

Klappir Green Solutions HF

Corporate Social Responsibility

Statement

2017

Klappir Green Solutions HF
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Statement by the Board of Management

The Board of Directors have today discussed and approved the Environmental, Social & Governance Report (ESG) of Klappir Green Solutions HF., for the year January 1st. to December 31st. 2017.

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

In our opinion, the ESG statement gives a fair overview over the our impact in relation to Environmental, Social & Governance.

We are committed to reporting publicly on our approach to and performance on ESG topics. We do so through this annual ESG Statement and other communications channels. The Board Approves the ESG statement for the year 2017 by its signature.

October 18th 2018

Board of Management

Sigrun Hildur Jonsdottir

Edvard Jon Bjarnason

Thorsteinn Svanur Jonsson

Guðmundur Grétar Sigurðsson

Þorsteinn Svanur Jónsson

Hildur Jonsdottir

Hoskuldur Arason

Jon Agust Thorsteinsson

Internal Verifier Report

To the Shareholders of Klappir Green Solutions HF.

I have verified the ESG statement of Klappir Green Solution HF., for the year 1 January to 31 December 2017. The statement comprise Environment, Social and Governance statement and notes for the company. In my opinion, the ESG statement give true and fair of the company ESG factors.

18 October 2018

Verifier

Hildur Jonsdottir

Operation Highlights 2017

Klappir is dedicated to tackling the clients' environmental challenges in terms of infrastructure, usage of natural resources and climate emission. Through trusted relationships Klappir, brings transparency on environmental load, climate accounting and climate goal setting within a reach of each and every one. Klappir offer companies, cities, regions and the public at large integrated software solutions and services making them able to record- and analyze environmental- and operational data and view possibilities for improvements.

Information can be distributed from local to public space if customer wants to share data with its stakeholders both in form of specific key-performance-indicators or as total climate accounting. As an example a company can stream and share data and analyzed environmental information with its branches and subsidiaries, with its selected clients and/or with relevant local or national governments. Klappir software is grouped into 4 products suits, each with a specific purpose as shown below:

- **Environmental transparency and accounting:** In this product suite are products directly related to climate issues. Information related to use of energy, carbon fuels and other company services is transformed automatically into ton CO₂ equivalent (tCO₂e).
- **Environmental performance and efficiency analytic:** Products in this suite support operational efficiency and operational goal settings. The users of different assets like cars, trucks or ships can directly see their performance, put up goals for improvements and monitor continuously the result. All performance data is transformed into environmental information.
- **Environmental compliance and reporting:** Products in this suite are for environmental compliance toward local and international law and regulations. The main focus is on products for ship compliancy toward IMO Marpol annexes as well as European. The products include both logbooks for data recording and legal formatted reporting documents.
- **Platform products for data recording and connectivity:** In this suite are products enabling connectivity, reporting and private and public communication.

A typical Klappir service project begins with implementation of standard climate package including the software framework, environmental accounting, electrical recording, fuel recording and garbage recording. By this standard solution the company will gain transparency on its basic environmental load from its value chain. To further build the environmental project the user can integrate new products to the environmental platform – all products will be interconnected automatically when downloaded.

Klappir solutions and methodologies enables the company's customers to reduce waste, reduce greenhouse gas emissions and ensure compliance with environmental legislation while also reducing their operating costs and increasing utilization of raw materials and other manufacturing and service components. The idea behind the software is based on the decades of experience and expertise of employees in environmental management and development of software in the world.

The team includes people of all ages with expertise in engineering, software engineering, law, environmental issues and administration. Ever since its foundation, the company has worked closely with customers and developed their solutions in cooperation with them. Clients are companies in all sectors, municipalities and government at various levels of government. The core team has long term experience in environmental management and software development in addition to having an access to a wide and global network in relevant fields of industries. The team consist of experienced senior employees and young highly qualified professionals needed to provide superior product and service to the market.

