



Sustainability Report of Ölgerðin 2023

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1. Introduction





Introduction by the CEO

The year 2023 was a year of opportunities at Ölgerðin, and we took full advantage of them. Our vision is clear: we want to be the first choice, and to do this we look to employees, consumers, shareholders, and indeed, everyone else. Sustainability is a key concept in our work and has been for a long time. Sustainable solutions call for new approaches, collaboration down the entire value chain, validation of a scientific approach, and we find that consumers are calling for such solutions. Energy transition, reduction in emissions, a more environmentally friendly approach, healthier options and diversity characterised our work in many ways last year.

Major strides were made regarding energy transition in 2023. We are every proud to have received our first electric trucks and thus marked a turning point in the history of energy transition in Iceland. Today, around 40% of Ölgerðin's car fleet is electric. We also invested in a new 3MW electric boiler that replaced a 1.5MW oil boiler, and since last September emissions in production have been 0 CO2 equivalent. That is a tangible result! In addition to this, we have worked on energy-saving projects in the operations, such as air flow control and installation of heat exchangers. This has resulted in both electricity and time savings in welding for the company.

These projects are all part of an action plan that includes achieving a scientifically agreed emissions reduction target aimed at keeping global warming below 1.5°C by 2030. Ölgerðin, along with other companies that have set themselves goals according to the Science Based Targets initiative (SBTi), launched a project with Festa this year to support this approach, highlight the importance of the leader and promote targeted education and information on results and actions. By following a scientifically proven approach, companies are required to use environmentally friendly energy sources. At the same time, Ölgerðin calls on the government to harmonise energy policy in Iceland with such

an approach, but this is not currently the case. Due to this, Ölgerðin has, for example, had to buy a guarantee of origin with all purchased electricity, which is costly and a sign of unnecessary extra fees for companies on the sustainability journey.

Extra effort has been put into improving the company's procedures with respect to the circular economy. During the year, the collection and recycling of coffee capsules was set up in a more environmentally friendly manner than previously known here in Iceland. Millions of coffee capsules are used in Iceland every year, and Ölgerðin and its subsidiary Danól, for example, import around 16 million coffee capsules a year. Unfortunately, an environmentally friendly sorting process was not in place, but we tackled that during the year. You can now return used coffee capsules to all Sorpa recycling centres in the Greater Reykjavík Area and Íslenska Gámafélagið's recycling centres in rural areas. You can read more about the project at kaffihylki.is. A number of other projects were carried out during the year, which were related to the increased sorting, reuse and upcycling of value streams. As an example of such projects, employee clothing that is no longer in use is now reused and recycled and used to make chairs, reusable bags and other products.

Ölgerðin listens closely to the wishes of the consumers and, at the same time, has made a concerted effort to add healthier options to the product range. Thus, the number of products that contain less, or even no, sugar has increased significantly. The same goes for the beer market, as many alcohol-free beers have seen the light of day and been a big hit. Product development is also purposeful in the direction of using Icelandic ingredients. By using Icelandic ingredients rather than foreign ones, Ölgerðin has significantly reduced the carbon footprint of the products that Ölgerðin offers. The biggest benefit lies in producing beverages here at home, and thus using Icelandic water, which can reduce

carbon emissions due to transport by 600%. Ölgerðin is also one of the largest users of Icelandic barley for beer production, collagen produced during the processing of Icelandic seafood is used in COLLAB, and the newest addition COLLAB Hydro contains Icelandic sea salt from Saltverk.

During the year, Ölgerðin became the first company in Iceland to receive the Samtökin '78 certification as a LGBTQIA+ friendly workplace. The journey toward that certification included, LGBTQIA+ education for staff, as well as conducting audits of the company with LGBTQIA+ issues in mind. This was part of a larger project that consists of inclusion through increased equality education. We work systematically to eliminate all prejudices in the company and to welcome everyone. During the year Just Speak (Bara tala) was put into use, which is a digital Icelandic teacher in the form of an app. It is based on artificial intelligence and Icelandic language technology. Special consideration is given to the activities of Ölgerðin in the choice of words, and visual cues are used.

We at Ölgerðin look to the future in all areas and know that we must take regular and sometimes big steps to tackle challenging projects. We want words and deeds to go together when it comes to sustainability, environmental protection, non-judgment, loyalty and vision. The company's performance goes hand in hand with our success in these areas, and creates a sought-after workplace with top-notch human resources. We are very excited about the future and the challenges that society faces, and we intend to show in action and with our heart, continued success in the field of sustainability. We look forward to continuing this journey.

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Partners

At Ölgerðin, we work with a network of partners on our sustainability journey, including Festa, the UN Global Compact and projects like the Global Goals and Science Based Targets (SBTi). It is important to work with progressive parties and to be aware of the changes that are taking place on a global scale.



A Proud Member of Festa

Ölgerðin participated in Festa's and Reykjavík City's Climate Declaration in 2015, along with over 100 other companies. The project consisted of working systematically on climate issues, and the carbon footprint from our operations (Scope 1 and 2) has decreased by 58% during that time. In September 2023, Ölgerðin met with the managers of the companies in Iceland that have committed to adjust their carbon footprint to the Paris Agreement by setting targets for a reduction in emissions according to the Science Based Targets initiative (SBTi). The project has the potential to mark a turning point in influential actions in the field of climate issues in the Icelandic economy. The project is led by a unique group of experts and CEOs and focuses on the importance of leaders in this field, targeted education and information on results and actions.



The Global Compact

The UN Global Compact (UNGC) is an agreement between the United Nations and the business sector on responsible practices where companies and organisations are encouraged to do good deeds for the benefit of society with sustainability as a guiding principle. Around 21,000 companies are members of the UN Global Compact world-wide. There are 28 Icelandic companies that are active participants, and Ölgerðin is one of them. The purpose of the local network of the UN Global Compact in Iceland is to promote targeted cooperation between the organisation and the Icelandic business sector and thus accelerate development in sustainability. By participating in the Global Compact, companies undertake to implement the ten main goals of the compact in their operations. In this way, companies are not only upholding their basic obligations towards people and the environment, but also creating value for the economy and society as well as laying the foundation for long-term success.



United Nations Global Goals

The United Nations Sustainable Development Goals were approved by representatives of all UN member states in September 2015. The Goals, which are valid for the period 2016–2030, are 17 in number with 169 sub-goals and cover both domestic affairs and international collaboration during the period of validity. The hallmark of the Global Goals is that they are universal, and therefore the member states have committed themselves to work systematically on the implementation of the Goals both at national and international levels throughout their period of validity. At Ölgerðin, we have the United Nations' Global Goals as a guiding principle in our sustainability policy.



What is Science Based Targets (SBTi)?

Science Based Targets (SBTi) is a guide for companies to achieve climate targets and prevent the serious consequences of climate change. SBTi is a company's guide towards Net Zero, and is supposed to drive innovation and sustainable growth by giving companies the tools to set ambitious and scientifically verified sustainability goals. We at Ölgerðin have set ourselves ambitious goals that can be verified using scientifically approved methods, and we aim to keep global warming below 1.5°C until 2030 and achieve Net Zero by 2040.

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Policy 2027

The future is full of opportunities.



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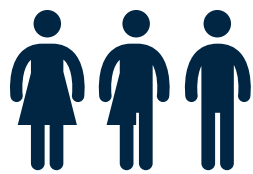
Expansion

- Strong product development in new markets
- Investments in production equipment
- New warehouse
- Exports
- Buyouts and acquisitions
- V1



Digital transformation

- Stronger infrastructure
- Increased professionalism with Saga
- Easier access and education
- Automating processes
- Utilisation of data



Staff

- Education and training
- Increased information flow
- Better communication
- Increased diversity
- Professionalism



Sustainability

- Eliminate waste
- Net-Zero 2040
- Targeted investments that support sustainability goals
- More environmentally friendly products

Future vision



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Stakeholders



Our future vision is to be
the **first choice.**

- > **The first choice of customers and consumers.**
We put customers and consumers first and focus on knowing and meeting their expectations through professionalism, product development, and excellent service. We believe this is the basis for a competitive advantage and a successful long-term business relationship.
- > **The first choice of staff.**
We attract the most qualified employees and retain them with a positive and inspiring company culture without prejudice and with an emphasis on equal opportunities. We want to create an environment and opportunities that enable employees to grow and excel in their field. We take good care of our staff and build a strong team with a winning mentality.
- > **The first choice of suppliers.**
We treat every customer and supplier as if they were our most important one. We meet their expectations with professionalism, reliability and excellent communication. A strong supplier relationship is the basis for becoming the first choice of foreign parties who want to sell and market their products in Iceland.
- > **The first choice of investors.**
We are a progressive company with an ambition to grow and intend to ensure market advantage by transforming the way we use data and digital technology. We have a clear vision for the future, emphasise sustainability, and run the company with efficiency and responsible governance in order to create increased value for all stakeholders.
- > **The first choice of the society.**
We always consider the impact of our decisions on society. We are a role model for other companies when it comes to sustainability. We are sensitive to the needs and challenges of society and do our part to build a better society.

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Goals Achieved in 2023

Each year's objectives are fluid, as new objectives are often added throughout the year and opportunities for improvement are always being sought. The company's long-term goals and policy are considered when new short-term objectives are set.

<div>✓</div> <div>Job satisfaction above 85%</div>	<div>✓</div> <div>Expand the product range of healthier imported food options</div>	<div>✓</div> <div>Expand the product range of healthier options in beverages</div>	<div>✗</div> <div>Zero-accident policy</div>	<div>✓</div> <div>Securing electricity for the company's future car fleet</div>
<div>✓</div> <div>Sustainability training for all employees</div>	<div>✓</div> <div>Lighter plastic bottles with a higher percentage of recycled material</div>	<div>✗</div> <div>Improve accessibility to the building for all staff and all visitors</div>	<div>✓</div> <div>Harmonise classification markings according to Fenúr</div>	<div>✓</div> <div>Review of the policy on bullying, sexual and gender-based harassment from</div>
<div>✓</div> <div>Queer certification - comprehensive training for staff</div>	<div>✓</div> <div>That greenhouse gas emissions are reduced by 2% between years</div>	<div>✓</div> <div>Sustainability Days</div> <div>Added objective</div>	<div>✓</div> <div>Collecting and recycling coffee capsules</div> <div>Added objective</div>	<div>✓</div> <div>Code of Conduct</div> <div>Added objective</div>

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2024 Goals

Each year's objectives are fluid, as new objectives are often added throughout the year and opportunities are always being sought.

2030 Goals

Job satisfaction above 85%	Circular economy projects	Expand the range of healthier options in beverages	Zero accidents	Solar cells	SBTi – Greenhouse gas emissions (carbon footprint/turn-over) 63% less in 2030 for scopes 1 and 2 compared to 2020	50% less sugar per sold litre of product in 2030 compared to 2020
Sustainability training for all employees	Materiality analysis according to CSRD directive	More recycled material in bottles	Improve accessibility to the building for all staff and all visitors	Greenhouse gas emissions are reduced by 2% between years	Gender ratio at least 40/60 on the Executive Board by 2027	All packaging we use for our own production will be made from 60% recycled raw materials by 2030
Detailed supplier evaluation process	Carbon footprint in the online store	Forestry – certified carbon units	Sustainability settlement according to ESRS	Better air quality with new ventilation in production halls	A 99% sorting ratio in 2030	100% renewable energy in operations in 2030
					25% less carbon footprint of products in 2030 compared to 2020	

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2. Ölgerðin's Operations



Operations and Sustainability Policy

Ölgerðin and its subsidiaries produce, import and export, distribute and sell beverages, food, and various specialty products. Sustainability is therefore linked to our operations in a variety of ways, as the activities are broad and varied. Nearly 50% of the Group's profit is due to the sale of Ölgerðin's own brands. Therefore, it is possible to influence the entire value chain, from product development, choice of packaging, recycling, etc. Approximately 16% of the gross margin is the production and sale of products based on franchise agreements, where Ölgerðin's production is part of the sustainability goals of large suppliers. Therefore, local production and an environmentally friendly distribution system are important. About 34% of the gross margin is imported products and therefore, good cooperation with

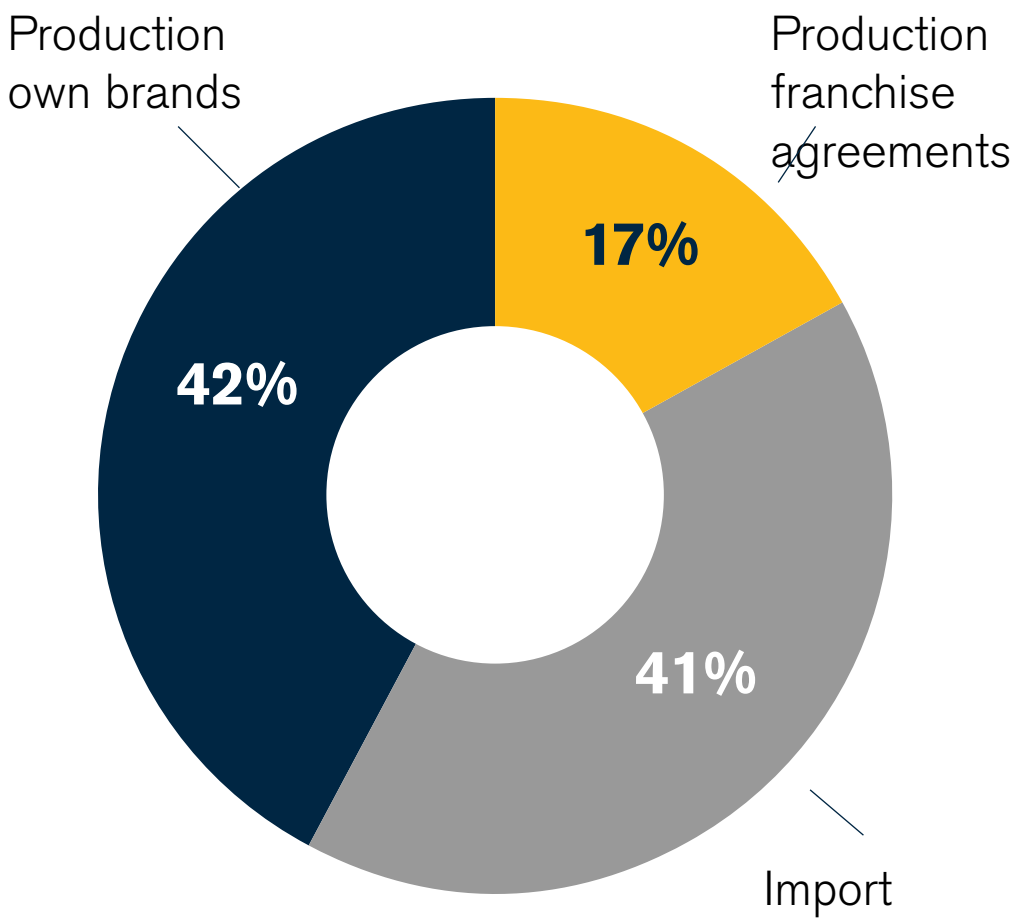
suppliers and supplier assessment are important. Therefore, it is possible to influence the products that are put on the market, as there has been an increase in healthier and more environmentally friendly products in the product range.

