



**ISAVIA**

Annual and CSR report  
2019



THE COMPANY

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## MESSAGE FROM THE CEO



Flight connections are one of the main ways in which a country can create and maintain economic growth. This is all the truer for an island nation such as Iceland. Flight connections create opportunities not only when it comes to tourism, but also in regards the export of goods and services and access to education and cultures, to name but a few. It has been calculated that a 10% increase in the number of flight connections brings with it a 0.5% increase in GDP.

Increasing the number of the flight connections is only possible with continued investment in airport infrastructure. Some 98% of international passengers arriving in Iceland use Keflavik International Airport. The airport connects continents and creates possibilities for transfer passengers. Indeed, transfer passengers are the driver behind the new destinations and connections that we have seen over the past few years.

Recent times have brought with them considerable external challenges over which the company has little control. At the end of March last year, WOW air went out of business and, shortly afterwards, Icelandair's Boeing 737 MAX aircraft were grounded. Early this year, we saw the outbreak of the COVID-19 virus, which is having a huge effect on travel and, indeed, the whole world's economy. The same goes for the impact on Iceland and it is impossible at this time to evaluate how extensive and long-lasting the impact will be. Despite all the uncertainty, it is essential not to lose sight of how important for us to work together and to be prepared to fight another day when the right time comes.

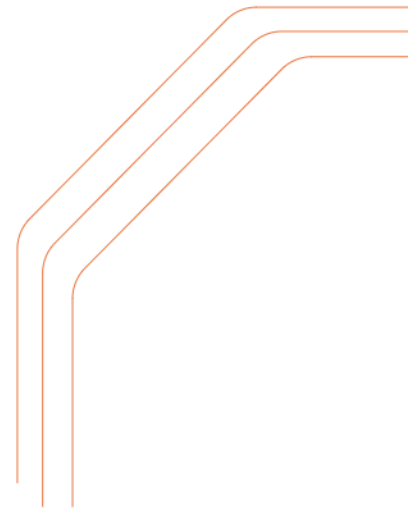
There have also been other challenges which may be easier to deal with – especially worthy of mention are government plans to have Isavia take on part of the operating costs for the domestic flight network. These are non-sustainable operations within the public-transport system, which should be the responsibility of the state. This arrangement will weaken the company financially and make it more difficult to invest in further development and greater capacity at Keflavik International Airport. It is clear that we can't have it both ways. If decisions are taken to divert the company's forces to the state's internal operations, this will clearly affect all our future plans for development. We cannot afford to take once-sound investment decisions now that the company's financial situation has been weakened.

There are many opportunities ahead when it comes to Keflavík International Airport as a transfer hub. There are large and growing markets on both sides of the North Atlantic, and possibilities for further connections to the Asian market are growing fast. At the same time, Europe's airports are – on the whole – facing a situation of restricted possibilities for generating extra capacity. We are therefore in a key position to move forward in the coming years and decades and thereby lay stronger foundations under economic growth in Iceland.

We see great opportunities in carving out a niche for ourselves in Iceland regarding environmental issues and sustainability. We are now in a real position to ensure that our competitive advantage going forward can be directed towards environmental issues and sustainability. I am truly grateful for the opportunity to be part of this exciting project, which ultimately creates value for the society as a whole. But for this to happen, we cannot allow short-term interests in the public sector to weigh us down.

We have been party to the UN Global Compact since 2016. By virtue of its participation, Isavia undertakes to ensure that its policies and work practices are in accordance with the ten principles of the United Nations on human rights, work issues, environmental issues and actions against corruption.

We concentrate on issues in several fields, and the company sets itself high standards in this respect every year. Objectives and related improvement projects were selected with reference to the nature and policies of the company, comments from external stakeholders and the principles of the UN Global Compact, UN Sustainable Development Goals and related government priorities. The objectives for 2020 are linked to nine of the seventeen UN Global Goals.



**THERE ARE MANY OPPORTUNITIES AHEAD WHEN IT COMES TO KEFLAVÍK INTERNATIONAL AIRPORT AS A TRANSFER HUB. WE ARE THEREFORE IN A KEY POSITION TO MOVE FORWARD IN THE COMING YEARS AND DECADES AND THEREBY LAY STRONGER FOUNDATIONS UNDER ECONOMIC GROWTH IN ICELAND.**



Isavia issues an annual and social responsibility report according to the criteria of the Global Reporting Initiative for the fourth time this year. The report is modelled on the GRI Standards: Core this year together with GRI-G4 special provisions for airports. These special provisions deal specifically with the challenges and opportunities faced by airports when it comes to sustainability. Consideration is given to the company's operations and to their impact on the economy, the environment and the community. The report is issued electronically on the Internet for the second time. A large number of employees from all departments within the company were involved in its preparation, and we recruited an external consultant to review and ensure the reliability of the information. We welcome all comments on the content of the report, as continuous improvements are an integral part of our operations.

This social responsibility report describes the operation of Isavia in 2019. The report is published as a Communication on Progress in accordance to our commitment to the UN Global Compact (UNGC). Thereby we confirm our wish to work in accordance with the ten principles of the UN and work toward the Sustainable Development Goals. We declare our continued support for the UN Global Compact.

A lot has happened in the environment and operation of Isavia in the recent past. Isavia employees have, at the same time, been valiant in their efforts on behalf of the company; they have played a key role in its success in the past and will undoubtedly continue to do so in the future. I would like to use this opportunity to express my thanks to all my colleagues for their efforts and excellent collaboration.

Sveinbjörn  
Indriðason, CEO



Sveinbj. Indr.



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# CHAIRMAN'S STATEMENT



The year 2019 was a particularly eventful year for Isavia. The period 2009–18 saw steady growth in the number of international passengers – around 20% on average year-on-year. Last year saw an abrupt reversal, with passenger numbers falling some 26%. This is attributable mainly to the collapse of WOW air at the end of March 2019 and the grounding of Icelandair’s Boeing 737 MAX aircraft around the same time.

A new CEO began at Isavia in the course of 2019, bringing with him a refocusing of priorities. Business operations were sharpened by distinguishing between the various operational activities engaged in within the Group and hiring several new executives. At the same time, changes were made to the organisation of Keflavík International Airport, with a view to bringing development closer into line with the needs of customers and giving greater priority to service experience in the airport’s operations, both for passengers and the airlines using the airport. Keflavík Airport is in tough competition with airports abroad and must make the most of all its assets, even more so now in tougher times and with disruptions in international tourism. The changes being made at the airport and in the company are aimed at making our operations more resilient.

The collapse of WOW air a year ago was followed by a general debate on the legal basis for grounding aircraft for unpaid user fees. The aircraft in question was operated by WOW air but not owned by them. The Reykjanes District Court ruled against Isavia in this case, with no recourse to suspending the legal effect of the ruling until the case could be brought before a higher court. Isavia was therefore no longer able to hold the aircraft and lost its rights over the aircraft in the legal proceedings. The previous ruling of the Court of Appeal – which was in favour of Isavia – was therefore rendered void. Isavia deems the ruling of the Reykjanes District Court to be wrong and is suing the state Treasury and the aircraft owner for damages in respect of the irrevocable execution in this case.



**KEFLAVÍK AIRPORT IS IN TOUGH COMPETITION WITH AIRPORTS ABROAD AND MUST MAKE THE MOST OF ALL ITS ASSETS, EVEN MORE SO NOW IN TOUGHER TIMES AND WITH DISRUPTIONS IN INTERNATIONAL TOURISM**

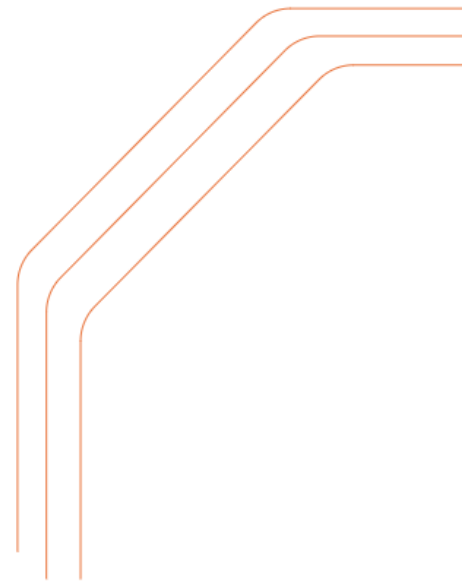


On top of the fall in passenger numbers, in early 2020, the company was subject to new financial obligations from its owner, the Icelandic state. This means that the financial liability for investments and operational losses at Egilsstaðir Airport fall temporarily to Isavia. Egilsstaðir Airport is an important airport and offers good possibilities for development. This does not, however, alter the fact that the airport is financially unsustainable and part of Iceland's public-transport system. It is therefore fundamentally different from Keflavík International Airport – which is financially independent, requires major development and faces tough competition from airports abroad. This arrangement will weaken Isavia's financial position and impair its capacity for further development at Keflavík Airport.

Recent weeks have brought considerable uncertainty, with the COVID-19 virus taking its toll on passenger air travel. As things stand, it is unclear what the permanent effect will be, but it is certain they will be significant.

Despite all these challenges, the company is on a sure footing. Isavia is well prepared to tackle these deteriorating external factors. It is even more important now than often in the past to not let the company's financial strength be sapped by foisting upon it – with no compensation – the task of resolving costly issues that are under the control of public authorities.

I should like to thank our CEO and the Executive Board for the fine work they have done in these challenging times. It is important for Isavia to continue to deliver everything that is expected of this key company for Icelandic tourism and the Icelandic economy.



Orri Hauksson, chairman of the board of directors

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# GOVERNANCE

THE COMPANY'S CORPORATE GOVERNANCE IS PRESCRIBED BY ACT NO. 2/1995 ON PUBLIC LIMITED COMPANIES FROM AUGUST 2012, THE COMPANY'S ARTICLES OF ASSOCIATION AND RULES OF PROCEDURE OF THE BOARD.



## GOVERNANCE STRUCTURE

Isavia is a publicly owned company owned by the Icelandic state. The operations of the company are in accordance with Act No. 153/2009 on the Merger of the Government-owned Limited Companies Flugstoðir and Keflavík Airport, Act No. 76/2008 on Establishing a Government-owned Limited company for the Running of Keflavík Airport, Act No. 102/2006 on the Establishment of a Public Limited company for Air Navigation Services and Airport Operations by the Icelandic Civil Aviation Authority, and the Aviation Act (Act No. 60/1998).

The company's corporate governance is prescribed by Act No. 2/1995 on Public Limited Companies (August 2012), the company's Articles of Association and Rules of Procedure of the Board.

The company's Board refers to the Guidelines of Corporate Governance and complies with them in all major respects, although it is not legally bound to do so. Isavia received renewed certification, following a formal assessment, as a Model company in good corporate governance in 2019.

Two formal sub-committees – the Remuneration Committee and the Audit Committee – currently operate under the company's Board. No court rulings have been issued during the year in which the company is believed to have broken any laws or regulations.

### ISAVIA BOARD OF DIRECTORS 2019-2020

**Orri Hauksson** (first from left), born 1971, Mechanical Engineer, MBA, CEO of Síminn. Chairman of the Board from 2019.

**Matthías Imsland** (first from right), born 1974, political scientist. Board member from 2014. Deputy Chairman of the Board 2014-17 and from 2018.

**Eva Pandora Baldursdóttir** (second from right), born 1990, Business Administration, Specialist at the Institute of Regional Development. Board member from 2018.

**Nanna Margrét Gunnlaugsdóttir** (third from left), born 1978, Business Administration, MBA, Director of investments at Hafblik Investments. Board member from 2018.





## ISAVIA BOARD OF DIRECTORS

The Board of Directors of Isavia consists of five members and five alternates, all of whom are elected at the Annual General Meeting for a term of one year. Board members are nominated by the Minister of Finance and Economic Affairs. The gender ratio among Isavia's Board members and alternates is 50% women and 50% men. All Board members are considered independent in the sense of the Guidelines on Corporate Governance. All Board members have given the Board an account of their assets in other companies, and their participation in them does not have an effect on their work as Isavia Board members.

## BOARD'S ACTIVITIES AND RULES OF PROCEDURE

The Board has established detailed Rules of Procedure defining its scope of authority and the divisions of tasks between it and the CEO. The current Rules of Procedure were approved at a meeting of the Board of Directors on 24 April 2019. They include the division of tasks between Board members, rules on the eligibility of politicians to take part in processing matters, procedure and minutes for meetings, rules on confidentiality, the obligation to provide information to the Board and the decision-making powers of the Board.

The Board of Directors shall constitute the supreme authority in the affairs of the company from one shareholders' meeting to the next, in accordance with laws and the company's Articles of Association. The Board's main role is to manage the company between shareholders' meetings and ensure adequate supervision of the accounts and disposal of the company's property, as well as confirm the operating budget and investment plans and ensure compliance with them. The Board makes all major decisions concerning the company's operations and ensures that the company is operated in accordance with the relevant laws and regulations. Furthermore, the Board has the goal of promoting the company's growth and results in the long term by formulating company policy in consultation with company management.

**Valdimar Halldórsson** (third from right), born 1973, Business Administration, Director of Norðursigling. Board member from 2018.

### ALTERNATES IN BOARD OF DIRECTORS

**Björg Eva Erlendsdóttir**, born 1960, BA Icelandic, Norwegian and Journalism, Managing Director of the Left-Green Movement.

**Hreiðar Eiríksson**, born 1963, Attorney at Law, Specialist at Fiskistofa (Directorate of Fisheries).

**Ingvaldur Sæmundsdóttir**, born 1970, Business Administration, MBA, assistant to the Minister of Transport and Rural affairs.

**Óskar Þórmundsson**, born 1950, former Chief Constable.

**Sigrún Traustadóttir**, born 1962, Business Administration, MBA, consultant.

[Further information on Isavia's Board of Directors](#)

### MORE INFORMATION

 [Corporate Governance at Isavia](#)

 [Rules of Procedure for the Board of Directors of Isavia \(in Icelandic\)](#)



## **THE BOARD'S PERFORMANCE ASSESSMENT**

The Board regularly evaluates its performance, its practices and rules of procedure, company development, the performance of the CEO and the efficiency of sub-committees if present. The performance assessment is intended, among other things, to evaluate the strengths and weaknesses of the Board's work and practices and take into consideration the components which the Board believes may be improved. The Board's performance assessment was carried out during a meeting of the Board in March 2020.

## **INTERNAL MONITORING AND RISK MANAGEMENT**

The Board has submitted a comprehensive risk policy for the company and defined the major operational risks. The main risks for the Group's financial transactions are exchange rate risk, currency risk and indexing risk. A special risk committee is active and is authorised by the Board to determine the scope and nature of risks and profit analysis for projects and ventures that could have significant effects on operations and financial position. The Risk Committee, consisting of the CEO, Assistant CEO, Director of Finance together with experts on risk management, submits regular reports on risks for the company to the Board.

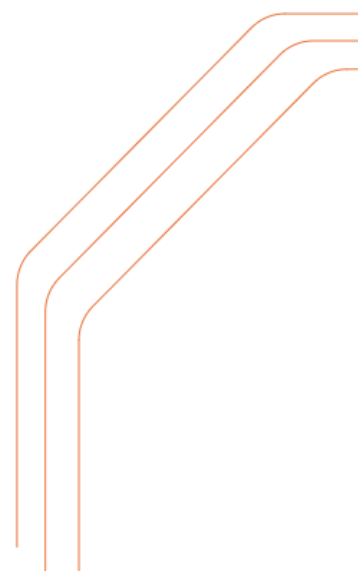
At the close of 2019, the company reached an agreement on internal auditing with PwC. Internal auditing assesses and improves the function of risk management, monitoring activities and governance through systematic and disciplined work practices, thereby helping the company to achieve its goals. Internal auditing operates independently, does not make any decisions relating to the day-to-day activities of the company and is recruited by the Board.

## **SUB-COMMITTEES**

Two sub-committees operate under the Board of Directors:

### **REMUNERATION COMMITTEE**

The Committee consists of two members of the Board of Directors. The main tasks of the Remuneration Committee are to annually prepare a draft remuneration policy which is submitted to the Annual General Meeting, prepare proposals submitted to the AGM as regards the employment terms of Board members and prepare proposals for the Board as regards criteria for the wages and other employment terms of the CEO and the Chiefs of the subsidiaries. The Remuneration Committee monitors that the remuneration policy is followed, and that wages and other employment terms are in accordance with laws, regulations and best practices as current from time to time.



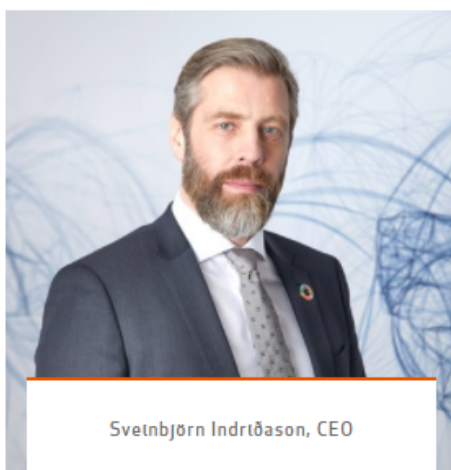
## AUDIT COMMITTEE

The Audit Committee is made up of three members: one of whom must be independent of the company and its employees, and two Board members. The main tasks of the Audit Committee involve the evaluation of monitoring environment of the company, analysis of the effectiveness of internal audits, the monitoring of the execution of auditing and the preparation of proposals for the selection of an external auditor in consultation with the Icelandic National Audit Office (INAO) according to Article 7 of Act No. 46/2016 on the Auditor General and the Auditing of Government Accounts. The Committee evaluates the independence of the auditor, the effectiveness of risk policies, risk willingness and risk management and ensures compliance with laws and regulations. The Audit Committee monitors working processes in the preparation of financial statements to increase the trust in and safety of financial information.

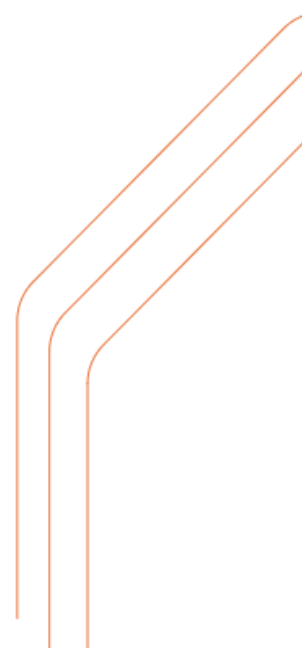
## CEO OF ISAVIA

The CEO is responsible for the management of all day-to-day operations in accordance with the policies and instructions of the Board. Day-to-day operations do not include measures which are unusual or extraordinary. He has decision-making powers regarding all the operational and financial issues of the company and manages its assets. He submits an account of the company's operations and performance at Board meetings and answers to the Board for all day-to-day operations and compliance with the company's Articles of Association, laws and regulations.

Björn Óli Hauksson left as CEO of Isavia in April 2019, and Sveinbjörn Indriðason took over as CEO in June 2019.



Sveinbjörn Indriðason, CEO




## COMMUNICATION ARRANGEMENTS BETWEEN SHAREHOLDERS AND THE BOARD

One shareholder, the Icelandic state, holds all shares, and the Minister for Finance has all shareholder rights. Shareholders' meetings are the main venue for the formal provision of information to shareholders and hold the supreme authority of the company. The Chair of the Board and the CEO variously met the Minister or the employees of the Ministry of Finance last year. The Board of Directors and CEO conduct themselves in accordance with the general policy on state ownership of limited liability and partnership companies. The company releases press releases on the company's performance and other matters pertaining to its operation.

## 2020 CORPORATE GOVERNANCE STATEMENT

The 2020 Corporate Governance Statement was approved at the Board meeting of 18 March 2020.


### MORE INFORMATION

 [Corporate Governance Statement 2020 \(in Icelandic\)](#)

## CODE OF ETHICS

Isavia's Code of Ethics applies to all employees and management of the company and is an integral part of all employment contracts. In addition, there is a separate section on disqualification in the Board's Rules of Procedure. The Code of Ethics is available to all employees on the intranet of the company and on the Isavia website.

### MORE INFORMATION

 [Code of Ethics](#)

 [Rules of Procedure for the Board of Directors of Isavia \(in Icelandic\)](#)





## ISAVIA'S OPERATIONS

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### OPPORTUNITIES FOR THE FUTURE



**Sveinbjörn Indriðason, CEO**, discusses Isavia's activities and CSR work.

### OPERATION

Isavia is a service company in airport operations and air navigation and forms the foundation for Iceland's civil aviation. Its operations are of considerable national interest. The employees, moreover, make every effort to conduct their work in a safe and efficient manner in harmony with the community. In December 2019, the operational form of the company was changed when air navigation services and the operation of regional airports, previously departments within Isavia, were converted into subsidiaries. The company's Board of Directors made the decision for this move on the basis of the fact that the nature of these operating units is dissimilar. Through the changes, each part of the operation will be recognised according to its own importance, have its own board and have the opportunity to concentrate on different areas.





## ISAVIA OHF

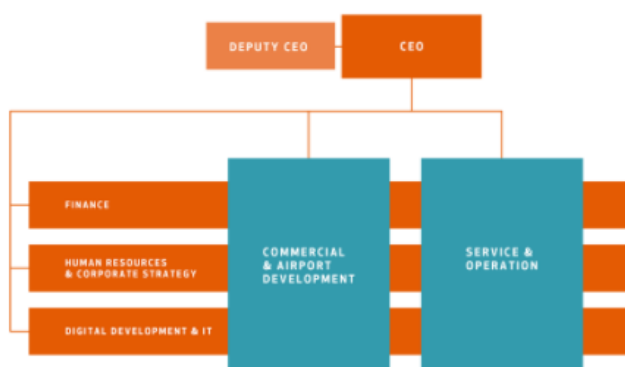
Keflavík Airport is operated by the parent company Isavia. The Airport is operated wholly on business terms, in a demanding competitive environment and is financially sustainable. This is where the greatest opportunities lie as well as the greatest

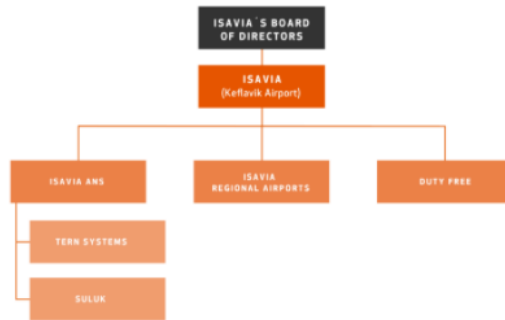
operational risks.

The company's Organisational Chart has been changed so that the core operations of Keflavík Airport have been reduced from three to two. This has been done to bring development closer into line with the needs of customers and to bring the concept of service closer to our daily operations. Changes have also been made to the company's support operations. These now number three, together with the CEO's Office, which will take on a new role in our updated organisation. Support operations will now be more clearly part of the operations of Keflavík International Airport, not chiefly service units as has been the case up to now.

One of the parent company's two core operations is 'Commercial and Airport Development'. Priorities here include airlines and route development, commercial and marketing, infrastructure and real estate and airport development and construction. The other set of core operations is 'Service and Operation'. Priorities here include airport security, passenger services, airside operations and tower control. The support unit dealing with safety management will be transferred under these core operations.

A new Digital Development and IT Division has been created, while the Finance and Human Resources Divisions will remain as independent entities, albeit with partially modified remits. There is strong focus on all divisions of the parent company working, in one way or another, for the whole Isavia group.





## ISAVIA REGIONAL AIRPORTS

A new subsidiary – Isavia Regional Airports – manages airports in Iceland other than Keflavík International Airport. The operation of these airports is not sustainable. Operations are based on the company's agreement with the Icelandic Ministry of Home Affairs, which determines their level of service, operation and maintenance, as the airports are part of the public-transport system owned by the state. Isavia Regional Airports operates the international airports in Reykjavík, Akureyri and Egilsstaðir. In addition, there are nine landing sites for regular scheduled flights in Iceland. The company is also responsible for 36 other landing sites throughout Iceland. Managing Director of Isavia Regional Airports is Sigrún Björk Jakobsdóttir.



## ISAVIA ANS

A new subsidiary – Isavia ANS – provides air navigation services for domestic and international flights in the upper airspace over the North Atlantic. Operation are based on agreements with 24 countries for services and financing, based on a cost recovery system. Isavia ANS is licensed to handle air navigation and air traffic services in the North Atlantic on behalf of Iceland and over the Icelandic air traffic control area. The International Civil Aviation Organisation (ICAO) has granted seven countries the task of handling air traffic services over this area: as well as Iceland, these are the United Kingdom, Canada, Norway, the United States, Denmark and Portugal. Just over a quarter of all air traffic over the North Atlantic crosses the Icelandic air traffic control area. The area is quite unique among oceanic areas, thanks to its flexibility as regards flight routes and altitudes.

Tern Systems, which develops software for air navigation services, and Suluk, which manages the operation of air navigation services in Greenland, are both subsidiaries of Isavia ANS. Managing Director of Isavia ANS is Ásgeir Pálsson.



## THE DUTY FREE STORE

The Duty Free Store has been a subsidiary of Isavia since early 2005. It sells duty-free goods on the basis of an operating permit agreement with the parent company. This agreement allows the Duty Free Store to carry out commercial operations in the

departure and arrivals lounges at Keflavík Airport, selling typical duty-free goods, such as alcohol, tobacco, sweets and cosmetics. Managing Director of The Duty Free Store is Þorgerður Þráinsdóttir.

As well as these subsidiaries, Isavia also owns Domavia. Isavia's headquarters are located at Reykjavík Airport.