Operation & financials	Unit	2015	2016	2017
Total revenue	mkr	63	123	210
Size of office space	m2	169	187	221
Number of full-time equivalent (FTEe) employee	FTEe	10	12	21
Of which women	%	13%	8%	10%
Of which men	-	87%	92%	90%

ESG Accounting

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

Key performance indicator	Unit	2015	2016	2017
Direct and Indirect GHG Emissions (E1)				
Scope 1	tCO ₂ e	0,5	0,5	0,3
Scope 2 (market-based)	-	-	-	-
Scope 2 (location-based)	-	4,1	4,1	3,9
Scope 3	-	0,03	0,03	0,02
Total (Scope 1,2 [market based], and 3)	tCO₂e	4,62	4,59	4,22
Emissions neutralized by carbon offset projects	-	-	-	-
Net operational carbon emissions	tCO ₂ e	4,62	4,59	4,22
Carbon Intensity (E2)				
Carbon Intensity per megawatt-hour (MWh)	tCO ₂ e/MWh	0,167	0,181	0,164
Carbon Intensity per full-time equivalent (FTEe) employee	tCO ₂ e/FTEe	0,46	0,38	0,20
Carbon Intensity per unit of revenue	kg CO ₂ e/mkr	73,3	37,3	20,1
Development of the KPi (kg CO ₂ e/mkr)	%		49,1%	46,2%
Direct & Indirect Energy Consumption (E3)				
Total energy consumption	kWh	27.606	25.422	25.668
Of which energy from fossil fuel	kWh	1.955	1.955	1.200
Of which energy from electricity	kWh	24.648	22.465	23.661
Of which energy from hot water	kWh	1.003	1.002	807
Energy Intensity (E4)				
Energy Intensity per full-time equivalent (FTEe) employee	kWh/FTEe	2.761	2.119	1.222
Energy Intensity per unit of revenue	kWh/mkr	438	207	122
Primary Energy Source (E5)				
Primary Energy Source (E5)		Electricity	Electricity	Electricity
Renewable Energy Intensity (E6)				
Share of renewable energy	%	92,9%	92,3%	95,3%
Share of renewable electrical energy	%	100%	100%	100%
Water Management (E7)				
Total use of cold & hot water (not for heating)	m ³	840	910	1.190
Of which cold water	m ³	840	910	1.190
Of which hot water	m ³	-	-	-
Waste Management (E8)				
Total amount of waste generated annually	kg	-	624	682
Of which sorted waste	-	-	432	631
Of which unsorted waste	-	-	192	51
Share sorted waste	%	-	69%	93%
Organic waste	kg	-	-	470
Paper, plastic and metals	-	-	-	162
General waste	-	-	-	50
Environmental Policy (E9)				
Does the company have environmental management system	Yes/No/IP	No	IP	Yes
Is environmental policy in place	Yes/No/IP	No	IP	Yes
Environmental Impact (E10)				
Was the company liable for any adverse environmental impacts	yes/no	no	no	no
Does the company bear any legal/regulatory responsibility for an environmental impact	yes/no	no	no	no
Paper Management				
Total amount of printed paper	pages	-	-	36.822
Share of color print	%	-	-	60%
Share of black/white print	-	-	-	40%
Printed on both sides	-	-	-	36%
Operation & financials				