Ölgerðin's sustainability policy was established in 2021 and is reviewed annually. Ölgerðin's management worked on the policy and workshops were held to identify the focus categories that were considered the most important. When drawing up the policy, Global Goals were chosen that were considered to be the ones that Ölgerðin could have the greatest impact on. Finally, four categories were chosen that resonate with the company's vision of first choice and Ölgerðin's policy until 2027.

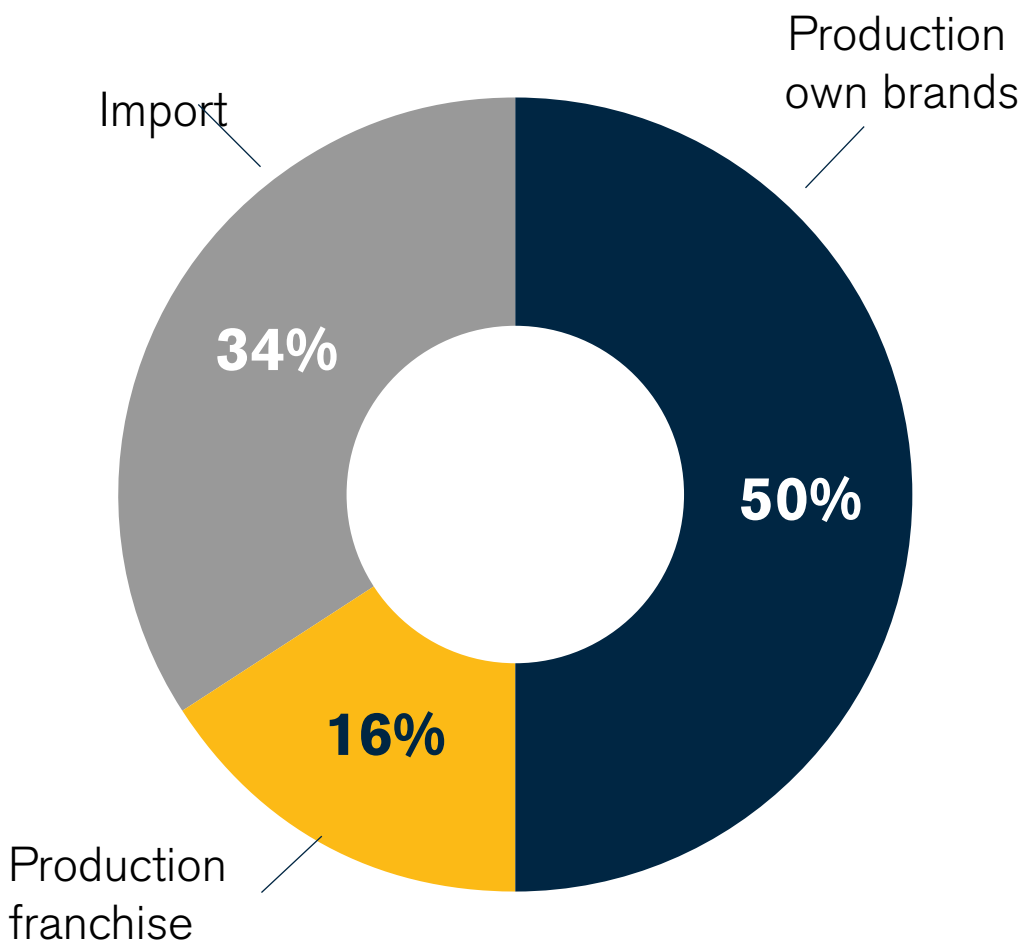
Along with the sustainability policy, measurable targets were set and they are followed up with a sustainability dashboard for management and staff. The metrics in the dashboard were set up based on the sustainability policy and are settled monthly. In each category, improvement projects and larger projects are worked on, and results are measured regularly. These four focus categories are listed separately in the report, as we work according to the policy in that way within the company. The sustainability policy can be accessed in its entirety here.

Breakdown of gross margin in 2015 and 2023

2015



2023



The categories in Ölgerðin's sustainability policy are:

-  **Sustainable Growth**
-  **Diversity**
-  **Circular Economy**
-  **Net Zero**

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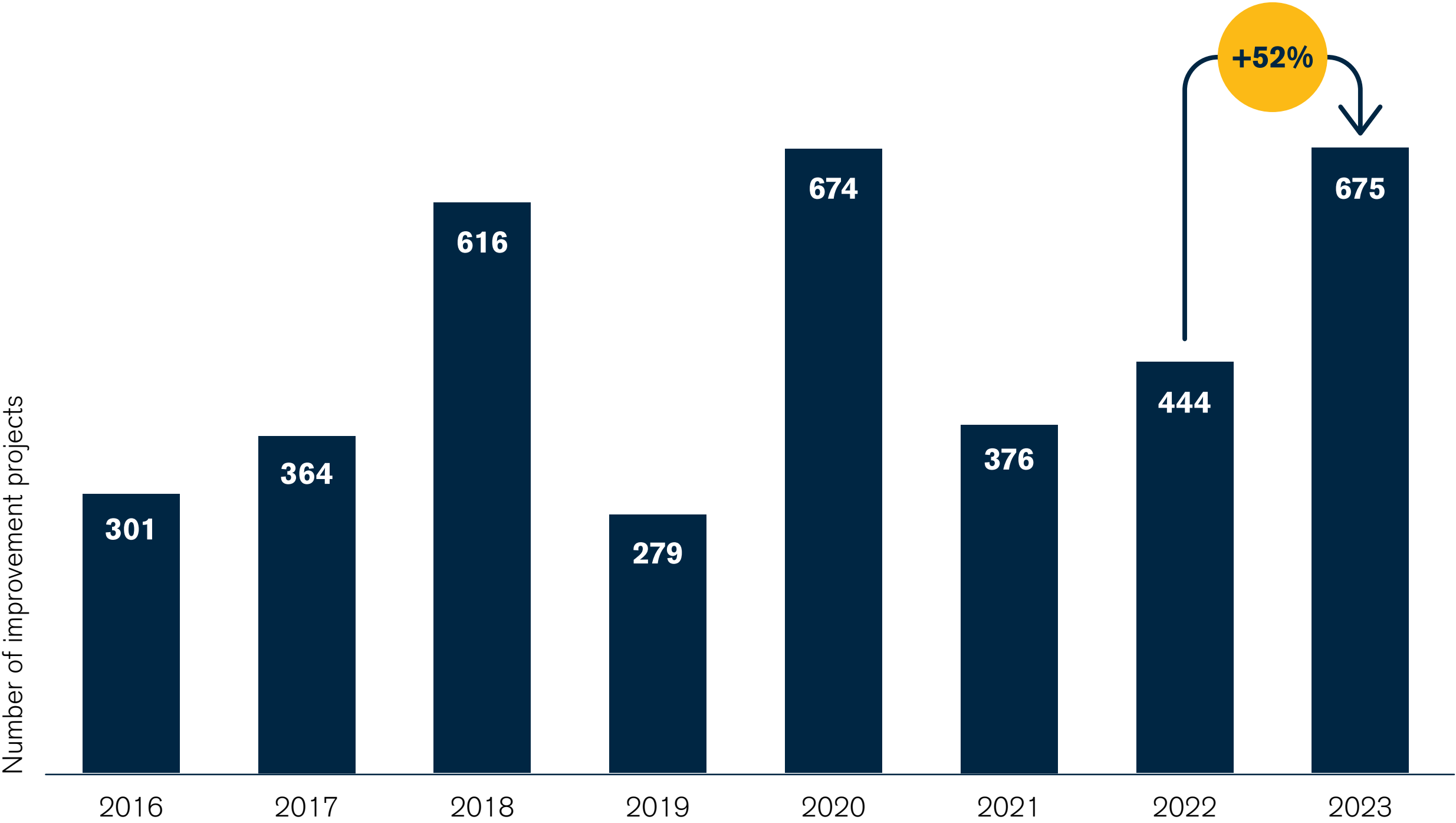
Continuous Improvement is the Foundation for Culture

It can honestly be said that the idea of improvement is deeply rooted in Ölgerðin's culture, and all company staff are constantly working on improvements and they are the foundation of what we do. We are constantly finding ways to do things better today than we did yesterday and each improvement reduces waste in the company and is therefore directly linked to sustainability. All company staff have the opportunity to submit ideas for improvements and all ideas are welcomed. An open dashboard is available on the company's internal website where all the improvement projects

we have completed are made visible. Within the company, there are several improvement groups that receive the ideas for improvement by division and process them. On a monthly basis, improvements that have been completed are listed. Improvements that were considered the most interesting each month are presented at an open improvement meeting for staff. Prizes are awarded for “improvement of the month”. The number of completed improvements during the year is made visible in the company's lobby. For each completed improvement, one bottle-cap goes into a column. Last year,

there were 675 completed improvements in the company, which was the most that has been achieved since the registration of completed improvements began. You can track the classification of the type of improvement, so we can specifically monitor improvements related to certain priorities, such as sustainability or diversity. This is important to ensure an overview of the types of improvement ideas coming from staff and spotting where motivation for a improvement project might be lacking.

Number of completed improvement projects between years



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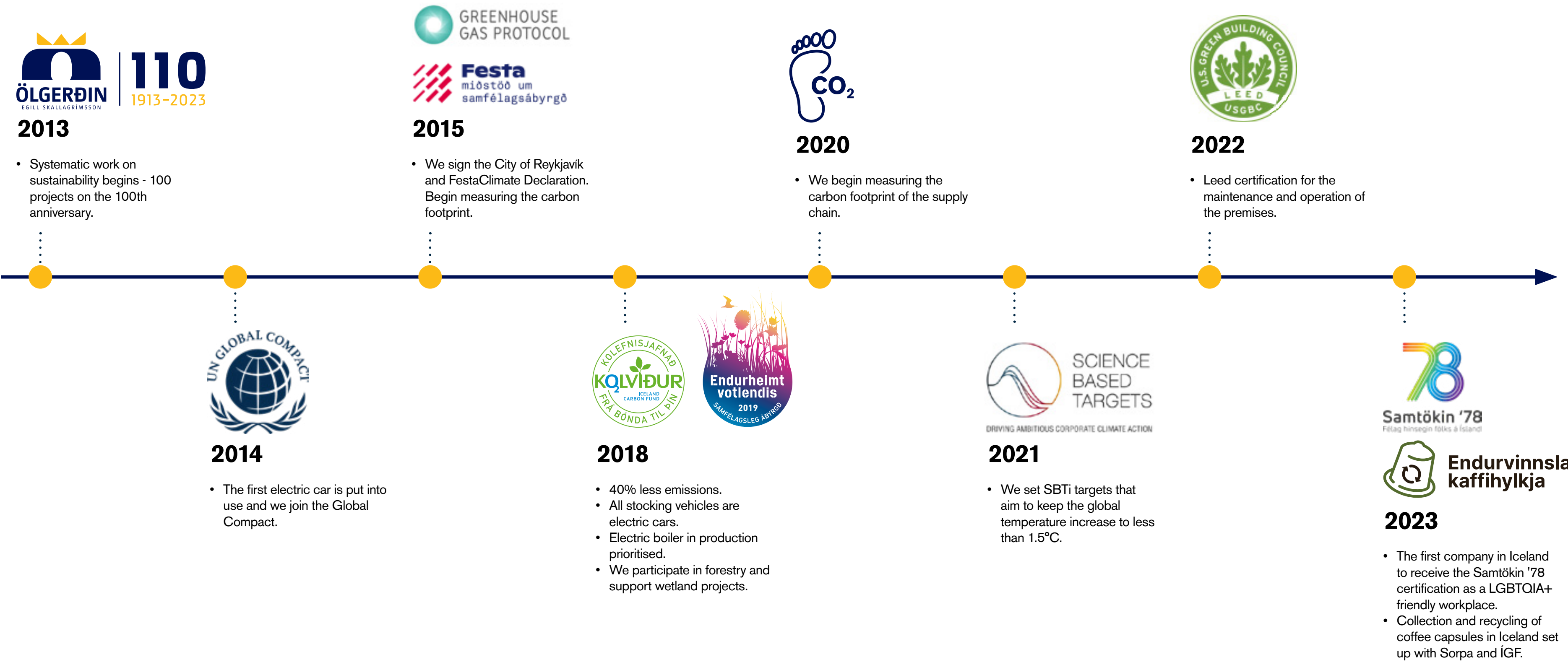
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Sustainability Journey

Ölgerðin has been systematically working on sustainability since 2013. Every year since then, Ölgerðin has been at the forefront in that field based on the knowledge that was available. An example is the first electric car that Ölgerðin put into use in 2014. Its range is only about 70 km today, but it marked the beginning of Ölgerðin's energy transition and the use of green energy in its operations. We can also mention a grant to Kolviður and Wetland Restoration

in 2018, which was believed to be able to offset the carbon footprint of the operations at that time. Since then, a lot of water has run under the bridge. Both are certified carbon units required, which is a long-term project, and it is not enough to look at carbon emissions from operations, and emissions from the entire value chain must also be included. Ölgerðin was among the first companies in Iceland to set SBTi targets. This made it clear that the project was big-

ger than previously thought, since only around 5-10% of emissions come from own operations. In 2022, Ölgerðin received a Leed Gold environmental certification, due to the fact that it is one of the banks' sustainability frameworks for acquiring green capital. We have focused on working on all UFS aspects and last year we became the first company in Iceland to receive the Samtökin '78 certification as a LGBTQIA+ friendly workplace.



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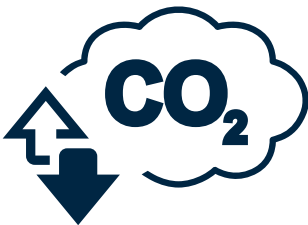
3. Sustainable Growth



Sustainable Growth

Ölgerðin plans to expand in a cost-effective manner, thus supporting economic growth and employment. This will be achieved, among other things, through increased productivity, digital development and minimisation of environmental impact. Ölgerðin's goal is for sustainability to become part

of the company's culture and for information on the progress of sustainability to be as accessible as the company's financial information. We choose partners who have similar ambitions as our company when it comes to sustainability.



Investment decisions reduce greenhouse gas intensity

We have been able to reduce the greenhouse gas emissions through investment decisions. Greenhouse gas emissions goes from 416 kg CO₂ eq/million in 2022 down to 388 kg CO₂ eq/million in 2023, as shown in the table below. For example, a new bottling line for cans has resulted in better energy efficiency than before. An example of other investments is an electric boiler that replaced an oil boiler in production, and the production is now run exclusively on renewable energy. This year, Ölgerðin also received our first electric trucks and thus marked a turning point in the history of energy transition in Iceland.



Increasing the product range of healthier options and alcohol-free beers

Efforts were made to increase the availability of healthier options. We make an impact through the range of products we launch each time and through improvements to the existing product range. A part of our sustainability journey is to offer Icelandic consumers healthier options, such as products with less- or no-sugar and alcohol-free beers. In the past seven years, the amount of sugar per litre sold has decreased by 55%, but the company's goal is to reduce sugar per litre sold by 50% in 2030 compared to 2020, and this has therefore been achieved as shown in the table below.