## STRATEGY

Isavia is a publicly owned company and operates in accordance with operations and state-ownership legislation. The company's strategy is formulated by its Board of Directors and Executive Board within this framework. Managers and staff are expected to follow company strategy, and the Executive Board is responsible for implementing it. The main focal points in the company's strategy is presented in the company's strategy pyramid, which has changed slightly after the establishment of the new subsidiaries. The company's role as a service company in the aviation sector has been more clearly defined, and this focus is now better reflected in the pyramid.



### VISION

Centre for aviation in the North Atlantic.

### MISSION

Isavia is a service company in airport operations and air navigation and forms the foundation for Iceland's civil aviation. We work together to be a part of a pleasant journey both in Iceland and abroad.

### OUR VALUES:

- Service
- Cooperation
- Safety

### OUR GOALS

- A desirable and progressive workplace.
- Valuable and efficient service.
- Adoption of new technology and development of processes and responses.
- Profitable company in the short and long term based on strong infrastructure.
- A socially responsible company.

[See more on Isavia's policies](#)

## ISAVIA'S EXECUTIVE BOARD

The Chief officers of Isavia's core divisions and support divisions, together with the CEO and Deputy-CEO form the Executive Board of the company. The Executive Board debates and discusses strategical matters for the company's operations. Decisions on issues relating to social responsibility are taken by the company's CEO and Executive Board. Isavia's Board of Directors monitors issues that relate to the field.



### CEO OF ISAVIA

**Sveinbjörn Indriðason**, born 1972, Economist, He was Isavia's Director of Finance from 2013 until he was hired as Isavia's Chief Executive Officer (CEO) in June 2019.



### DEPUTY CEO

The Deputy CEO manages the office of the CEO who handles the joint affairs of the company and is to assist the Board in ensuring good governance. **Elín Árnadóttir** born 1971, Business Administrator. Deputy CEO of Isavia since 2010.



### SERVICE AND OPERATIONS

Services and Operations are responsible for security management, aviation security, passenger services, airport services and the operation of the flight tower at Keflavík Airport.

**Anna Björk Bjarnadóttir**, born 1967, Sport scientist. Chief Service and Operations Officer from 2020.





## COMMERCIAL AND AIRPORT DEVELOPMENT

Commercial and Airport Development handles communications with airlines and route development, business and marketing, operations and development of infrastructure, as well as airport development and construction at Keflavik airport. **Guðmundur Daði Rúnarsson**, born 1979, Engineering Manager. Chief Commercial and Airport Development Officer from 2016.



## FINANCE

The Finance Division handles accounting, financial management, risk management, finance, financing, legal issues and purchasing for the company. **Jóhann Gunnar Jóhannsson**, born 1973, Certified Public Accountant. Chief Financial Officer from 2019.



## HUMAN RESOURCES AND CORPORATE STRATEGY

Human Resources and Corporate Strategy Division manages human resources, strategic planning and corporate social responsibility for the company. **Arnar Másson**, born 1971, MS degree in Political Science. Chief Human resources and Strategy Officer from 2019.



## DIGITAL DEVELOPMENT AND IT

Digital development and information technology Division operates and leads digital development for the company. **Ragnheiður Hauksdóttir**, born 1977, Business Administrator. Chief Information Officer from 2020.

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# MATERIAL ASPECTS

THE AIM OF ISSUING THIS REPORT IS TO PROVIDE GREATER TRANSPARENCY AND A MORE IN-DEPTH VIEW OF THE COMPANY'S ACTIVITIES AND THEIR EFFECTS ON SOCIETY AT LARGE. WITH THE ISSUE OF THE REPORT, THE COMPANY SEEKS TO SHINE A LIGHT ON BOTH THE CHALLENGES THAT FACE THE COMPANY AND THE SUCCESSES THAT HAVE BEEN ACHIEVED.

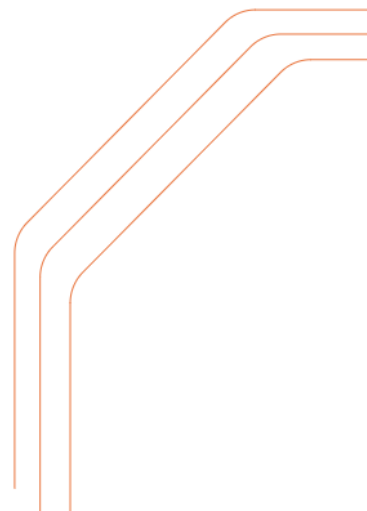


## ISAVIA'S MATERIALITY TOPICS

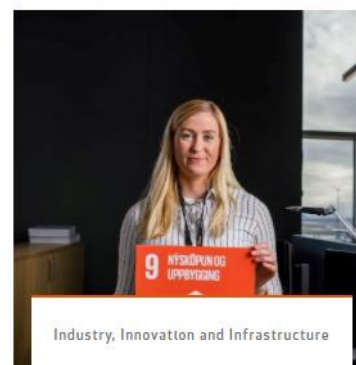
Isavia's CSR Report is drafted in accordance with **GRI Global Reporting Initiative** Standards: Core together with special provisions GRI-G4 on airports. These special provisions deal specifically with the challenges and opportunities faced by airports when it comes to sustainability. Consideration is given to the company's operations and to their impact on the economy, the environment and the community. Isavia focuses on extensive collaboration with those stakeholders who rely on the services of the company and who are affected by its operations. Operations have an impact throughout the country and on all its inhabitants. Isavia has analysed over a hundred stakeholders – these can be classified as customers, employees, the community, the authorities and suppliers.

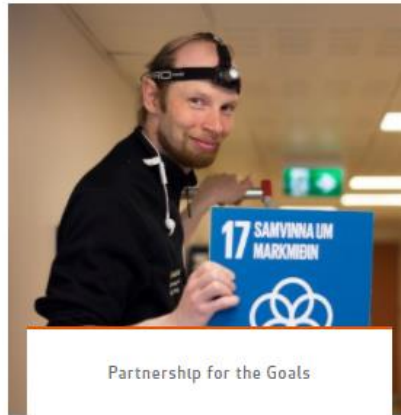
In autumn 2018, the company hired a consultancy company to interview a sample of stakeholders from the five stakeholder groups identified by Isavia, i.e. customers, employees, authorities, suppliers and communities surrounding the company's airports. Interviews were conducted to discuss **topics which stakeholders deemed to be of particular importance for their co-operation with the company**, their expectations of the company and their assessment of co-operation with Isavia. During that time, the findings were presented to the company's Executive Board and discussed with a view to selecting objectives in this field for 2019. Isavia experts analysed the findings in accordance with the company's strategic priorities and identified the most important aspects from that perspective. The focus was on aspects deemed important as regards the content of the report and as regards selecting objectives and improvement projects.

For the year 2020, no separate stakeholder interviews were conducted. Instead, a customer survey was carried out where a broad sample of the company's B2B customers was targeted. The results of such survey, together with Isavia employee analysis of the newest points of focus of the aviation sector in the field, developments in the legal framework, the main criteria in CSR reporting, comparisons with leading companies and issues that groups from the company's stakeholder environment have pointed out, were the basis for the Executive Board's examination of the most important aspects in Isavia's environment. The Executive Board reached the conclusion that the importance of two aspects had been underestimated. It was believed that reiterating the importance of services was necessary and that digital technology and automation should receive increased weight. These are aspects that are of great importance for Isavia and its largest customers.



Isavia updates its materiality analysis in social responsibility in accordance with the **Reporting Principles** of the GRI 101 Foundation Standard.





Partnership for the Goals



Affordable and Clean Energy



Gender Equality



Responsible Consumption and Production

## REGARDING THE PREPARATION OF CSR REPORT:

The aim of issuing this report is to provide greater transparency and a more in-depth view of the company's activities and their effects on society at large. With the issue of the report, the company seeks to shine a light on both the challenges that face the company and the successes that have been achieved. **Isavia takes account of ISO 26000** in the company's social responsibility work.

The information that is put forward in the annual and CSR report of Isavia comes from the company's information systems and reflects the knowledge that the company had when the report was prepared. Numerous employees from various departments within the company are involved in the preparation and information gathering for the company's annual and CSR report. The issue of the report does not imply that the company fully knows of all the effects it has on society, nor that social responsibility has been fully adopted at Isavia.

All information in the report applies to the **2019** calendar year.

An external consultant, Finnur Sveinsson, was recruited to examine the GRI index of the report and to ensure the quality of the information. The annual financial statements of the company were audited by the Icelandic National Audit Office.

We welcome all **comments** on the content of the report, as continuous improvements are an integral part of our operations. [Send us an inquiry](#)



# OBJECTIVES AND IMPROVEMENTS

ISAVIA HAS SET ITSELF NINE OBJECTIVES RELATING TO SOCIAL RESPONSIBILITY FOR 2020. THE OBJECTIVES ARE BOTH LONG AND SHORT TERM. OBJECTIVES AND RELATED IMPROVEMENT PROJECTS WERE SELECTED WITH REFERENCE TO THE NATURE AND STRATEGY OF THE COMPANY, COMMENTS FROM EXTERNAL STAKEHOLDERS AND THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS) AND RELATED GOVERNMENT PRIORITIES.



## OBJECTIVES FOR 2020 AND RESULTS IN 2019

Isavia has set itself nine objectives relating to social responsibility for 2020. The objectives are both long and short term. Objectives and related improvement projects were selected with reference to the nature and strategy of the company, comments from external stakeholders and the UN Sustainable Development Goals (SDGs) and related government priorities. Account was also taken of improvement opportunities linked to GRI aspects and to the company's commitments to the ten principles of the UN Global Compact and to incentive programmes of which Isavia is a member. Air Transport Action Group (ATAG), an organisation within the aviation sector which aims to support sustainable growth, links the UN Global Goals to ideas for improvement projects for aviation companies. In addition, ACI (Airport Council International) has issued guidelines on sustainability paths for airports. The company also looked at priority aspects in this work.

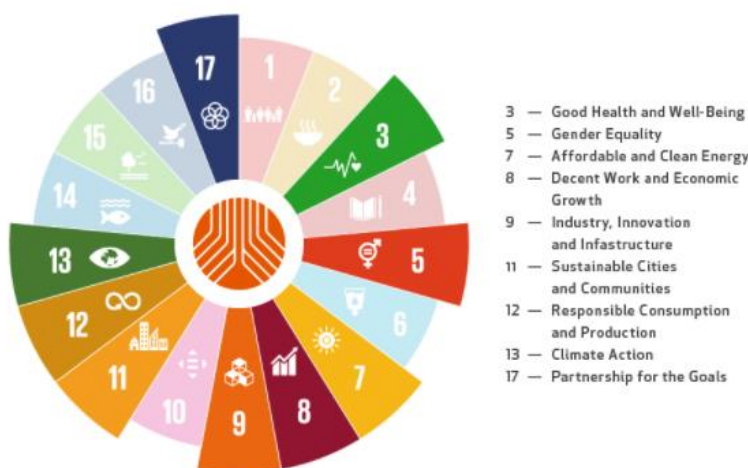
### ISAVIA EMPHASIS AND OBJECTIVES

More detailed information on the goals and their connection to Isavia's policy, the global goals, GRI, the UN Global Compact and the incentive project on responsible tourism.

[Table - Objectives and results](#)

### The objectives for 2020 are linked to nine of the seventeen SDGs.

The work involved a team of staff representatives from all parts of the company submitting ideas for objectives based on the operation of their divisions. Proposed objectives were submitted to the CEO and Executive Board for their approval and presented to the Board of Directors. The objectives and their links to the Sustainable Development Goals are listed below.

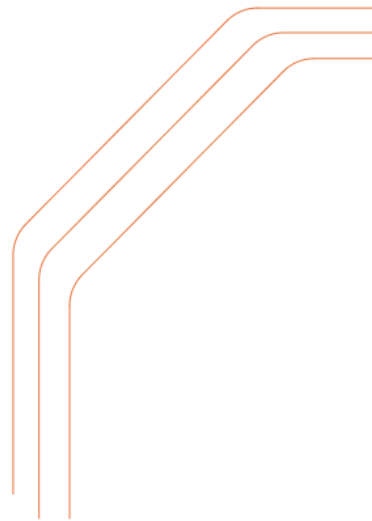


**OBJECTIVE : CONTINUOUS EFFORTS ARE MADE TO REDUCE THE NUMBER OF ACCIDENTS IN THE WORKPLACES OF ISAVIA**



- No accidents suffered by Isavia employees in the workplace.
- Investigate and improve registration and mapping of dangerous conditions, near misses and accidents in Isavia areas of operation'.

The company set itself the objective in 2018, and again in 2019, of reducing employee accidents which lead to absence. In 2018, accidents leading to absences were 11, whereof six were due to company facilities. In 2019, accidents leading to employee absences were 19, whereof seven were due to company facilities. The goal has now been expanded to **continuously work on decreasing all accidents in the workplaces of Isavia** and has been made a long-term goal. There will be two sub-goals for 2020, i.e. 'no accidents suffered by Isavia employees in the workplace' and 'investigate and improve registration and mapping of dangerous conditions, near misses and accidents in Isavia areas of operation'.



This objective is indirectly linked to SDG 3 and specifically to Target 3.6, which aims to 'halve the number of global deaths and injuries from road traffic accidents' by 2020. The Air Transport Action Group (ATAG) report links this SDG to ongoing training in safety awareness in aviation, and Isavia uses this as its reference. The goal also relates to SDG 8 and from there to Target 8.8, which aims to 'protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment'.

**OBJECTIVE: EQUAL GENDER REPRESENTATION IN MANAGEMENT POSITIONS BEFORE 2025**



- Prepare a succession plan and an adoption schedule for such plan in 2020. Gender equality must be ensured therein.

In 2018, Isavia set itself the objectives of equal pay for equal work and of increasing the number of women in third-level management positions. Isavia achieved accredited certification under equal pay standard ÍST 85:2012 in 2018 and met its goals of eliminating unexplained general pay discrepancies. In addition, the share of women in third-level management positions rose from 14% to 16%. For 2019, the company set the long-term goal of having equal gender representation in management positions before 2030 and the target of increasing the number of women in third-level management positions to 20% before 2021. There were three changes to job titles in 2019 and one man left the company, so by the end of 2019, the proportion of women in third-level management positions had reached 23%.

The long-term goal remains the same this year but is set for a shorter period. It is assumed that **gender equality in management positions will be achieved before 2025**. The sub-objective of the year is to "prepare a succession plan and an adoption schedule for such plan in 2020. Gender equality must be ensured therein."

Changes were made to the parent company management in 2019 and in the first months of 2020, which means that there is now equal sex ratio in the second level of management. This action relates to SDG 5.1, which aims to 'end all forms of discrimination against all women and girls everywhere', and 5.5, which aims to 'ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life'. Efforts will focus on Indicator 5.5.2, which measures the proportion of women in managerial positions. The objective also relates to SDG 8.5 which assumes that by 2030, 'full and productive employment and decent work for all women and men will be available, including for young people and persons with disabilities, and equal pay for work of equal value'.

Isavia also established an objective to train employees who are in direct contact with passengers to recognise human trafficking. The goal was achieved. The company's educational department had a video prepared in consultation with the Chief Constable of Suðurnes. The video has drawn much attention, and the company's stakeholders have also been able to take advantage of it.

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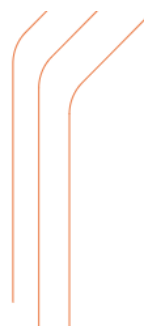
## — OBJECTIVE: EMPLOY A COMPREHENSIVE APPROACH TO RISK MANAGEMENT TO ENSURE THAT IT COVERS CSR BEFORE 2024



- Assess Isavia's risk from climate change to the infrastructure of Keflavík Airport.



For 2019, the company set itself the objective of taking a comprehensive approach to risk management to ensure that it covers social responsibility before 2024. The plan, now achieved, was to cover the current situation and draft an adoption plan for 2019. The goal was established long-term, although **the target for 2020 is to assess Isavia's risk from climate change to the infrastructure of Keflavík Airport.**



The objective relates to SDG 8 and in particular Target 8.4, i.e. 'improve progressively through 2030 global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation in accordance with the 10-year framework of programs on sustainable consumption and production with developed countries taking the lead'. The sub-goal also relates to Targets 11.B, which assumes 'holistic disaster risk management at all levels will be prepared' and 13.2, which pushes for the 'integration of climate change measures into national policies, strategies, and planning'.

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## — OBJECTIVE: STRENGTHEN EFFICIENT MONITORING OF ISAVIA'S PROCUREMENT



- **References to the code of conduct and social responsibility in all invitations to tender and contract documents issued by the consolidated company.**
- **The number of registered suppliers at the beginning of 2020 who have signed the supplier code of conduct will increase to 50% before the end of the year.**

The company set itself the long-term goal of **strengthening efficient monitoring of Isavia's procurement** in 2019. The target was to adopt procurement rules and follow-up on the codes of conduct of the company's suppliers. The goal was not achieved and remains a work in progress. The long-term goal will remain unchanged, while the number of targets are increased to two, i.e. that the number of registered suppliers at the beginning of 2020 who have signed the supplier code of conduct will increase to 50% before the end of the year and that there will be references to the code of conduct and social responsibility in all invitations to tender and contract documents issued by the consolidated company.

This links up to Target 12.7, which aims to 'promote public procurement practices that are sustainable, in accordance with national policies and priorities'.

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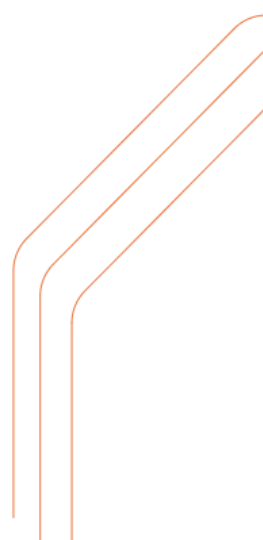
**OBJECTIVE: THE PROPORTION OF SORTED WASTE IS TO BE 40% IN 2020, 55% IN 2025 AND 70% IN 2030**



- Increase the share of recyclable waste by at least 5% per passenger year-on-year.

Isavia set itself the objective in 2018 of increasing the share of sorted waste in its operations. An objective was set to increase the share of recyclable waste by at least 5% per passenger year-on-year, and this objective was achieved. Long-term goals were also set as regards the sorting of waste and it assumed that the proportion of sorted waste would be 35% in 2020 and 70% in 2030. **The goal was achieved, and the proportion of sorted waste had reached 41% at the end of 2019.** For 2020, the figures in the long-term goal are slightly adjusted and a progress figure added for 2025, although the targets remain the same.

The goal is linked to SDG 12.2 stating that 'no later than by 2030 achieve sustainable management and efficient use of natural resources' and 12.5 stating 'by 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse'. This also relates to Target 8.4. i.e. 'improve progressively through 2030 global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation in accordance with the 10-year framework of programs on sustainable consumption and production with developed countries taking the lead'.



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**OBJECTIVE: GREENHOUSE GAS EMISSION DECREASES SINCE 2015 SHOULD BE 40% BY 2020, 50% BY 2025 AND 60% BY 2030**



- Reduce the use of fossil fuels in the operation of Isavia by 4% per passenger between years.



The company has a long-term objective to reduce carbon emissions by 2030 and works according to a detailed plan to achieve this objective. The goal is unchanged from the year before, with the exception that a progress figure for 2025 was established. The target is to reduce the use of fossil fuels in the operation of Isavia by 4% per passenger between years. This has remained unchanged in recent years.

In 2018, progress was achieved as regards the long-term goal when the reduction of greenhouse gases in operations reached almost 40% since 2015. The target was not achieved, and there was a 1.5% decrease in the use of fossil fuels per passenger. There was a further reduction in the emission of greenhouse gases in 2019, and the percentage of **reduction since 2015 has now reached 46%**. The overall fuel use of the company was reduced, although the use per passenger increased by 18%. The increase can be traced to the considerable reduction in the number of passengers during the year.

The climate goal is linked to Target 13.2, which pushes for the 'integration of climate change measures into national policies, strategies, and planning' and Target 7.2 which calls for the 'substantial increase of the share of renewable energy in the global energy mix by 2030'.

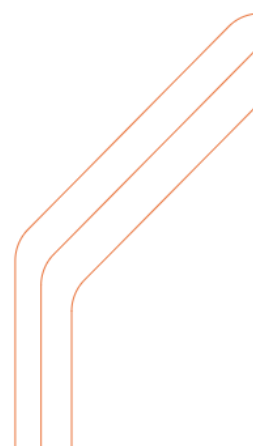
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## OBJECTIVE: FOCUSED AND COORDINATED COMMUNICATIONS WITH EXTERNAL STAKEHOLDERS



- **Complete the strategic planning with the local authorities in Suðurnes in accordance with the SDGs and to add concentrated follow-ups.**
- **Work efficiently with stakeholders at Keflavík Airport towards resolving shared social responsibility issues.**

The objective is to further strengthen co-operation with the company's external stakeholders by means of effective and co-ordinated communication. The targets for 2019 are, on the one hand, to assess the current situation, formulate proposals and prepare adoption plans and, on the other, strategic planning together with local authorities and companies in Suðurnes based on the Sustainable Development Goals (SDGs). The work has taken longer than anticipated and remains a work in progress. The targets are rephrased for 2020. On the one hand, the plan is to complete the **strategic planning with the local authorities in Suðurnes in accordance with the SDGs** and to add concentrated follow-ups and, on the other, to work efficiently with stakeholders at Keflavík Airport towards resolving shared social responsibility issues.



The goal relates to Target 17.17, which 'encourages and promotes effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships'. Their implementation will be based on experience of collaborative projects in general, and resourcefulness is paramount. They are also linked to Targets 11.A, which pushes for 'support for positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning', and 11.3, which states that 'by 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries'.



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## OBJECTIVE: STRENGTHEN AWARENESS WITHIN THE COMPANY OF THE IMPORTANCE OF SOCIAL RESPONSIBILITY



- Educate management about the field to increase their understanding of social challenges and provide guidance on good working practices.

The company set a new long-term goal this year which relates to further **strengthening awareness within the company of the importance of social responsibility**. The target for 2020 is to educate management about the field to increase their understanding of social challenges and provide guidance on good working practices.

The goal relates to Target 8.9, which states that 'by 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products'. There is also a link to 12.6, which encourages 'companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle'. Finally, there is a link to Target 13.2, which pushes for 'the integration of climate change measures into national policies, strategies, and planning'.

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**OBJECTIVE: WORK TOWARD ENSURING A GOOD TRAVEL EXPERIENCE FOR KEFLAVÍK AIRPORT CUSTOMERS IN CO-OPERATION WITH STAKEHOLDERS**



- **Complete the analysis, formulation and development of actions relating to customer journeys.**

Isavia established a new long-term goal involving an increased focus on **good services to the customers of the company**. The target for 2020 is to complete the analysis, formulation and development of actions relating to customer journeys.

The goal is linked to Target 9.1 to develop 'quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all'. In addition, the goal relates to Target 8.9, which states that 'by 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products'. Finally, the goal relates to Target 17.17, which encourages 'effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships'. Their implementation will be based on experience of collaborative projects in general, and resourcefulness is paramount.





**isavia**

Annual and CSR report  
2019



SOCIETY





## STAKEHOLDERS

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### STAKEHOLDER RELATIONSHIPS

Isavia focuses on extensive collaboration with those stakeholders who rely on the services of the company and who are affected by its operations. Operations have an impact throughout the country and on all its inhabitants. Isavia has analysed over a hundred stakeholders – these can be classified as **customers, employees, the community, the authorities and suppliers.**

In autumn 2018, Isavia hired the Swedish consultancy company Enact Sustainable Strategies to conduct interviews with the company's stakeholders. The aim was to find out what major stakeholders consider to be the most important issues and topics as regards the company's social responsibility. This year, the investigation focused entirely on customers, and this information was then added to the results of earlier interviews.

Communication with and between employees happens first and foremost on the company's intranet, at staff meetings with the CEO and members of management and at events held by the company. The company's intranet, **Flugan**, is a social media connecting employees. Everybody can make entries and upload pictures and videos they wish to share with their colleagues. Employees can also retrieve various tools and equipment to use in their work and manage registrations of events and training courses within the company.

Communication with users and operators happens first and foremost during regular meetings. Communications with passengers are the direct interactions of the company's employees at airports and using all main communication formats: telephone, e-mail, websites and social media and regular customer surveys. More detailed discussions on the stakeholder groups **employees** and **customers** may be found in independent sections.

## THE COMMUNITY

There are extensive communications with local authorities and regional associations in the neighbourhood of the airports. Communications have been carried out at meetings with the town and municipal authorities, as well as other stakeholders. **The company is working constantly to improve the way in which information is disseminated,** as the activities of the company can have a considerable impact on local communities. This is particularly true of the Suðurnes peninsula, as Keflavík Airport is the largest workplace in the area and its growing scope has a considerable impact on the growth of surrounding municipalities.



Collaboration on the UN Sustainable development Goals. Representatives of Isavia and the local communities from Suðurnes meet at a preparatory meeting for the project on June 14, 2019.

One of Isavia's actions to further strengthen collaboration with external stakeholders is joint strategic planning with the local authorities and companies in Suðurnes based on the UN Sustainable Development Goals. The object of a consultation forum is to increase collaboration between Isavia, the local authorities and other stakeholders in Suðurnes and thereby work on shared interests as a single entity.

There is also close collaboration with the marketing agencies in North and East Iceland where, for example, work has been carried out on marketing efforts on direct flights to Akureyri and Egilsstaðir in collaboration with the Flugbrúnarsjóð (Route Development Fund).

