article 6 of the Paris Agreement, if applicable.

Iceland seeks to fulfil the NDC through climate cooperation with the European Union. Final accounting towards the target at the end of NDC implementation period may depend on further arrangements in Iceland's cooperation with the EU. Any use of internationally transferred mitigation outcomes will be included in Iceland's accounting, consistent with the approach used by the EU and accounted for in a way that avoids double counting. This approach is yet to be fully defined and agreed upon by all involved parties.

A decision on the use of voluntary cooperation under Article 6 of the Paris Agreement is pending.

### 6 How the Party considers that its nationally determined contribution is fair and ambitious in the light of its national circumstances:

6a How the Party considers that its nationally determined contribution is fair and ambitious in the light of its national circumstances;

Iceland's projected emission reduction in 2035, at the time of this revision estimates a reduction of -39% compared to 2005 in sectors pertaining to its quantified target under the scope of ESR. Yet, Iceland aims for reducing emissions by 50 to 55% in respective sectors compared to 2005. These projections already build on and take into account significant progression in vehicle electrification and waste management. Moreover, these targets are to a backdrop of Iceland's pre-2005 full transition of its energy production and district heating to renewable sources (hydro and geothermal).

6b Fairness considerations, including reflecting on equity;

Iceland regards its nationally determined contribution to represent its fair share of the efforts to achieve the global long-term goal of the Paris Agreement.

Iceland is committed to a 50 to 55% emission reduction target by 2035 compared to 2005 under the scope of the EU's Effort Sharing Regulation (ESR), which represents a significant progression from the corresponding 41% emission reduction target under ESR by 2030 compared to 2005 in its revised 2030 NDC submitted in September 2025.

6c How the Party has addressed Article 4, paragraph 3, of the Paris Agreement;

Iceland moreover sets for the first time a quantified reduction target for emissions from the LULUCF sector, committing to a 400 - 500 kt net reduction of greenhouse gas emissions from the LULUCF sector by 2035 compared to 2025. The setting of a quantified LULUCF reduction target represents a clear progression from the revised 2030 NDC submitted in 2025 where such a target was not set.

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		Iceland continues to regulate its emissions from industry that falls under the EU-ETS Directive (EU-ETS, 2003/87/EB) under that provision and participates in the cap and trade system which continuously progresses the collective reduction within the respective sectors. Moreover, Iceland's 3rd NDC represents a progression from Iceland's revised 2030 NDC submitted in 2025, by committing to a new qualitative target to support innovative technology, such as carbon capture, utilization and storage of CO <sub>2</sub> with focus on industries that fall under the EU-ETS Directive.
6d	How the Party has addressed Article 4, paragraph 4, of the Paris Agreement.	By having an economy-wide target, Iceland complies with this provision.
6e	How the Party has addressed Article 4, paragraph 6, of the Paris Agreement	Not applicable
7	<b>How the nationally determined contribution contributes towards achieving the objective of the Convention as set out in its Article 2:</b>	
7a	How the nationally determined contribution contributes towards achieving the objective of the Convention as set out in its Article 2;	Iceland considers its enhanced NDC to be in line with the objective of the UNFCCC and long-term goal of the Paris Agreement, as explained in 6a and 6b.  Iceland's 3 <sup>rd</sup> NDC is an important milestone towards fulfilling the legal provision to reach carbon neutrality by 2040. Work is ongoing to define the target in more details.
7b	How the nationally determined contribution contributes towards Article 2, paragraph 1(a), and Article 4, paragraph 1, of the Paris Agreement.	Iceland reserves the right to revisit and revise its tripartite target when the mandate to reach carbon neutrality in 2040 is further defined by law or regulation, technological advancement and readiness make carbon capture, utilisation and storage of CO <sub>2</sub> from industry under the EU-ETS Directive becomes feasible, or the provisions of the climate cooperation with the EU are further defined.  See further 6a and 7a.