Rules of Procedure and Code of Conduct

New rules of procedure and Code of Conduct were issued to guide how we make decisions that support the company's vision and values. They include international standards and let customers, suppliers and other business partners know what to expect from us, as well as being a commitment to our staff, customers and other business partners. They cover all staff and suppliers and guide us in our daily tasks.



Product Development Using Icelandic Ingredients

By using Icelandic ingredients it is possible to significantly reduce the carbon footprint of the products that Ölgerðin offers. The biggest benefit lies in producing beverages here at home, and thus using Icelandic water. Ölgerðin has commissioned a life-cycle analysis of the effects and there can be up to a 600% difference in carbon emissions due to transport. Ölgerðin is also one of the largest individual users of Icelandic barley for beer making, which is used, amongst other things, in the production of Boli. COLLAB uses collagen that is processed by Feel Iceland from unused seafood products. The newest addition is COLLAB Hydro, which contains Icelandic sea salt from Saltverk.

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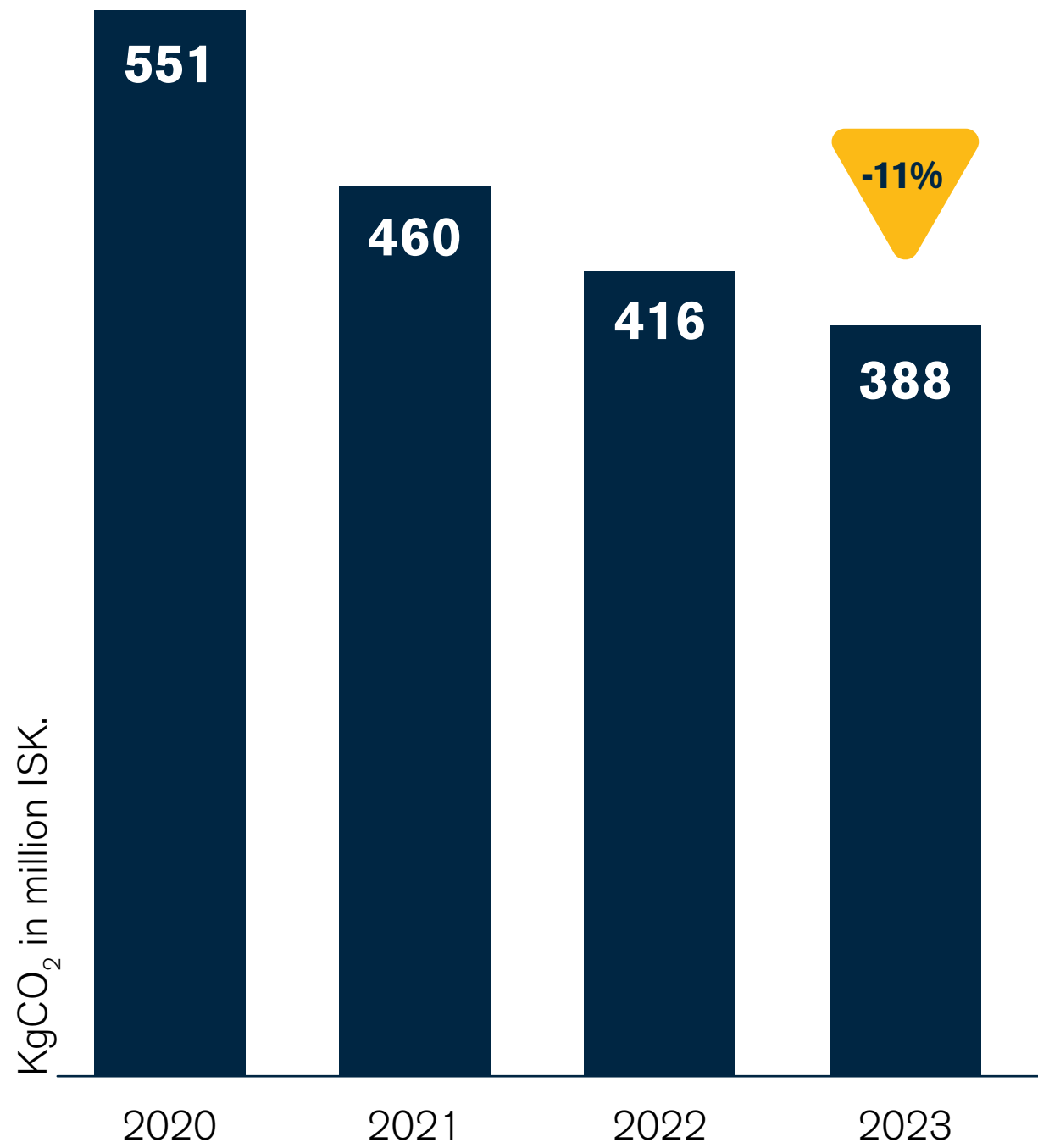
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Greenhouse gas emissions



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New rules of procedure and Code of Conduct were issued this year to guide how we make decisions that support the company's vision and values. They include international standards and let customers, suppliers and other business partners know what to expect from us, as well as being a commitment to our staff, customers and other business partners. They cover all staff and suppliers and guide us in our daily tasks. The [rules of prcedure and Code of Conduct](#) of the company can be found on Ölgerðin's website.

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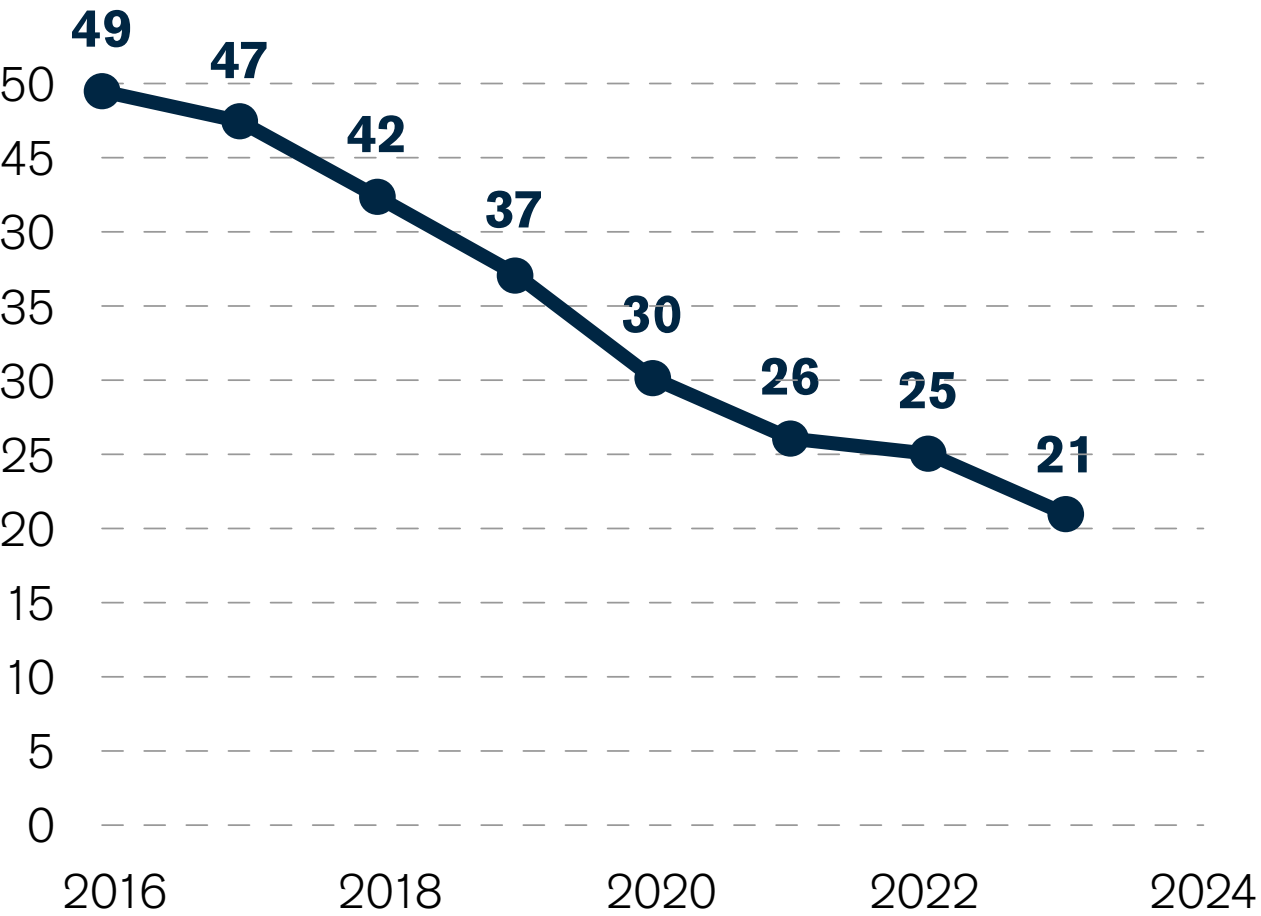
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Increasing the product range of healthier options and alcohol-free beers

Efforts were made to increase the availability of healthier options. We make an impact through the range of products we launch each time and through improvements to the existing product range. A part of our sustainability journey is to offer Icelandic consumers healthier options, such as products with less- or no-sugar and alcohol-free beers.

The amount of sugar in sold litres of Ölgerðin's beverages continues to decrease. The amount of sugar in sugary drinks has decreased, consumers increasingly choose sugar-free or sugar-reduced options, and Ölgerðin's product range of healthier options has increased. In the past seven years, the amount of sugar per litre sold has decreased by 55%, but the company's goal is to reduce sugar per litre sold by 50% in 2030 compared to 2020, and this has therefore been achieved as shown in the table below.

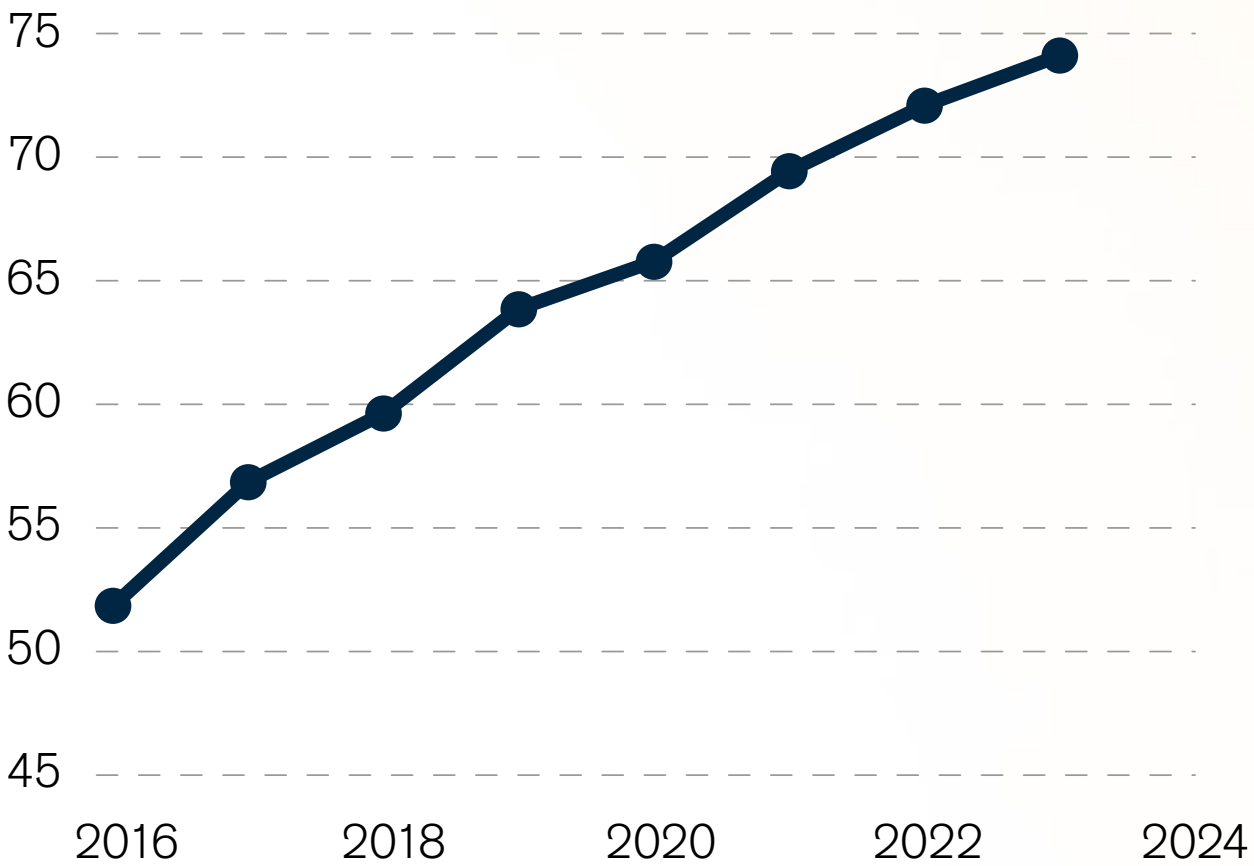
Sugar content (g per litre)



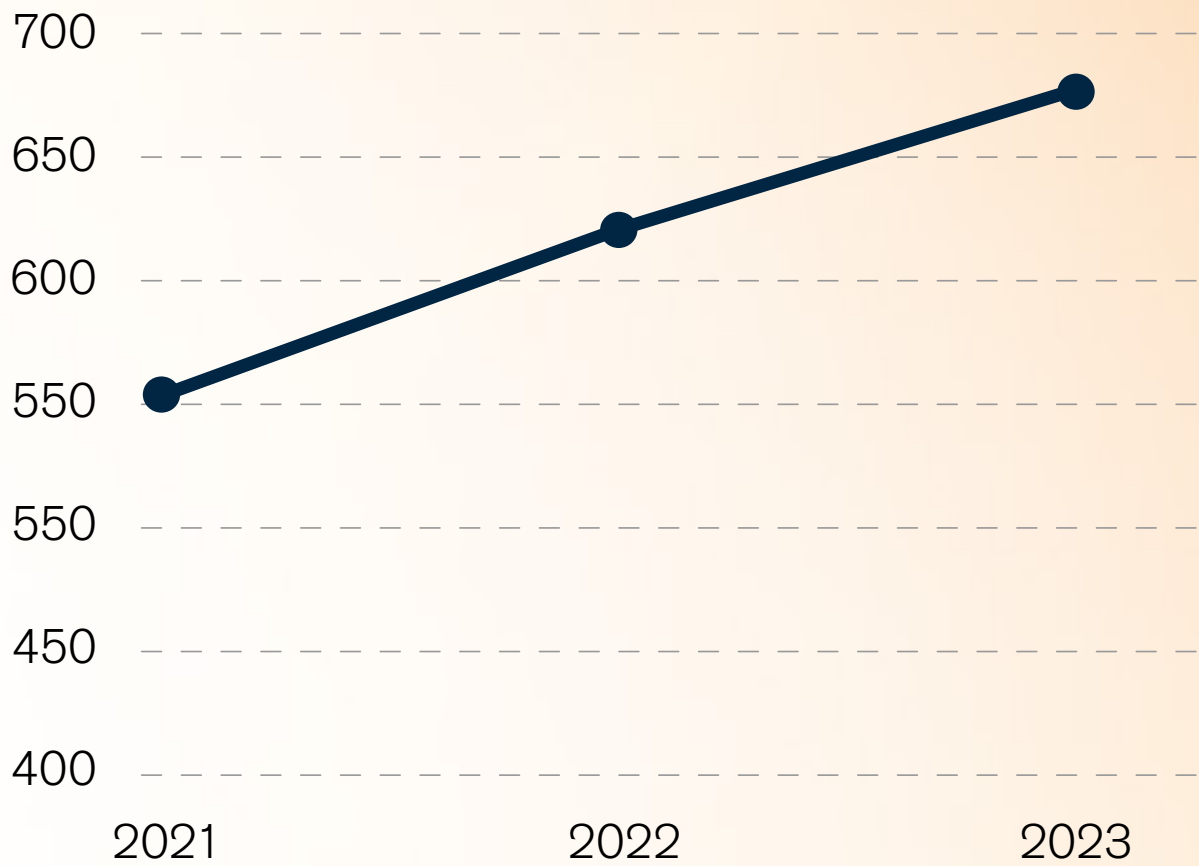
Ölgerðin produces a range of high-quality beers, both with and without alcohol. Alcoholic beverages can have harmful effects if not consumed in moderation. Our society is constantly evolving, and a growing number of consumers are choosing to cut down on or cut out all alcohol.