**Isavia collaborates extensively** with entities in the tourism sector such as the Travel Industry Association (SAF), the Icelandic Tourist Board, Promote Iceland and the Tourism Task Force. In addition, the company is a member of Iceland Tourism and Iceland Naturally and a sponsor of Inspired by Iceland and also has a representative on the Advisory Board of Íslandsstofa. Isavia is also an active member of the port and transport group of the Icelandic Ocean Cluster, a collaborative forum for companies, most of which are directly involved in transport and port operations.





## ISAVIA COLLABORATES EXTENSIVELY WITH ENTITIES IN THE TOURISM SECTOR SUCH AS THE TRAVEL INDUSTRY ASSOCIATION, THE ICELANDIC TOURIST BOARD, PROMOTE ICELAND AND THE TOURISM TASK FORCE.



The **Isavia ANS** work in close co-operation with other service entities within and outside Europe. The company participates in Borealis, a collaborative venue for nine flight navigation service providers in North Europe.

Isavia has been one of the sponsors of the consultation venue Arctic Circle from the very beginning, and employees take an active part in discussions on the issues facing the Nordic region, whether in connection with air traffic in the Nordic area or in connection with ideas of developing a rescue services hub in Iceland.

In addition, Isavia regularly holds open meetings **to provide information to the public** and entities within the tourism sector as regards the company's operations at Keflavík Airport, such as on construction and traffic forecasts within the travel industry. Isavia employees have also given talks at numerous meetings that have been held by other entities.

### THE AUTHORITIES

Communications with the authorities take many forms. The state is the owner of the company, and it follows the general owner policies of the state in its operations. The Ministry of Finance and Economic Affairs has overall control of the shares, and formal communications are carried out at shareholders' meetings and the Annual General Meeting. Other communications with the owner take place during meetings which are convened as needed.

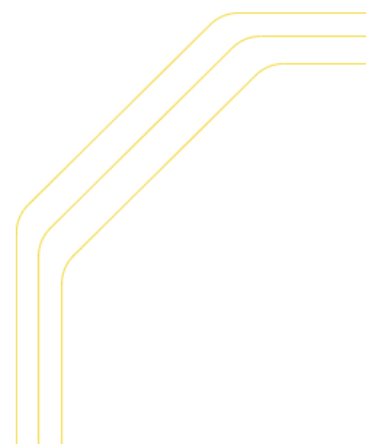


The Ministry of Transport and Local Government plays a two-fold role in connection with operations of Isavia: 1) as the professional ministry for air traffic issues, and 2) as a business partner of the company as regards the running of the domestic airport system. The company has a seat on three committees and boards operated by the Ministry: The Professional Board for Aviation Issues, the Facilitation Board and the Transport Board (permanent representative). The company has regular professional communications with the Ministry on aviation issues and close collaboration as regards the implementation of the service agreement. The company has representatives in various Ministry committees dealing with aviation issues.

Meetings are also held a few times a year with the Ministry of Industries and Innovation in connection with tourism issues. The Ministry has established a Flight Development Fund aimed at **strengthening international flights to Akureyri and Egilsstaðir**, and Isavia has a representative on the Board of the Fund. The company also has one representative on the Promote Iceland Board responsible for the 'Inspired by Iceland' and 'Iceland Naturally' marketing projects, which are intended to raise awareness of Iceland as a tourist destination. Meetings are also held with the Ministry of Foreign Affairs and the Icelandic Coast Guard in connection with defence-related operations at Keflavík Airport and the Airport's organisational issues.

Isavia has a great deal of interaction with many public bodies, owing to the diversity of the company's activities. The closest interaction is with the Icelandic Transport Authority, which issues operating permits for airports and flight controls and is responsible for the appropriate supervision of implementation and operations. Other monitoring bodies of note are the National Centre for Hygiene, Food Control and Environmental Protection, the Construction Authority, the Administration of Occupational Safety and Health, the Health Authorities, the National Planning Agency and the Environment Agency. Many public bodies have operating units within or in close collaboration with the company, such as the police, the Directorate of Customs, the National Civil Protection Authorities and the Coast Guard. The municipal bodies connected to the operation of Isavia are mainly the health authorities, fire protection and fire brigades.

Isavia is responsible for the implementation of **two international agreements on flight navigation services**. One is ICAO's Joint Financing Agreement, with 24 states as signatories, which provides for the financing of flight navigation services within the Icelandic flight information region (Reykjavík IFR). The other is the agreement between the Icelandic and Danish authorities for flight navigation services within the flight information region of Greenland.





Isavia is also monitored by and collaborates with foreign entities, the principal one being the [International Civil Aviation Organisation \(ICAO\)](#), a United Nations agency. ICAO establishes international standards for all main aspects of civil aviation and monitors the performance of states and service providers. ICAO also monitors the performance of the abovementioned 'Joint Finance' agreement. As regard the company's operations in Greenland and the Faroe Islands, Isavia is monitored by the Trafik- og byggestyrelsen (Transport, Construction and Housing Authority) in Denmark, and as regards collaboration on flight communications services in the North Atlantic, there is close communication with the Irish Aviation Authorities. In the arena of the Borealis collaboration, the company collaborates with the European Aviation Safety Agency (EASA).

## SUPPLIERS

Responsible management of the supply chain is extremely important in the operation of Isavia. Establishing and maintaining a sustainable supplychain increases the likelihood of economical transactions, reduces operational risks and improves the company's reputation. Increased demands for social responsibility encourage continuous improvements to supply chains, as the operation of the company has an effect on numerous aspects of the economy. The proportion of **total transactions with Icelandic suppliers is 81%, and that of overseas suppliers is around 19%**, although there are no records detailing which of these are based outside the European Economic Area.



[The company's procurement department](#) provides procedures for the procurement of goods, tasks and services in as an efficient and economical manner as possible. The company's procurement procedures are e.g. used to select competent suppliers and ensure quality and timely resources.

Business relationships were established with the company's largest suppliers following their participation in a procurement procedure that fulfils the provisions of Act No. 120/2016 on Public Procurement and Regulation No. 340/2017 on procurement by parties operating in the water, energy, transportation and postal service sectors. The procurement procedure is implemented through different types of invitations to tender or price enquiries in which companies must fulfil basic competence requirements such as not being in arrears with withholding tax, public levies and statutory pension fund dues. In addition, there is a chain-of-responsibility clause in purchasing documentation.

A negotiated process following a publication of tendering specifications is used to the extent possible in large and complicated procurements. Such process ensures communications with tenderers during the tendering process, which can be of great advantage. Negotiations reduce the company's risk, increase the likelihood of a correct needs analysis of resources and delivery, which again ensures increased economisation.

In aspects for which domestic know-how is lacking as regards services and manufacture, the company has often included the condition in tender documents that international suppliers are to bid for the goods, tasks or services in co-operation with Icelandic suppliers. This is done for many reasons, not least based on social views where **the collaboration between domestic and international suppliers** will result in an increase in knowledge and legacy into the national economy.



**THE PROCUREMENT PROCEDURE IS IMPLEMENTED THROUGH DIFFERENT TYPES OF INVITATIONS TO TENDER OR PRICE ENQUIRIES IN WHICH COMPANIES MUST FULFIL BASIC COMPETENCE REQUIREMENTS. IN ADDITION, THERE IS A CHAIN-OF-RESPONSIBILITY CLAUSE IN PURCHASING DOCUMENTATION.**



To ensure the traceability of cost and co-ordinated payment terms, the company's business terms are always used for procurements and are accessible on the website of the company.

At the beginning of 2020, work began on a needs analysis and installation of a procurement order process. This was done to **ensure traceability and transparency in purchases**. In addition, it will provide a good overview and the possibility of improved cost and inventory management and facilitate the updating and changing of orders. Once the new procurement order process has been adopted, the aim is to achieve greater improvements in purchasing and the operation of agreements.

#### CODE OF CONDUCT FOR SUPPLIERS

For more information on the Code of conduct for Isavia's suppliers



[Code of Conduct for Isavia's Suppliers](#)

In order to limit as far as possible, the likelihood of the use of forced, compulsory or child labour for resources and equipment purchased in domestic and international markets, the supplier code of conduct is always included in the tender documentation and must be complied with.

The company's contracts contain clauses prohibiting pseudo-contracting, and an employment relationship between parties is the governing principle in relations between the employees and the contractor. This is to ensure that all employee charges, of any denomination, are paid and that the provisions of collective wage agreements are complied with.

All Isavia contracts contain provisions on data protection which comply with new provisions laid down in EU data protection legislation, where appropriate. **The Code of Conduct for Suppliers is attached to all our contracts.** The Code requires suppliers used by the company to adhere to the rules it contains and to ensure that their own suppliers do likewise. Upon request, suppliers must be able to demonstrate that these rules are being followed.



## BUSINESS PARTNERS

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### SERVICE AND COOPERATION



**Anna Björk Bjarnadóttir**, Chief Service and Operations Officer and **Guðmundur Daði Rúnarsson**, Chief Commercial and Airport Development Officer, discuss the company's focus on service.

Communication with users and operators happens first and foremost during regular meetings. Communications with passengers are the direct interactions of the company's employees at airports and using all main communication formats: telephone, e-mail, websites and social media and regular customer surveys.

Communications with airlines that operate from Isavia airports take place during regular user committee meetings to which all users are invited, as well as during private meetings with each of them as needed. The airport user committees operate in accordance with the provisions of the Aviation Act and regulations. These consist of representatives from all airlines that use the airport regularly and their agents. The meetings are an opportunity for users to discuss their views before **making important decisions on operations**, quality of service, fee collection, new construction, tower services or other issues that have an impact on their important interests. The Keflavík Airport User Committee meets as often as necessary but never less than once a year. As a rule, the Domestic Airports User Committee meets once a year.



Consultation meetings are held once a year with the users of the flight navigation services as regards operations and investments. Consultation meetings with users of other aspects of flight navigation services also take place under the auspices of the **ICAO Planning Group** (NAT-SPG) for the North Atlantic. Regular meetings are held with users, and there is communication with individual users or representatives of user groups if considered necessary. Isavia's partner, the Icelandic Meteorological Office, has a role to play in such user consultation as regards weather information and is the monitoring body as regards volcanic eruptions and other natural disasters.



**STANDARDISED SERVICE SURVEYS HAVE BEEN CARRIED OUT AT KEFLAVÍK AIRPORT FOR THE PAST 15 YEARS. THE SURVEY IS AN INTERNATIONAL SURVEY CREATED BY THE AIRPORTS COUNCIL INTERNATIONAL AND MEASURES PASSENGER SATISFACTION AT MORE THAN 350 AIRPORTS WORLDWIDE.**



\*Source: ACI ASQ 2019

Communication with operators at Keflavík Airport happens during joint meetings or with each operator. Fixed group meetings are held with retail operators and caterers 4 times a year, performance meetings with each operator are held 3–4 times a year and store manager meetings are held 6 times a year. **Isavia annually hands out a services award** to the retail and restaurant entities that have achieved the best performance in services and sales to passengers. Larger user meetings for all stakeholders and service providers at and near the airport are, at present, held in public.



Communications with passengers are handled first and foremost with the help of various media where enquiries are received and responded to. Isavia regularly performs marketing and service surveys at its airports. Standardised service surveys have been carried out at Keflavík Airport for the past 15 years. The survey in question is an international survey created by the **Airports Council International** (ACI) and measures passenger satisfaction at more than 350 airports worldwide and provides a good comparison. Data on 34 service aspects in the airport are collected throughout the year. The results are published on a quarterly basis, which allows for a swift response if anything is found that needs remedial action. Passenger satisfaction is measured on a scale of 0–5. Keflavík Airport has always been high on the European list, which contains over 100 airports throughout the continent. There have been, however, limited periods where the overall satisfaction has fallen, and these can usually be traced to disruptions due to renovations of the terminal.

An award in the ACI services survey is one of the greatest recognitions available to global airport operators and is granted for exceptional services provision and customer experience. Keflavik International Airport received recognition from ACI in 2019 **for being among the best airports of its size** category (5–15 million passengers annually).



2019



## HUMAN RESOURCES

### ISAVIA'S HUMAN RESOURCES

Isavia seeks to be a sought-after workplace, and the main focus of Isavia's human resources policy is to promote general job satisfaction, good morale and exceptional services among Isavia employees and subsidiaries. Isavia's values – service, cooperation and safety – are reflected in the focus areas which form the foundation of Isavia's human resources affairs. Increased competition in the labour market and the changed needs of the labour market call for management to create a motivating working environment to attract hard working and competent employees.

Isavia endeavours to enable employees to balance work and family responsibilities, for the benefit of the company and better quality of life for employees. One of the most important foundations for a successful career and work-related achievements is the family and closest relatives of employees. As a result, a good balance between work and private life is important. Isavia employees must show an aptitude for service and are required to do their best to always provide outstanding services. Employees are to discharge their duties diligently and conscientiously and show respect for each other. A prerequisite to enabling Isavia to offer its customers first-rate services is ensuring that employees feel secure and content in their jobs.

Workplace analysis are carried out every two years, most recently in 2018. Employee improvement teams are established to work with the results of workplace analyses, with the goal of increasing job satisfaction and well-being at work.

The Human Resources Division encourages managers to regularly conduct performance interviews with their staff. The conversation should give the employee and manager the opportunity to discuss projects, potential problems and remedial actions.

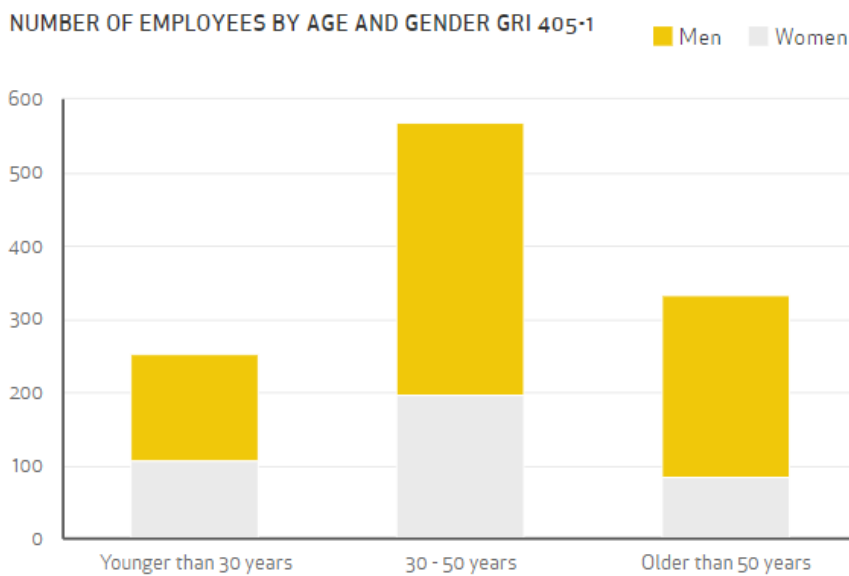
#### HUMAN RESOURCE POLICY

The Human resources policy of Isavia is based on and reflects the company's main policy and its values.

 [Human resource policy](#)

The Human Resources Division encourages managers to regularly conduct performance interviews with their staff. The conversation should give the employee and manager the opportunity to discuss projects, potential problems and remedial actions.

Isavia employs a diverse group of staff at various workplaces across the country. **By the end of 2019, Isavia employed 1,155 people**, 34% women and 66% men. The number of employees decreased between years. The Duty Free Store, a subsidiary of Isavia, employs around 180 employees. The average age of employees is 41.7 years, and the average length of service is 8.4 years.



## LABOUR MARKET

Isavia operates in the general labour market, endeavours to maintain a good relationship with unions and follows general collective wage agreements negotiated by the Confederation of Icelandic Employers with numerous unions on behalf of the company. Special collective wage agreements have been made with the following unions: Landssamband slökkviliðsmanna (LSS) (firefighters), Sameyki (SFR) and Félag íslenskra flugumferðarstjóra (FÍF) (air traffic controllers).

The notice of termination of employees is in accordance with the applicable collective wage agreement but varies according to length of service and age. The right to terminate employment is mutual, and all information is in writing. Isavia complies with **laws and regulations on the labour market and human rights** and does not employ persons who have not reached the age of 18.





## RECRUITMENT

Isavia focuses on recruiting the most skilled employees available, and all recruitments are based on capability, education and work experience. The equal rights policy and equal rights programme of Isavia are followed when recruiting employees and enabling their professional advancement. New employees are given a warm welcome and provided with training and opportunity to adapt. As a result, it is important that everyone take part in minimising the time that it takes to make new employees active and satisfied. This involves e.g. new recruit courses, clear job descriptions and introductions to colleagues, the workplace, etc. Isavia places great importance on punctuality and employee faithfulness.

A total of 250 employees were recruited to work for Isavia in 2019, whereof around 180 were summer employees. **Staff turnover over the year was 14%.** This rate varies across jobs and professional fields.

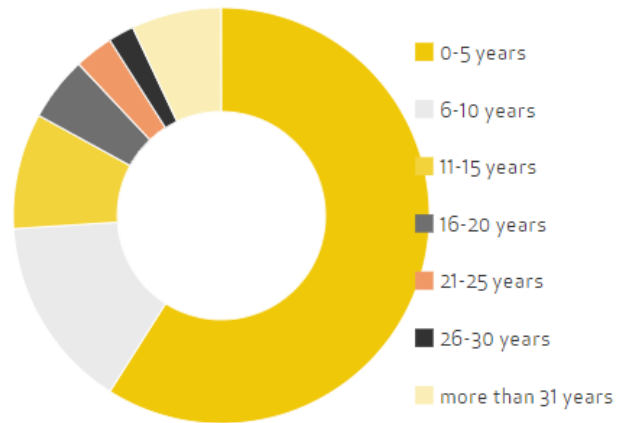
End of employment is considered to occur at the end of the month in which the employee reaches the age of seventy. Members of the Icelandic Air Traffic Controller Association, however, retire at the age of 63. The company offers an end-of-employment training course for those nearing retirement age, and their spouses are also invited. The course covers useful information and deals with this important career milestone. Twenty-five employees participated in such a course in 2019.

### Staff turnover by age and gender GRI 401-1

2019	Age	Starters	%
<b>Women</b>	under 30 years	18	56%
	30 -50 years	13	41%
	over 50 years	1	3%
	Total	<b>32</b>	100%
<b>Men</b>	under 30 years	18	47%
	30 -50 years	15	39%
	over 50 years	5	13%
	Total	<b>38</b>	100%

2019

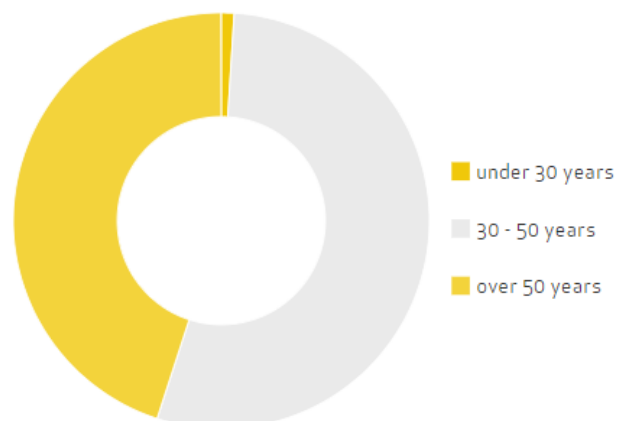
### YEARS OF SERVICE AT ISAVIA



### Information on employees GRI 102-8

	Women	%	Men	%
<b>Total number of employees</b>	388	34%	757	66%
Full time	298	26%	707	61%
Part time	90	8%	60	5%
<b>Employment contract</b>				
Temporary	24	2%	27	2%
Permanent	364	32%	740	64%

### AGE STRUCTURE OF MANAGERS GRI 405-1





## STAFFIÐ - THE STAFF ASSOCIATION

The staff association of Isavia and its subsidiaries, Staffið (the Staff), is responsible for a diverse and dynamic social life and organises numerous events for its members, such a family outing during the summer, a Christmas buffet, trips to the cinema and bowling. In addition, the association has negotiated discounts with various companies for its members. All employees are eligible for membership in **Staffið**. The company focuses on providing a good and family friendly working environment, effective education and training and positive morale.



## PARENTAL LEAVE

Isavia places importance on trying to fulfil the requests of employees as regards parental leave and to meet their need with flexibility as regards returning to work once such leave has been completed. **A total of 78 employees took parental leave in 2019**, 43 women and 35 men. Women choose to spend more time on parental leave and utilise the shared rights of parents. In 2018, 91 employees took parental leave and 74 of these had returned to work 12 months later.

### Parental leave GRI 401-3

	2019		2018	2017
	Women	Men	Total	Total
Total number of employees that took parental leave	43	35	78	91
Total number of employees that returned to work after parental leave	36	34	70	88
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	x	x	x	74

2019

TOTAL NUMBER OF EMPLOYEES THAT TOOK PERENTAL LEAVE BY GENDER GRI 401-3



## WORK AT ISAVIA



## HEALTH AND WORKING ENVIRONMENT

Isavia focuses on raising employee awareness of the importance of having a healthy lifestyle and thus shows that the company cares for both the health and safety of its employees. The company's aim is to support the psychological and physical **well-being of its staff**, provide them with a good working environment and meet their psychological, social and physical needs in the workplace.

Isavia places considerable importance on all employees knowing what demands are made of them and which relate to safety, including the substance of laws and regulations on health and safety. Conditions in the workplace have an effect on employees' health, and the company wishes to ensure that they have **a safe and healthy work environment**. Isavia encourages and supports employees to engage in regular physical exercise and to live a healthy life. Employees can contact the service desk of the Occupational Health Service and obtain advice on their own illness or that of family members. In addition, Occupational Health Service nurses hold regular consultations at the company's largest operating units.

Employees may request the services of psychologists, as Isavia has reached a service agreement with the employees of psychologist service. Employees are entitled to trauma counselling in the wake of serious incidents, support due to communications problems in the workplace and advice in matters that relate to the workplace.



## EDUCATION AND TRAINING

Isavia strives to ensure that all employees receive the requisite training and that employees have the skills necessary to achieve success in their work. In addition, employees bear considerable responsibility for maintaining their own education and competence. At the beginning of employment, all new recruits receive an electronic new recruit introduction and receive an introductory pamphlet. This is followed by training according to the training regimen of the group in question.

The training of airport security staff, airport staff and air traffic controllers follows a training schedule approved by the Transport Authority. Other smaller groups follow training schedules that take account of their work and competency requirements for each job. As a rule, the training schedule of employees is based on pre-education containing digital courses, basic education which is a blend of theoretical and practical courses and job training which is conducted in the workplace. Regular **training and refresher courses are a part of the daily work** of the majority of employees.



At the end of new recruit training, most employees who work in frontline positions undergo a competency assessment. In addition, a formal academic assessment is conducted at the end of courses in the form of written examinations and multiple-choice exams. The quality of the teaching is evaluated on a regular basis through course assessments.

The company enjoys a special position in education and training because most of the employees receive their basic training at Isavia and are trained and taught by Isavia employees. Those responsible for education within the company receive special training to do so. In recent years, the trend has increasingly been to offer a blend of study techniques where the coursework is through Isavia's learning site and the practical training is at the place of work. The focus is on providing a variety of teaching methods, and IT is used extensively. Numerous courses that were previously taught in a classroom setting are now digital and stored in the company's education management system. All education and training that Isavia employees attend is registered in the human resources system Kjarni, both training provided in-house and courses that staff attend outside Isavia.



In addition to undertaking training that is subject to legislation, the company continually seeks to provide education that strengthens employees both professionally and personally. A large range of such courses are available each year. When selecting courses, account is taken of the company's policies, values and ongoing projects. In addition, the result of workplace analyses influences the content of the education.

### **MANAGEMENT TRAINING**

A wide range of courses specifically intended for management is on offer each year. The goal of Isavia is to ensure that all employees who have management responsibilities receive basic management training. Training schedules for managers are being prepared and are divided into stages depending on the position of the manager. Focus areas in management training have moved more to other aspects such as **communications, trust and adaptability**. Attention has also been paid to project management, time management and competencies to handle difficult human resources issues.

### **STUDY GRANTS AND COLLABORATION WITH THE GENERAL SCHOOL SYSTEM**

At Isavia, employees may receive grants for studies outside the company, such as MA degrees or other studies that are likely to strengthen them in their current work. The employees of Isavia annually take part in a variety of collaborations with the general school system in Iceland. Students at all levels of education come on educational visits to the operating units of the company. Jobs are presented at introductions of professions for primary school students and during career days for university students. **Isavia and Reykjavík University** have an agreement for jointly financed research, as well as Isavia accepts practical training students from HR.

## DISCUSSION ON THE FIGURES

2019 saw a total of 52,666 hours of learning activities, corresponding to 46 hours per employee over the year. **Some 90% of these learning hours involved basic training, refresher courses and vocational and professional training** required by staff to retain the necessary certification and skills for the jobs that they do, such as air navigation, airport security services and airport operations. The staff of other divisions and departments also attend courses and lectures both in Iceland and overseas.

While 2018 was a record-breaking year as regards the average number of hours of education per employee, the number decreased significantly in 2019. The main reason for such decrease are fewer new recruits and fewer summer employees. In addition, there was a training ban in effect in the Flight Navigation Division for half the year, which meant that students had to postpone their practical training and all training decreased. In 2018, refresher courses were held for commercial drivers, education on new personal protection was provided and presentations of social environment were held, which called for numerous lectures. Such education was much lesser in scope in 2019, which also contributed to the difference.

