



Iceland's 2035 Nationally Determined Contribution (NDC)

Communicated to the UNFCCC on 30 September 2025

This updated NDC represents Iceland's submission under the third 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 after 2030 have yet to be defined.

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

With this submission, Iceland sets, for the first time a quantified reduction target for emissions from the LULUCF sector, committing to an annual **400–500 kt** net reduction of CO₂eq from the LULUCF sector by 2035 compared to 2025.

Iceland continues to regulate its emissions from industries covered by the EU-ETS Directive (EU-ETS, 2003/87/EC) under that framework. Furthermore, Iceland commits to a qualitative target to support innovative technology, such as carbon capture, utilisation and storage of CO₂, with focus on industries that fall 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 further define the target.

Iceland reserves the right to revisit and revise its tripartite target when provisions to reach carbon neutrality in 2040 have been further defined by law or regulation, when technological advancement and readiness make carbon capture, utilisation and storage of CO₂ from industry under the EU-ETS Directive feasible, or the provisions of the climate cooperation with the EU are further defined.

Approved by Cabinet on 30 September 2025.



Iceland's 2035 Nationally Determined Contribution:

Iceland intends to continue its cooperation with the European Union on climate targets within the framework of the 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 an annual net reduction of 400–500 kt CO₂ eq from the LULUCF sector by 2035 compared to 2025 levels.

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 CO₂, 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.

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;	<p>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 in the National Inventory Document, excluding emissions from stationary installations under Directive 2003/87/EC as well as CO₂ emissions from 1.A.3.a civil aviation. The base year emissions in 2005 are 3109.329 kt CO₂eq, and the 2035 target is 1399.198 - 1554.665 kt CO₂eq.</p> <p>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, and the 2035 target is 400–500 kt CO₂eq lower than the 2025 emissions. Achievement of the LULUCF target will be assessed based on the 2025 and 2035 net emissions as reported in the most recent greenhouse gas inventory.</p>
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;	Not applicable
1d	Target relative to the reference indicator, expressed numerically, for example in percentage or amount of reduction;	ESR: An at least 50–55 per cent reduction in greenhouse gas emissions as defined in the ESR regulation by 2035 compared to 2005 levels.

		LULUCF: Iceland is committed to a target of 400–500 kt CO ₂ 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 ₂ eq. in accordance with 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 Gas Inventory. For the ESR the base year and target year emissions are fixed.
2	Time frames and/or periods for implementation:	
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.
3	Scope and coverage:	
3a	General description of the target;	<p>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 central pillars of the climate cooperation (Fit for 55) are the following three legislative acts:</p> <p>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 by Joint Committee Decision No 269/2019, amending Protocol 31 to the Agreement.</p> <p>b) The Land Use, Land-Use Change and Forestry (LULUCF) Regulation: Regulation (EU)</p>

2018/841 of the 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 by Joint Committee Decision No 269/2019, amending Protocol 31 to the Agreement.

c) The EU Emissions 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 maritime navigation within the European Economic Area. Iceland has participated in the EU ETS since 2008, applying the same rules and fulfilling the same obligations as EU Member States. The ETS Directive was incorporated into the EEA Agreement by Joint Committee Decision No. 146/2007, amending Annex XX to the Agreement, and by subsequent Joint Committee Decisions reflecting amendments to the Directive. Emissions from operators covered by 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 EU ETS is collective for the entire system, therefore, no national reduction targets are set under the system.

Whilst Iceland's quantified targets pertain to the sectors falling within the scope of the ESR and LULUCF, Iceland's overall emission reduction target is economy-wide, as the three acts referred to above together cover emissions from all sectors and all greenhouse gases.

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

Sectors covered:

1. Energy

Aviation: Emissions from civil aviation are included only with respect to CO₂ 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 with respect of CO₂ 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

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

Gases covered:

Carbon Dioxide (CO₂)
Methane (CH₄)
Nitrous Oxide (N₂O)
Hydrofluorocarbons (HFCs)
Perfluorocarbons (PFCs)
Sulphur hexafluoride (SF₆)
Nitrogen trifluoride (NF₃)