We have focussed on increasing the selection of alcohol-free beer so that consumers can choose the drink that suits each occasion. Non-alcoholic beer can be an example of a very healthy option as it contains water, hops, and grains from nature. Natural vitamins and minerals add to its health benefits. This year, high-quality alcohol-free beers were launched to respond to the interest shown by consumers, and a lot of work was done to make them as tasty as beers with alcohol.

Share of single servings in carbonated drinks at Ölgerðin



Total market of alcohol-free beers (Nielsen) in value (m. ISK)



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Alcohol-Free Gin

With Tanqueray 0.0%, you can finally enjoy a non-alcoholic G&T as well as a number of 0.0% cocktails such as Gimlet, Negroni or Tom Collins. Four ingredients give Tanqueray gin a perfect balance of citrus and juniper that can be enjoyed without alcohol.

Giffard Grapefruit Alcohol Free is specially designed for non-alcoholic cocktails. It is made from grapefruit peel that has been soaked in white wine vinegar. It won gold in 2024 in the Low/no alcohol category at The Spirits Business.

Giffard Grapefruit Alcohol Free is full-flavoured and has a lower sugar content to emphasise its aromatic qualities. Effects of the vinegar give cocktails more depth, complexity and length in the mouth. Giffard Alcohol Free gives you the option to make cocktails like Paloma, Daiquiri and of course Spritz in an alcohol-free version.



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Product Development Using Icelandic Ingredients

By using Icelandic ingredients it is possible to significantly reduce the carbon footprint of the products that Ölgerðin offers. The biggest benefit lies in producing beverages here at home, and thus using Icelandic water. Ölgerðin has commissioned a life-cycle analysis of the effects and there can be up to a 600% difference in carbon emissions due to transport, compared to imported beverages, since the heaviest part of beverages is water.

We are constantly experimenting and trying to use the Icelandic ingredients that are available to us in product development. Ölgerðin is the largest single user of Icelandic barley for beer production, and Icelandic barley is used in the production of Boli, for example. In the Icelandic ale Snorri, domestic barley and organic Icelandic wild thyme are used. COLLAB uses collagen that is processed by Feel Iceland from unused seafood products. The newest addition is COLLAB Hydro, which contains Icelandic sea salt from Saltverk.

Our pure marine collagen comes from wild caught fish that have been ethically sourced from the Atlantic ocean by our collagen suppliers, FEEL Iceland. Normally fish skins are disposed of as a waste product from fishing, but we repurpose them by extracting our pure marine collagen. That way we not only get our collagen from fresh, wild caught sources – we also help reduce the waste from the seafood industry.

We only collaborate with vetted fishing companies that operate in sustainable fishing grounds and live up to the highest standards of ethics and quality.

Source: FEEL Iceland



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Icelandic Production is a More Environmentally Friendly Option

Consumers increasingly expect information on the origin of products and their environmental effects. For this purpose, Ölgerðin requested EFLA Consulting Engineers to carry out a life-cycle analysis of a number of types of packaging and the different environmental effects of manufacturing such packaging in Iceland or importing fully prepared beverages and what impact that would have on the environment. The analysis clearly concludes that the environmental benefits of producing beverages in Iceland greatly exceed the benefits of importing the products as the difference in carbon emissions due to transport is up to 600%. [The report of EFLA can be found in its entirety on the website.](#)

Icelandic Barley for Brewing Beer

Ölgerðin is the largest single user of Icelandic barley for beer production. We use Icelandic barley when brewing Boli, for example. Even though we are the largest single producer in Iceland, this is a small part of the total amount of barley the company uses. Ölgerðin, in collaboration with the Agricultural University of Iceland, has been exploring the possibility of producing and malting barley here in Iceland. There are a number of things to consider, for example the correct variety of barley for cultivation in Iceland and capital for the installation of a malting station. This is a long-term innovation project, and the use of Icelandic raw materials might reduce the beer brewing carbon footprint considerably.



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Tooth-Friendly Beverages

Ölgerðin offers a number of carbonated drinks that are not harmful to the dental health of consumers. All of the Kristall flavours are clear and do not have an enamel-destroying effect. We also offer a tooth-friendly alternative to the energy drink market.

105 caffeinated water is a clear and simple beverage that contains only carbonated water, natural flavours, and natural caffeine. The beverage is therefore completely free of sugar, sweeteners, carbohydrates, and calories.

Sweeteners

Sweeteners are used in some of Ölgerðin's beverages. There are several different sweeteners available, and the ones used by Ölgerðin are all recognised and have been studied over a long period of time. Research on sweeteners is constantly being monitored, but the ingredients are approved by the European Food Safety Authority (EFSA). We only use approved ingredients in our food. Beverages with sweeteners do not cause the same blood sugar imbalance as drinks with sugar. Sucralose, Acesulfame Potassium and Aspartame are examples of sweeteners used by Ölgerðin and you can read more about them on the [PepsiCo website](#).

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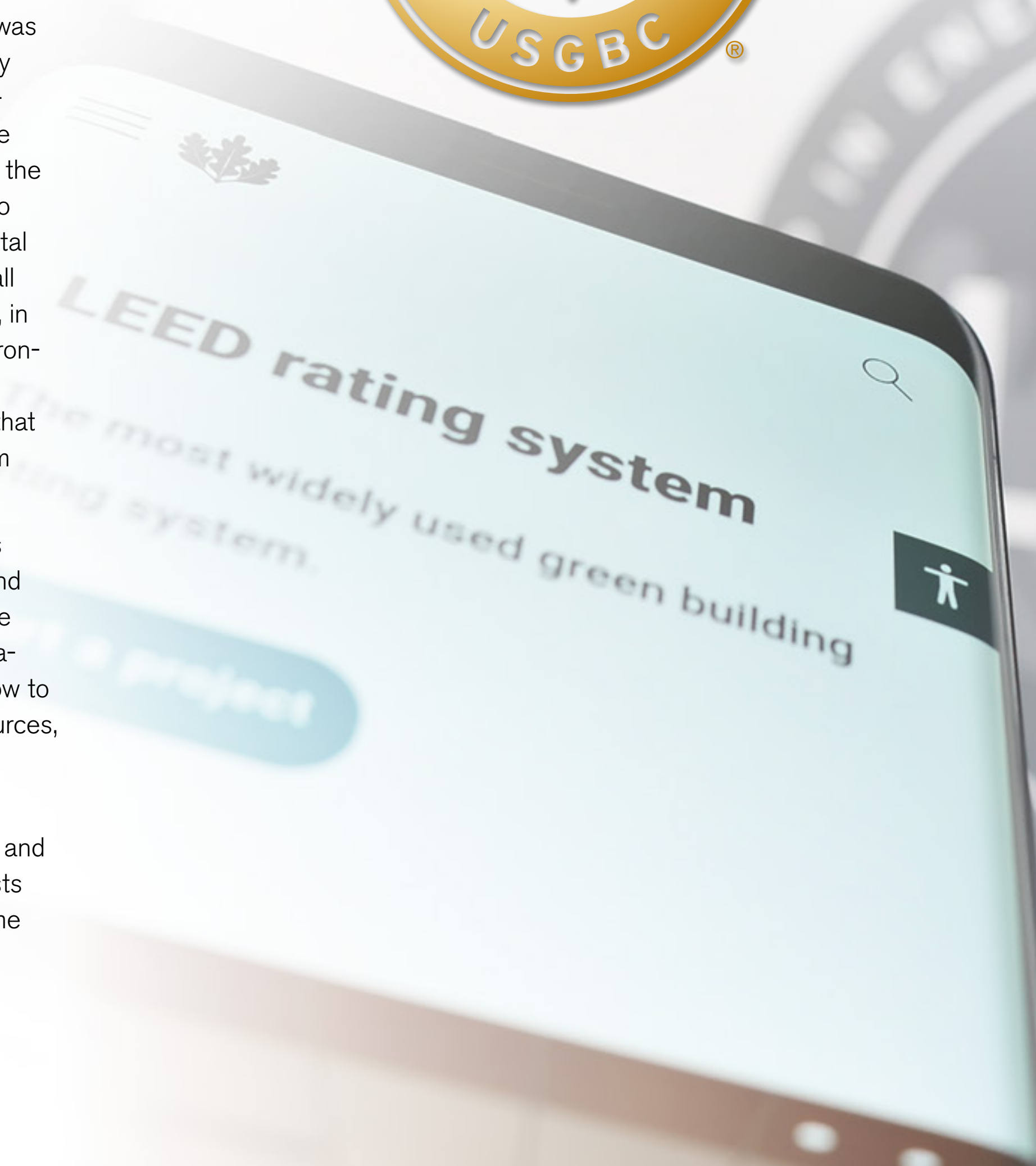
Leed Gold Environmental Certification

Ölgerðin has received the Leed Gold environmental certification for the operation and maintenance of our premises last year, but this certification is only awarded to companies that use best practices and have active reforms in this area.

When work began on the installation of the new production line and construction of Ölgerðin's new building, it was decided to do it in the most environmentally friendly way possible, for example, laminate was used instead of traditional concrete. Environmentally friendly methods were used and sustainability guidelines were followed during the construction, and numerous factors had to be taken into account in order for the property to receive environmental certification. Work was done to obtain certification for all of Ölgerðin's properties, or 23 thousand square meters, in order to make their operation and maintenance as environmentally friendly as possible. The greenest buildings are those that have already been built if we maintain and operate them sustainably.

Leed is a certification system that addresses numerous aspects related to the environment and sustainability and thus encourages maintenance and operation to be more environmentally friendly and cost-effective. The certification system is accompanied by recommendations on how to reduce the use of energy, water and other natural resources, as well as for reducing waste.

The benefit of such certification is that it helps those in charge of the operation and maintenance of properties and company staff to improve performance, and reduce costs and waste in processes. This also gives companies some recognition of leadership in sustainability.



Sustainability Dashboard

The company's managers use a sustainability dashboard to monitor the company's carbon footprint. The sustainability dashboard displays live information about the status of the company's sustainability efforts. The managers review sustainability information on a monthly basis, as well as the company's financial information. We believe that in this way we can make decisions that lead to a lower carbon footprint. The dashboard doesn't only show data on emissions, but more metrics can also be highlighted, so managers can see the needle moving in certain categories, e.g. gender ratios in employment, sorting of waste, etc.

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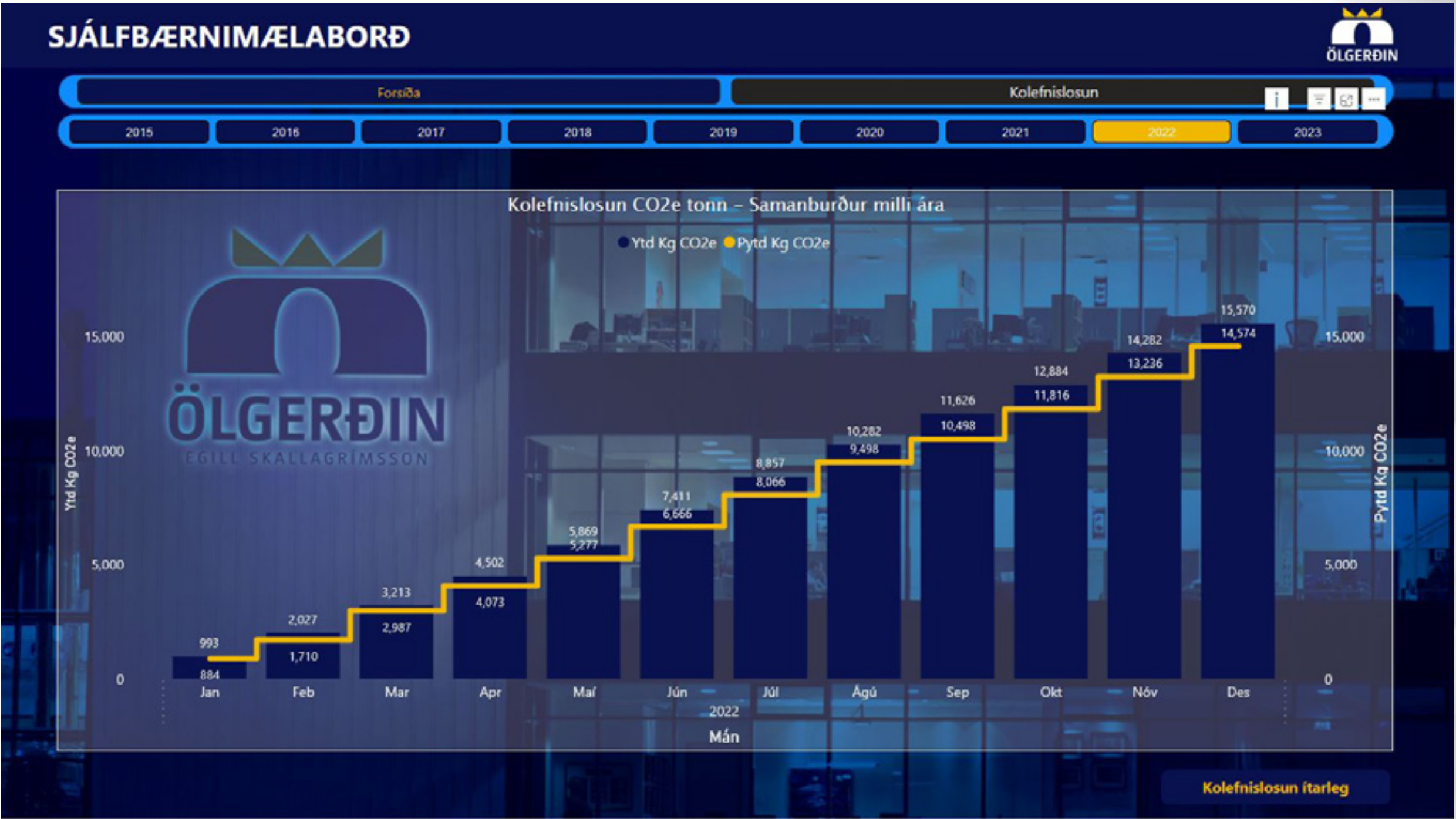
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Partners and Supplier Assessment

At Ölgerðin, we choose partners who have similar ambitions as our company when it comes to sustainability factors. During the year, the Code of Conduct was updated and new [Rules of procedure and Code of Conduct](#) were issued and can be found on Ölgerðin's website.