### Average hours of training per year per employee and field of work GRI 404-1

	Men	Women	Total hours
Air Navigation Services Division	12.939	7.272	20.211
Airports Division	4.059	1.802	5.861
KEF Operations Division	16.612	7.858	24.470
KEF Tech and Property Division	707	201	907
KEF Commercial Division	370	74	444
Finance Division	71	159	230
Human Resources and Corporate Strategy	23	171	194
Development and Administration	84	266	350
<b>Total</b>	<b>34.863</b>	<b>17.802</b>	<b>52.666</b>
<b>Average hours of training per gender</b>	<b>45,5</b>	<b>45,9</b>	

2019



## EQUAL RIGHTS

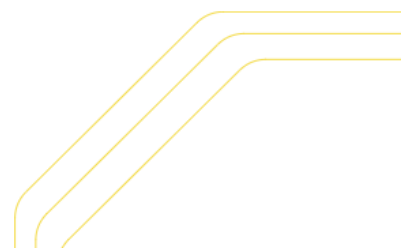
Isavia places great importance on strengthening the social environment within the company. The company's Code of Conduct states that **employees are to show respect for everybody's work** and not discriminate against colleagues or customers on the basis of gender, religion, beliefs, ethnic origin, race, colour, financial situation, origin, disability, age or on any other grounds. All employees are informed of the company Code of Conduct, which is also accessible on Isavia's intraweb and website.

Importance is placed on both the physical and mental well-being of employees, mutual respect, tolerance and support among employees. Isavia employees work together as a team, which means that they work in the spirit of collaboration and thus show their colleagues respect and tact in all communications. Employees agree that bullying and psychological harassment, such as gender and sexual harassment in the workplace, will not be tolerated under any circumstances. The connivance of employees in connection with such incidents is also condemned.

RATIO OF MANAGERS BY GENDER GRI 405-1



A part of the recruit education touches on the social environment, where, among other things, the company's equal rights plan and response plans against bullying and other psychological harassment are presented. The response plan contains information on what assistance is on offer from the company and the unions. Importance is placed on maintaining notification pathways, employees must know who to contact and communication channels must be clear for the victim and the perpetrator. In 2019, seven reports of bullying or sexual and/or gender-based harassment were received. These reports were processed according to company procedure.





All frontline employees in Keflavik Airport are provided with electronic educational material on the indications of **human trafficking**. The course is intended to strengthen the awareness of frontline employees, providing information on the nature of human trafficking, main types, how it can be detected and whom to notify of suspected human trafficking. The course is for all employees who work in frontline positions but is also available to various stakeholders both in Iceland and overseas.



2019

## EQUAL OPPORTUNITIES POLICY AND PROGRAMME

The equal rights plan of Isavia and response programme against bullying and other forms of psychological harassment aim to increase general work satisfaction and improve morale. The purpose of the plan is **to ensure full equality between men and women in the workplace**, with the goal of fully utilising staff abilities, energy and knowledge, free of gender-based discrimination.

The equal opportunities schedule addresses wage equality, available job openings, practical training, continuous education and retraining and the harmonisation of work and family life. It shall also ensure that sexual harassment, gender-based harassment and gender-based violence is not tolerated in the workplace. The programme must ensure that staff members are not discriminated against in any manner, such as on the grounds of their gender, religion, opinions, nationality, race, sexual orientation, colour, personal finances, family, disability, age or on any other grounds.

The policy is prepared in accordance with Icelandic law, Act No. 10/2008 on the Equal Position and Equal Rights of Women and Men. The response programme is based on Article 38 of Act No. 46/1980 on Working Environment, Health and Safety in Workplaces and Regulation No. 1009/2015 on bullying, sexual harassment, gender harassment and violence at work.



## EQUAL PAY CERTIFICATION

Isavia has achieved equal pay certification, as endorsed by the Equal Opportunities Agency. Explained gender wage gap is **1,4%**. The objective of adopting the equal pay system by means of an equal pay standard (IST 85:2012) is to maintain wage equality within the company. The company also undertakes to work on constant improvement in this field, monitor the relevant criteria and react to any deviations which may arise.

Strict equality shall be maintained in the determination of salaries. Employees shall enjoy equal pay and working conditions for the same or equally valuable work, and the criteria used to determine pay shall not be gender discriminatory.





# OCCUPATIONAL SAFETY AND HEALTH

## OCCUPATIONAL SAFETY AND HEALTH



**María Kjartansdóttir**, project manager CSR and **Jón Kolbeinn Guðjónsson**, project manager Commercial and Airport development, provide insight into the implementation of Isavia's new Occupational health policy

### OCCUPATIONAL HEALTH AT ISAVIA

Isavia established a new policy for occupational safety and health in 2019. The policy applies to all the operations of the company and is based on the values and overall policies of Isavia. Isavia undertakes to be a role model in safety, health and occupational issues by promoting a safe and healthy work environment for those who work in and visit the operating units of the company. The policy is both intended to prevent accidents to people and to monitor the facilities provided to employees to ensure a healthy work environment.

A part of Isavia's operations at Keflavík Airport underwent **certification according to the ISO 45001 standard**, and the entire health and safety management system is part of Isavia's quality system that covers all the company's operations. This is done to give greater importance to health and safety and to ensure that it is kept in mind in all the company's operations. Extensive actions were undertaken to analyse the status of health and safety in the workstations to which the certification applies and mitigating measures undertaken to mitigate or eliminate the risks identified therein. Extensive work was undertaken to increase safety awareness in daily work within the company, and for example, health and safety played a leading role in Isavia's Safety Week and efforts were made to train employees in occupational health and safety.

**OCCUPATIONAL SAFETY AND HEALTH POLICY**

Isavia undertakes to be a role model in safety, health and occupational issues by promoting a safe and healthy work environment for those who work in and visit the operating units of the company.

 [Occupational safety and health policy](#)

The number of notified work-related accidents increased last year and were 60, 19 of which resulted in absences from work. One of Isavia's goals is to make **continuous efforts to reduce the number of accidents in the workplaces of Isavia**. The registration and mapping of dangerous conditions, near misses and accidents in Isavia's areas of operation is to be investigated and improved in 2020.

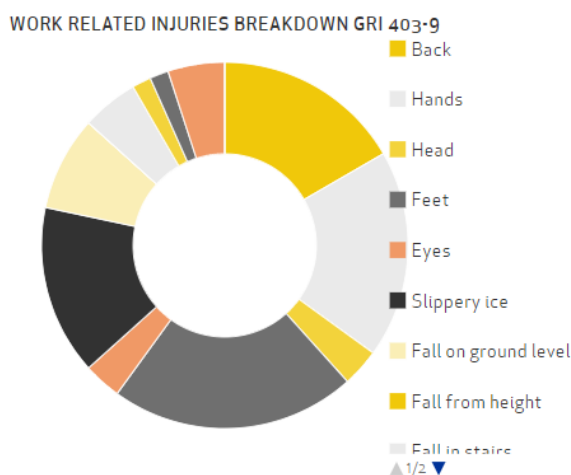
Isavia's Human Resources Division is responsible for occupational safety and health in the company. The Division employs an occupational safety and health representative who is responsible for recording accidents, incidents and for reviewing investigation reports. He allocates tasks to departments as appropriate and makes sure that improvements are made in accordance with requests. He is also the chairman of Isavia's Safety Committee.

A mandatory Safety Committee is operated with members coming from across the company. The Committee consists of both Safety Officers who are appointed to the Committee and Safety Stewards who represent the employees. The chairman of the Committee is responsible for organising its meetings. The Safety Committee is responsible for reviewing the status of non-conformities and remedies and examining accidents and notifications as well as the reports of the Occupational Health and Safety Administration. The Safety Committee is intended to promote the **safety awareness of employees** through training and education and ensure compliance with laws and regulations applicable to the operation. A new occupational health and safety policy was presented to the Safety Committee before being issued with the approval of the CEO. According to the policy, Isavia undertakes, at the very least, to comply with laws and regulations but to go further when given the opportunity to do so.



### Work related injuries GRI 403-9

	2019	2018	2017
Number of fatalities as a result of work related injury	0	0	0
Number of high consequence work related injuries (excluding fatalities)	0	0	0
Number of recordable work related injuries (see breakdown)	60	57	66
<i>of which men</i>	31	37	42
<i>of which women</i>	29	20	24
Rate of recordable work related injuries per 200.000 hours	5,1	4,6	5,7







Isavia has a monitoring plan for health aspects in the air terminal at Keflavik Airport, where locations that have been considered especially sensitive after a risk assessment are examined with respect to noise, air quality and vibration.

Registrations of accidents and near misses are through the Isavia intraweb and, for external parties, the website of Keflavik Airport. Isavia employees are under obligation to notify of all incidents whether they are accidents, near misses, risks or an opportunity for improvement. The Safety and Health Representative is responsible for maintaining a record of these incidents and notifying those responsible for improvements as appropriate. A procedure has been defined through a root cause analysis based on the 5 why's methodology. This is to try to find the root of the problem to make it possible to respond **and prevent the incident from happening again**. The employees of Isavia are under obligation to notify of accidents and are protected from censure when they notify of accidents, near misses, risks or opportunities for improvement.

Isavia uses S5 to manage all non-conformities and opportunities for improvement that relate to occupational health and safety. S5 is Isavia's inspection database and is also used for all internal audits. The management system is a part of the internal audits of Isavia and is audited once a year. In addition, an annual audit is conducted by an external party for the **ISO45001** certification.

Division Directors are responsible for establishing goals for each division. The goals are intended to support the safety and health work of Isavia, and the Directors are responsible for ensuring that the goals and actions plans are presented to employees at least once a year. They are also responsible for ensuring that there are sufficient resources available to implement the goals and to allocate tasks and responsibilities among middle managers.




## SAFETY WEEK

Isavia's annual Safety Week was held in October, featuring a diverse series of events to foster safety and raise awareness of safety issues among staff. Management and other staff members participated actively in Isavia working locations throughout the country. Another event organised was the particularly popular **FOD (Foreign Object Debris)** walk, in which participants walked around aprons and runways to ensure that there were no foreign objects in the area which could pose a significant risk. There were also various lectures over the week at workplaces and on the Isavia intranet, on subjects such as fatigue management, separation loss and just culture, to name but a few. Attendance at organised events was very good – unsurprising given the very great importance of safety in the work of Isavia employees.

### FLIGHT SAFETY POLICY OF ISAVIA

Isavia's main objective is to reduce the risk of accidents, incidents and other events that could risk flight safety.

 [Isavia's Safety policy](#)



It is important for Isavia to pay proper attention to this aspect, as incidents that occur have the potential to have extensive negative effects on the company together with the fact that the goal of all who work for Isavia or in its workplaces is to come home healthy at the end of the working day.

2019

## WHAT IS CONSIDERED TO BE LIQUID AT SECURITY?



### INFORMATION SECURITY

Isavia has established an information safety policy where the focal points of the company as regards the protection and treatment of information, including personal information, are described. The policy covers all the information valuables and activities of the company irrespective of the format in which the information is stored. The policy, moreover, covers all information valuables from third parties that Isavia has in its possession and/or which the company has asked a third party to manage on its behalf. Isavia follows the criteria of the safety standard ÍST EN ISO/IEC 27001:2017 and encourages the security of information valuables through formal procedures contained in the information security handbook and quality handbook that support continuity in operations and minimise operational risk. The policy was established in 2018 and is reviewed annually, most recently on 10 September 2019, and approved by the CEO.

What kind of personal information is being processed and how such information should be preserved must be kept in mind in all Isavia's operations on a daily basis. Isavia and its subsidiaries practice generally accepted work practices and adopt personal data protection into their operation to ensure that it is an integral part of daily operations. This includes maintaining a processing file, preparing processing agreements, updating and/or documenting work procedures relating to the processing of personal information, educating individuals about the processing of their personal information, notifying of security failures, performing risk assessments to assess the effects on personal data protection, acquiescing to requests from individuals as regards their rights together with educating staff about personal data protection.

Isavia assesses the personal data protection management system by conducting internal audits which are also a part of the company's quality system. In addition, management conducts reviews of the management systems, the results of audits and responses to security breaches at least once a year. Employees and stakeholders have the opportunity to submit suggestions to the personal data protection representative and full confidentiality is maintained. Suggestions are taken under consideration and used to make improvements to the management system. In addition, Isavia takes advantage of results from personal data protection monitoring bodies and sees such results as an opportunity for improvements and as a recognition for the effectiveness of the management system.

#### MORE INFORMATION

 [Data protection at Isavia](#)

 [Information security policy](#)



Isavia employs **active security measures** to prevent security breaches from occurring. Security breaches are responded to immediately when discovered or notified and an investigation initiated. Improvements are always recommended on completion of an investigation and are implemented with the view of strengthening the company's security measures.

No complaints have been sent to Isavia from monitoring bodies. Three reasoned complaints relating to breaches of the personal data protection of customers have either been sent to Isavia or been discovered in-house.



Two types of attacks were performed at the same time against the **website of Isavia** with the aim of disrupting the operations of the users of the website. These were, however, only of short duration. The security breach was immediately responded to with the appropriate measures. On closer investigation, it was revealed that no data was lost and that the breach did not have an effect on the rights and freedoms of individuals.

Spam was sent to Isavia employees and was immediately responded to with the appropriate measures. An investigation revealed that an employee had disclosed a username and password and e-mail from the mailbox of the employee in question had been sent to a group of contacts and therefore constituted a security breach. The breach was not considered to have an effect on the rights and freedoms of individuals, but as the matter concerned access to personally identifiable information, the breach was notified to the Data Protection Authority and, in addition, the police were informed.

Isavia received information from a customer that the wireless Internet in the air terminal provided to customers was being interfered with. The appropriate security measures were in place, and an investigation of the information revealed that there were no signs of any break-in of the wireless network. The security breach had no effect on the rights and freedoms of individuals, no data was lost and there were no disruptive effects on the services of the airport.





## ISAVIA IN THE COMMUNITY

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### COMMUNITY PARTICIPATION

Isavia is responsible for the operation and maintenance of the infrastructure that is the basis for aviation services in Iceland, connections to the wider world and flights between three continents over a large area. Iceland's airports constitute important public-transport infrastructure. Of these airports, Keflavik Airport is the largest entry point into Iceland and is especially important for the transport of passengers and goods by air in and out of the country. Isavia's operations are of considerable national interest, and its employees make every effort to conduct their work in a safe and efficient manner in harmony with the community. Isavia follows a policy of corporate social responsibility, with priorities in accordance with the company's overall policy. The company is working on and participating projects linked to this policy in various ways. The common thread running through these projects is that they support us in being part of a pleasant journey for passengers, customers and other stakeholders.



**ISAVIA'S OPERATIONS ARE OF CONSIDERABLE NATIONAL INTEREST, AND ITS EMPLOYEES MAKE EVERY EFFORT TO CONDUCT THEIR WORK IN A SAFE AND EFFICIENT MANNER IN HARMONY WITH THE COMMUNITY.**



### CORPORATE SOCIAL RESPONSIBILITY POLICY

The company's social responsibility policy is based on expectations of corporate social responsibility as stated in the general state ownership policy, the Annual Accounts Act and the Public Procurement Act.

#### CORPORATE SOCIAL RESPONSIBILITY POLICY

Isavia promotes equilibrium between the economy, environment and society with sustainability as a guiding light.

 [Corporate social responsibility policy](#)





## UNITED NATIONS GLOBAL COMPACT

Isavia is a party to the [UN Global Compact](#). By virtue of its participation, Isavia undertakes to ensure that its policies and work practices are in accordance with the ten principles of the United Nations on **human rights, work issues, environmental issues and actions against corruption**. Isavia also undertakes to participate in projects supporting the UN's Sustainable Development Goals and to publish information on the company's social responsibility in accordance with the criteria of the UN Global Compact and the GRI.

### UN GLOBAL COMPACT

In UN Global Compact database stores companies Communication on Progress Reports.

 [Isavia's Communication on progress reports](#)

 [UN Global Compact list of participants](#)



## UN WOMEN'S EMPOWERMENT PRINCIPLES

Isavia signed the [UN Women's Empowerment Principles](#), an international initiative spearheaded by UN Women and the UN Global Compact. As a signatory, Isavia undertakes to address equality issues with the company, demonstrate social responsibility and take the initiative in the field. The agreement contains seven criteria to guide the efforts of companies and institutions to foster **equality and increase their participation of women in business**. Signing this Convention is the natural continuation of other efforts made by the company under the banner of social responsibility and dovetails with the company's objectives on gender equality.

2019




## UN SUSTAINABLE DEVELOPMENT GOALS

Isavia has set itself a policy-making objective linked to the United Nations' Sustainable Development Goals. **Special emphasis** has been placed on Global Goals 3 (Good health and well-being), 5 (Gender equality), 7 (Affordable and clean energy), 8 (Decent work and economic growth), 9 (Industry, innovation and infrastructure), 11 (Sustainable cities and communities), 12 (Responsible consumption and production), 13 (Climate action) and 17 (Partnerships for the goals).

### UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

More detailed information on the Sustainable Development Goals and their connection to Isavia's policy.

 [See more information on Isavia's objectives and improvements](#)





## GRI - GLOBAL REPORTING INITIATIVE

This is the fourth time Isavia is issuing an Annual and Corporate Social Responsibility Report. The report is modelled on the GRI Standards: Core criteria together with GRI-G4 special provisions for airports. These special provisions deal specifically with the challenges and opportunities faced by airports when it comes to sustainability. **The aim of issuing this report** is to provide transparency, a more in-depth view of the company's activities and their effects on society at large. The information in the report is based on operations in **2019**.

### GLOBAL REPORTING INITIATIVE

For more information on GRI

 [Global Reporting Initiative](#)

 [Isavia's CSR reports in GRI database](#)



## FESTA - ICELANDIC CENTRE FOR CORPORATE SOCIAL RESPONSIBILITY

Isavia is an active member of [Festa - the Icelandic Centre for Corporate Social Responsibility](#). The aim of Festa is to raise awareness of CSR in Icelandic companies and in the community and encourage research in this field.



## RESPONSIBLE TOURISM

**Responsible tourism** is a motivational project with the aim of Icelandic tourism companies agreeing on some clear and simple actions concerning responsible tourism. The purpose of the project is to promote **Iceland as a desirable tourist destination** going forward, which supports sustainability for future generations of the country. Isavia has taken part in the project from the beginning.



## ICELAND TOURISM CLUSTER

Isavia is a collaborative member of **the Icelandic Tourism Cluster**. The role of the company is to strengthen competitiveness and enhance the value of Icelandic tourism. It is a real addition to the tourism-related activities conducted elsewhere (e.g. by the Travel Industry Association, the Icelandic Tourist Board and Promote Iceland, to name but a few). The Iceland Tourism Cluster focuses on greater co-operation with these and other partners throughout Iceland.



## STARTUP TOURISM

Isavia has been one of the sponsors of the Startup Tourism project, which gives start-up companies in the tourism sector a chance to bring their business ideas to fruition. Ten companies are selected for participation in what has been called a 'business accelerator', and their representatives are given a ten-week training course by various experts to further develop their business ideas.



## CIVIL PROTECTION AND ACCIDENT RESPONSE

Isavia plays an important role in the management system of the Civil Protection Department and plays a key role in response plans for search and rescue in the Icelandic air traffic control area and development of accident response plans on land. **Full scale airport emergency plan exercises at the airport are an important part of Isavia's preparedness as well as civil protection measures** and their development. As a rule, four full scale airport emergency plan exercises are held every year throughout Iceland. Participation is without fail good, with more than 1,000 people from all response units usually taking part in these exercises as well as the general public. Since the company began holding full scale airport emergency plan exercises at airports, the response plans of the Civil Protection unit for multi-party accidents have developed in line with the working procedures used in airport exercises. The company's exercises have therefore become a consultation forum for response entities for the development of knowledge and procedures that have been codified in regulations and the Civil Protection Act.

In 2019, airport emergency plan exercises were held at **Hornafjörður Airport** and at the smallest airports operated by the company, i.e. **Gjögur** and **Grimsey**. The importance of training airports is not less in smaller communities where the response, in the event of an incident, involves the entire community. Some 220 people from all response units took part in these exercises. Emergency plan exercises are an important social aspect, testing and training the community's level of disaster resilience.



### MORE INFORMATION

[For more information on full scale airport emergency plan exercises \(in Icelandic\)](#)

**FULL SCALE EMERGENCY PLAN EXERCISES AT THE AIRPORT ARE AN IMPORTANT PART OF ISAVIA'S PREPAREDNESS AS WELL AS CIVIL PROTECTION MEASURES AND THEIR DEVELOPMENT.**

## **ICELANDIC ASSOCIATION FOR SEARCH AND RESCUE (ICE-SAR) AND ICELANDIC RED CROSS**

The Isavia and ICE-SAR Grant Fund has been active since 2012 and has, up to 2019, allocated close to ISK 84 million to search and rescue teams. At the beginning of 2018, a similar agreement was signed with the Red Cross. Isavia has been involved in the installation of group accident equipment throughout Iceland in co-operation with these partners. The equipment is thereby available should it prove necessary in the event of accidents or when people need to be housed in mass relief centres. Co-operation between Isavia, the Red Cross and ICE-SAR has been successful, and the volunteers from these organisations are an important parts of the airports' response systems.

## **ISAVIA'S COMMUNITY FUND**

The company has paid out grants annually from Isavia's Community Fund. The grants have focused on environmental issues, humanitarian issues, preventative measures, aviation matters, arts, culture and education. In 2019, the Fund allocated ISK 8,350,000 towards a variety of projects. The decision has been made to revise the operation of the Fund, and as a result, no new applications will be accepted for the time being. In addition, the company supports various other charities by providing space for collection boxes in airports.



## **ISAVIA'S UNIVERSITY GRANTS**

Grants have been allocated to students who are taking their master's degrees and doctorates at Reykjavík University and the University of Iceland. There are many exciting areas of research within the aviation and tourism sector, including in the fields of engineering, technology, computer science, law, tourism studies, business studies and economics. Further information on grants for university students is available from the offices of the University of Iceland and Reykjavík University.

## MAIN ORGANIZATIONS OF WHICH ISAVIA IS A MEMBER:

Airport Council International (ACI)

American-Icelandic Chamber of Commerce

Association of Reykjanes Employers

Borealis, co-operative forum for flight navigation service providers in North-West Europe

Confederation of Icelandic Employers

Civil Air Navigation Services Organisation (CANSO)

Danish-Icelandic Chamber of Commerce

Excellence Iceland (Stjórnvísir)

Festa, Icelandic Centre for Corporate Social Responsibility

French-Icelandic Chamber of Commerce

Icelandic Travel Industry Association

Iceland Tourism

Iceland Ocean Cluster

ÍMARK – Marketing Association of Iceland

Mannauður, Association of Human Resources Managers

NAT-SPG, co-operative forum of States within the ICAO NAT Region

Project Management Association of Iceland

Ský, Association of IT people

United Nations Global Compact





## THE YEAR IN BRIEF



### ISAVIA 'S SAFTEY WEEK

Great participation was at Isavia's safety week, which was held from October 14 to 18. This is the second time a special safety week has been held where various events are being held to promote knowledge and awareness regarding safety issues. This time, lectures and training sessions on safety were offered. Isavia staff were invited to visit airport services and at the Keflavik airport tower. There was also education on how the suitcase travels through the airport and special FOD flights at Keflavik Airport and the airports in Reykjavik and Akureyri.



### ISAVIA PARTICIPATES IN COLLABORATION ON LAND USE NEAR KEFLAVIK AIRPORT

Elín Árnadóttir, Deputy CEO of Isavia, signed a letter of intent on cooperation on planning, development, utilization and marketing of land in the vicinity of Keflavik Airport. In addition to Isavia, Bjarni Benediktsson, Minister of Finance and Economic Affairs and representatives of Reykjanesbær and Suðurnesjabær signed the declaration. The statement from the Ministry of Finance and Economic Affairs states that the letter of intent is signed in the light of growth in tourism and aviation activities, together with a major development at Keflavik Airport, which has transformed the status of business, labor market and community in the surrounding area.



### KEFLAVIK AIRPORT WILL END CARBON EMISSIONS BY 2050

At the 29th Annual Meeting of ACI EUROPE, the European Division of the Airport Council International, Sveinbjörn Indriðason, CEO of Isavia, signed a commitment that Keflavik Airport will cease all carbon emissions in its direct operations by 2050. This statement was issued at the same time ACI EUROPE formally announced the NetZero 2050 commitment of airport operators. This means that the airports will stop carbon emissions in their operations by 2050 at the latest.





## **NEW STOP LIGHTS TAKEN IN USE AT KEFLAVIK AIRPORT**

New stop lights, or so-called stop-bars, were introduced at Keflavik Airport in the fall of 2019. The inauguration took place during Reykjanesbær Lights Night, the town's cultural and family festival. The festival was celebrated for the twentieth time this year. Isavia is one of the backers of the festival and has been for the past few years.



## **OPTICAL STUDIO AND MATHÚS WINNERS OF SERVICE AWARDS**

In recent years, Isavia has rewarded operators at Keflavik International Airport for outstanding services. Shops and restaurants are rewarded for excelling in the service of passengers traveling through the airport. Among other things, consideration is given to how salespeople approach customers and whether both products and price information are accessible. This time, the retail service award was awarded to Optical Studio optical store. The restaurant service award was awarded to Mathús, run by Lagardère. The conclusion, as before, is based on market research and surveys conducted at Keflavik Airport.



