

# **Klappir Grænar lausnir hf**

Sustainability Statement

(ESG)

**2018**

Klappir Grænar lausnir hf  
Austurstræti 17, 101 Reykjavík  
6309141080

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## Statement by the CEO

The Sustainability Statement reflects the ESG guidelines issued by Nasdaq Iceland and the Nordic countries in March 2017. These guidelines are based on recommendations made in 2015 by the United Nations, the Sustainable Stock Exchange Initiative and World Federation of Exchange. Reference is also made to the GRI Standard (Global Reporting Initiative, GRI100-400) and its Reporting Principles (P1-10) of the United Nations Global Compact (UNGC).

The information presented in this statement covers the period 1 January 2018 to 31 December 2018. The statement presents statistical information, from the year 2015 which allows us to assess the scope, position and potential impact of our core activities, in relation to environmental aspects, social aspects and governance. On the basis of this report is created for guiding the development of these issues in coming years.

Klappir Green Solutins hf uses its own environmental software, Klappir Core to make the Sustainability Accounting. The software is used to ensure the traceability, transparency and efficiency in the data collection and dissemination of environmental, Social and Governance Information. Data on fuel consumption, electricity consumption and use of hot water and use of cold water are semi automatically collected. The origin of data can then be traced back to the supplier.

The CEO hereby confirm the Company"s Sustainability Statement for the period from 1 January to the 31 December 2018.

26.02.2019

Jon Agust Thorsteinsson

CEO, Klappir Green Solutions hf.

## The ESG Assessment Report

This is to certify that I have completed on February 26th 2019 an assessment of the quality of the data presented in this statement. Klappir Green Solution uses Klappir Core environmental software to collect ESG data both automatically and manually.

The software solution of Klappir Green Solution hf. to collect ESG data is a digital data collection system and environmental compliance solution, covering energy, waste, paper and water management of the company offices and other assets assessment, the environmental management solution is found to be in compliance with the following request:

**Energy management compliant to local law including:**

- Data transparency, accuracy and accountability on fuel
- Data transparency, accuracy and accountability on electricity use and use of district heating

**Waste management compliant local law including:**

- Data transparency, accuracy and accountability on waste sorting and disposal of vessel fleet
- Data transparency, accuracy and accountability on waste sorting, recycling and disposal of terminals, warehouses and offices

**Water management compliant to local law including:**

- Data on cold water consumption based on manual readings

The statement comprises as well Social and Governance accounting and notes for the company. The review of the company ESG data is performed and includes analyses of the data and origin and quality along with analyzes and other exploratory actions. In my opinion, the ESG statement gives a true and fair picture of the companies ESG metrics.

I hereby confirm the company's Sustainability Statement for the period from 1 January to 31 December 2018 with my signature.

26.02.2019

Hildur Jonsdottir

Internal verifier, Klappir Green Solutions hf.

## ESG Highlights 2018

### Our sustainability is discussed in our sustainability report.

The report refers to content about our business, environmental and social issues that have a direct and significant impact on our company, employees, stakeholders and business partners. It also includes issues that we have a unique opportunity to influence. These issues are identified in our materiality assessment, which we conducted in 2018.

| Operational Parameters                  |      | Fiscal Year |      |           |           |
|---|------|-------------|------|-----------|-----------|
| KEY FIGURES                             | Unit | 2015        | 2016 | 2017      | 2018      |
| Total revenue                           | mkr. | 63          | 123  | 210       | 242       |
| Total equity                            | mkr. | -           | -    | -         | -         |
| Number of full time equivalent employee | FTEe | 10          | 12   | 21        | 20        |
| Total space for own operation           | m2   | 169         | 187  | 221       | 221       |
| Total space for own operation           | m3   | 422         | 467  | 552       | 552       |
| Investment in sustainability            | mkr. | -           | -    | in report | in report |
| Total Carbon Tax (ESR)                  | kr.  | -           | -    | -         | -         |
| Total Carbon Tax (ETS)                  | -    | -           | -    | -         | -         |

## ESG Accounting

The following table provides an overview of our performance over time and includes ESG data.