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

3c	How the Party has taken into consideration paragraph 31(c) and (d) of decision 1/CP.21;	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.
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.	Not applicable.
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;	<p>The NDC was prepared on the basis of emission reduction projections based on the most recent updates to Iceland's climate mitigation policy as reflected in the 2025-2026 implementation plan for the Climate Action Plan updated in 2024. The NDC was also presented to Iceland's Climate Council for commentary and consequently submitted for public consultation during a ten-day period in September 2025.</p> <p>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.</p>
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4aii	Domestic institutional arrangements, public participation and engagement with local communities and Indigenous Peoples, in a gender-responsive manner;	
4aii	Contextual matters, including, inter alia, as appropriate:	
4aiia	National circumstances, such as geography, climate, economy, sustainable development and poverty eradication;	Information on national circumstances can be found in Iceland's Biennial Transparency Report (BTR) and National Inventory Document (NID).
4aiib	Best practices and experience related to the preparation of the nationally determined contribution;	Iceland's Climate Council has the role of providing oversight and advice to the government on strategic decisions and Iceland's climate-related goals.

		Integration of just transition and gender equality is fundamental.
4aiic	Other contextual aspirations and priorities acknowledged when joining the Paris Agreement;	<p>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.</p> <p>Men and women shall have equal rights in every respect.</p> <p>The Act on equal status and equal rights irrespective of gender equality No. 150/2020 is to prevent gender discrimination and to create and maintain equal rights and opportunities for all genders at all community levels.</p>
4b	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.
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, utilisation 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,	Not applicable.

measures and activities to be implemented to contribute to mitigation co-benefits, including 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.

5	Assumptions and methodological approaches, including those for estimating and accounting for anthropogenic GHG emissions and, as appropriate, removals:	
5a	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;	<p>Assumptions and methodological approaches are in accordance with methodologies and common metrics assessed by the IPCC (see 5(d), below).</p> <p>Final accounting towards the target at the end of the NDC implementation period may depend on further arrangements under Iceland's climate action 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 will be accounted for in a way that avoids double counting. This approach is yet to be fully defined and agreed upon by all involved parties.</p>
5b	Assumptions and methodological approaches used for accounting for the implementation of policies and measures or strategies in the nationally determined contribution;	Not applicable.
5c		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

	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 accordance with Article 4, paragraph 14, of the Paris Agreement, as appropriate;	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.
5d	IPCC methodologies and metrics used for estimating anthropogenic GHG emissions and removals;	The IPCC 2006 guidelines, IPCC 2013 KP Supplement, the IPCC 2013 Wetlands Supplement and the 2019 Refinements to the 2006 IPCC Guidelines are used for estimating greenhouse gas emissions and removals. Global warming potentials (GWP) for a 100-year time horizon from the IPCCs fifth Assessment Report are used to calculate CO ₂ equivalents.
5e	Sector-, category- or activity-specific assumptions, methodologies and approaches consistent with IPCC guidance, as appropriate, including, as applicable:	Assumptions, methodologies, and approaches based on parameters detailed in EU regulations may need to be revised in the case of revised regulations or other changes to legal and regulatory frameworks. Iceland may specifically need to revisit assumptions, methodologies, and approaches constructed with reference to EU regulations established for the period 2021–2030.
5ei	Approach to addressing emissions and subsequent removals from natural disturbances on managed lands;	Approach to addressing emissions and removals from natural disturbances on afforested land and managed forest land in accordance with Art. 10 and Annex VI of Regulation (EU) 2018/841. Iceland has not decided if emissions resulting from natural disturbances will be excluded.
5eii	Approach used to account for emissions and removals from harvested wood products;	Emissions and removals resulting from changes in the carbon pool of harvested wood products, as defined in the IPCC Guidelines are reflected using a production approach; see also Art. 9 and Annex V of Regulation (EU) 2018/841.
5eiii	Approach used to address the effects of age-class structure in forests;	Within the context of Iceland's climate action cooperation with the European Union, emissions and removals in managed forests for the period 2021–2025 will be accounted for as the deviation from a projected forward-looking forest reference level, with regards to dynamic age-related forest characteristics, in accordance with Art. 8 and Annex IV of Regulation (EU) 2018/841. Projected reference levels for Managed Forest Land (Forest Land remaining Forest Land) take into consideration age-class structure of forests so that changes in management practices are accounted for, in line with Art. 8 and Annex IV of Regulation (EU) 2018/841. The approach is described in Iceland's national inventory document (NID).
5f	Other assumptions and methodological approaches used for understanding the nationally determined contribution and, if	Other assumptions and methodological approaches based on parameters detailed in EU regulations may need to be revised in the event of amendments to those regulations or other changes to legal and regulatory frameworks. In particular, Iceland may need to revisit