## **ISAVIA CSR REPORT WINS REPORT OF THE YEAR**

Festa - Center for Corporate Social Responsibility, Governance and Commerce of Iceland awarded Isavia an award for the CSR Report of the year. A total of 29 nominations were received for 16 companies. The purpose of the recognition was to encourage companies to set measurable goals and regularly publish, in a high-quality manner, information on how corporate social responsibility and sustainability in business operations deliver them and the community increased benefits. We at Isavia thank you very much for the honor we were shown with the awards for this year's CSR Report. A number of Isavia employees made a great effort to report clearly and easily accessible what Isavia stands for in our community.



## **AGREEMENT SIGNED WITH THE UK COMPANY MACE FOR THE FUTURE DEVELOPMENT OF KEFLAVIK INTERNATIONAL AIRPORT**

Isavia has entered into a long-term agreement with the UK construction and consultancy firm Mace for programme management and supervision for the planned enlargement of Keflavik International Airport. Sveinbjörn Indriðason, Isavia's CEO, and Jason Millet, Chief Operating Officer for Mace, signed an agreement to such effect in Keflavik International Airport in the presence of, among others, Michael Nevin, the British Ambassador to Iceland. Mace has extensive experience of major airport projects around the world, including at Heathrow Airport in London, Schiphol Airport in Amsterdam and the airports in Dublin, Manchester, Doha, Mumbai and Sydney.



## ORGANISATIONAL CHANGES AT ISAVIA

The Board of Directors of Isavia has agreed to make changes to the company's organisational structure. The changes are intended to separate different operating units in the company and are expected to take formal effect on the 1st of January 2020. The changes mean that the Airports Operations Division, which operates domestic airports, and the Navigation Services Division, responsible for navigation services, will be transferred to subsidiaries while the operation of Keflavik Airport will remain with the parent company Isavia.



## ISAVIA STAFF COLLECT OVER 3,6 MILLION FOR CHARITY

51 members of Isavia staff took part in the Reykjavik Marathon and collected over ISK 3,6 million for charity. Isavia pledged to add an extra 50% to the amount collected by the employees who took part in the marathon



## ISAVIA AND LfV AGREE ON UNIFIED TECHNICAL PLATFORMS FOR AERONAUTICAL INFORMATION SERVICES (AIS)

At the end of 2018, Isavia signed a service agreement with LfV, Air Navigations Services of Sweden, for access to new software and solutions for Aeronautical Information Services (AIS). The agreement involves collaboration between service providers in Iceland, Sweden and Denmark for a common solution called L-CAPS, LfV-Comprehensive AIM Production Service, that will increase economy and efficiency.



## ISAVIA 'S WEBSITE WINS TWO AWARDS

Isavia's website won two awards at the Association of Web Industry (SVEF) on Friday, February 22. Isavia.is was voted best website in the category of large companies 2018 and was also recognized by Blindrafélagið and Siteimprove as the most accessible web site. The site has unified all information, about Isavia airports and air navigation, in one place. Passengers can find information on flights and other things related to travel preparation, both domestically and abroad.



## KEFLAVIK AIRPORT WINS AWARD FOR CUSTOMER EXPERIENCE

Keflavik Airport is in fourth place for delivering the best customer experience out of 36 European Airports in the size category 5-15 million passengers. This is the result of the Airport Service Quality (ASQ) Survey conducted by ACI (Airports Council International) for the year 2018 and announced in 2019. Keflavik Airport has consistently been among the best European airports in this survey ever since it first took part in it in 2004. Keflavik Airport got a score of 4,2 on a scale from 1 to 5.





### **23 GRANTS FROM ISAVIA 'S COMMUNITY FUND**

Isavia assigned 23 grants from its Community Fund for a diverse range of projects over the year. The aim of the Fund is to support projects with a broad social dimension and a positive impact on Icelandic society. The selection of beneficiaries focused on environmental issues, humanitarian issues, preventative measures, aviation matters, arts, culture and education.



### **ISAVIA SPONSOR LIGHTS NIGHT IN REYKJANESBÆR**

Sveinbjörn Indriðason, CEO of Isavia, and Kjartan Már Kjartansson, mayor of Reykjanesbær, have signed a partnership agreement between Isavia and Reykjanesbær for Lights Night. This is an annual festival in Reykjanesbær. Concerts, shows and a variety of gatherings are offered during the festival. Isavia's contributions are part of supporting ambitious work in various areas of society so that it can thrive and enjoy itself.



### **ISAVIA RECEIVES EQUAL PAY CERTIFICATION**

Isavia's Equal Pay Certification was completed in 2019. The audit was confirmed by the Gender Equality Agency in the future and therefore completed the Implementation of Procedures in accordance with the Equal Pay Standard. It was BSI in Iceland, an accredited certification body, that confirmed that Isavia fulfilled all the requirements for equal pay certification.

For years, Isavia has placed great emphasis on the balance of gender pay, and this emphasis has yielded these good results. The company has previously received PWC's gold mark for equal pay.



### **ISAVIA CARBON OFFSETS FUEL USE IN COLLABORATION WITH KOLVIÐUR FUND AND VOTLENDISSJÓÐUR FUND.**

Sveinbjörn Indriðason, CEO of Isavia, Reynir Kristinsson, Chairman of the Board of Kolviður Fund, and Eyþór Eðvarðsson, Chairman of the Board of Votlendissjóður Fund, signed agreements on carbon offsetting of all Isavia fuel use. The contract is valid for the next three years. Fuel consumption weighs most in Isavia's carbon footprint. Most of this use can be attributed to service and maintenance of runways and airports, and this service is largely weather dependent.





### **TOLLI 'S ART EXHIBITION AT VESTMANNAEYJAR TERMINAL**

The door was filled out when an exhibition of new oil paintings by Tolli was opened at Vestmannaeyjar Airport on 4th of July. The exhibition is a collaboration between Isavia and Tolli. In recent months, Tolli has traveled the country and put up exhibitions of his work at airports around the country. The first exhibition was held at the Egilsstaðir terminal last September, but then it was exhibited at the Akureyri and Ísafjörður airports.



### **INAUGURAL FLIGHT OF JET2.COM AND JET2CITYBREAKS TO ICELAND**

The first group of British airline travelers Jet2.com and the travel agency Jet2CityBreaks arrived at Keflavik Airport from Glasgow, Scotland. This was the companies' first planned trip to Iceland, where customers took the unique opportunity to see the amazing Northern Lights in a four night trip.



### **RESPONSE DRILLS AT GJÖGUR AIRPORT, GRÍMSEY AIRPORT AND HORNAFJÖRÐUR AIRPORT**

Response drills were held at the Gjögur, Grímsey and Hornafjörður airport in 2019. Isavia and its partners have held about 50 response drills in total since 2000.



### **NEW CEO OF ISAVIA**

Isavia's Board of Directors appointed Sveinbjörn Indriðason to the position of CEO of Isavia and formally assumed the position on 13 June 2019. Mr. Indriðason was previously Managing Director of the Finance Division of Isavia.



### **ISAVIA REACHES AGREEMENT WITH ELKO FOR FACILITIES UNDER ELECTRONIC STORES AT KEFLAVÍKUR AIRPORT**

Sveinbjörn Indriðason, CEO of Isavia, and Gestur Hjaltason, Managing Director of Elko, signed a contract for facilities under two Elko electronics stores at Leif Eiríksson Air Terminal at Keflavík Airport. The contract is for a three-year contract with the option of a two-year extension, one year at a time.





**ISAVIA**

Annual and CSR report  
2019



ENVIRONMENT



# ENVIRONMENTAL ISSUES

## ENVIRONMENTAL POLICY



**Hrönn Ingólfssdóttir**, Director of Corporate Strategy & CSR discusses Isavia's environmental policy

## THE ENVIRONMENT

The company has spent considerable effort to make improvements in environmental issues while handling a significant rise in its scope and passenger numbers. Isavia thus strives to keep the negative environmental impact of its operations to a minimum in harmony with the community and passengers and to be, thereby, a part of a good journey.

Isavia established an environmental policy in 2015, and significant efforts have been spent on achieving the goals of the policy since that time. In the spring of 2018, an action plan in environmental and climate issues was approved and was subsequently **revised and updated at the end of 2019**. This plan set out various measures aimed at reducing the negative environmental impact of the company's operations to achieve the company's goals. This focuses on, among other things, the renewal of the company's fleet of vehicles toward more environmentally friendly vehicles, increased waste sorting, the development of infrastructure for environmentally friendly vehicles and carbon off-setting.

### ENVIRONMENTAL POLICY

Isavia will strive to minimize negative environmental impact of its operations and always consider environmental matters in its decision making.

 [Environmental Policy](#)



**THIS FOCUSES ON, AMONG OTHER THINGS, THE RENEWAL OF THE COMPANY'S FLEET OF VEHICLES TOWARD MORE ENVIRONMENTALLY FRIENDLY VEHICLES, INCREASED WASTE SORTING, THE DEVELOPMENT OF INFRASTRUCTURE FOR ENVIRONMENTALLY FRIENDLY VEHICLES AND CARBON OFF-SETTING.**

Last year, Isavia began working together with Klappir Green Solutions on a data gateway which makes it easier to monitor important environmental factors such as fuel consumption, and waste classification was made more transparent. Problems with data connections to fuel companies, however, meant that the accounts for 2019 were originally incorrect, and the actual emissions proved to be greater than the initial results indicated. These results were used as the basis for goal setting and other actions. Isavia's work to achieve its goals is, therefore, slightly more extensive than originally projected. Isavia will, however, continue to endeavour to improve its performance in environmental issues.

There have been no major pollution mishaps during the year, and no rulings have been passed where the company was considered to have violated environment legislation. A few minor fuel mishaps occurred during refills on the aprons at Keflavík Airport. These were minor leaks onto the tarmac and were cleaned up.



## WATER

Isavia is conscious of the importance of preserving the freshness and cleanliness of the groundwater in the surrounding area. Verkís has overall responsibility for groundwater quality measurements at Keflavík Airport. Samples were taken in 2017, 2018 and, **most recently, in March and November 2019**. In the past, the US Army ran facilities in this area, and it is common knowledge that their operations led to a certain amount of pollution. Groundwater samples from all boreholes display traces of chemical use in the airport zone. These findings suggest varying levels of pollution but not to any great extent. The results of measurements show fluctuations in chemical content, although, pollution appears to be decreasing, but it is difficult to say for certain, as further measurements will be needed to confirm this. Isavia will, therefore, continue to take measurements and monitor the quality of groundwater.





Isavia obtains water from utilities at each site and has not reused or recycled water from airport areas. In recent years, Isavia has also improved wastewater drainage at international airports, which is commonly connected to municipal drainage systems. In 2016, work was carried out on refurbishing wastewater drainage from the west part of Keflavík Airport, which drains into the sea. A **two-stage pumping and filter station** was built at Djúpavík south of Stafnes in Sandgerði and a new and longer outlet laid out to sea. In other respects, Isavia uses the sewage system of the municipalities in which each workplace is located, and the recipient is in all cases the sea, although the level of sewage cleaning may differ. Oil separators and settlement ponds receive most of the polluting materials that otherwise would end up in the sewage system.

2019

## ISAVIA IS CONSCIOUS OF THE IMPORTANCE OF PRESERVING THE FRESHNESS AND CLEANLINESS OF THE GROUNDWATER IN THE SURROUNDING AREA

### USE OF CHEMICALS

Isavia uses both natural and biodegradable chemicals at Iceland's airports for the purposes of de-icing. Sand is used at domestic airports, except for 4,000 litres of de-icing material at Akureyri Airport. De-icing material is used at Keflavík Airport.

Isavia has been using Clearway F1 de-icing fluid and Clearway SF3 de-icing granules. De-icing substances are either based on sodium formate or potassium formate and bear the **Blue Angel ecolabel**. They are biodegradable and have a low toxicity effect on water. They meet all mandatory environmental and ecological requirements.

The use of de-icing materials has increased between years, which is attributable to some extent to the fact that the number of stands subject to winter services has increased due to the fact that there are a greater number of remote stands than before and also due to the weather.

#### THE BLUE ANGEL ECOLABEL

The Blue Angel Ecolabel (Der Blaue Engel) is a reliable German ecolabel

[The Environment Agency homepage](#)

[The Blue Angel homepage](#)



## Quantity of de-icing substances in airports GRI G4-A06

	2016	2017	2018	2019
Clearway SF3 de-icing grains	27 tonnes	58 tonnes	123 tonnes	129 tonnes
Clearway F1 de-icing liquid	54.300 litres	79.959 litres	216.000 litres	438.000 litres

## ECOSYSTEM

The Environment Agency Isavia airport zones are as diverse as regards ecosystems as they are numerous. The Reykjanes peninsula is a **UNESCO Global Geopark** and, as such, is of major significance as regards geological formations, some of which are unique. The best-known example thereto is probably how well one can see the plate boundaries of the Eurasian and North American plates. Although there are no geological formations at Keflavík Airport, it is certainly located in an extremely geologically important area.

For years, Isavia has been closely monitoring wildlife within airport areas and has analysed adjacent airport environments in terms of the presence of animals and birds. The appearance of wildlife varies greatly from airport to airport, as the respective areas differ in vegetation and food supply. An important part of airport operations involves taking measures to reduce the risk for air passengers and reduce the likelihood of collisions between wildlife and aircraft. This is done by applying a variety of deterrence methods, e.g. habitat management.



The employees of Isavia who are involved in wildlife management register the number and species of wildlife that can be seen at the airport. Considerable efforts are spent on mapping wildlife behaviour, particularly that of birds at and near the airports, and staff involved in this work have extensive experience in wildlife management. Náttúrustofa Suðvesturlands (The Southwest Iceland Nature Research Centre) and Þekkingarsetur Suðurnesja (Sudurnes Science and Learning Center) **prepared a report on birdlife at Keflavík Airport**. Educational lectures were subsequently held for the employees of Airport Services. Isavia also registers all possible collisions between birds and wild animals with aircraft at all its airports.

2019

Last year, **11** confirmed instances of aircraft bird strike were registered at Keflavík Airport. At domestic airports, **12** aircraft bird strikes were registered.

**Total annual number of bird strikes GRI G4-A09**

	2018	2019
Total number of aircraft movements	193,070	173,176
Total number of bird strikes	35	23
<b>Total annual number of bird strikes per 10,000 aircraft movements</b>	<b>1.8</b>	<b>1.25</b>

In 2018, Reykjavík Airport entered into an agreement with the company Flygildi for using drones as bird deterrents within the airport area. This co-operation continued last year.

The summary below contains a list of wild animals and birds that have been seen in the airport area, classified according to the **IUCN** List of Threatened Species. Included is the legal status of the species in Iceland, as local populations may differ from global population statistics. Species not considered threatened by IUCN, but which enjoy protection in Icelandic law are also included.

IUCN Red List species and national conservation list species with habitats in areas affected by operations GRI 304-4

Species	Scientific name	Status on IUCN red list	Legal status in Iceland
Gyrfalcon	Falco rusticolus	Vulnerable (VU)	Protected
Common raven	Corvus corax	Vulnerable (VU)	Unprotected
Great black-backed gull	Larus marinus	Vulnerable (VU)	Unprotected
Black-legged kittiwake	Rissa tridactyla	Vulnerable (VU)	Protected except from 1/9 - 15/3
Common gull	Larus canus	Near threatened (NT)	Protected
Red knot	Calidris cantus	Near threatened (NT)	Protected
Eurasian oystercatcher	Haematopus ostralegus	Near threatened (NT)	Protected
Common eider	Somateria mollissima	Near threatened (NT)	Protected
Black-tailed godwit	Limosa limosa	Near threatened (NT)	Protected
Whooper swan	Cygnus cygnus	Tegund ekki í hættu (LC)	Protected
Ptarmigan	Lagopus muta	Tegund ekki í hættu (LC)	Protected, except on certain days between 1/11 - 30/11
Northern fulmar	Fulmarus glacialis	Least concern (LC)	Protected except from 1/9 - 15/3
Great skua	Catharacta skua	Least concern (LC)	Protected and considered critically endangered (CR)
Mallard	Anas platyrhynchos	Least concern (LC)	Protected except from 1/9 - 15/3
Arctic fox	Vulpes lagopus	Least concern (LC)	Protected
Red-throated loon	Gavia Stellata	Least concern (LC)	Protected
Mink	Mustela vison	Least concern (LC)	Unprotected
Greylag goose	Anser anser	Least concern (LC)	Protected except from 20/8 - 15/3
Pink-footed goose	Anser brachyrhynchus	Least concern (LC)	Protected except from 20/8 - 15/3
European golden plover	Pluvialis apricaria	Least concern (LC)	Protected
Black-headed gull	Larus ridibundus	Least concern (LC)	Protected except from 1/9 - 15/3
Arctic tern	Sterna paradisæa	Least concern (LC)	Protected
Brent goose	Branta bernicla	Least concern (LC)	Protected
Lesser black-backed gull	Larus fuscus	Least concern (LC)	Unprotected
Merlin	Falco columbarius	Least concern (LC)	Protected
Eurasian whimbrel	Numenius phaeopus	Least concern (LC)	Protected

# CLIMATE

## ENERGY USE

Fuel consumption is the most important environmental issue in the otherwise energy demanding operation of Isavia. We closely monitor fuel consumption in our operations and make efforts to try and reduce it where possible. The greatest share of this consumption is accounted for by the servicing and maintenance of the runways and operating areas of airports. Although its scope in some ways relates to the number of passengers, it is for the most part dependent on the weather and, as a result, may fluctuate, particularly if winter services are required for many days of the year.

The winter of 2018–2019 required **157 days of services at Keflavík Airport**. That is to say, from the first day of winter services to the last day. Snow clearing took up 5,240 machine hours, or 33 machine hours on average per 24 hours.

Isavia operates according to an Environment and Climate Action Plan. This plan sets out various measures aimed at reducing the negative environmental impact of the company's operations. The measures involve aspects such as the renewal of the vehicle fleet, the prudent use of resources, increased electrification and carbon off-setting.

At the close of 2019, an updated action plan was approved which will remain in effect for the next two years.





## DIRECT ENERGY USE

There was a considerable reduction in the fuel consumption of Isavia when account is taken of the overall fuel consumption, or about 25% between years. When, however, account is taken of the use per passenger, there was an increase of 18% in fuel consumption between years. This is due to reduction in passenger numbers. Isavia's target for 2019 was to reduce fuel consumption per passenger by 4%, but this was unfortunately not achieved.

### Energy consumption within the organization GRI 302-1 & Reduction of energy consumption GRI 302-4

Type	2015	2016	2017	2018	2019	Unit
Petrol	45,665	47,131	40,769	39,964	23,127	litres
Diesel	751,722	714,574	819,696	893,326	692,992	litres
Aircraft fuel	x	x	62,468	77,520	15,509	litres
<b>Per passenger</b>	<b>0,148</b>	<b>0,106</b>	<b>0,096</b>	<b>0,095</b>	<b>0,112</b>	litres



**THE GREATEST SHARE OF THIS CONSUMPTION IS ACCOUNTED FOR BY THE SERVICING AND MAINTENANCE OF THE RUNWAYS AND OPERATING AREAS OF AIRPORTS. IT IS FOR THE MOST PART DEPENDENT ON THE WEATHER AND, AS A RESULT, MAY FLUCTUATE BETWEEN YEARS.**



## INDIRECT ENERGY USE

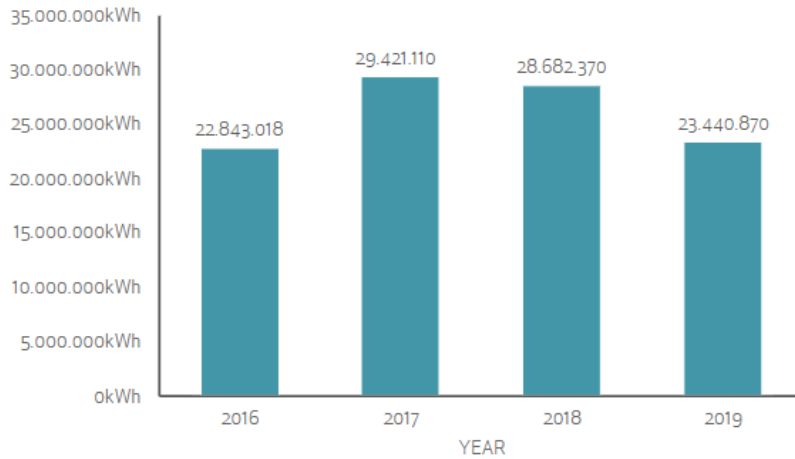
Last year, electricity consumption at Isavia was **23,440,870 kWh** – which is less use than in the preceding two years. Energy consumption is, however, expected to rise in the coming years as result of the expansion of Keflavík Airport and of further installation and greater use of energy-intensive infrastructure, e.g. grounding for aircraft and charging points for cars and other vehicles. The amount of hot water used by Isavia decreased in 2019 to **744,823 cubic metres** compared to usage of 901,089 cubic meters in the year 2018.

In Isavia operating centres in Reykjavík, i.e. the Air Traffic Control Centre, the tower at Reykjavík Airport and Iceland Radio in Gufunes, **27,706 kWh** were used through charging stations, mostly to charge the vehicles of employees while they were at work. The driving involved is estimated to be 223,435 km, or approx. 169 times around Iceland.

Isavia completed a tender for electricity in 2019. The seller was required to supply Isavia with only renewable electricity.

2019

## ELECTRICITY USE GRI 302-2



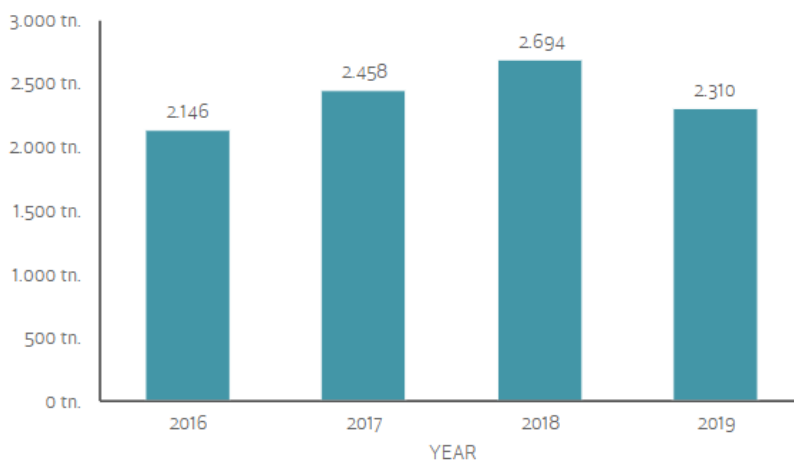
## GREENHOUSE GAS EMISSIONS (GHG)

### DIRECT GREENHOUSE GAS EMISSIONS (GHG) THROUGH ENERGY USE SCOPE 1

The direct emission of greenhouse gasses by Isavia can be traced to fuel use. In 2019, the amount of direct greenhouse-gas emissions caused by burning fossil fuels was 2,310 t CO<sub>2</sub>e. This is considerably less than in the years before.

In early (spring) 2019, Isavia reached an **agreement with Kolviður and Votlendissjóður for the carbon off-setting** of Isavia fuel consumptions for three years retroactive for one year. This means that in 2018, 2019 and 2020, Isavia will carbon off-set all direct emissions from the operation.

### DIRECT GREENHOUSE GAS EMISSIONS SCOPE 1 GRI 305-1



## **INDIRECT GREENHOUSE GAS EMISSIONS (GHG) THROUGH ENERGY USE SCOPE 2**

During the year, Isavia reached an electricity agreement with HS Veitur. The agreement provides that all electricity purchased by Isavia will be from renewable sources and free of charges due to the sale of origin guarantees. The energy used by Isavia in its operation in the form of electricity or heat comes from district heating plants or hydropower plants. In both cases, the energy in question is from renewable sources which generate low emissions of greenhouse gases. Indirect emissions due to heat and electricity, therefore, are very slight if account is taken of electricity production by other means. According to the Environment Agency, the average emission level for energy generation is 8.8 g CO<sub>2e</sub> per kilowatt-hour. Indirect emissions through energy consumption in 2019 totalled 206 t CO<sub>2</sub>.



## **OTHER INDIRECT GREENHOUSE-GAS EMISSIONS (GHG) THROUGH ENERGY USE SCOPE 3**

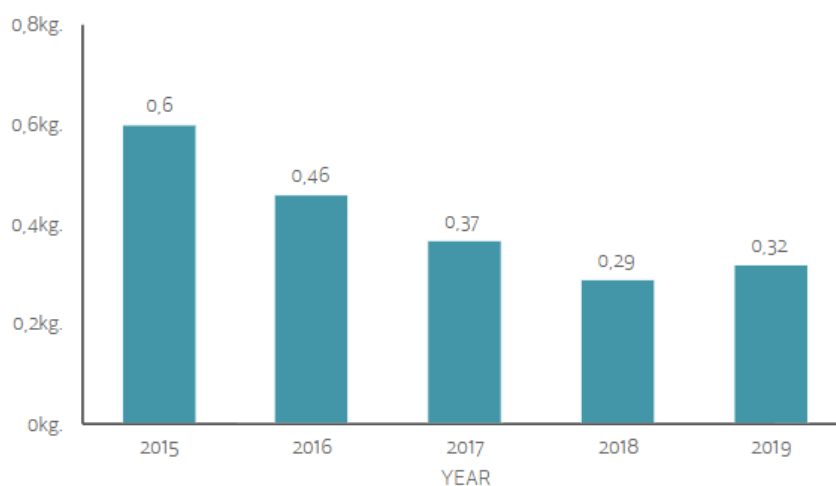
Emissions in scope 3, indirect emissions from the operation, include the treatment of waste and employee travel. In recent years, Isavia has used the Festa Loftlagsmælir (Festa climate gauge) to estimate carbon emissions relating to scope 3. 2019 is the first whole year that Isavia has used the Klappir environment monitoring system. This has been used to gain a better picture of carbon emissions. To date, Isavia has been using emission co-efficients for landfill waste for all waste not sent for recycling. A part of the general waste from Keflavík Airport, however, is not sent to landfills but is instead incinerated in the Reykjanes incinerator of Kalka. By using Klappir's system, Isavia is able to obtain more accurate information on emission co-efficients for waste sent for incineration, and this explains the lower carbon footprint from waste treatment than has previously been provided. In light of this, the total emission for 2018 has been recalculated. Emissions from incineration and landfill waste disposal by Isavia in 2019 were 59 tonnes of CO<sub>2e</sub>.