| KEY FIGURES  | Unit                    | Fiscal Year |             |             |             |
|--|-------------------------|-------------|-------------|-------------|-------------|
|  |                         | 2015        | 2016        | 2017        | 2018        |
| <b>Direct and Indirect GHG Emissions (E1 UNGC GRI 305-1 to 305-4)</b>                  |                         |             |             |             |             |
| Scope 1  | tCO <sub>2</sub> e      | 0,5         | 0,5         | 0,3         | 0,2         |
| Scope 2 (market-based)   | -                       | -           | -           | -           | -           |
| Scope 2 (location-based)   | -                       | 4,1         | 4,1         | 3,9         | 0,8         |
| Scope 3  | -                       | 0,03        | 0,03        | 0,02        | 3,1         |
| <b>Total Emissions Scope 1, 2 [market based] and 3</b>                                 | <b>tCO<sub>2</sub>e</b> | <b>4,62</b> | <b>4,59</b> | <b>4,22</b> | <b>4,1</b>  |
| Emissions neutralized by carbon offset projects  | -                       | -           | -           | -           | 4,1         |
| Net operational carbon emissions   | tCO <sub>2</sub> e      | 4,62        | 4,59        | 4,22        | 0           |
| <b>Carbon Intensity (E2 UNGC GRI 305-4)</b>  |                         |             |             |             |             |
| Carbon Intensity per megawatt-hour consumed  | tCO <sub>2</sub> e/MWh  | 0,167       | 0,181       | 0,164       | 0,05        |
| Carbon Intensity per full-time equivalent (FTEe) employee                              | tCO <sub>2</sub> e/FTEe | 0,46        | 0,38        | 0,20        | 0,21        |
| Carbon Intensity per every unit of revenue produced                                    | tCO <sub>2</sub> e/mkr. | 73,3        | 37,3        | 20,1        | 0,017       |
| <b>Direct &amp; Indirect Energy Consumption (E3 UNGC GRI 302-1, 302-2)</b>             |                         |             |             |             |             |
| Total energy consumption   | kWh                     | 27.606      | 25.422      | 25.668      | 25.286      |
| Of which energy from fossil fuel   | -                       | 1.955       | 1.955       | 1.200       | 1.152       |
| Of which energy from electricity   | -                       | 24.648      | 22.465      | 23.661      | 23.329      |
| Of which energy from hot water   | -                       | 1.003       | 1.002       | 807         | 805         |
| <b>Energy Intensity (E4 UNGC GRI 302-3)</b>  |                         |             |             |             |             |
| Energy Intensity per full-time equivalent (FTEe) employee                              | kWh/FTEe                | 2.761       | 2.119       | 1.222       | 1.264       |
| Energy Intensity per unit of revenue   | kWh/mkr.                | 438         | 207         | 122         | 120         |
| Energy Intensity per square meter  | kWh/m <sup>2</sup>      | 152         | 125         | 111         | 109         |
| <b>Primary Energy Source (E5 UNGC GRI 302-1)</b>                                       |                         |             |             |             |             |
| Primary Energy Source  | Energy type             | Electricity | Electricity | Electricity | Electricity |
| <b>Renewable Energy Intensity (E6 UNGC-P7,P8,P9 GRI 302-1)</b>                         |                         |             |             |             |             |
| Share of renewable energy  | %                       | 92,9%       | 92,3%       | 95,3%       | 95,4%       |
| Share of renewable electrical energy   | -                       | 71%         | 100%        | 100%        | 100%        |
| <b>Water Management (E7 UNGC GRI 403-5)</b>  |                         |             |             |             |             |
| Total water consumption  | m <sup>3</sup>          | 840         | 910         | 1.190       | -           |
| Of which cold water  | -                       | 840         | 910         | 1.190       | -           |
| Of which hot water   | -                       | -           | -           | -           | -           |
| Recycled water (if applicable)   | -                       | irrelevant  | irrelevant  | irrelevant  | irrelevant  |
| Reclaimed water (if applicable)  | -                       | irrelevant  | irrelevant  | irrelevant  | irrelevant  |
| <b>Waste Management (E8 UNGC GRI 306-2)</b>  |                         |             |             |             |             |
| Total amount of waste generated  | kg                      | -           | 624         | 682         | 450         |
| Recycled waste   | -                       | -           | 432         | -           | 419         |
| Reclaimed waste  | -                       | -           | -           | -           | -           |
| General waste  | -                       | -           | -           | -           | 31          |
| Waste Diversion  | %                       | -           | -           | -           | -           |
| Waste Index  | kg/m€                   | -           | -           | -           | -           |
| <b>Environmental Policy (E9 UNGC GRI 103-1 to 103-3)</b>                               |                         |             |             |             |             |
| Has the company implemented an environmental management system?                        | Yes/No                  | No          | No          | Yes         | Yes         |
| Does the company publish and follow an Environmental Policy?                           | Yes/No                  | No          | No          | Yes         | Yes         |
| <b>Environmental Impacts (E10 UNGC GRI 307-1)</b>                                      |                         |             |             |             |             |
| Does the company bear any legal/regulatory responsibility for an environmental impact? | -                       | No          | No          | No          | No          |
| <b>Paper Management (E11 UNGC GRI 103-2)</b>   |                         |             |             |             |             |
| Total amount of printed paper  | pages                   | -           | -           | 36.822      | 13.391      |
| Share of colour print  | %                       | -           | -           | 60%         | 59%         |
| Share of black/white print   | -                       | -           | -           | 40%         | 41%         |
| Duplex   | -                       | -           | -           | 36%         | 69%         |
| <b>Asset Management (E13 UNGC GRI 103-2)</b>   |                         |             |             |             |             |
| Office space   | m <sup>2</sup>          | 169         | 187         | 221         | 221         |
| With LED lighting  | -                       | 0%          | 0%          | 0%          | 0%          |