We work in the manner described in the Code of Conduct and we want to work with suppliers who have the same standards. All suppliers and others involved in work in the value chain, whether suppliers, contractors, consultants or others, must also follow the Code of Conduct. All suppliers must sign the company's Code of Conduct. The parties at Ölgerðin who are responsible for supplier relations must ensure that the supplier works in line with our Human Rights Policy.

Supplier assessments is one of Ölgerðin's main weapons against human rights violations and to have a positive effect on sustainability. Ölgerðin has had an active supplier assessment for the last few years for raw material and packaging suppliers in the company's procurement. A standardised questionnaire has been sent to suppliers, and the manager of the department who wants to establish the trade reviews the answers with Ölgerðin's quality manager. Thus, it is possible to assess whether suppliers meet Ölgerðin's requirements for quality and sustainability. The supplier assessment not only helps Ölgerðin to have an overview of quality issues in its procurement, but it is also a good tool to promote awareness of sustainability among those the company does business with.

A new process around supplier assessment that is much more extensive than previously planned and its implementation will begin this year. There, all suppliers will be risk-assessed, and geographical risks and risks related to different industries will be examined in particular.



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What are Vegan Cosmetics?

Vegan cosmetics are simply products that do not contain any ingredients derived from animal products. These ingredients may be gelatin, cholesterin, or collagen, but this also applies to ingredients such as honey, beeswax, and milk. For many, it is also important that the products do not contain ingredients that have been tested on animals.

We are an importer of major cosmetic brands and, for example, L'Oréal has banned all animal testing since 1989, and Essie does not test its products on animals. The European Union has banned the sale of cosmetics brands that conduct animal testing or purchase ingredients from a third party that are tested on animals. L'Oréal's policy is to increase the percentage of vegan formulas. The company's vision of the future is clean, high-quality products, a reduced carbon footprint and more environmentally friendly solutions, both in formulas and packaging.

All vegan products are specially marked in Danól's online store.

More Environmentally Friendly Packaging

In the cosmetics market, trends in consumer purchasing behaviour are clear. Consumers want pure beauty and consider the impact on the environment. Consumers prefer green formulas and those companies that have environmentally friendly production methods.



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Grants

Ölgerðin uses grants to encourage children to exercise and for other health-improving projects. We also donate products that are approaching their last sell-by date and try to get them into good hands instead of throwing them away. Mæðrastyrksnefnd, Samhjálp, the Salvation Army and other smaller aid organisations, such as Frú Ragnheiður, have been grateful for these products.

- Donations with beverages, Christmas distributions to Mæðrahjálp, Fjölskylduhjálp, Samhjálp, Grafarvogskirkja and Akureyri.
- Donations with beverages with Christmas dinner at the Reception Psychiatric Ward of Addiction Treatment and the International Congregation of the Pentecostal Church of Philadelphia for refugees.
- Donation to the Search & Rescue Team, especially in connection with Grindavík and Suðurnes with beverages when there was an evacuation due to a volcanic eruption.

Ölgerðin has contracts with ÍBR (Reykjavík Sports Federation) in connection with RIG (Reykjavík International Games), Laugavegshlaupið, Reykjavík Marathon Fun Run and the Midnight Run.

- Youth and school camps in Laugarvatn and Reykjavík. Nearly 6,000 students aged 13–15 come to the camps every year.
- Four events at UMFÍ's sports festival (different events, around the country). Number of participants varies by location.

- Skólablak (School Volley Ball Tournament) 15–20 different locations across the country with 50–500 participants. The project is in collaboration with Blaksamband Íslands (Volleyball Federation of Iceland).

Ölgerðin also supports SÁÁ every year.



4. Diversity



Diversity

A diverse workplace is a healthy workplace At Ölgerðin, we want to attract the most qualified employees and retain them with an inspiring company culture without

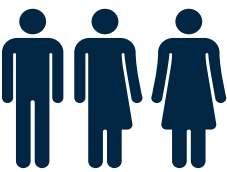
prejudice and with an emphasis on equal opportunities. A diverse group of employees has more perspectives, can identify the needs of customers more easily, and can

adapt the company's services to them. We achieve better results through diversity and thus create a more desirable workplace.



Positive Masculinity and Collaboration With Samtökin '78

Ölgerðin began collaborating with Þorsteinn V. Einarsson at Karlmennskan during the year. All staff received training on positive masculinity based on respect, humanity, and equality. The collaboration was part of educating staff about diversity and promoting gender equality by eradicating traditional ideas of masculinity and challenging stereotypes. We are all allowed to empathise with our colleagues; after all, we are all human.



Inclusive Workplace

All restrooms in Ölgerðin are now gender-neutral. This ensures that everyone feels welcome regardless of sex or gender, as part of our diversity goals is to promote an inclusive workplace for all. During the year, changing facilities for women were installed in a place where there used to be only men's rooms. Ölgerðin also has gender-neutral changing facilities.



Assessment of accessibility

During the year, an assessment was made of accessibility for people with reduced mobility to Ölgerðin's premises, as it is important to consider all groups and be familiar with the situation before things can be improved. The result of the assessment, which was carried out in collaboration with Sjálfsbjörg, revealed that changes need to be made to the premises and improvements are therefore underway.



Jafnvægisvogin (The Scales of Equilibrium)

Ölgerðin signed Jafnvægisvogin this year and thus take part in equalising the ratio of men and women in the executive boards of companies in Iceland. We also undertake to participate in the implementation of gender quotas in the management of limited companies, Act no. 13/2010.



Objectives for New Recruitment

We at Ölgerðin have already set ourselves a goal for the year 2030 that there will never be a higher percentage than 60% of one gender in management positions. In order to follow up on that goal, a dashboard for new recruits in the company has been installed, where the ratio by gender is specifically monitored. In order to try to increase the number of applications from women, we have worked systematically during the year to improve the wording of advertisements and improve the company's visuals.

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Diversity and Equality Policy

A diverse workplace is a healthy workplace. At Ölgerðin, we want to attract the most qualified employees and retain them with an inspiring company culture without prejudice and with an emphasis on equal opportunities. A diverse group of employees has more perspectives, can identify the needs of customers more easily, and can adapt the company's services to them. We achieve better results through diversity and thus create a more desirable workplace.

Ölgerðin has set a diversity and equality policy. We are committed to continuous improvement in equality and diversity issues within the company. The aim of the policy is to promote equal status for all employees and equal opportunities regardless of gender, age, and origin, and to prevent unreasonable wage differences. Our goal is for Ölgerðin to be a desirable place to work in people's minds. We aim to be a model for other companies in terms of diversity.

Article 3 Strategic Guidelines

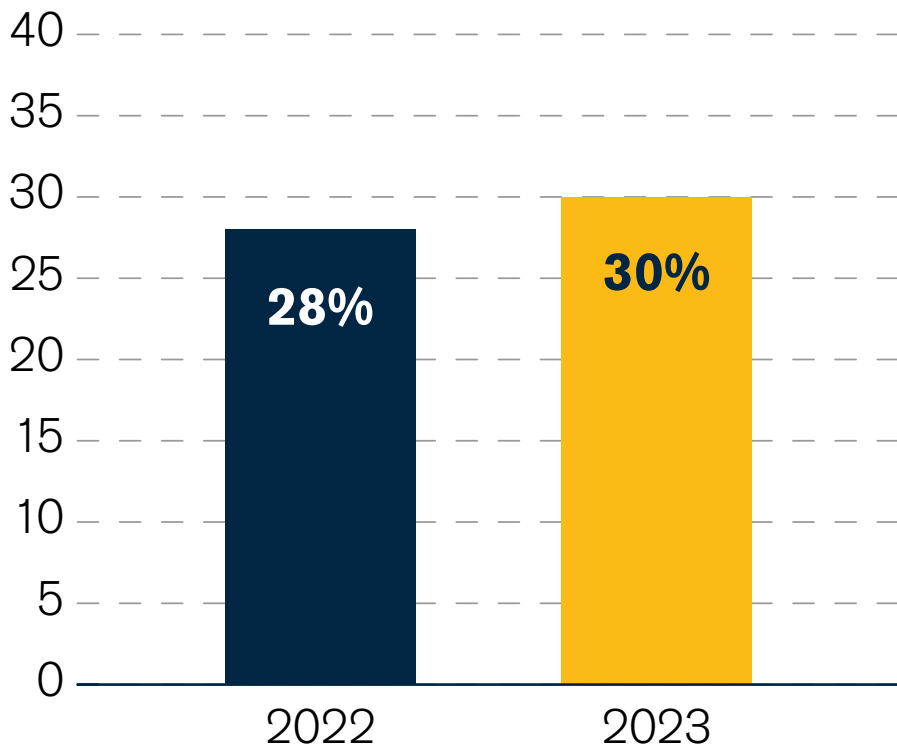
At Ölgerðin, we pride ourselves on ensuring equality between employees by working systematically to:

1. Women, men, and persons registered in Registers Iceland as being of neutral gender shall be paid equal pay and enjoy equal terms of employment for the same jobs or jobs of equal value. "Equal pay" means pay set in the same manner for all persons, regardless of gender. The criteria on the basis of which pay is set shall not involve gender discrimination.
2. All jobs must be open to people of all genders.
3. Equalise the gender ratio and increase diversity within the company, individual groups, and departments.

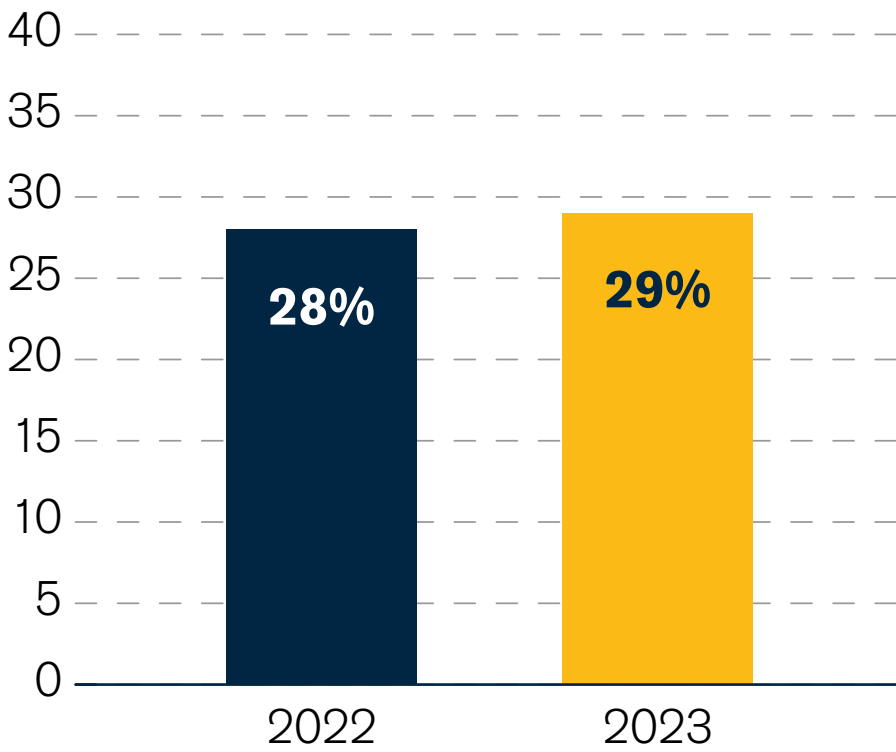
4. Work systematically against sexual abuse, gender-based harassment, and sexual harassment within the company.
5. Promote training and awareness of all staff about gender equality and the challenges of minority groups.
6. All employees shall enjoy the same opportunities for retraining and vocational training.
7. Increase flexibility and balance between work responsibilities and private life.
8. Promote a culture of equality within the company, so that all employees feel welcome.
9. Ölgerðin's advertising and marketing should reflect a modern vision of gender equality. It should not be biased towards one gender, nor disregard or in any way go against the equal status and equality of the sexes.

Gender Diversity

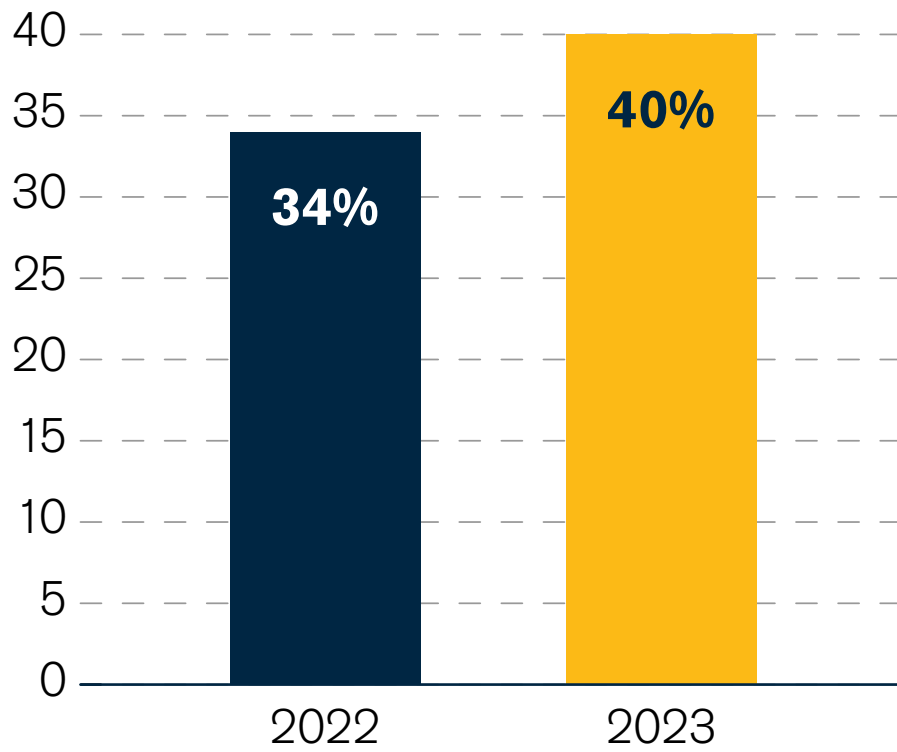
Proportion of women in the company



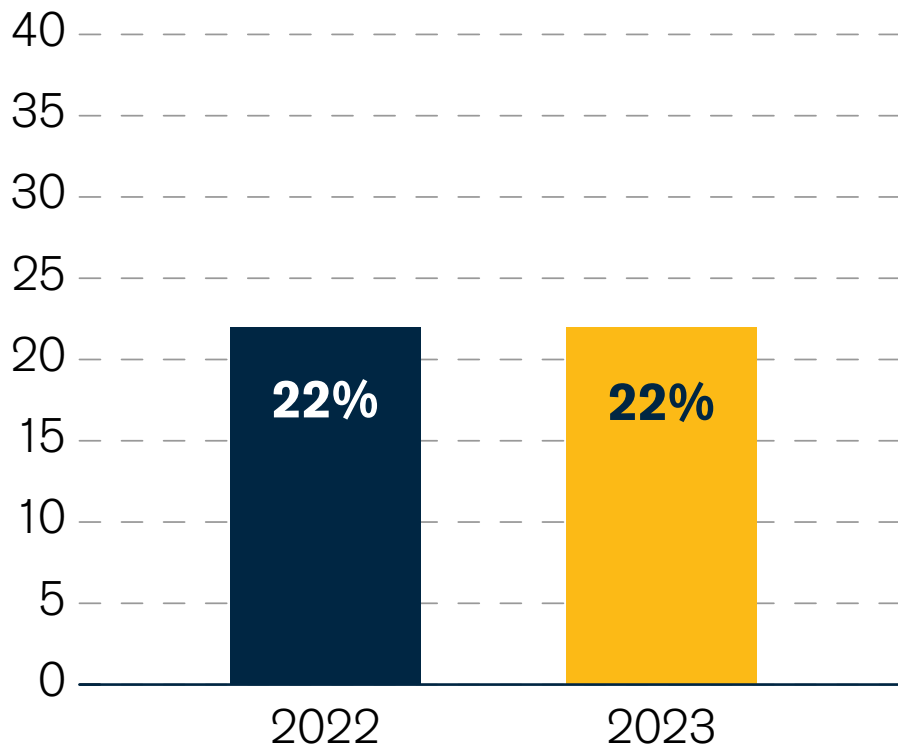
Proportion of women in starting jobs and next level above