## Reduction of GHG emissions GRI 305-5

		2017	2018	2019
GHG emission from landfill/disposal	tonnes CO2	66	59	59
GHG emission from electricity	tonnes CO2	206	338	206
GHG emission from fuel	tonnes CO2	2.458	2.694	2.310
Total emissions GHG	tonnes CO2	2.723	3.098	2.575
Carbon offset	tonnes CO2	0	2.694	2.310
Total emissions GHG with carbon offset	tonnes CO2	2.723	404	265
Emissions per passenger	tonnes CO2	0,37	0,29	0,32

Direct emissions of greenhouse gases per passenger increased 18% between the years 2018 and 2019. If a longer period is examined, or from 2015, emissions per passenger have decreased. The sharp downturn in passengers due to the disappearance of WOW air significantly skews this indicator. Total emissions continue to decrease, and emissions from large factors such as fuel consumption continue to decrease. There was a decrease of 14% in direct greenhouse-gas emissions from fuel consumption from 2018 to 2019.

## GHG EMISSIONS INTENSITY PER PASSENGER GRI 305-4





## ISAVIA'S CARBON FOOTPRINT

Isavia has set itself a number of objectives of reducing greenhouse gas emissions in its operations and is thereby leading by example in being environmentally and socially responsible. Keflavík Airport participates in the Airport Carbon Accreditation system with the goal of carbon neutrality. A distinction is made between three sources of emissions (scopes): Firstly, direct emissions from Isavia's own operations, secondly indirect emissions from purchased energy and thirdly emissions from third parties associated with Isavia's operations.

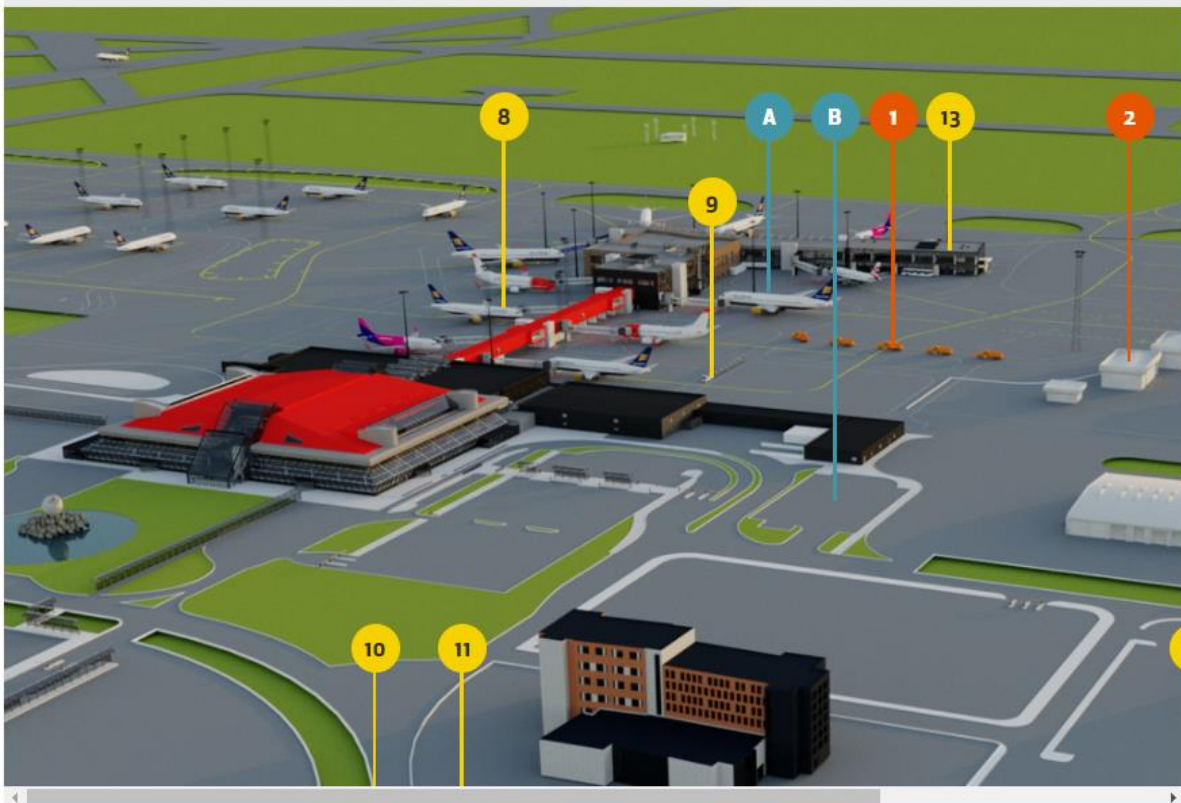
CHOOSE SCOPE OF EMISSION:

SCOPE 1

SCOPE 2

SCOPE 3

Reset



## AIR QUALITY

Isavia monitors nitrogen dioxide levels around Keflavík Airport by means of an air quality meter located over Eyjabyggð. Real-time measurements can be found on the [loftgaedi.is](https://loftgaedi.is) website. Air quality forecasts have been made based on two scenarios, one taking account of passenger numbers of 13.7 million and the other of 14.5 million passengers. In both cases, the concentration of sulphur dioxide and nitrogen oxide **is under reference values**. Based on the passenger forecast used in the Masterplan for Keflavík Airport, just over 13 million passengers are expected in 2039.



## THE CLIMATE DECLARATION

In 2015, the Managing Director of Isavia signed a [declaration on climate action](#) drafted by Reykjavík City and Festa - the Icelandic Centre for Corporate Social Responsibility. Following the signing of this declaration, Isavia set itself the objective of reducing greenhouse-gas emissions, thus demonstrating initiative and responsibility towards the environment and society. In 2017, Isavia received the Incentive Award for Climate Matters from the City of Reykjavík and Festa.

Isavia is conscious of the responsibility it bears regarding climate issues and greenhouse-gas emissions and is working in an active and organised way on measures to reduce its carbon footprint.

2019

**ISAVIA IS CONSCIOUS OF THE RESPONSIBILITY IT BEARS REGARDING CLIMATE ISSUES AND GREENHOUSE-GAS EMISSIONS AND IS WORKING IN AN ACTIVE AND ORGANISED WAY ON MEASURES TO REDUCE ITS CARBON FOOTPRINT.**



MORE INFORMATION

[Airport Carbon Accreditation](#)

## ACA CARBON ACCREDITATION

Isavia participates in the Airport Carbon Accreditation (ACA) system, run by Airports Council International. The ACA is a form of carbon accreditation designed by airports for airports and is therefore customised to their operations. The project is divided into four stages: mapping carbon footprints; goal setting and reducing carbon emissions; decreasing carbon emission in co-operation with other operators in the airport; and finally, carbon off-setting the airport. Keflavík Airport has taken part in the project for four years, and **in 2019, Isavia completed the second stage in the adoption of the carbon accreditation.** The objective has been set to reduce carbon emissions by 2030, and work is under way according to an action plan.




## BOREALIS ALLIANCE FREE ROUTE AIRSPACE

Isavia is a member of Borealis Alliance, an association of nine air navigation service providers in Northern Europe. Work is ongoing on the Free Route Airspace project, aimed at **shorter flight times, resulting in lower fuel consumption**, lower costs and less pollution. In Iceland, aircraft operators can now schedule and operate direct flights from Keflavík Airport to airports in Norway and Scotland, the nearest air traffic control areas to the south-east of Icelandic airspace.

The effects of flight altitude on the fuel consumption of aircraft are considerable. As a flight progresses, it is more economical for aircraft to fly at higher altitudes. It is estimated that a thousand-foot (1,000 feet) deviation from the optimal altitude calls for 1% extra fuel per hour.

The contribution of the flight navigation services in ensuring that aircraft reach their optimal altitude, therefore, is extremely important. Monitoring of the performance of the flight navigation services is done as regards the processing of altitude requests, and data from 2018 and 2019 shows that airplanes are granted their altitude requests (optimal) in 80–90% of cases, although this can differ according to sectors.

### MORE INFORMATION

 [Borealis Free Route Airspace](#)





# ACOUSTICS

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## NOISE MEASURING SYSTEM

Isavia has taken various measures to mitigate noise from flights at Keflavík Airport. One such measure was to set up a noise-measuring system in 2017 to monitor which flights cause the most noise and react accordingly.

Three fixed acoustic sound-level meters and one mobile sound-level acoustic meter are located in **the vicinity of Keflavík Airport**. These meters form a system enabling residents, stakeholders and Isavia to monitor flights and noise measurements and report nuisances caused by flight traffic movements. A link to the noise-measuring system can be found on the Isavia website.

Work was carried out on preparing an action plan against noise in 2019 in co-operation with Reykjanesbær and Vegagerðin (the Icelandic Roads Administration). This work fulfils Regulation No. 1000/2005 on mapping and action plans. The plan extends to 2030 and underwent a presentational process wherein comments were welcomed. The plan can be accessed on the ["Website of Reykjanesbær"](#). Last year, Isavia received 34 reports of noise and nuisance caused by air traffic at Keflavík Airport, most of which were linked to passenger flights directly over residential areas early in the morning.

Continuous efforts are spent on **monitoring noise measurements** and ensuring that the rules of the airport as regards runway use and flights over residential areas are complied with.

The two pictures below show the comparison between flight routes 2017 and 2018. The pictures are drawn from heat maps and show well the change in air traffic over residential area at Reykjanes. Now considerable smaller part of the residential area is under direct air traffic.

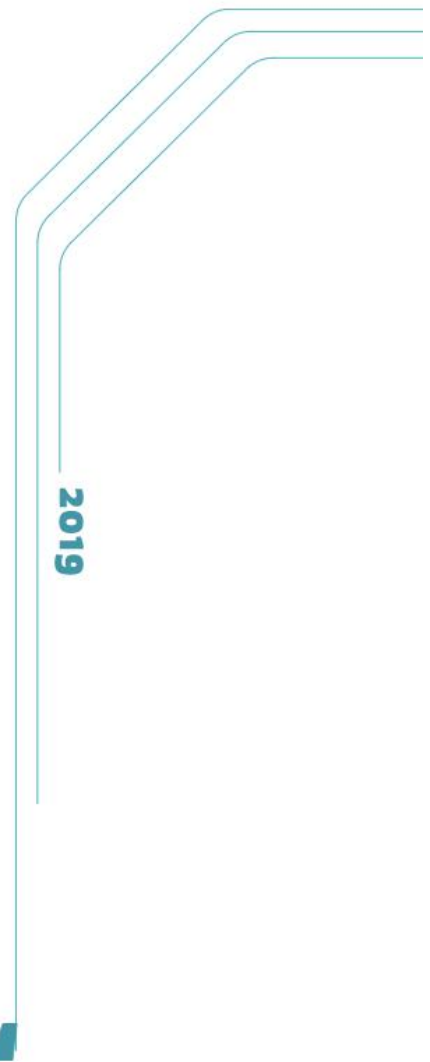
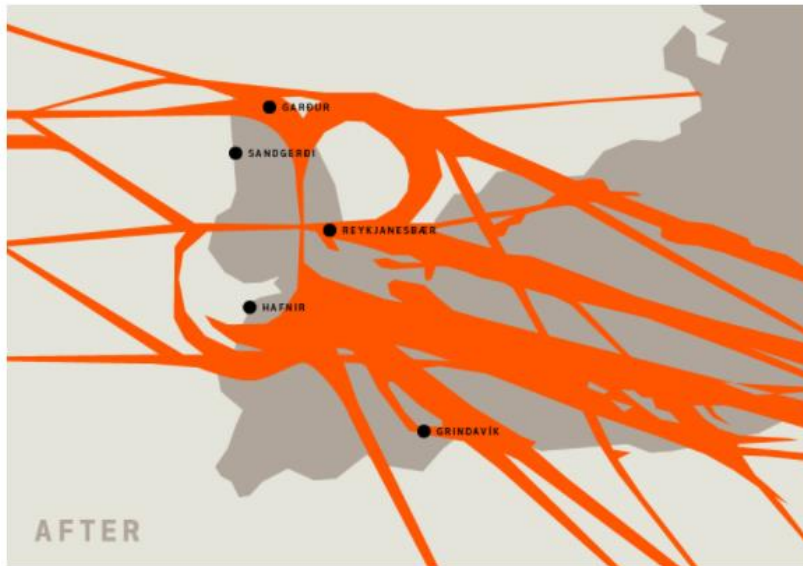
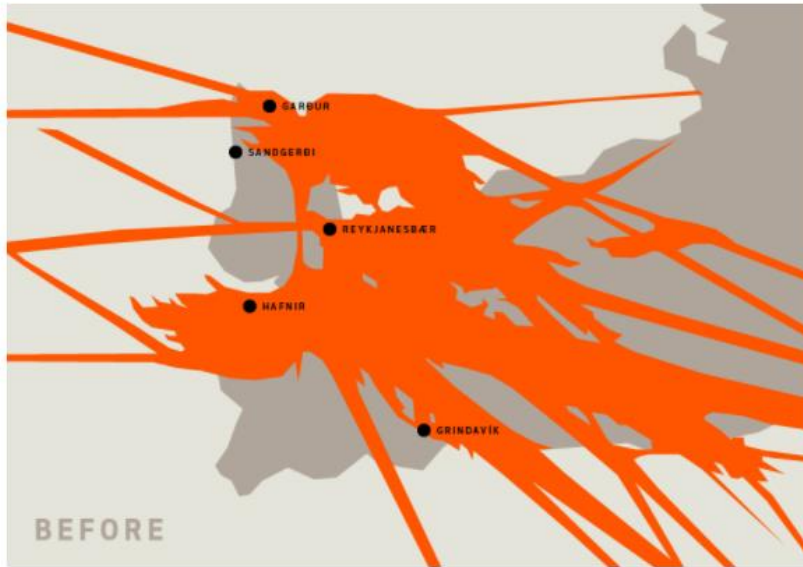
### ACOUSTIC NOISE MONITORS

Acoustic noise monitors have been placed at several locations in and around the airport.

 [Link to web track system](#)

 [Guideline for web track system](#)





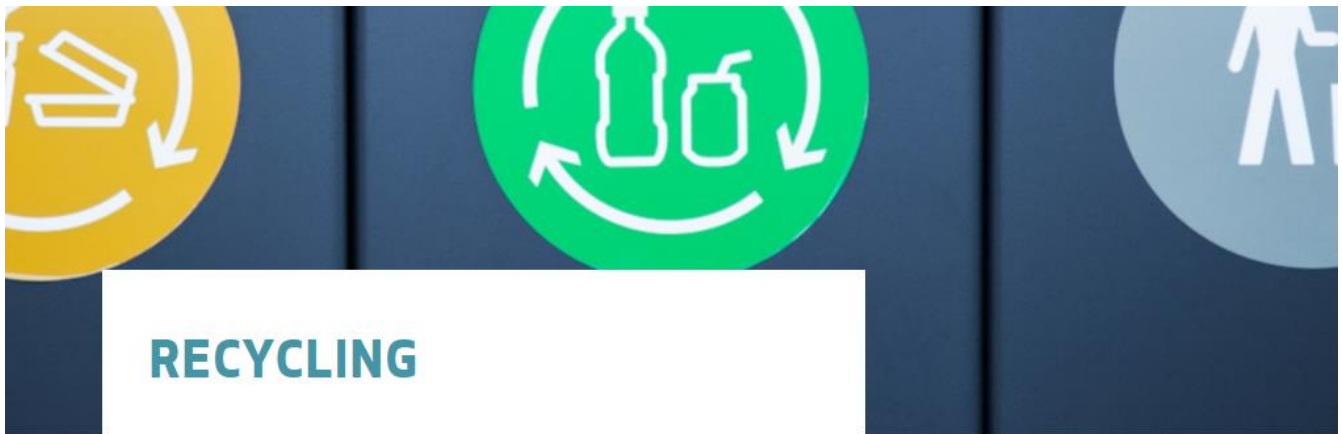
**CONTINUOUS EFFORTS ARE SPENT ON MONITORING NOISE MEASUREMENTS AND ENSURING THAT THE RULES OF THE AIRPORT AS REGARDS RUNWAY USE AND FLIGHTS OVER RESIDENTIAL AREAS ARE COMPLIED WITH.**



In 2017, Isavia hired the engineering firm Efla to produce a sound map for the airport. This map was released in early 2018 and shows calculated 24-hour noise levels around Keflavík Airport. According to Efla's mapping, there is no resident that suffers noise caused by air traffic which exceeds 64 dB but around 300 that are exposed to noise levels between 60–64 dB and 1,300 who are exposed to noise levels of 55–59 dB.

In spring 2018, new flight profiles for Keflavík Airport were adopted. These profiles were designed with **the aim of minimising noise and nuisance caused by flight traffic** at the airport. When organising air traffic, Keflavík Airport strives to use those runways which cause the least nuisance for residents in the vicinity of the airport. Every effort is made to implement this, with due regard to safety and environmental factors, such as wind and runway conditions.

There were five reports of nuisances caused by flight movements at Reykjavík Airports in 2019, mainly due to the traffic of training flights.



## RECYCLING RATE

The total waste volume in 2019 was less than the two years before. In 2019, 195 tonnes of unsorted waste were sent to landfill and 655 tonnes were sent for incineration. **Isavia's recycling percentage in 2019 was 41%**, while the target set by Isavia was 35% by year-end 2020. As 2019 progressed, it became clear that the percentage would be higher than the target set, so the decision was made to set a new target for 2020, or 40%.

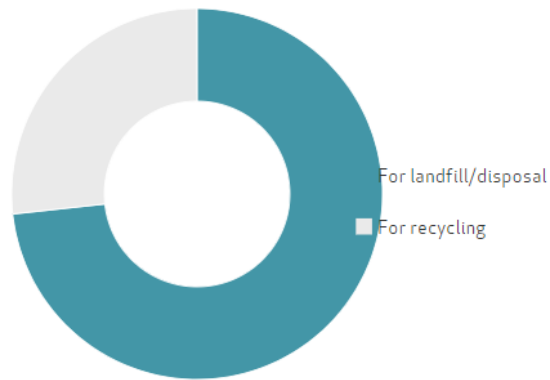
It is now clear that this target has already been achieved. The next target will be set for 2025, and work has already begun on increasing sorting even further as well as seeking ways to reduce the formation of waste in the operation. Isavia also set targets for increasing the proportion of sorted waste by at least **5% per passenger**. This target was also achieved, and the proportion of recyclable waste increased from 27% in 2018 to 41% in 2019.

### Percentage of recycled waste per passenger GRI 306-2

	2016		2017		2018
Sorted per passenger	0,027 kg	14 %	0,040 kg	20 %	0,045 kg
Unsorted per passenger	0,160 kg	86 %	0,160 kg	80 %	0,123 kg
<b>Total per passenger</b>	<b>0,187 kg</b>	<b>100 %</b>	<b>0,200 kg</b>	<b>100 %</b>	<b>0,168 kg</b>

Isavia began the collection of organic waste from workstations in Reykjavík in addition to its workplaces located in various parts of the country, as well as Keflavík Airport, and was quite successful in reducing the volume of general waste. A project intended to draw the attention of employees and others to food waste was initiated through educational material on the company's intranet, messages on refrigerators and coffee-break rooms. The Keflavík Airport Environmental Department also worked closely with the operators of the Airport's staff cafeteria in an effort to decrease food wastage, carrying out weight checks and notifying staff of its results through an information screen in the cafeteria facilities.

## RECYCLING RATIO



## PERCENTAGE OF RECYCLED WASTE PER PASSENGER

**41 %** ↑ 14%

## GREEN STEPS

Isavia is a participant in the Green Steps project organised by the Environment Agency of Iceland. The aims of the project include making the company's operations more environmentally friendly, increasing staff well-being, improving working conditions, reducing operating costs and adopting approved environmental priorities.

In 2019, the Leifur Eiríksson Air Terminal, services building and the tower at Keflavík Airport completed Green Step No. 3 and work has begun on Step 4.

Iceland Radio in Gufunes last year became the first Isavia workplace to **complete adoption of the fifth and final Green Step** and receive ISO14001 certification from the British Standards Institution (BSI) in 2018. One of the ways in which Iceland Radio has gone the extra mile to reduce waste is by keeping hens to eat generated organic waste which is not used for composting.

### MORE INFORMATION

For further information about the Green Steps



[Green Steps homepage \(in Icelandic\)](#)





At Isavia workplace in Gufunes in Reykjavik, chickens are kept for the purpose of reducing food waste.

Keflavík Airport's warehouse at Grænás receives furnishings and useable building materials from the renovations in Leifur Eiríksson Air Terminal and other airport buildings. Furnishings are **reused** if spare parts are needed or sent to other locations around the country. Part of the Green Steps initiative currently being adopted by Isavia is awareness of the possibilities of re-using of furnishings and other material within the company.

2019



**PART OF THE GREEN STEPS INITIATIVE CURRENTLY BEING ADOPTED BY ISAVIA IS AWARENESS OF THE POSSIBILITIES OF RE-USING OF FURNISHINGS AND OTHER MATERIAL WITHIN THE COMPANY.**





**ISAVIA**

Annual and CSR report  
2019



ECONOMY





# SCOPE OF OPERATIONS

## PASSENGERS AND FLIGHT MOVEMENTS

Two factors have the greatest impact on the scope of Isavia's operations: **the number of flight movements and the number of passengers**. Isavia's income from Keflavík Airport can be attributed first and foremost to the airlines that land at the airport, concession revenues from food and beverage and retail outlets as well as other income from renting facilities.

As a whole, the company's operations have lessened in scope as compared to last year. Domestic flight passenger throughput decreased by around 11.4%, while the number of international passengers travelling through domestic airports decreased by 18.9%. At Keflavík Airport, the number of passengers decreased by 26%, and traffic in Icelandic airspace increased by 7.5% in 2019.

Three aircraft operators ran scheduled flights within Iceland, i.e. Air Iceland Connect, Flugfélagið Ernir and Norlandair. Other aircraft operators who regularly used Isavia services were Mýflug, Circle Air, Atlantsflug and Norðurflug. Vesturflug / Blue West and Helo operate a helicopter service at the company's airports.

Air Iceland Connect flies from Reykjavík to several locations in Greenland. In addition, the Icelandic Flight Academy (Flugskóli Íslands) and Flugfélagið Geirfugl have facilities at Reykjavík Airport. BIRK Flight Services, Reykjavík FBO and Air Iceland Connect are responsible for ground handling services at airports.

### FLIGHT STATISTICS

Isavia publishes flight statistics on the web with basic statistics about passengers, aircraft movements, cargo and traffic in the Reykjavik Control Area.

[Passenger statistics](#)

[Flight statistics - Annual](#)



At **Akureyri Airport**, Norlandair has regular scheduled flights within Iceland and scheduled and chartered flights to Greenland. In addition, travel agencies in the area offer direct flights from Akureyri to a few destinations overseas. Circle Air offers chartered and sight-seeing flights from Akureyri. In addition, the Akureyri Aviation Academy (Flugskóli Akureyrar) is based at the airport. Air Iceland Connect and South Air are responsible for ground handling services at Akureyri Airport.

Akureyri Airport is the centre for Iceland's ambulance flights, as the Mýflug airline has an agreement thereto with the Ministry of Health. The travel agent Voigt Travel, in co-operation with the airline Transavia, offers charter flights from the Netherlands. In addition, Icelandic travel agencies have offered direct flights from Akureyri to several overseas destinations.

At **Egilsstaðir Airport**, Air Iceland Connect deals with ground handling services for private and leased aircraft. Travel agencies have offered direct charter flights from Egilsstaðir to several overseas destinations.

**Reykjavík Airport** has two runways (1,567 and 1,230 m long), Akureyri Airport has one (2,400 m) and Egilsstaðir Airport has one (2,000 m). Other airports and landing sites have runways ranging from 634 m to 1,887 m in length.