| <b>CEO Pay Ratio (S1 UNGC GRI 102-38)</b>  |        |            |            |            |            |  |
|--|--------|------------|------------|------------|------------|--|
| CEO Salary & Bonus (X) to Median FTE Salary  | X:1    | -          | -          | 92%        | 90%        |  |
| <b>Gender Pay Ratio (S2 UNGC GRI 405-2)</b>  |        |            |            |            |            |  |
| Median Male Salary (X) to Median Female Salary   | X:1    |            |            |            |            |  |
| <b>Employee Turnover Ratio (S3 UNGC GRI 401-1)</b>                                       |        |            |            |            |            |  |
| Total annual turnover  | %      | 20%        | 8%         | 10%        | 10%        |  |
| FTEs   | no.    | 10         | 12         | 21         | 20         |  |
| Left voluntarily   | %      | 10%        | 0%         | 5%         | 5%         |  |
| Left due to dismissal  | -      | 10%        | 8%         | 5%         | 5%         |  |
| Retired  | -      | 0%         | 0%         | 0%         | 0%         |  |
| Died in service  | -      | 0%         | 0%         | 0%         | 0%         |  |
| Contractors  | %      | -          | -          | -          | 20%        |  |
| Left voluntarily   | -      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Left due to dismissal  | -      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Retired  | -      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Died in service  | -      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Consultants  | %      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Left voluntarily   | -      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Left due to dismissal  | -      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Retired  | -      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Died in service  | -      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| <b>Gender Diversity (S4 UNGC GRI 405-1)</b>  |        |            |            |            |            |  |
| Total number of FTEs   | no.    | 10         | 12         | 21         | 20         |  |
| Women  | %      | -          | -          | -          | 5          |  |
| Men  | -      | -          | -          | -          | 15         |  |
| Total number of Contractors  | no.    | -          | -          | -          | 4          |  |
| Women  | %      | -          | -          | -          | 1          |  |
| Men  | -      | -          | -          | -          | 4          |  |
| Total number of Consultants  | no.    | 0          | 0          | 0          | 1          |  |
| Women  | %      | -          | -          | -          | 0          |  |
| Men  | -      | -          | -          | -          | 0          |  |
| <b>Temporary Worker Ratio (S5 UNGC GRI 102-8)</b>  |        |            |            |            |            |  |
| Total number of Full-Time Positions  | no.    | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Full-Time positions  | -      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Full-Time Positions held by Part-Time Workers  | -      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Full-Time Positions held by Contract employees   | -      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Full-Time Positions held by Temp Workers   | -      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| Percentage of Full-Time Positions held by Part-Time/Contract/Temp Workers                | %      | irrelevant | irrelevant | irrelevant | irrelevant |  |
| <b>Non-Discrimination Policy (S6 UNGC GRI 103-1 to 103-3)</b>                            |        |            |            |            |            |  |
| Does the company publish and follow a non-discrimination policy?                         | Yes/No | no         | no         | yes        | yes        |  |
| <b>Injury Rate (S7 UNGC GRI 403-9)</b>   |        |            |            |            |            |  |
| Total number of injuries and fatalities relative to total workforce                      | no.    | 0          | 0          | 0          | 0          |  |
| Health Index   | %      | -          | -          | -          | 0          |  |
| <b>Global Health &amp; Safety (S8 UNGC GRI 103-1, 103-2)</b>                             |        |            |            |            |            |  |
| Does the company publish and follow a policy for occupational and global health issues?  | Yes/No | no         | no         | no         | yes        |  |
| <b>Child &amp; Forced Labour Policy (S9 UNGC P4,P5 GRI 103-1, 103-2)</b>                 |        |            |            |            |            |  |
| Does the company prohibit the use of child or forced labour throughout the supply chain? | Yes/No | no         | no         | no         | no         |  |
| <b>Human Rights Policy (S10 UNGC P1,P2 GRI 103-1, 103-2)</b>                             |        |            |            |            |            |  |
| Does the company publish and follow a human right policy?                                | Yes/No | no         | no         | no         | yes        |  |
| <b>Human Rights Violations (S11 UNGC P1,P2 GRI 103-2)</b>                                |        |            |            |            |            |  |
| Number of grievances (or judgements) filed   | no.    | 0          | 0          | 0          | 0          |  |
| Due to bullying  | -      | 0          | 0          | 0          | 0          |  |
| Due to harassment or/and gender based discrimination                                     | -      | 0          | 0          | 0          | 0          |  |
| Due to sexual harassment   | -      | 0          | 0          | 0          | 0          |  |
| Due to ignorance   | -      | 0          | 0          | 0          | 0          |  |
| Other grievances   | -      | 0          | 0          | 0          | 0          |  |
| Number of grievances (or judgements) addressed   | -      | 0          | 0          | 0          | 0          |  |
| Number of grievances (or judgements) resolved  | -      | 0          | 0          | 0          | 0          |  |