Proportion of women in positions of supervisors and managers



Proportion of women on the Executive Board



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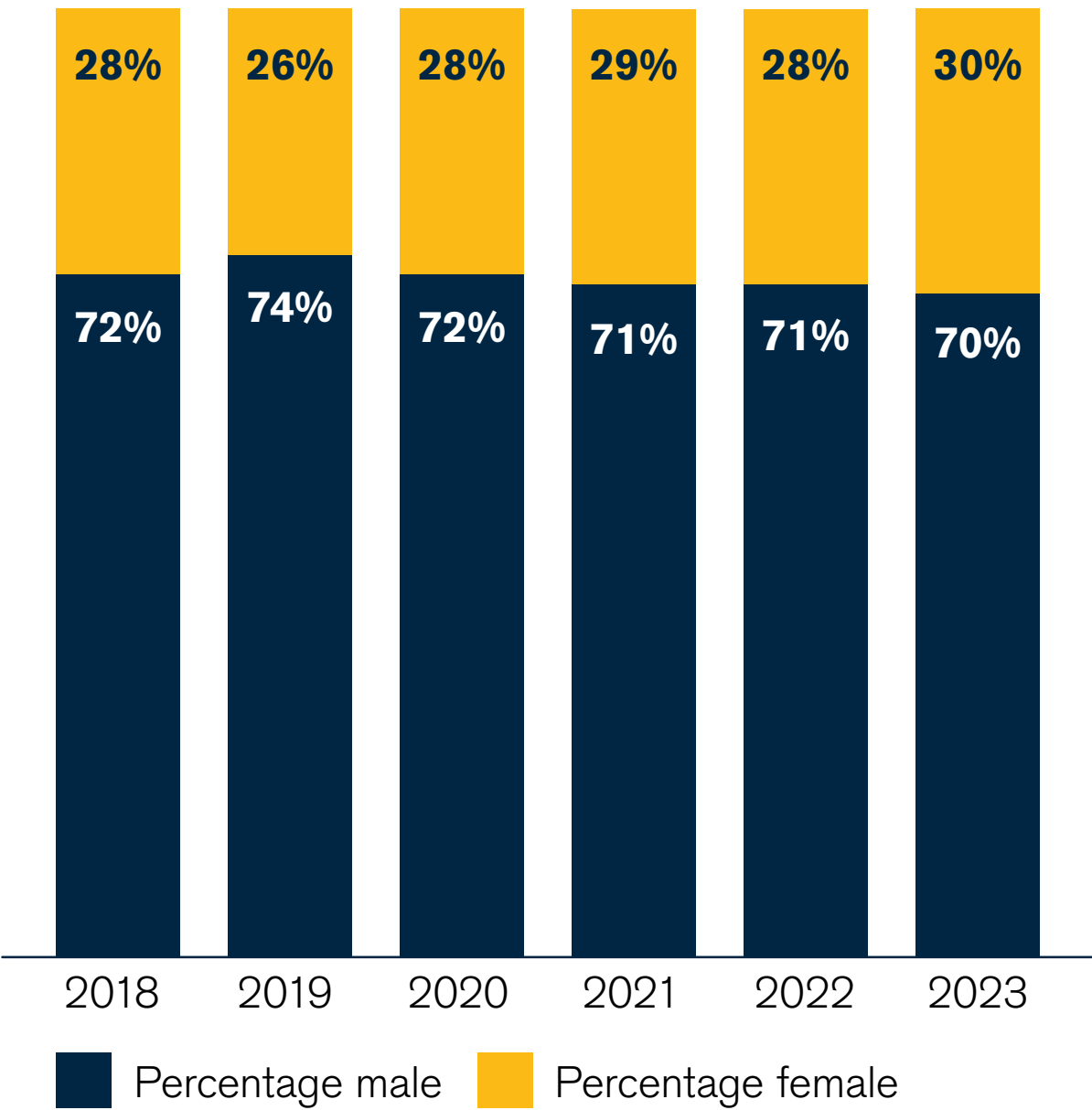
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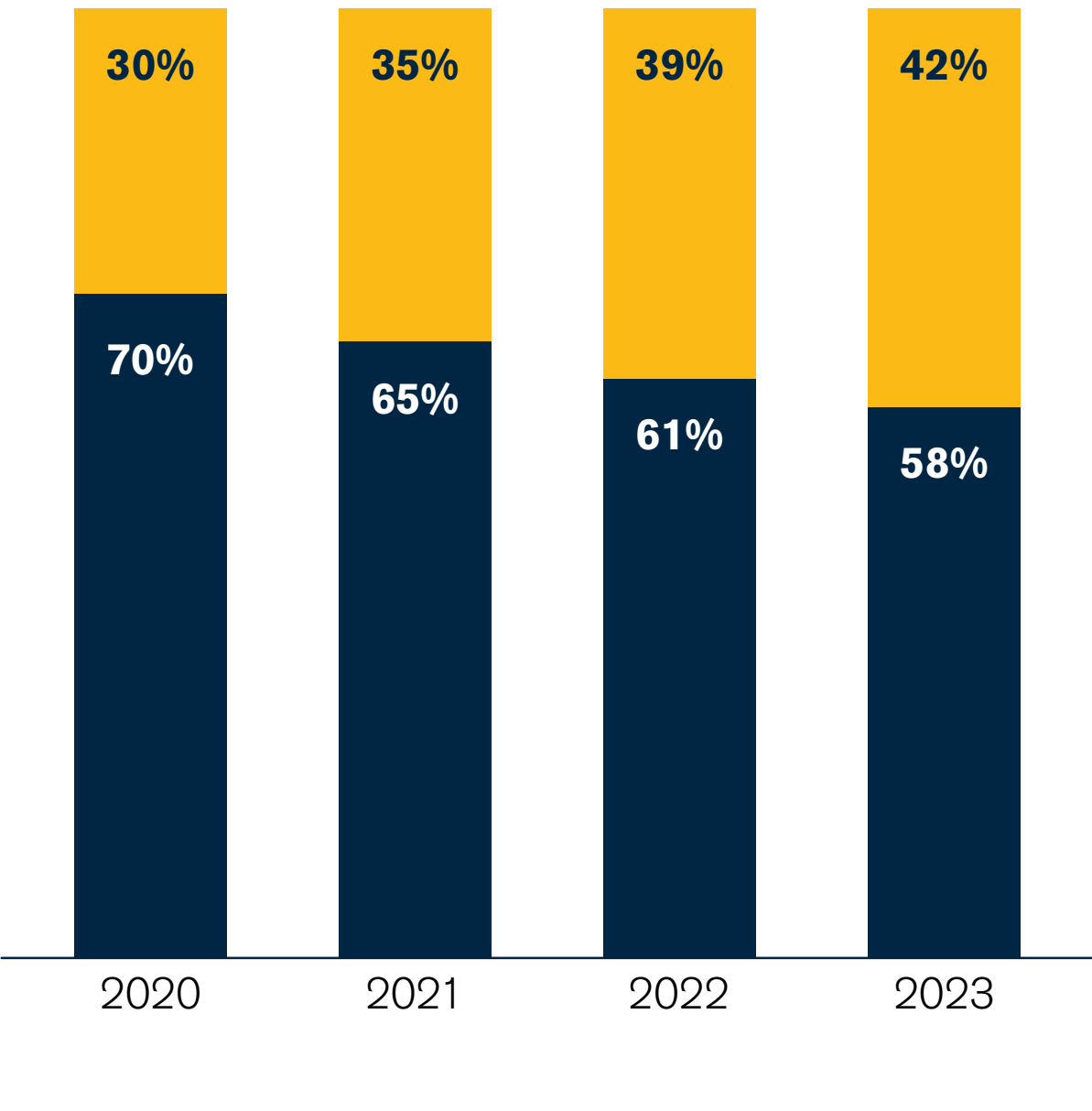
Gender Ratio

Those who identify as men have been in the majority at Ölgerðin over the years. The percentage of those who identify as men is high in production and the warehouse. The interest of those who identify as men in jobs is also higher if compared to the percentage of those who apply for positions. The percentage of middle managers was in line with the company's gender distribution a few years ago. The gender ratio of middle managers has gone from 30% of those who identify as women in 2020 to 42% women. It has been one of our goals to balance the status there and give more women within Ölgerðin the opportunity to be promoted.

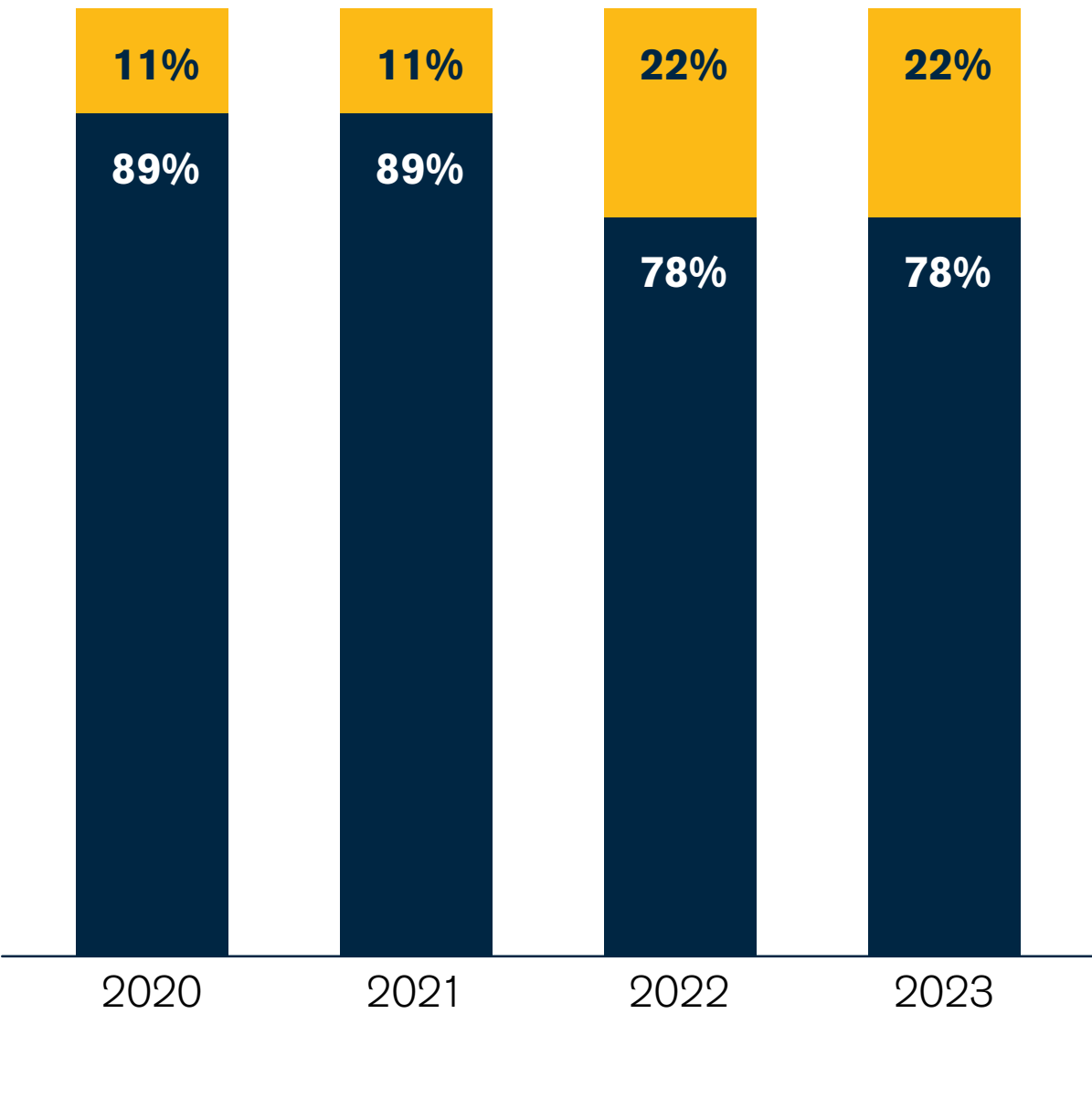
Here you can see the gender distribution of the last six years