**NUMBER OF INTERNATIONAL AIRPORTS IN ICELAND**

**4**

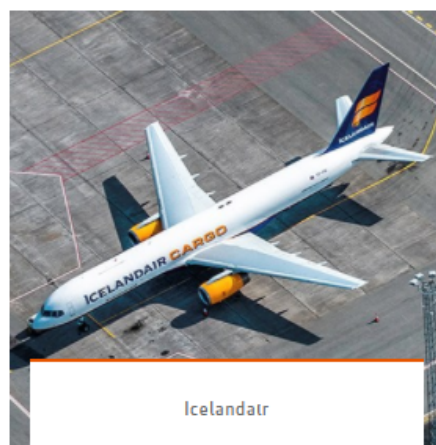
**NUMBER OF DOMESTIC AIRPORTS IN ICELAND**

**9**

**NUMBER OF LANDING STRIPS IN ICELAND**

**33**

**2019**



Icelandair



Air Iceland Connect





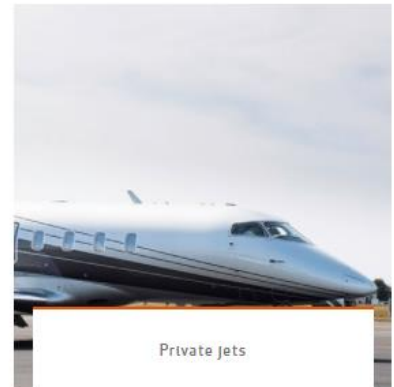
Erntr



Norlandatr



Norðurflug



Private Jets

The largest customers of **Isavia's flight navigation services** are Icelandair, United Airlines, Lufthansa, SAS, Delta Air Lines, British Airways, Air Canada, Emirates, Air Greenland, US Privat, Qatar, Norwegian and KLM. These airlines fly the greatest number of kilometres within the Icelandic flight traffic control area. Icelandair is the largest user of the flight navigation services at Keflavík Airport.

During the summer of 2019, 25 airlines flew from **Keflavík Airport** to more than 70 destinations. **Fourteen airlines flew to and from Iceland all year round:** Icelandair, easyJet, Wizz Air, SAS, Lufthansa, Norwegian, Finnair, British Airways, Czech Airlines, Atlantic Airways, Transavia, Air Baltic, Air Greenland and Neos. Three airfreight airlines – Icelandair Cargo, Bluebird and DHL – fly from Keflavík Airport throughout the year.

Four handling agents operate at Keflavík Airport: Icelandair, Airport Associates, ACE FBO and South Air.

Numerous passengers take advantage of Keflavík Airport as a transit airport, and Icelandair uses the airport for such purpose on routes between Europe and North America. The minimum flight connection time for passengers at Keflavík Airport is **25 minutes**.

Isavia has, with the assistance of an incentives system, been quite successful in getting airlines to fly to Iceland over the winter months. In addition, Isavia has marketed time slots outside peak hours each day, with the aim of making better use of the airport's facilities.

Keflavík Airport has two runways, which are 3,054 and 3,065 m long.

KEFLAVÍK AIRPORT  
LONGEST RUNWAY

**3.065 m**

REYKJAVÍK AIRPORT  
LONGEST RUNWAY

**1.567 m**

AKUREYRI AIRPORT  
LONGEST RUNWAY

**2.400 m**

EGILSSTAÐIR AIRPORT  
LONGEST RUNWAY

**2.000 m**


## INTERNATIONAL FLIGHTS AT REGIONAL AIRPORTS


In 2010, Isavia began work on raising awareness of the marketing activities of international airports other than Keflavík Airport. Previously, individual charter airlines had flown to international airports other than Keflavík Airport, but these had not been regular services. The aim of the project was to establish regular charter and scheduled flights at such airports as Akureyri Airport and Egilsstaðir Airport. We systematically attended travel trade fairs around the work to raise awareness of Iceland's other international airports.

Isavia and Akureyri Airport have worked together with the North Iceland Regional Marketing Office to promote North Iceland as a tourist destination since 2014. The Air 66N aviation cluster was set up in 2010 and is backed by the North Iceland Regional Marketing Office, municipalities and Isavia. **It was decided in 2016 to present Akureyri Airport and Egilsstaðir jointly at the Routes Europe travel conference as 'Isavia Regional Airports'.** In recent years, there has been growing interest in the regions and airlines have been increasingly turning their attention to North Iceland and East Iceland.

An important step was taken in 2018 when the British travel agency Super Break launched flights to Akureyri with groups of tourists from the UK. Flights were operated for three months in early 2018 and then from New Year 2018/19 through to March 2019. The flights were popular, but unfortunately the company suffered a stoppage of operations in August 2019 and their planned schedule for winter 2019/2020 did not, therefore, materialise. The travel agency Voigt Travel was responsible for 16 flights between Akureyri and Rotterdam during the 2019 summer season. These flights have been considerably well received. In February 2020, the company again began selling flights between Akureyri and Rotterdam, which lasted to 9 March. The company intends to offer these flights again as of 1 June and fly once a week to August 2020.

### MORE INFORMATION

 [Isavia's Regional Airports](#)

 [Route support fund](#)

## PASSENGER AND TRAFFIC FORECASTS

Isavia compiles a traffic forecast at least once a year for the company's core operations – one for passenger numbers at regional airports and Keflavík Airport and one for traffic in Icelandic airspace.

Traffic in the Icelandic air traffic control area is assessed in accordance with information from a working group entitled the Economic Financial Forecasting Group (EFFG). The working group, which prepares a forecast for air traffic over the North Atlantic, is made up of all service providers and representatives of associations using the service in the North Atlantic.



A passenger forecast for Keflavík Airport is compiled at the end of each year for the coming year and is published in November or December. When creating passenger forecasts for Keflavík Airport, the following methodology is used:

- **Co-operation** – All airlines using Keflavík Airport are contacted for information on their expected seating availability or expected number of passengers.
- **Information gathering** – Isavia's experience and knowledge is used to improve the first drafts.
- **Facts** – Booking data and information from Keflavík International Airport's booking system is used to refine the forecast.

The forecast is based on information about time slots that airlines have reserved for the upcoming summer and the winter schedule that they have prepared. Major airlines have been very co-operative in providing information about seat availability. Isavia focuses on sharing information that the company collects with tourist services entities, analysts and the public and usually holds open meetings for such purposes.





**AIRPORTS ARE IMPORTANT BUSINESS CENTRES AND DIRECTLY AND INDIRECTLY STRENGTHEN THE CREATION OF ECONOMIC AND SOCIAL VALUE FOR THE COMMUNITIES THAT THEIR OPERATIONS TOUCH.**



## VALUE CREATION

Isavia is a company that plays an important role both community-wise and in an economic sense. Isavia's airports, especially Keflavik International Airport, create value for the community and the economy, both in Iceland and elsewhere in the world. **Direct flight connections are extremely important.** The more direct connections by flight from Iceland to the main cities of the world, the easier it is for Icelandic companies and private persons to engage in business overseas and export goods and seek international experience. In addition, they increase the interest of overseas companies to begin operations in Iceland. An analysis has been carried out in Europe which indicates that **an increase in flight connections of 10% produces 0.5% economic growth.**

Airports are important business centres and directly and indirectly strengthen the creation of economic and social value for the communities that their operations touch. Being located close by an airport allows companies and their value chains to enjoy the benefits of their close proximity and directly and indirectly support positive economic developments for such areas.





Isavia has, through e.g. the preparation of its Masterplan to 2040, examined the possibility of constructing, in the operating area of the airport, an Airport City. There are numerous opportunities that arise from creating an Airport City. This consists of the area that covers the airport, the terminal, cargo areas, office buildings, shops and services as well as hotels. The area could support the development of operations, both flight-related and non-flight-related, and enjoy the benefits of being located near an international airport with strong flight connections to gain a competitive edge. Clear policies towards such goals can result in an increase in goods and services transactions, attract increased foreign investment in Iceland, increase the number of valuable jobs and increase the prosperity of all Icelanders.

A total of **697 employees** work in the largest operation unit of Isavia at Keflavík Airport. In addition, hundreds of employees work in other companies that have operations in direct connection with the airport. Approximately **220 companies** have long-term access authorisations to Keflavík Airport. These are companies or public bodies with facilities within the airport and the companies that provide them with services.

Isavia's contribution to the community consists of a range of different elements. Some of Isavia's contributions are in the form of taxes and public levies that the Group pays or collects, together with matching contributions to employee pension funds.

ISAVIA'S TAX FOOTPRINT 2019 - 9.021 M.KR.



**Direct economic value generated and distributed GRI 201-1**

	2019
<b>Direct economic value generated</b>	
Revenues	37.728 m.kr.
<b>Economic value distributed</b>	
Operating costs	10.832 m.kr.
Employee wages and benefits	16.721 m.kr.
Payments to providers of capital	1.125 m.kr.
Payments to government	3.510 m.kr.
Investments	3.851 m.kr.
Community investments	58 m.kr.
<b>Economic value retained</b>	<b>2.690 m.kr.</b>
Average number of positions	1357



## DEVELOPMENT

### KEFLAVÍK INTERNATIONAL AIRPORT

The Leif Eiríksson Air Terminal was brought into use in April 1987. It was, at the time, around 20,000 m<sup>2</sup>. At present, it is approximately 73,000 m<sup>2</sup>, 3.5 times larger than when opened. During the terminal's first year of operation, 750 thousand passengers passed through it. In 2019, this number had risen to 7.25 million passengers. This is beyond what was stated in the basic passenger forecast of the development schedule for Keflavík Airport four years ago. The schedule assumed 8.8 million passengers in 2025 and 13.8 million passengers in 2040.

#### MORE INFORMATION

- [Keflavík Airport Major Development Plan](#)
- [3D Images of planned changes](#)



It is clear, therefore, that to meet **international service standards** properly, the airport will have to be enlarged, and the development schedule for Keflavík Airport is prepared to meet this need. The schedule is based on an extensive needs analysis. The tasks of the schedule are divided between air terminal and the airport systems projects. The airport terminal projects are, according to the development schedule, as follows:

1. The continued broadening of the concourse between the north and south buildings, with new boarders and the enlargement of the catering area.
2. A new concourse with up to 17 aircraft gates with boarding bridge together with gates for remote stands.
3. New service desks for arrivals and departures passengers in the new north building, together with an area for baggage screening.

The airport systems projects are intended **to increase the capacity and safety** of the runway system and eliminate the bottlenecks that could form there. These projects include a de-icing apron, new access taxiways, a fast-track taxiway and other connections between aprons and taxiways.

In 2019, the design of a new connecting building between the north and south buildings of the airport continued. The project involves an approximately 35,000 m<sup>2</sup> structure, and construction is expected to begin late in 2020. Invitations to tender for project management and project supervision as regards the construction at Keflavík Airport were completed during the year and resulted in a long-term agreement with the UK construction and consultancy firm **Mace**.

Comprehensive knowledge and experience as regards comparable projects in large international airports was required from bidders. Mace has extensive experience, including from Heathrow Airport in London and Schiphol Airport in Amsterdam. In addition, bidders were required, during the effective term of the agreement, to co-operate with a local entity. In Mace's case, the company elected to work with the consultancy firm Verkís.

Mace will be responsible for the project and its supervision as regards the planned construction, including the construction of the East Pier, a new concourse to the east and the construction of a new airport building. In addition, the company will also provide consultancy services for other Isavia **projects at Keflavík Airport**, including a linking building for the widening of the pier between the north and south building of the Airport. The company's first task will be to provide consultancy services for the linking building, as there are plans to begin construction next year.

There is still some way to go before construction can begin on the East Pier and the new terminal, as construction of this magnitude requires several years of preparatory work.



## ISAVIA REGIONAL AIRPORTS

There was little new construction at other airports during 2019, although work was carried out on maintenance projects at scheduled-flight airports and landing sites throughout Iceland.

Tarmac maintenance was carried out at **Reykjavík Airport**.

At **Akureyri Airport**, work on the installation of **ILS equipment** was completed and brought on-line at the end of January 2020. In addition, the runway was over sprayed and tarmac maintenance carried out on the apron.

At **Egilsstaðir Airport**, the office facilities were renewed and the roof repaired.

At **Bíldudalur Airport**, a new surface was laid on the runway, taxiway and apron and a new gravel surface was laid at Reykhólar.



## ISAVIA ANS

Projects relating to the renewal of flight data systems of the Air Traffic Control Centre were continued. The new system will take over from the current one, which has been operating for some eighteen years and is approaching maximum capacity. Definitions have been completed, and an update schedule for the next seven years has been issued that assumes the first overflight use will be in 2024. The system, named **Polaris**, will be designed by Tern Systems, a subsidiary of Isavia ANS, in co-operation with Isavia ANS.

A new system is being introduced at the **Aviation Information Desk**, which issues the Icelandic Aeronautical Information Handbook. This project will improve the presentation of pre-flight information, to the benefit of air operators and chiefly private pilots.



The spare electricity generators of the Air Traffic Control Centre, which also serve Reykjavík Airport, were renewed in the course of the year. This extensive project was carried out in stages to keep the impact on air navigation and airport service to a minimum.

At the end of the year, new noise protection zones were established for aircraft departing from Keflavík International Airport. **The aim of these zones is to reduce noise pollution** from the citizens of Reykjanesbær.





## PLANNING AND DEVELOPMENT

In 2019, a new Development Plan for Keflavík International Airport was issued, and work was done on updating the Masterplan. The airport's Masterplan and Development Plan communicate our plans for expansion to the immediate community. The economic impact of the airport on the nearby community and the Icelandic economy in general is considerable, as is the importance of the airport for Iceland's main industry, tourism. **Stakeholders have great expectations for successful development**, and the 2019–26 Development Plan deals in particular with the cost estimates and time schedules for the work and analyses passenger patterns and air traffic in the context of building plans.

The airport's Masterplan and Development Plan are optional – they are not acknowledged in Icelandic legislation and planning environment, but they are used abroad. The aim is to communicate a future vision for the airport, setting out phasing and flexible plans that take into account passenger and traffic forecasts and communicate information on building plans to stakeholders. Planning of this type is an approach that Isavia has selected to set forth its building and development plans. **The airport has gone further in its assessment of the environmental impact** and has demonstrated that the overall impact of its Development Plan goes further than the requirements laid down in environmental impact assessment legislation.

2019

### MORE INFORMATION

-  [Masterplan Keflavík Airport](#)
-  [Keflavík's Airport Major Development Plan](#)

The airport's Masterplan and Development Plan have been approved by Isavia's Board of Directors after having been considered by the Executive Board. **The Masterplan is a future vision for the airport** as regards land use and communications with the community connected to the airport. The Development Plan is issued once or twice a year and covers the next seven years. The Masterplan covers the next 25 years and is issued every 3–5 years. The updated development plan shows new areas of developments and the changes that have been made to plans over the last five years – since the last version in 2015.

The Development Plan is presented to stakeholders and at consultation meetings and comments are invited. The websites [Masterplan KEF](#) and [Keflavik Airport major development plan](#) are used to communicate information and invite comments from stakeholders. Action is prioritised in terms of importance on the basis of a needs analysis and requirements based on user expectations and international regulations and standards. This approach of formulating a Masterplan and Development Plan is systematic, and Isavia has acquired certain experience in this regard. Both the Development Plan and the Masterplan have been issued twice.



**THE AIRPORT HAS GONE FURTHER IN ITS ASSESSMENT OF THE ENVIRONMENTAL IMPACT AND HAS DEMONSTRATED THAT THE OVERALL IMPACT OF ITS DEVELOPMENT PLAN GOES FURTHER THAN THE REQUIREMENTS LAID DOWN IN ENVIRONMENTAL IMPACT ASSESSMENT LEGISLATION.**



The Development Plan is sent in its entirety to the Icelandic National Planning Agency, where the environmental impact of the planned building work is assessed. Environmental impact assessments are usually linked to individual projects, but the Development Plan enables the overall impact of the planned works to be assessed before work beginning over the coming years, taking into account the increased capacity and impact on environmental and social factors.

The environmental impact assessment of the Development Plan shows the effect that the expansion plans and mitigations measures for the airport will have. Several projects proposed in the Development Plan and Masterplan promote reducing the environmental impact of the airport, such as a de-icing apron and shortening taxiing distances for aircraft. The design for the airport expansion takes account of environmental certification systems **BREEAM**.

Keflavík International Airport has an increased indirect impact, but greater capacity will **create jobs and bring economic benefits for the immediate community**. In this connection, we shall have to expect some undesirable consequences of increased air traffic, such as noise, more cars on Iceland's roads, carbon dioxide emissions, etc. Isavia monitors noise and air pollution near the airport and officially publishes the findings. Isavia also favours environmentally friendly solutions for expanding the airport and terminal.

It is difficult to assess the indirect impact of the operations at Keflavík International Airport, but a **report** commissioned by Isavia on the significance of airport development for the future clearly shows the expected direct economic impact.

When formulating its Masterplan, Isavia has endeavoured to foster good relations with the immediate community. Consultation meetings are held when devising plans, and plans are regularly presented to stakeholders and the media. Isavia has set up a consultation forum in conjunction with the immediate community – under the aegis of the **United Nations Sustainable Development Goals** – and has good relations with the main stakeholders.



# FLIGHT STATISTICS

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## INTERESTING FLIGHT STATISTICS


Isavia publishes statistics on passenger transportation, flight movements, cargo transportation and traffic through Icelandic airspace.


### PASSENGERS

Total passenger through Isavia airports numbered just over 7.9 million in 2019, which is a 25% decrease from 2018. The number of international passengers using Icelandic scheduled-flight airports decreased from just under 9.8 million to just under 7.3 million, i.e. a decrease of some 26% year-on-year. Proportionally, the biggest increases were seen at Akureyri Airport (some 38%); at Keflavik Airport, the number of international passengers fell by 26%; the decrease at Egilsstaðir Airport was 37%; and the number of international passengers at Reykjavík Airport fell by 34%. The number of domestic passengers fell over the same period, from just under 737,000 to just over 650,000, i.e. a decrease of some 11.4%.

### FLIGHT STATISTICS

Isavia publishes flight statistics on the web with basic statistics about passengers, aircraft movements, cargo and traffic in the Reykjavik Control Area.

 [Passenger statistics](#)

 [Flight statistics - Annual](#)





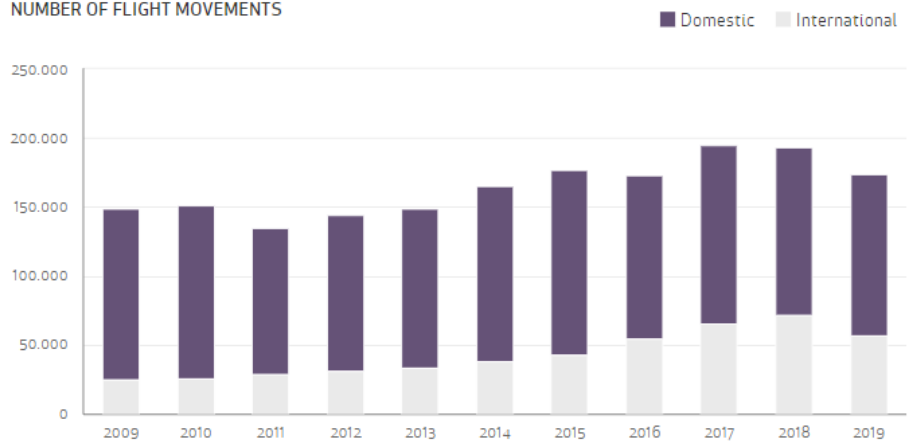
NUMBER OF PASSENGERS AT ALL ISAVIA AIRPORTS



### AIRCRAFT MOVEMENTS

There were just over 173,000 flight movements at Isavia airports in 2019. This is a decrease of a little more than 10% from the previous year. International flight movements on Icelandic scheduled-flight airports were almost 57,000, a decrease of just over 20%. The decrease was by far the greatest at Egilsstaðir Airport (just under 29%), with a decrease of just over 21% at Keflavík Airport. Flight movements within Iceland at scheduled-flight airports totalled just under 116,000, a decrease of 4% year-on-year.

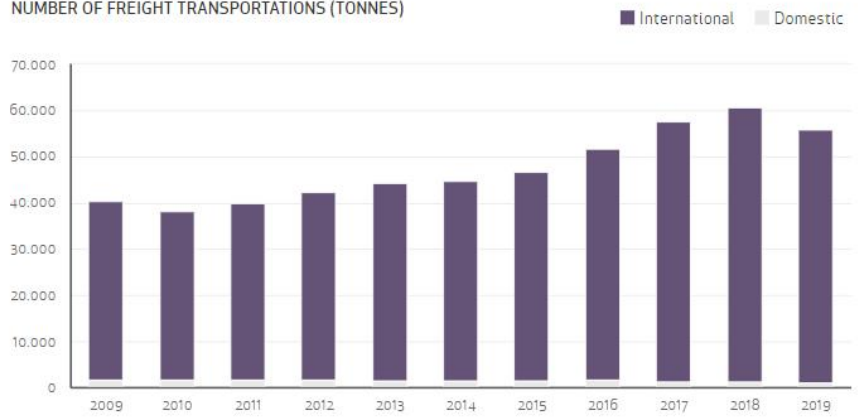
NUMBER OF FLIGHT MOVEMENTS



### FREIGHT TRANSPORTATION

In total, almost 56,000 tonnes of goods were transported through the company's airports in 2019, a decrease of almost 8% from the previous year. Goods transportation between countries was just under 55,000 tonnes in 2019, a decrease of almost 8% year-on-year. Goods transportation within Iceland was just over 1,140 tonnes in 2019, a decrease of just over 9% year-on-year.

NUMBER OF FREIGHT TRANSPORTATIONS (TONNES)

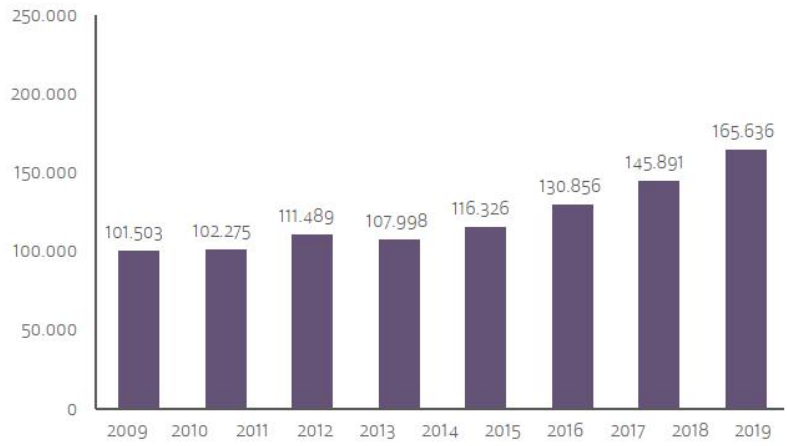


#### AIR TRAFFIC CONTROL

Just over 181,000 aircraft passed through Icelandic airspace in 2019, a decrease of around 7% from 2018. A total of over 250 million kilometres were flown in the Icelandic air traffic control area in 2019. Just over a quarter of all air traffic over the North Atlantic crosses the Icelandic air traffic control area, which is controlled by Isavia. The area is quite unique among oceanic areas, thanks to its flexibility as regards flight routes and altitudes.



## NUMBER OF AIRCRAFTS USING THE AIRSPACE



## OTHER ACTIVITIES



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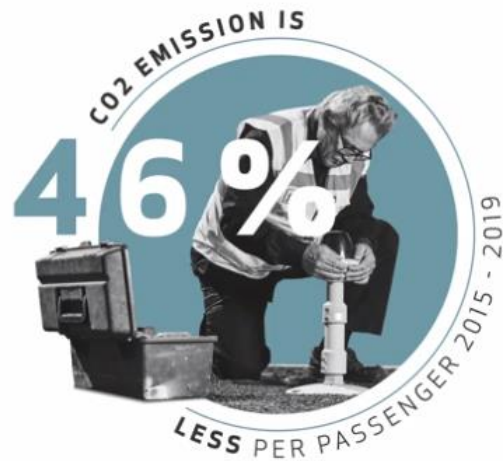
## SERVICES



\*Source: ACI ASQ 2019

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## ENVIRONMENTAL IMPACT OF AIRPORT OPERATIONS





## KEY FIGURES FROM OPERATIONS 2019




Passenger movement through the airports of Isavia overall were **7.9m** in 2019, a decrease of 25% from 2018. The number of international passengers using Icelandic scheduled-flight airports decreased from just under 9.8 million to just under 7.3 million, i.e. a decrease of some 26% year-on-year. The number of domestic passengers fell over the same period, from just under 737,000 to just over 650,000, i.e. a decrease of some 11%.

The operating revenues of the Group amounted to almost ISK 38.4bn and decreased by ISK 3.3bn between years, or by around 8%. EBITDA, i.e. earnings before depreciation, financial items and taxes, decreased by almost ISK 4.5bn, or 40%. **The total assets amounted to ISK 80.6bn at year-end 2019**, an increase of ISK 0.8bn between years. The position of cash and cash equivalents continued to be strong by the end of the year, as did the company's access to borrowed funds for continued development. Isavia's tax footprint for 2019 was ISK 9,021m. This is the proportion that the Group pays or collects in the form of taxes and public levies, together with matching contributions to employee pension funds.

REVENUE	OVERALL RESULT	EQUITY	INVESTMENT ACTIVITIES
<b>38.454</b> m.kr. ↓ -7,9%	<b>1.199</b> m.kr. ↓ -71,8%	<b>36.466</b> m.kr. ↑ 3,4%	<b>-3.895</b> m.kr. ↓ -35,7%
RETURN OF EQUITY	EQUITY RATIO	AVERAGE NUMBER OF POSITIONS	TAX FOOTPRINT
<b>3,3</b> % ↓ -9,5%	<b>45,2</b> % ↑ 2,36%	<b>1.357</b> % ↓ -5,1%	<b>9.021</b> m.kr.