| <b>Board-Diversity (S12 UNGC GRI 405-1,102-24)</b>   |        |       |       |       |       |
|--|--------|-------|-------|-------|-------|
| Number of board members  | no.    | 3     | 3     | 7     | 7     |
| Women  | %      | 33,3% | 33,3% | 42,8% | 42,8% |
| Men  | -      | 66,7% | 66,7% | 57,2% | 57,2% |
| Independent  | -      | 0%    | 0%    | 0%    | 0%    |
| <b>Board-Separation of Powers (G1 UNGC GRI 102-23)</b>   |        |       |       |       |       |
| Does the CEO sit on the board?   | Yes/no | yes   | yes   | yes   | yes   |
| Does the CEO act as chairman of the board?   | -      | yes   | yes   | no    | no    |
| Does the CEO lead committees?  | -      | no    | no    | no    | no    |
| <b>Board-Transparent Practices (G2 UNGC GRI 102-18, 102-19)</b>  |        |       |       |       |       |
| Are board practices made public?   | Yes/no | yes   | yes   | yes   | yes   |
| Are board actions made public?   | -      | no    | no    | no    | no    |
| Are board outcomes made public?  | -      | no    | no    | no    | no    |
| To the CEO?  | -      | yes   | yes   | yes   | yes   |
| To verifiers?  | -      | yes   | yes   | yes   | yes   |
| Is voting by each member of the board made public?   | -      | no    | no    | no    | no    |
| To the CEO?  | -      | no    | no    | no    | no    |
| To verifiers?  | -      | no    | no    | no    | no    |
| <b>Incentivized Pay (G3 UNGC GRI 102-35)</b>   |        |       |       |       |       |
| Are company executives formally incentivized to perform on ESG?  | Yes/no | no    | no    | no    | no    |
| Regarding environmental issues?  | -      | no    | no    | no    | no    |
| Regarding social issues?   | -      | no    | no    | no    | no    |
| Regarding governance issues?   | -      | no    | no    | no    | no    |
| <b>Fair Labour Practices (G4  UNGC P3 GRI G4;HR4)</b>  |        |       |       |       |       |
| Does the company support the collective organization of workers?   | Yes/no | yes   | yes   | yes   | yes   |
| Employees in labour unions   | %      | -     | -     | 38%   | 38%   |
| Employees outside labour unions  | -      | -     | -     | 63%   | 63%   |
| <b>Supplier Code of Conduct (G5 UNGC P3 GRI 407-1)</b>   |        |       |       |       |       |
| Does the company publish and follow a SC   | Yes/no | No    | no    | no    | no    |
| That covers environmental issues?  | -      | no    | no    | no    | no    |
| That covers human rights issues?   | -      | No    | no    | no    | no    |
| That covers ethnicity?   | -      | no    | no    | no    | no    |
| That covers possible corruption?   | -      | No    | no    | no    | no    |
| That covers agents?  | -      | no    | no    | no    | no    |
| <b>Ethics-Code of Conduct (G6 UNGC P3 GRI 102-38)</b>  |        |       |       |       |       |
| Does the company publish and follow an EC?   | Yes/no | no    | no    | no    | no    |
| That has been approved by the board of directors?  | -      | no    | no    | no    | no    |
| That has been introduced to employees?   | -      | no    | no    | no    | no    |
| <b>Anti-Bribery / Anti-Corruption (G7 UNGC P10 GRI 102-16, 205-1 to 2015-2)</b>                                  |        |       |       |       |       |
| Does the company publish and follow a BAC?   | Yes/no | no    | no    | no    | no    |
| That has been approved by the board of directors?  | -      | no    | no    | no    | no    |
| That has been introduced to employees?   | -      | no    | no    | no    | no    |
| That has been introduced publicly?   | -      | no    | no    | no    | no    |
| Is an appropriate response plan in place?  | -      | no    | no    | no    | no    |
| Are there appropriate procedures in place?   | -      | no    | no    | no    | no    |
| Do employees have access to the response plan and procedures?  | -      | no    | no    | no    | no    |
| <b>Tax Transparency (G8 UNGC GRI 201-1, 103-1 to 103-2)</b>  |        |       |       |       |       |
| Does the company publish and follow a tax policy that is overseen by the board of directors?                     | Yes/no | no    | no    | no    | no    |
| Does the company prepare country-by-country tax reports?   | -      | no    | no    | no    | no    |
| Does the company calculate its tax-footprint?  | -      | no    | no    | no    | no    |
| <b>Sustainability Report (G9 UNGC GRI 102-50, 102-54 to 102-56)</b>  |        |       |       |       |       |
| Does the company publish a sustainability report?  | Yes/no | no    | yes   | yes   | yes   |
| <b>Other Framework Disclosures (G10 UNGC GRI 102-31)</b>   |        |       |       |       |       |
| Does the company publish a GRI, CDP, SASB, IIRC or UNGC report?<br><i>As described in sustainability report.</i> | Yes/no | no    | no    | yes   | yes   |
| <b>External Validation &amp; Assurance (G11 UNGC GRI 102-56)</b>   |        |       |       |       |       |
| Are the company's ESG disclosures assured or validated by a third party?   | Yes/no | no    | no    | no    | yes   |