Total revenue	mkr	63	123	210
Size of office space	m2	169	187	221
Of which uses LED for lightning	m2	0	0	0
CEO remuneration (S1 GRI 405-2/102-38 UNGC SDG8)				
CEO remuneration as share of average salary	%	-	-	92%
Gender pay ratio (S2 GRI 405-2)				
Number of full-time equivalent (FTEe) employee	FTEe	10	12	21
Of which women	%	13%	8%	10%
Of which men	-	87%	92%	90%
Employee Turn Over Rate (S3 GRI 401-1)				
Employee turnover rate	%	20%	8%	10%
Of which voluntarily resignations	%	10%	0%	5%
Of which dismissals	%	10%	8%	5%
Of which retired	%	0%	0%	0%
Gender Diversity (S4)				
All management	no	7	7	7
Of which women	%	29%	29%	29%
Of which men	%	71%	71%	71%
Board of directors	no	4	7	7
Of which women	%	50%	43%	43%
Of which men	%	50%	57%	57%
Board of management	no	5	7	7
Of which women	%	29%	29%	29%
Of which men	%	71%	71%	71%
Temporary worker ratio (S5)				
Permanent employees	%	73%	63%	80%
Of which 55 years old and older	%	20%	17%	19%
Of which between 35 and 50 years	%	50%	58%	50%
Of which age 35 and younger	%	30%	25%	31%
Temporary employees	%	-	-	10%
Non-Discrimination Policy (S6)				
Does your company publish and follow a non-discrimination policy:	Yes/No/IP	IP	yes	yes
Injury Rate (S7)				
Accidents at the work place and on the way to and from work	no	0	0	0
Health indicator	%	0	0	0
Human Rights Policy (S10)				
Is there human right policy in place	YES/NO/IP	Nei	Nei	Nei
Human Rights Policy (S11 GRI 102-17/103-2/412-1 UNGC P1, P2 SDG 2,3,12,13)				
Number of violations reported	no	0	0	0
Of which coecion and bullying	-	0	0	0
Of which harassment and gender based discrimination	-	0	0	0
Of which sexual harassment	-	0	0	0
Of which by ingnorance	-	0	0	0
Of which other violations	-	0	0	0
Of which violations that have been adressed/solved	-	0	0	0
Board Diversity (S12, GRI 102-22 UNGC SDG 5)				
Total number of Directors	no	3	3	7
Of which women	%	33,3%	33,3%	42,8%
Of which men	-	66,7%	66,7%	57,2%
Of which independent board members	-	0,0%	0,0%	0,0%
Seperation of power (G1 GRI 102-23)				
Is the CEO the chairman of the Board	YES/NO	no	no	no
Does the CEO lead committees	-	-	-	-
Does the CEO sit on the board	-	yes	yes	yes
Board-Transparant Practices (G2 GRI 102-23 UNCG SDG 8, 10, 16)				
Are board practices, actions, and outcomes made public				
To the CEO	YES/NO	yes	yes	yes
To revisors and controllers		yes	yes	yes
Is the voting by individual board members made public	-			

To the CEO	-	yes	yes	yes
To revisors and inspectors	-	yes	yes	yes
Incentivized Pay (G3 GRI 102-35 UNCG SDG 9,16)				
Are company executives formally incentivized to act on ESG				
Regarding Corporate Governance	YES/NO	no	no	no
Regarding charity and humanity	-	no	no	no
Fair Labor Practices (G4 GRI 102-41 UNCG P3 SDG 3,8,16)				
Number of employees in unions	%	-	-	38%
Number of employees not in unions	%	-	-	63%
Supplier Code of Conduct (G5 GRI 102-14/308/414 UNCG P3 SDG 12)				
Responsible behaviour of the company's suppliers	YES/NO/IP			
In regards to the environment	-	-	-	ip
In regards to fair labor Practices	-	-	-	ip
In regards of foreign origin	-	-	-	ip
In regards to possible corruption	-	-	-	ip
In regards to agents	-	-	-	ip
Ethics Code of Conduct (G6 GRI 102-16 UNCG P3 SDG 16)				
Has the Ethics Code of Conduct been implemented	YES/NO/IP			
Is the EC approved by the Board	-	-	-	ip
Has the EC been introduced to employees	-	-	-	ip
Anti-Bribery / Anti Corruption (G7 GRI 102-17/205-1,2 UNCG P10 SDG 16)				
Action against corruption and bribery	YES/NO/IP			
Have been approved by the board	-	-	-	ip
Have been introduced to the employees	-	-	-	ip
Have been publicly introduced				ip
Instructions and procedures	YES/NO/IP	-	-	no
Have been formally implemented	-	-	-	no
Have been defined according to regulation of follow-up rules	-	-	-	no
Have been defined according to protocol for handling complaints	-	-	-	no
Tax Transparency (G8)				
Is there Tax Transparency	YES/NO/IP			
Sustainability Report (G9)				
Has the ESG report been published	Yes/No/IP	Yes	Yes	Yes
Other Framework Disclosure (G10)				
At Klappir Green Solutions we take into account the fundamental objectives laid out in UN Global Compact. We also look to the new guidelines which the World Federation of Exchanges has set out for listed companies. These guidelines aim to meet certain requirements of the Global Reporting Initiative, an international standard which helps companies and institutions to report information on sustainability in a transparent manner.				
External Validation Assurance (G11)				
The environmental report and the report on non-financial information for 2016 were prepared by Klappir Green Solutions HF. Klappir specializes in consultancy and technical web and business solutions relating to sustainability. Such input from third parties enhances the reliability and quality of the material presented in the report.				

Notes

The Corporate Social Responsibility Progress Report 2017 is attached.