	applicable, estimating corresponding emissions and removals, including:	assumptions and methodological approaches established with reference to EU regulations established for the period 2021-2030.
5fi	How the reference indicators, baseline(s) and/or reference level(s), including, where applicable, sector-, category- or activity-specific reference levels, are constructed, including, for example, key parameters, assumptions, definitions, methodologies, data sources and models used;	<p>Under the revised Effort Sharing Regulation (ESR), the EU sets enhanced binding national reduction targets for greenhouse gas emissions not covered by the existing EU-ETS, namely domestic transport (excluding aviation), buildings, agriculture, waste and small industries. The ESR emissions in the year 2005 are fixed to the value of 3109.329 kt CO₂eq, in accordance with the Decision of the EEA Joint Committee No. 29/2022.</p> <p>Emissions under the scope of the EU Emissions Trading System (ETS) concerns industrial plants, commercial aviation and maritime 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, through participation in the scheme, Iceland contributes to overall emission reductions progress within the ETS framework.</p> <p>Iceland participates in the EU regulatory framework for Land Use, Land-Use Change and Forestry (LULUCF). Within the climate action 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.</p> <p>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 the absence of a quantifiable 2030 target in Iceland's revised 2030 NDC, this third NDC commits to a quantifiable target of an annual 400–500 kt CO₂eq 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.</p>
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;	Not applicable.
5fiii	For climate forcers included in nationally determined contributions not covered by IPCC	Not applicable

guidelines, information on how the climate
forcers are estimated;

5fiv	Further technical information, as necessary;	Not applicable
5g	The intention to use voluntary cooperation under Article 6 of the Paris Agreement, if applicable.	<p>Iceland seeks to fulfil the NDC through climate action cooperation with the European Union. Final accounting towards the target at the end of the NDC implementation period may depend on further arrangements under 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.</p> <p>A decision on the use of voluntary cooperation under Article 6 of the Paris Agreement is pending.</p>
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;	<p>Iceland's projected emission reduction in 2035, at the time of this revision, is estimated at 39 per cent compared to 2005 levels in sectors covered by its quantified target under the scope of ESR. Yet, Iceland aims to reduce emissions by 50 to 55 per cent in the respective sectors compared to 2005. These projections already reflect significant progress in vehicle electrification and waste management. Moreover, these targets are set against the backdrop of Iceland's pre-2005 complete transition of its energy production and district heating to renewable sources, primarily hydropower and geothermal energy.</p>
6b	Fairness considerations, including reflecting on equity;	<p>Iceland considers that its nationally determined contribution represents a fair share of the efforts to achieve the global long-term goal of the Paris Agreement.</p> <p>Iceland is committed to a 50–55 per cent emission reduction target by 2035 compared to 2005 under the scope of the EU's Effort Sharing Regulation (ESR). This represents a significant progression from the corresponding 41 per cent emission reduction target under the ESR by 2030 set out in Iceland's revised 2030 NDC submitted in September 2025.</p> <p>Iceland also sets for the first time a quantified reduction target for emissions from the LULUCF sector, committing to an annual net reduction of 400–500 kt CO₂ eq by 2035</p>
6c	How the Party has addressed Article 4, paragraph 3, of the Paris Agreement;	

compared to 2025 levels. The establishment of a quantified LULUCF reduction target represents a clear progression from the revised 2030 NDC submitted in 2025, in which no quantified LULUCF target was set.

Iceland continues to regulate emissions from industry that falls under the EU-ETS Directive (EU-ETS, 2003/87/EC) and participates in the cap-and-trade system which ensures continuous progress in the collective reduction within the respective sectors. Moreover, Iceland's third NDC represents a progression from its revised 2030 NDC submitted in 2025, by committing to a new qualitative target to support innovative technology, such as carbon capture, utilisation and storage of CO₂ 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	How the nationally determined contribution contributes towards achieving the objective of the Convention as set out in its Article 2:	
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 third 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 detail.
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 requirements to reach carbon neutrality in 2040 are further defined by law or regulation, technological advancement and readiness make carbon capture, utilisation and storage of CO ₂ from industry under the EU-ETS Directive feasible, or the provisions of the climate cooperation with the EU are further defined. See sections 6a and 7a for further details.