## Notes

### **1. Fiscal year**

Company's fiscal year runs from January 1 to December 31. Unless otherwise specified, reported data is global.

### **2. Accounting method**

We use a closed-loop energy management system (Klappir Core) that collects most data and performs calculation automatically. For further information see [www.klappir.com](http://www.klappir.com)

### **3. Direct and Indirect GHG Emissions (E1)**

GHG emissions are calculated according to WRI's Greenhouse Gas Protocol. For more information on our methodology, see the environmental report 2018. Carbon dioxide equivalent (CO<sub>2</sub>e) is a quantity that describes, for given mixture and amount of GHG, the amount of carbon dioxide (CO<sub>2</sub>) that would have the same global warming potential (GWP), i.e. the ability of a gas to trap heat in the atmosphere when measured over specified timescale (generally 100 years).

### **4. Carbon and energy Intensity (E2)**

Carbon intensity figures are based on our combined Scope 1, Scope 2 (market-based) and Scope 3 (business travel, employee commuting and services to our activity). We use two main KPI's to track our annual performance compared to the reference year 2015. It is the share of renewable energy and tCO<sub>2</sub> / unit

### **5. Direct & Indirect Energy Consumption (E3)**

Total energy consumption represents the total Scope 2 (electricity and hot water from geothermal sources) plus total Scope 1 (use of fossil fuel). Calculation of GHG from use of hot water and electricity are based on Icelandic constant provided by the power companies. The calculation is based on fully renewable (100%) energy. In 2017 the local grid (location-based) was 58% from fossil fuel, 29% atom power and 13% renewable. Scope 3 emissions are indirect emissions from other sources in our value chain, such as business travel, commuting and suppliers (services provided to us).

### **6. Water Management (E7)**

Includes all water consumed in office.

### **7. Carbon offset projects (E18)**

A carbon offset is an investment in an activity that reduces carbon emissions. The reduction in carbon emissions by a carbon credit. The credit is usually verified by third party, signifies that GHG emissions are lower than they would have been had no one invested in the offset. One credit equals 2 metric ton of carbon dioxide equivalent (CO<sub>2</sub>e) prevented from being released into the atmosphere.