Middle managers



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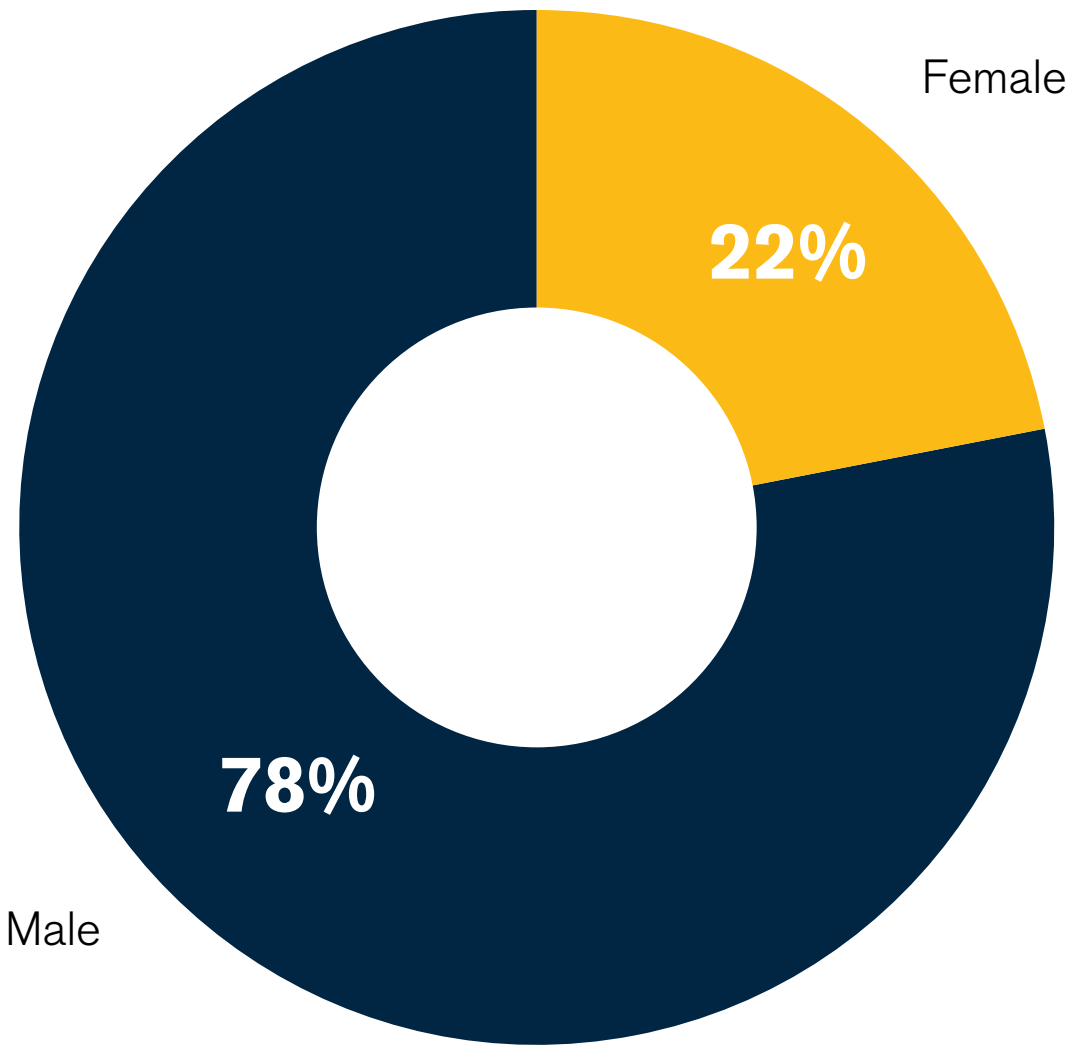
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Jafnvægisvogin (The Scales of Equilibrium)

Ölgerðin signed Jafnvægisvogin, and thus take part in equalising the ratio of men and women in the executive boards of companies in Iceland. We also undertake to participate in the implementation of gender quotas in the management of limited companies, Act no. 13/2010. We promise to work towards the objectives of Jafnvægisvogin and contribute to the project by gathering reliable information and participating in a survey related to gathering information about the state of affairs and the events of the project.

Gender ratio on the Executive Board 2022



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Queer Certification from Samtökin '78

During the year, Ölgerðin became the first company in Iceland to receive the Samtökin '78 certification as a LGBTQIA+ friendly workplace. The journey toward that certification included, LGBTQIA+ education for staff, as well as conducting audits of the company with LGBTQIA+ issues in mind. About 60% of the staff attended the training where the results of the survey were worked with. This was one part of increasing diversity in the company, reducing prejudice and welcoming everyone.

Inclusion Through Increased Equality Training

Ölgerðin presented an ambitious policy on equality and diversity to the Equal Opportunities Agency for the years 2021-2024. We work systematically to eliminate prejudices in the company and to welcome everyone. One aspect of that is equalising the share of women within the company. Great emphasis was placed on education in 2023. A lot of work has also gone into creating an inclusive workplace, including converting all restrooms into gender-neutral restrooms, adding changing rooms for women, and installing charging stations for the disabled in the parking garage.

Gender-Neutral Restrooms

All restrooms in Ölgerðin are gender-neutral. This contributes to everyone feeling welcome at Ölgerðin, regardless of gender. Gender-neutral restrooms are important for those who don't fit into traditional gender binaries, e.g. people who are not born with typical external gender characteristics, trans people (gender identity does not correspond to biological sex,) and non-binary people. It can cause anxiety to have to accept the labels of men or women when neither fits the person's gender identity.



Access for all

An audit was performed, in collaboration with Sjálfsbjörg, of access for people with reduced mobility to Ölgerðin's premises, which revealed that changes need to be made to access to the company's prem-

ises. Work was done on new drawings during the year and an invitation to tender was launched. The plan is to improve access this year.

Icelandic Lessons for Everyone - Just Speak

We have encouraged employees to attend Icelandic classes at Ölgerðin's premises to make it easier for employees to attend courses. In March 2024, Just Speak (Bara tala), a digital Icelandic teacher, was launched. Just Speak is in the form of an app based on artificial intelligence and Icelandic language technology. Special consideration is given to the activities

of Ölgerðin in the choice of words, and visual cues are used, as well as images to facilitate vocabulary acquisition, listening skills and practical memory for the user. Efforts are made to send out all company material in both Icelandic and English, e.g. job ads. On our employee appreciation day - the Yes Day- for example, we have interpreters in both Icelandic and English.

Career Development and Education Level

Work has been done to map the education level of the company's staff. By having an overview of education levels, it is easier to spot career development opportunities. Ölgerðin is a diverse workplace. It is, moreover, first and foremost an enjoyable place to work. Our employees come from a wide range of backgrounds and professional education, including bakers, waiters, chefs, beauticians, commercial drivers, business

administrators, engineers, psychologists, biomedical scientists, food scientists, political scientists, actors, DJs, and brew masters. Jobs at Ölgerðin are varied and a large part of our jobs do not require education. At Ölgerðin, employees are offered an educational grant that is designed for continuing education and is part of Ölgerðin's career development and continuing education policy.



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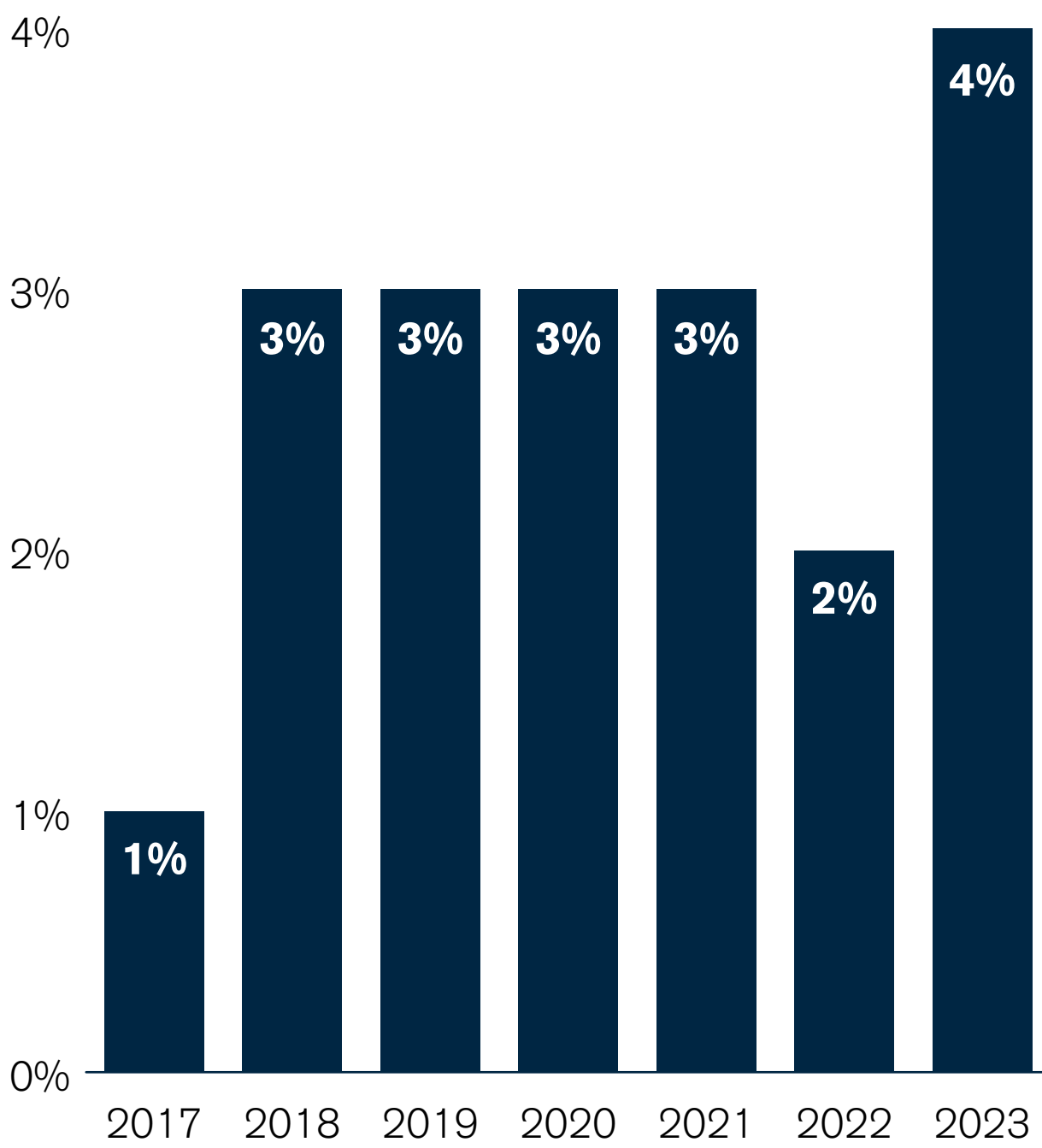
Zero-accident policy

Staff safety is a priority at Ölgerðin. With preventive education, intensive training for new recruits, excellent equipment, safe working environment and reliable procedures, we try to prevent accidents. Ölgerðin has a Safety Committee that discusses matters pertaining to preventative measures, working environment and health and safety in the workplace. If accidents occur, they are recorded and analysed. Subsequently, improvements to facilities or procedures are made to prevent such an accident from happening again. Records of so-called "near misses" are maintained, where employees record suggestions for improvements to prevent accidents.

Last year, a new full-time position of Safety Representative - Security and Quality Issues Expert, was introduced. Thus, even greater emphasis is being placed on the company's Security Policy and the follow-up of security matters is facilitated. This year, a large-scale project was undertaken to update the existing fire protection equipment and interconnect equipment in all buildings. Processes were updated and fire alarms from the control centre are now also received in the building management app. Investment was also made in new equipment to strengthen the building's fire protection.

Accidents and absences due to accidents increased between years. Each accident is one too many and the goal of zero accidents is still being aimed for. Achieving and maintaining a zero-accident policy is a task that never ends, and safety issues and building a safety culture will always be the focus of the company.

Total number of accidents as a percentage of the total number of employees.



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Health-Promoting Workplace

Employees are encouraged to promote health at Ölgerðin in a variety of ways. They are encourage take advantage of a health grant to subsidise the costs for physical or mental health related matters. A transport contract is offered for those who travel to and from work in an eco-friendly way.

Each year, the Health and Safety Week is held with the aim of increasing awareness of the importance of good health and safety. During the week, a number of events, lectures, seminars, competitions, and yoga classes are held. Ölgerðin strives to ensure that the arrangements and programs are ideal at all times, so that most employees can find something suitable for them in the form of events, a healthy menu, or other services.

Ölgerðin has an agreement with Heilsuvernd, which is a recognised health and occupational safety service provider. Heilsuvernd’s service components include recording absences and providing advice to employ-ees, corporate medical services, receiving patients and welfare services, in addition to other services.

Heilsuvernd's role includes recording illnesses and assisting employees in dealing with health problems. Heilsuvernd provides advice in case of illness and instructions on where to seek assistance within the healthcare system. Employees continue to see their GPs or other doctors for treatment. With the record, we get a complete overview of staff absences within the different departments of the company, and it is possible to compare departments or Ölgerðin with other companies. The record can be used as a tool to analyse facilities and safety in the workplace.

Ölgerðin's employees are offered both a health grant and a transport grant. We encourage employees to take good care of their health and exercise, as well as their mental health. Ölgerðin also encourages its employees to use eco-friendly and healthy modes of transport to travel to and from work.



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Education and training

Ölgerðin’s employees are one of the company’s most valuable resource. They not only ensure that real value creation occurs in the company, but it is their hard work and daring that ensures that Ölgerðin’s customers have bought the company’s products for over a hundred years. It is therefore of great importance to Ölgerðin that employees feel comfortable in their work and that they grow and prosper at work.

One of the most important aspects of this work is to ensure that employees receive quality training and that good work performances lead to increased responsibilities and rewards within the company.

Last year, a new and better training platform, Ölgerðarskólinn, was implemented. Ölgerðarskólinn is an electronic training system that manages all com-

pulsory training and other training for Ölgerðin’s staff. Ölgerðarskólinn’s mission is to increase the knowledge of the staff and maintain it through accessible courses and training. In Ölgerðarskólinn, there is also easy access to the employee handbook and other material that staff can familiarise themselves with.

When employees begin their employment at Ölgerðin, they are granted access to the Ölgerðarskólinn. They goes through new recruits training, where all the main points regarding the company’s history, policies, rules, and operations are reviewed.

Mandatory training for new staff is determined based on the needs and the quality requirements that Ölgerðin has to meet at all times.

Job Exchange

Good cooperation between departments and staff is emphasised in order to improve services. Exchanging jobs is a great way to get to know colleagues and to get to know each other’s jobs even better. During job exchange, employees visit other departments and spend at least half a day with employees at other workstations and learn from them.

Two months a year are specifically dedicated to job exchange, but of course employees can do job exchange at other times. When new employees begin work, they often do job exchange, which is a good way to quickly familiarise yourself with the operations and get to know people.



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5. The Circular Economy

The Circular Economy

We at Ölgerðin put an extra effort into improving the company procedures with respect to the circular economy. We place emphasis on decreasing waste throughout our processes (raw materials, packaging, design, production, transport, usage/reuse/repairs/shared services, collection, and recycling).



1. Collecting and Recycling Coffee Capsules in Iceland

Ölgerðin and Danól import around 16 million coffee capsules per year. During the year, the collection and recycling of coffee capsules was set up in a more environmentally friendly manner than previously known here in Iceland. You can return used coffee capsules to all Sorpa recycling centres in the Greater Reykjavík Area and to Íslenska Gámafélagið's recycling centres in rural areas. The capsules are then pre-processed at the Íslenska Gámafélagið, where they are chopped up and the coffee grounds are sifted away. The coffee grounds go to GAJA's earth and gas processing plant, where it becomes fertiliser. The metal is sent to metal recycling. Further information on the project may be found at kaffihylki.is.



2. Reduction of Food Waste in the Online Store

On the website of Danól's online store, a subsidiary of Ölgerðin, you will find products at heavily reduced prices when close to sell-by date. The project started in September 2022, and since then a number of products approaching their sell-by date have been sold. During the year, the project was systematically presented to customers and it has resulted in less food waste.



3. Reduction of Raw Materials and Recycling of Packaging

We at Ölgerðin have emphasised that the company's packaging is as environmentally friendly as possible in order to meet the changing demands of customers. The main measures in terms of environmentally friendly packaging are the reduction of raw materials in packaging, the percentage of recycled raw materials and the sorting percentage. During the year, the company's plastic line was updated based on a new regulation that requires caps on plastic bottles to be attached. At the same time, the bottles were made lighter by 3.6 to 4.5 g depending on the size, or which corresponds to a saving of 70 tonnes of plastic per year. The company's plastic bottles are made from 50% recycled plastic. Ölgerðin is also a shareholder in Endurvinnslan hf., whose safe recycling of beverage packaging supports the important circular economy.