From the profit and loss account (million kr.)	2019
Revenue	38.454
EBITDA	6.775
EBIT	2.906
Financial income/expenses	-1.410
Profit before taxes	1.496
Operating profits	1.199

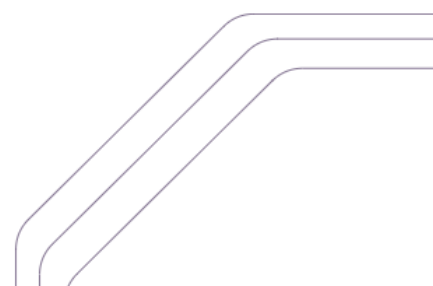
#### MORE INFORMATION

 [Isavia's Financial Statement](#)

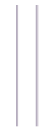
From the balance sheet (million kr.)	2019
Property, plant and equipment	57.550
Assets	80.643
Equity	36.466
Interest-bearing liabilities	36.221
Current ratio	1,94

From the statement of cash flows (million kr.)	2019
Operating activities	9.032
Investment activities	-3.895
Financing activities	-1.383
Cash and cash equivalents at the end of period	9.167

Financial ratios	2019
Contribution margin	17,6%
Profit margin	3,1%
Rate of return on assets	0,48
Return of equity	3,34%
Earnings per ISK of share capital	0,21
Equity ratio	45,22%
Average number of positions	1357



## TOTAL INCOME



2019 (%)



- Income from airport services
- Income from property and parking
- Goods sold
- Income from international air navigation services
- Other income

2018 (%)



- Income from airport services
- Income from property and parking
- Goods sold
- Income from international air navigation services
- Other income



## INCOME FROM AIRPORT SERVICES

2019 (%)



- Service agreement with Ministry of Transport
- Landing charges
- Airport security fees
- Passenger fees
- Other costs

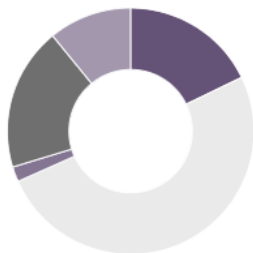
2018 (%)



- Service agreement with Ministry of Transport
- Landing charges
- Airport security fees
- Passenger fees
- Other costs

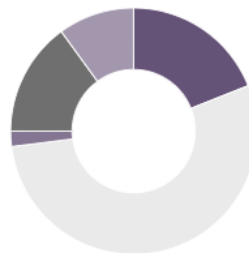
## OPERATING EXPENSES

2019 (%)



- Costs of goods sold
- Salaries and other personal expenses
- Administrative expenses
- Other operating expenses
- Depreciation

2018 (%)



- Costs of goods sold
- Salaries and other personal expenses
- Administrative expenses
- Other operating expenses
- Depreciation

# GRI INDEX

ISAVIA 'S ANNUAL AND CSR REPORT 2019 IS PUBLISHED IN ACCORDANCE WITH THE CRITERIA OF THE GLOBAL REPORTING INITIATIVE GRI STANDARDS: CORE OPTION AND GRI-G4 AIRPORT OPERATOR SECTOR DISCLOSURES

Isavia 's Annual and CSR report 2019 is published in accordance with the criteria of the Global Reporting Initiative GRI Standards: Core option and GRI-G4 Airport Operator Sector Disclosures. Personnel from all divisions of the company participated in gathering content and writing of the report. Information in the report originates from the company's IT systems and reflect current knowledge at the time. The reporting period is 2019 calendar year. Status: ● Fulfilled ● Partly fulfilled. UNGC = connection to UN Global Compact. SDG = connection to relevant UN Sustainable Development Goals.



GRI Standards: General Disclosures

Disclosure number and title	Location	Comments	Status	UNGC	SDG
<b>GRI 102:2016 General Disclosures</b>					
<b>Organizational Profile</b>					
GRI 102-1	Name of the organization	Isavia ohf	●		
GRI 102-2	Activities, brands, products, and services	<a href="#">Operation</a>	●		
GRI 102-3	Location of headquarters	Reykjavíkurlflugvöllur, 102 Reykjavík	●		
GRI 102-4	Location of operations	Isavia operates only in Iceland. The company owns three subsidiaries: Isavia ANS, Isavia Regional Airports and Duty-Free store	●		
GRI 102-5	Ownership and legal form	Isavia is a public limited company	●		
GRI 102-6	Market served. Additionally, for airports: Catchment area for passengers and cargo originating in the vicinity of the airport.	<a href="#">Operation</a> <a href="#">Business Partners</a> <a href="#">Flight Statistics</a>	●		
GRI 102-7	Scale of reporting organization. Additionally, for airports: Estimated number of employees in the reporting organization, size of airport, number and length of runways, stating whether they are primary or crosswind runways, minimum connection time between flights at the airport, number of operations, number of airlines served, and number of destinations served.	<a href="#">Operation</a> <a href="#">Human Resources</a> <a href="#">Flight Statistics</a> <a href="#">Key Figures</a> <a href="#">Financial Statement 2019</a>	●		
GRI 102-8	Information on employees and other workers	<a href="#">Human Resources</a>	●	6	
GRI 102-9	Supply chain	<a href="#">Stakeholders</a>	●		
GRI 102-10	Significant changes to the organization and its supply chain	<a href="#">Message from the CEO</a> <a href="#">Chairman's Statement</a> <a href="#">Operation</a>	●		
GRI 102-11	Precautionary Principle or approach	<a href="#">Corporate Governance</a>	●		
GRI 102-12	External initiatives	<a href="#">Social Participation</a>	●		
GRI 102-13	Membership of associations	<a href="#">Social Participation</a>	●		
<b>Strategy</b>					
GRI 102-14	Yfirlýsing frá æðsta ákvörðunartaka	<a href="#">Message from the CEO</a>	●		
<b>Ethics and Integrity</b>					
GRI 102-16	Values, principles, standards, and norms of behavior	<a href="#">Corporate Governance</a> <a href="#">Isavia's Code of Conduct</a>	●	10	

Governance				
GRI 102-18	Governance structure	<a href="#">Corporate Governance</a>		●
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	<a href="#">Operation</a>		●
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	<a href="#">Material Aspects</a>	Director of Corporate strategy and CSR on behalf of CHRISO and Managing Director	●
GRI 102-22	Composition of the highest governance body and its committees	<a href="#">Corporate Governance</a> <a href="#">Corporate Governance</a> <a href="#">Statement (in Icelandic)</a>		●
GRI 102-23	Chair of the highest governance body	<a href="#">Corporate Governance</a> <a href="#">Rules of procedure for the Board of Directors (in Icelandic)</a>		●
GRI 102-25	Conflicts of interest	<a href="#">Corporate Governance</a> <a href="#">Corporate Governance</a> <a href="#">Statement (in Icelandic)</a>		●
GRI 102-32	Highest governance body's role in sustainability reporting		Managing Director is principal	●
GRI 102-33	Communicating critical concerns		Via the Managing Director and Executive Board	●
GRI 102-35	Remuneration policies	<a href="#">Remuneration Policy</a>		●
GRI 102-36	Process for determining remuneration	<a href="#">Rules of procedure of the Isavia ohf. Remuneration Committee (in Icelandic)</a>		●
Stakeholder Engagement				
GRI 102-40	List of stakeholder groups	<a href="#">Material Aspects</a> <a href="#">Stakeholders</a> <a href="#">Business Partners</a> <a href="#">Human Resources</a>		●
GRI 102-41	Collective bargaining agreements	<a href="#">Human Resources</a>		● 3
GRI 102-42	Identifying and selecting stakeholders	<a href="#">Material Aspects</a>		●
GRI 102-43	Approach to stakeholder engagement	<a href="#">Material Aspects</a> <a href="#">Stakeholders</a> <a href="#">Business Partners</a> <a href="#">Human Resources</a>		●
GRI 102-44	Key topics and concerns raised	<a href="#">Material Aspects</a> <a href="#">Objectives and Improvements</a> <a href="#">Stakeholders</a> <a href="#">Business Partners</a> <a href="#">Human Resources</a>		●

Reporting Practice				
GRI 102-45	Entities included in the consolidated financial statements	<a href="#">Financial Statement 2019</a>		●
GRI 102-46	Defining report content and topic Boundaries	<a href="#">Material Aspects</a>		●
GRI 102-47	List of material topics	<a href="#">Material Aspects</a>		●
GRI 102-48	Restatements of information	<a href="#">Material Aspects</a>		●
GRI 102-49	Changes in reporting	<a href="#">Material Aspects</a>		●
GRI 102-50	Reporting period		Report for calendar year 2019	●
GRI 102-51	Date of most recent report		21. march 2019	●
GRI 102-52	Reporting cycle		Yearly	●
GRI 102-53	Contact point for questions regarding the report	<a href="#">Click here to contact Isavia</a>		●
GRI 102-54	Claims of reporting in accordance with the GRI Standards	<a href="#">Material Aspects</a>		●
GRI 102-55	GRI content index	<a href="#">GRI Index</a>		●
GRI 102-56	External assurance	<a href="#">Message from the CEO</a> <a href="#">Material Aspects</a> <a href="#">Financial Statement 2019</a>	Independent Auditor 's Report. Independent advisors report and verification	●

## GRI Standards: Economic issues

Disclosure number and title		Location	Comments	Status	UNGC	SDG
<b>ECONOMIC</b>						
<b>GRI 201: 2016 Economic Performance</b>						
GRI 103-1	Explanation of the material topic and its boundary	<a href="#">Material Aspects</a> <a href="#">Operation</a> <a href="#">Financial Statement 2019</a>		●		
GRI 103-2	The management approach and its components	<a href="#">Corporate Governance</a> <a href="#">Operation</a> <a href="#">Financial Statement 2019</a>		●		
GRI 103-3	Evaluation of the management approach	<a href="#">Corporate Governance</a> <a href="#">Operation</a> <a href="#">Financial Statement 2019</a>		●		
GRI 201-1	Direct economic value generated and distributed	<a href="#">Scope of Operations</a> <a href="#">Financial Statement 2019</a>		●		
<b>GRI 203: 2016 Indirect Economic Impacts</b>						
GRI 103-1	Explanation of the material topic and its boundary	<a href="#">Operation</a> <a href="#">Material Aspects</a> <a href="#">Scope of Operations</a>		●		
GRI 103-2	The management approach and its components	<a href="#">Corporate Governance</a> <a href="#">Operation</a> <a href="#">Objectives and Improvements</a> <a href="#">Scope of Operations</a> <a href="#">Development</a>		●		
GRI 103-3	Evaluation of the management approach	<a href="#">Corporate Governance</a> <a href="#">Operation</a>		●		
GRI 203-1	Infrastructure investments and services supported. Additionally, for airports: Relevance to the airport sector because of high impact on local economies	<a href="#">Objectives and Improvements</a> <a href="#">Scope of Operations</a> <a href="#">Development</a> <a href="#">Financial Statement 2019</a>		●		
GRI 203-2	Significant indirect economic impacts	<a href="#">Scope of Operations</a> <a href="#">Development</a> <a href="#">Financial Statement 2019</a>		●		



**GRI 204: 2016 Procurement Practices**

GRI 103-1	Explanation of the material topic and its boundary	<u>Operation</u> <u>Material Aspects</u> <u>Stakeholders</u>	●
GRI 103-2	The management approach and its components	<u>Corporate Governance</u> <u>Operation</u> <u>Objectives and Improvements</u> <u>Stakeholders</u>	●
GRI 103-3	Evaluation of the management approach	<u>Corporate Governance</u> <u>Operation</u> <u>Stakeholders</u>	●
GRI 204-1	Proportion of spending on local suppliers	<u>Stakeholders</u>	●









## GRI Standards: Environmental issues

Disclosure number and title	Location	Comments	Status	UNGC	SDG
<b>ENVIRONMENT</b>					
<b>GRI 302: 2016 Energy</b>					
GRI 103-1	Explanation of the material topic and its boundary	<a href="#">Operation</a> <a href="#">Material Aspects</a> <a href="#">Stakeholders</a>	●		
GRI 103-2	The management approach and its components	<a href="#">Operation</a> <a href="#">Material Aspects</a> <a href="#">Objectives and Improvements</a> <a href="#">Environmental Issues</a> <a href="#">Climate</a>	●		
GRI 103-3	Evaluation of the management approach	<a href="#">Objectives and Improvements</a> <a href="#">Climate</a>	●		
GRI 302-1	Energy consumption within the organization	<a href="#">Climate</a>	●	7,8	
GRI 302-2	Energy consumption outside of the organization	<a href="#">Climate</a>	●	8	
GRI 302-4	Reduction of energy consumption. Additionally, for airports: Important for airports to share sectoral best practice	<a href="#">Climate</a>	●	8,9	
<b>GRI 303: 2016 Water</b>					
GRI 103-1	Explanation of the material topic and its boundary	<a href="#">Operation</a> <a href="#">Material Aspects</a> <a href="#">Environmental Issues</a>	●		
GRI 103-2	The management approach and its components	<a href="#">Operation</a> <a href="#">Objectives and Improvements</a> <a href="#">Environmental Issues</a>	●		
GRI 103-3	Evaluation of the management approach	<a href="#">Operation</a> <a href="#">Environmental Issues</a>	●		
GRI 303-1	Water withdrawal by source	<a href="#">Environmental Issues</a>	●	8	


**GRI 304: 2016 Biodiversity**

GRI 103-1	Explanation of the material topic and its boundary	<u>Operation</u> <u>Material Aspects</u> <u>Stakeholders</u>	●	
GRI 103-2	The management approach and its components	<u>Operation</u> <u>Environmental Issues</u>	●	
GRI 103-3	Evaluation of the management approach	<u>Operation</u> <u>Environmental Issues</u>	●	
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<u>Environmental Issues</u>	●	8
GRI 304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<u>Environmental Issues</u>	●	

**GRI 305: 2016 Emissions**

GRI 103-1	Explanation of the material topic and its boundary	<u>Operation</u> <u>Material Aspects</u> <u>Environmental Issues</u> <u>Climate</u>	●		
GRI 103-2	The management approach and its components	<u>Operation</u> <u>Objectives and Improvements</u> <u>Environmental Issue</u> <u>Climate</u>	●		
GRI 103-3	Evaluation of the management approach	<u>Operation</u> <u>Environmental Issue</u> <u>Climate</u>	●		
GRI 305-1	Direct (Scope 1) GHG emissions	<u>Climate</u>	●	7,8	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	<u>Climate</u>	●	7,8	
GRI 305-3	Other indirect (Scope 3) GHG emissions	<u>Climate</u>	●	7,8	
GRI 305-4	GHG emissions intensity	<u>Climate</u>	●	8	
GRI 305-5	Reduction of GHG emissions. Additionally, for airports: Reference to ACI-ACA Airport Carbon Accreditation Program	<u>Climate</u>	●	8,9	
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<u>Climate</u>	●	7,8	

**GRI 306: 2016 Effluents and waste**

GRI 103-1	Explanation of the material topic and its boundary	<p><u>Operation</u></p> <p><u>Material Aspects</u></p> <p><u>Environmental Issues</u></p> <p><u>Recycling</u></p>	●		
GRI 103-2	The management approach and its components	<p><u>Operation</u></p> <p><u>Objectives and Improvements</u></p> <p><u>Environmental Issues</u></p> <p><u>Recycling</u></p>	●		
GRI 103-3	Evaluation of the management approach	<p><u>Operation</u></p> <p><u>Environmental Issues</u></p> <p><u>Recycling</u></p>	●		
GRI 306-1	Water discharge by quality and destination	<u>Environmental Issues</u>	●	7.8	
GRI 306-2	Waste by type and disposal method. Additionally, for airports: Report on the weight of waste from international flights	<p><u>Environmental Issues</u></p> <p><u>Recycling</u></p>	●	8	
GRI 306-3	Significant spills	<u>Environmental Issues</u>	●	8	

**GRI 307: 2016 Environmental Compliance**

GRI 103-1	Explanation of the material topic and its boundary	<p><u>Operation</u></p> <p><u>Material Aspects</u></p>	●		
GRI 103-2	The management approach and its components	<p><u>Operation</u></p> <p><u>Environmental Issues</u></p>	●		
GRI 103-3	Evaluation of the management approach	<p><u>Operation</u></p> <p><u>Environmental Issues</u></p>	●		
GRI 307-1	Non-compliance with environmental laws and regulations	<p><u>Environmental Issues</u></p> <p><u>Acoustics</u></p>	●	8	



GRI Standards: Social issues

Disclosure number and title		Location	Comments	Status	UNGC	SDG
<b>SOCIAL</b>						
<b>GRI 401: 2016 Employment</b>						
GRI 103-1	Explanation of the material topic and its boundary	<u>Operation</u> <u>Stakeholders</u>		●		
GRI 103-2	The management approach and its components	<u>Operation</u> <u>Human Resources</u>		●		
GRI 103-3	Evaluation of the management approach	<u>Operation</u> <u>Human Resources</u>		●		
GRI 401-1	New employee hires and employee turnover	<u>Human Resources</u>		●	6	
GRI 401-3	Parental leave	<u>Human Resources</u>		●	6	
<b>GRI 402: 2016 Labor Management Relations</b>						
GRI 103-1	Explanation of the material topic and its boundary	<u>Operation</u> <u>Human Resources</u>		●		
GRI 103-2	The management approach and its components	<u>Operation</u> <u>Human Resources</u>		●		
GRI 103-3	Evaluation of the management approach	<u>Operation</u> <u>Human Resources</u>		●		
GRI 402-1	Minimum notice periods regarding operational changes	<u>Human Resources</u>		●	3	
<b>GRI 403: 2018 Occupational Health and Safety</b>						
GRI 103-1	Explanation of the material topic and its boundary	<u>Operation</u> <u>Material Aspects</u> <u>Occupational Safety and Health</u>		●		
GRI 103-2	The management approach and its components	<u>Operation</u> <u>Objectives and Improvements</u> <u>Human Resources</u> <u>Occupational Safety and Health</u> <u>Social Participation</u>		●		

GRI 103-3	Evaluation of the management approach	<a href="#">Operation</a> <a href="#">Human Resources</a> Occupational Safety and Health	●	
GRI 403-1	Occupational health and safety management system	<a href="#">Human Resources</a> Occupational Safety and Health	●	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">Human Resources</a> Occupational Safety and Health	●	
GRI 403-3	Occupational health services	<a href="#">Human Resources</a> Occupational Safety and Health	●	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Safety and Health	●	
GRI 403-5	Worker training on occupational health and safety	<a href="#">Human Resources</a> Occupational Safety and Health	●	
GRI 403-6	Promotion of worker health	<a href="#">Human Resources</a> Occupational Safety and Health	●	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Safety and Health	●	
GRI 403-8	Workers covered by an occupational health and safety management system	Occupational Safety and Health	●	
GRI 403-9	Work-related injuries	Occupational Safety and Health	●	
<b>GRI 404: 2016 Training and Education</b>				
GRI 103-1	Explanation of the material topic and its boundary	<a href="#">Operation</a> <a href="#">Material Aspects</a> <a href="#">Human Resources</a>	●	
GRI 103-2	The management approach and its components	<a href="#">Operation</a> <a href="#">Human Resources</a>	●	
GRI 103-3	Evaluation of the management approach	<a href="#">Operation</a> <a href="#">Human Resources</a>	●	
GRI 404-1	Average hours of training per year per employee	<a href="#">Human Resources</a>	●	6
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Human Resources</a>	●	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	<a href="#">Human Resources</a>	●	6

**GRI 405: 2016 Diversity and Equal Opportunity**

GRI 103-1	Explanation of the material topic and its boundary	<u>Operation</u> <u>Material Aspects</u> <u>Stakeholders</u>	●		
GRI 103-2	The management approach and its components	<u>Operation</u> <u>Objectives and Improvements</u> <u>Human Resources</u> <u>Social Participation</u>	●		
GRI 103-3	Evaluation of the management approach	<u>Operation</u> <u>Human Resources</u>	●		
GRI 405-1	Diversity of governance bodies and employees	<u>Human Resources</u>	○	6	
GRI 405-2	Ratio of basic salary and remuneration of women to men	<u>Human Resources</u>	●	6	


**GRI 406: 2016 Non Discrimination**

GRI 103-1	Explanation of the material topic and its boundary	<u>Operation</u> <u>Material Aspects</u> <u>Stakeholders</u>	●		
GRI 103-2	The management approach and its components	<u>Operation</u> <u>Objectives and Improvements</u> <u>Human Resources</u> <u>Social Participation</u>	●		
GRI 103-3	Evaluation of the management approach	<u>Operation</u> <u>Human Resources</u>	●		
GRI 406-1	Incidents of discrimination and corrective actions taken	<u>Human Resources</u>	●	6	

**GRI 408: 2016 Child Labor**

GRI 103-1	Explanation of the material topic and its boundary	<u>Operation</u> <u>Material Aspects</u> <u>Stakeholders</u>	●		
GRI 103-2	The management approach and its components	<u>Operation</u> <u>Objectives and Improvements</u> <u>Human Resources</u> <u>Social Participation</u>	●		
GRI 103-3	Evaluation of the management approach	<u>Operation</u> <u>Stakeholders</u>	●		
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	<u>Stakeholders</u> <u>Code of Conduct for Isavia's Suppliers</u>	●	5	


**GRI 409: 2016 Forced or Compulsory Labor**

GRI 103-1	Explanation of the material topic and its boundary	<a href="#">Operation</a> <a href="#">Material Aspects</a> <a href="#">Stakeholders</a>	●		
GRI 103-2	The management approach and its components	<a href="#">Operation</a> <a href="#">Objectives and Improvements</a> <a href="#">Social Participation</a>	●		
GRI 103-3	Evaluation of the management approach	<a href="#">Operation</a> <a href="#">Stakeholders</a>	●		
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">Stakeholders</a> <a href="#">Code of Conduct for Isavia's Suppliers</a>	●	4	

**GRI 410: 2016 Security Practices**

GRI 103-1	Explanation of the material topic and its boundary	<a href="#">Operation</a> <a href="#">Material Aspects</a>	●		
GRI 103-2	The management approach and its components	<a href="#">Operation</a> <a href="#">Objectives and Improvements</a> <a href="#">Social Participation</a>	●		
GRI 103-3	Evaluation of the management approach	<a href="#">Operation</a> <a href="#">Objectives and Improvements</a>	●		
GRI 410-1	Security personnel trained in human rights policies or procedures	<a href="#">Stakeholders</a> <a href="#">Human Resources</a>	●	1	

**GRI 412: 2016 Human Rights Assessment**

GRI 103-1	Explanation of the material topic and its boundary	<a href="#">Operation</a> <a href="#">Material Aspects</a>	●		
GRI 103-2	The management approach and its components	<a href="#">Operation</a> <a href="#">Objectives and Improvements</a> <a href="#">Social Participation</a>	●		
GRI 103-3	Evaluation of the management approach	<a href="#">Operation</a> <a href="#">Objectives and Improvements</a>	●		
GRI 412-2	Þjálfan starfsmanna í stefnum eða verklagsreglum um mannréttindi	<a href="#">Stakeholders</a> <a href="#">Human Resources</a>	●	1	
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<a href="#">Stakeholders</a> <a href="#">Code of Conduct for Isavia's Suppliers</a>	●	2	



**GRI 413: 2016 Local Communities**

GRI 103-1	Explanation of the material topic and its boundary	<u>Operation</u> <u>Material Aspects</u> <u>Development</u>	●	
GRI 103-2	The management approach and its components	<u>Operation</u> <u>Social Participation</u> <u>Development</u>	●	
GRI 103-3	Evaluation of the management approach	<u>Operation</u> <u>Development</u>	●	
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	<u>Development</u>	●	1 
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	<u>Development</u>	●	1

**GRI 418: 2016 Customer Privacy**

GRI 103-1	Explanation of the material topic and its boundary	<u>Operation</u> <u>Material Aspects</u> <u>Occupational Safety and Health</u>	●	
GRI 103-2	The management approach and its components	<u>Operation</u> <u>Occupational Safety and Health</u>	●	
GRI 103-3	Evaluation of the management approach	<u>Operation</u> <u>Occupational Safety and Health</u>	●	
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<u>Occupational Safety and Health</u>	●	

**GRI 419: 2016 Socioeconomic Compliance**

GRI 103-1	Explanation of the material topic and its boundary	<u>Corporate Governance</u> <u>Material Aspects</u>	●	
GRI 103-2	The management approach and its components	<u>Corporate Governance</u> <u>Operation</u>	●	
GRI 103-3	Evaluation of the management approach	<u>Corporate Governance</u> <u>Operation</u>	●	
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	No fines have been imposed on the company	●	7,8,9

GRI Sector specific data: Airport Operators

Disclosure number and title	Location	Comments	Status	UNGC	SDG
GRI A01 Total number of passengers annually, broken down by passengers on international and domestic flights and broken down by origin and destination and transfer, including transit passengers	<a href="#">Scope of Operations</a> <a href="#">Flight Statistics</a>		●		
GRI A02 Annual total number of aircraft movements by day and by night, broken down by comercial cargo, general aviation and state aviation flights	<a href="#">Scope of Operations</a> <a href="#">Flight Statistics</a>		●		
GRI A03 Total amount of cargo tonnage	<a href="#">Scope of Operations</a> <a href="#">Flight Statistics</a>		●		
GRI A04 Quality of storm water by applicable regulatory standards	<a href="#">Environmental Issues</a>		○		
GRI A05 Ambient air quality levels according to pollutant concentrations in microgram per m3 or parts per million (ppm) by regulatory regime	<a href="#">Climate</a>		●		
GRI A06 Aircraft and pavement de-icing/anti-icing fluid used and treated by m3 and/or tonnes	<a href="#">Environmental Issues</a>		●		
GRI A07 Number and percentage change of people residing in areas affected by noise	<a href="#">Acoustics</a>		●		
GRI A08 Number of persons physically or economically displaced, either voluntarily or involuntarily, by the airport operator or on its behalf by governmental or other entity, and compensation provided		No such incidents reported	●		
GRI A09 Total annual number of wildlife strikes per 10.000 aircraft movements	<a href="#">Environmental Issues</a>		●		