4. Increased Sorting, Reuse and Upcycling of Value Streams During the Year

New waste legislation was implemented during the year and, amongst other things, all labels were harmonised. Sorting has increased during the year and considerably more is now being reused than before, which results in a lower carbon footprint due to waste from operations. During the year, we continued to replace traditional light bulbs with LED bulbs, and in the office building the use of hand towels was stopped and hand dryers were installed instead. An example of a project that promotes reuse are the plastic trays that come from the Little Moons ice scoops during presentations, but they are now given to preschools where the children use them to keep paint in for crafts. An example of the upcycling of value streams is that left-over staff clothing from the operations is now upcycled, e.g. for chairs. Part of left-over yeast from beer production is used for shampoos, namely beer shampoo.

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Reduction of Food Waste in the Online Store

One of the company's goals is to reduce food waste. On the frontpage of the online store of Danól, an Ölgerðin subsidiary, special attention is now drawn to products that are about to expire at reduced prices. Also, we closely monitor sell-by dates and swiftly apply discounts if there is a chance

the product will expire before it is sold. The project started in September 2022, and since then a number of products approaching their sell-by date have been sold. During the year, the project was systematically presented to customers and it has resulted in less food waste.

Increased Sorting, Reuse and Upcycling of Value Streams During the

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Upcycling of Value Streams

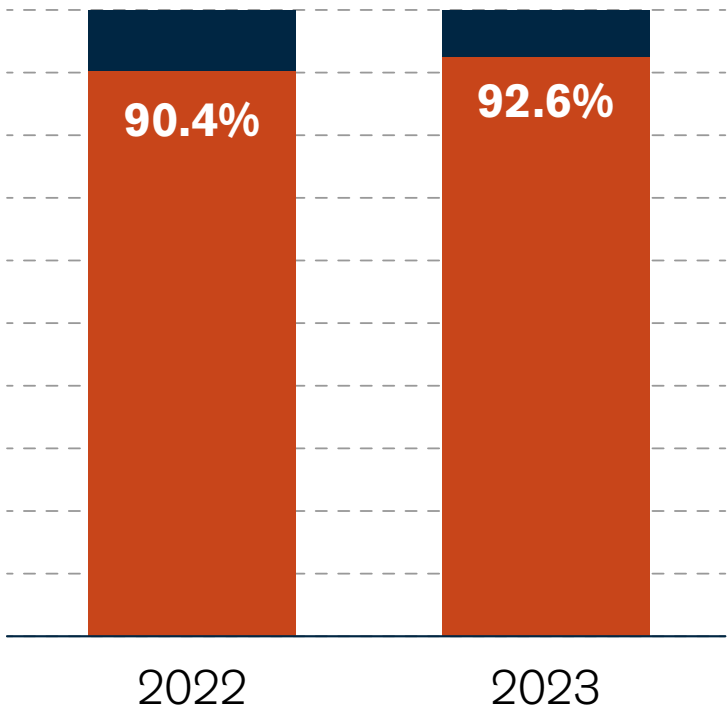
The circular economy is very important to us, and we prefer to upcycle leftover materials if possible. An example of the upcycling of value streams is that leftover staff clothing in collaboration with Slembival. Old staff clothing was recy-

clered into bean bags for the Ölgerðin café and for reusable bags. The clothing was taken apart, dyed, and put together again. Another example is that part of leftover yeast from beer production is used for shampoos, namely beer shampoo.

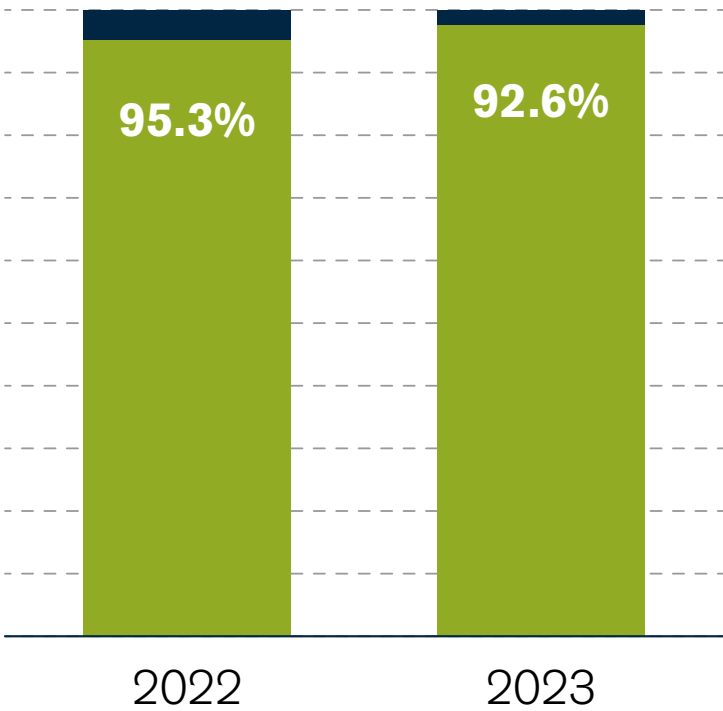
Increased sorting

Sorting has increased during the year and considerably more is now being reused than before, which results in a lower carbon footprint due to waste from operations.

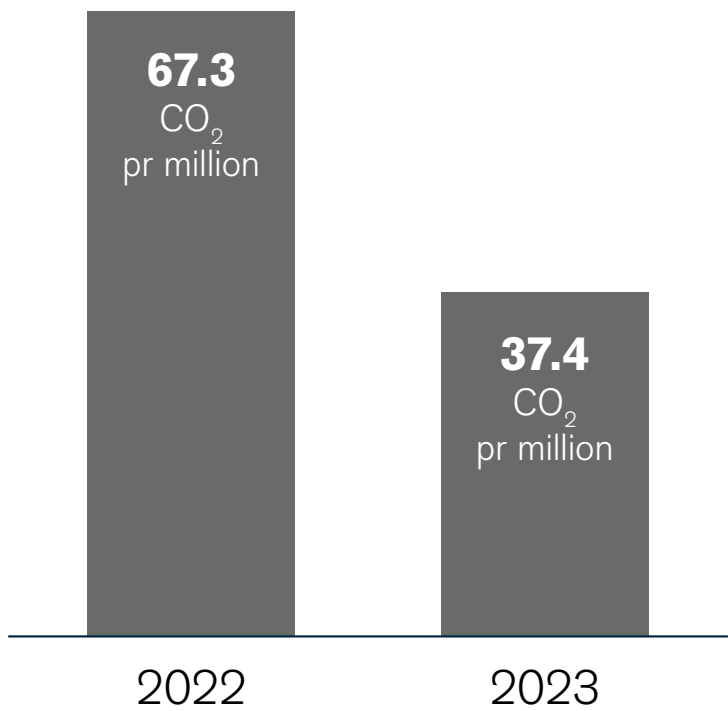
Proportion of sorted waste



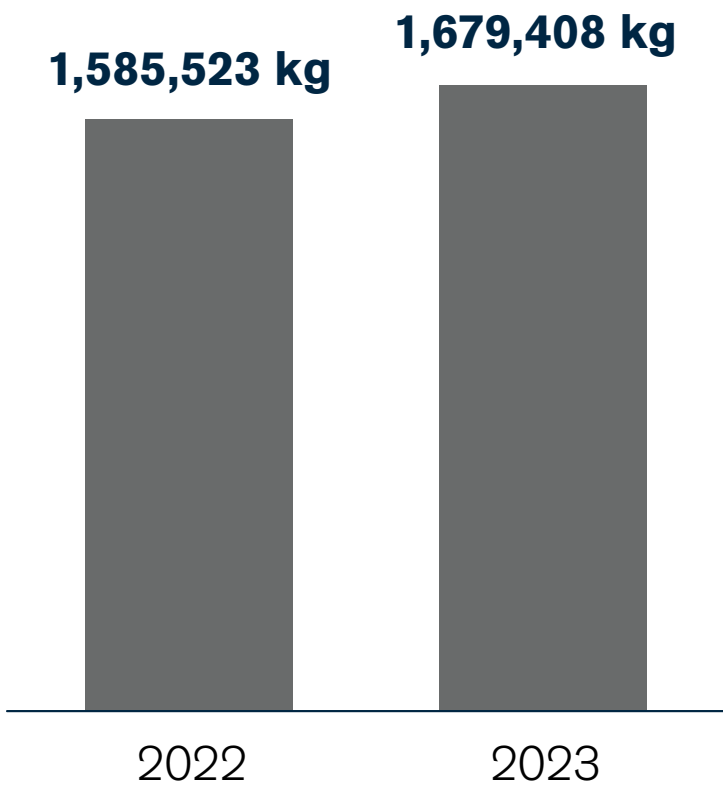
Recycling rate



Total emissions due to waste from operations



Total volume of waste



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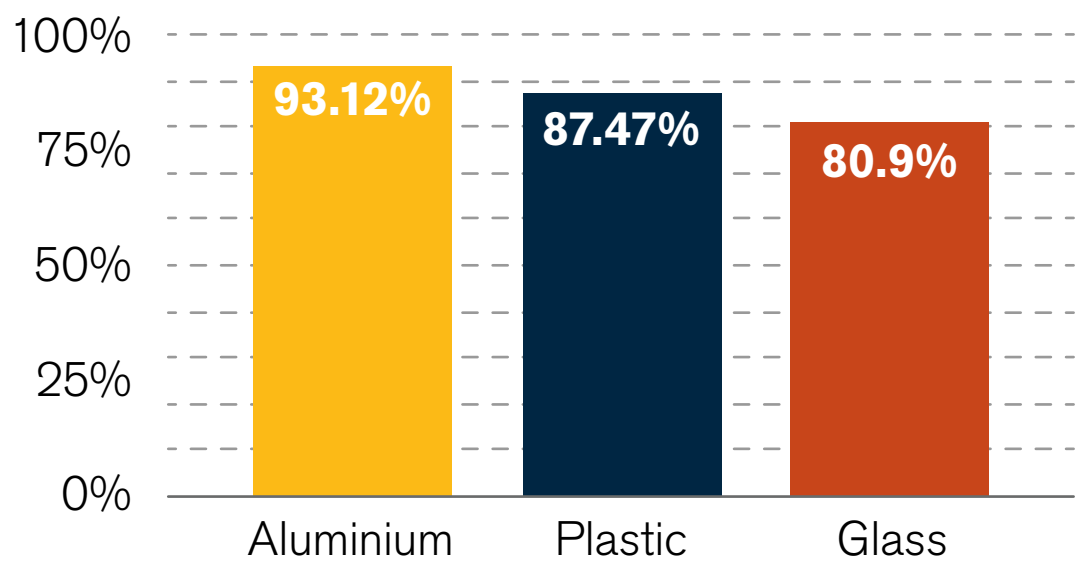
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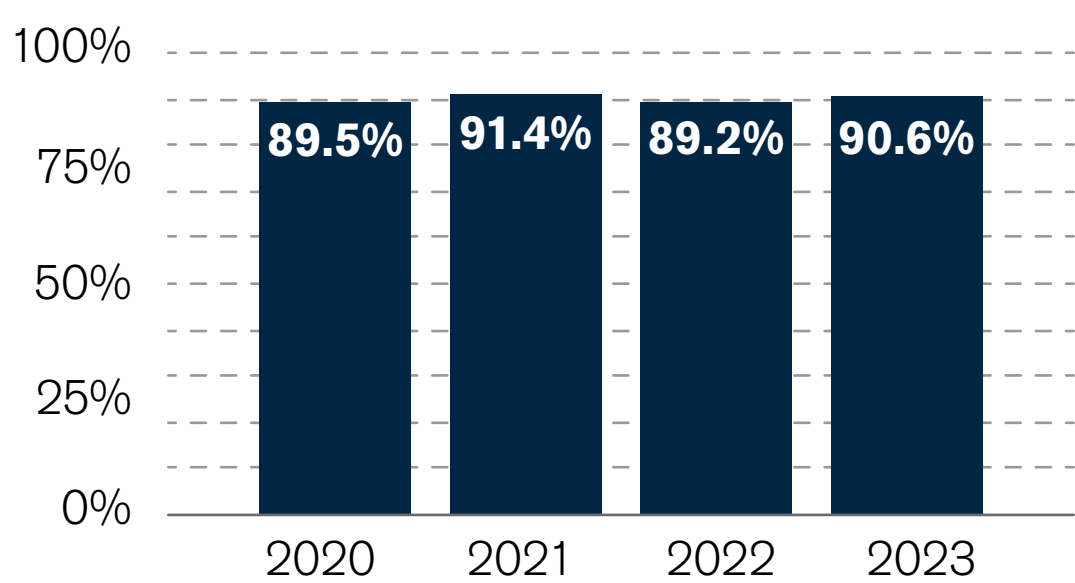
Recycling of packaging

Ölgerðin is one of the owners of Endurvinnslan, which is a major player in the recycling of beverage containers. We have performed a life-cycle analysis (LCA) of the carbon footprint of packaging, results of which are available on our website. It is vital that disposable beverage containers are returned for recycling in order for their new life to begin. Endurvinnslan receives all disposable beverage containers here in Iceland and sells for recycling. The recycling ratio was 90.6% in the year 2023.

Recycling ratio 2023



Total recycling ratio by year



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Net Zero

Ölgerðin has a goal of Net Zero in the year 2040. The methodology is based on Science Based Targets (SBTi) where the focus is on decreasing carbon emissions throughout the value chain and what is left is then offset by certified carbon credits.



Reduce Carbon Footprint

The carbon footprint of own operations (Scope 1 and 2) increased by 192 tonnes of CO2 equivalents year on year. The reason was a leak in the last non-environmentally friendly cooling system in the building, which is due for renovation. Oil for a spare steam boiler in production was also purchased during the year, but it has now been replaced and there have been no emissions due to it since June.



Greenhouse gas emissions

Greenhouse gas emissions decreased by 7% from last year. Ölgerðin releases proportionally less greenhouse gases despite increased scale of operations since last year.



Electrification of car fleet

Last year, Ölgerðin received our first electric trucks and thus marked a turning point in the history of energy transition in Iceland. 40% of Ölgerðin's car fleet is now electric cars, and the goal is for the percentage to be 100% by 2030.



Electrification in Production

In 2016, the oil boiler was the company's biggest emitter. Mid-year 2018, the electric steam boiler was prioritised and the oil boiler used as a spare power source. Last year, we also invested in a new 3MW electric boiler that replaced a 1.5MW oil boiler, and since June, emissions in production have been 0%.



Projects

Work was done on energy-saving projects in the operations. To promote air savings, a special control system was designed. It now controls air flow during production, this reduces both energy consumption and wear and tear on air compressors. In addition, heat exchangers were installed on the hot water tanks of Ölgerðin's beer brewery, which leads to significant electricity and time savings in beer brewing.



Declaration of Intent on Forestry

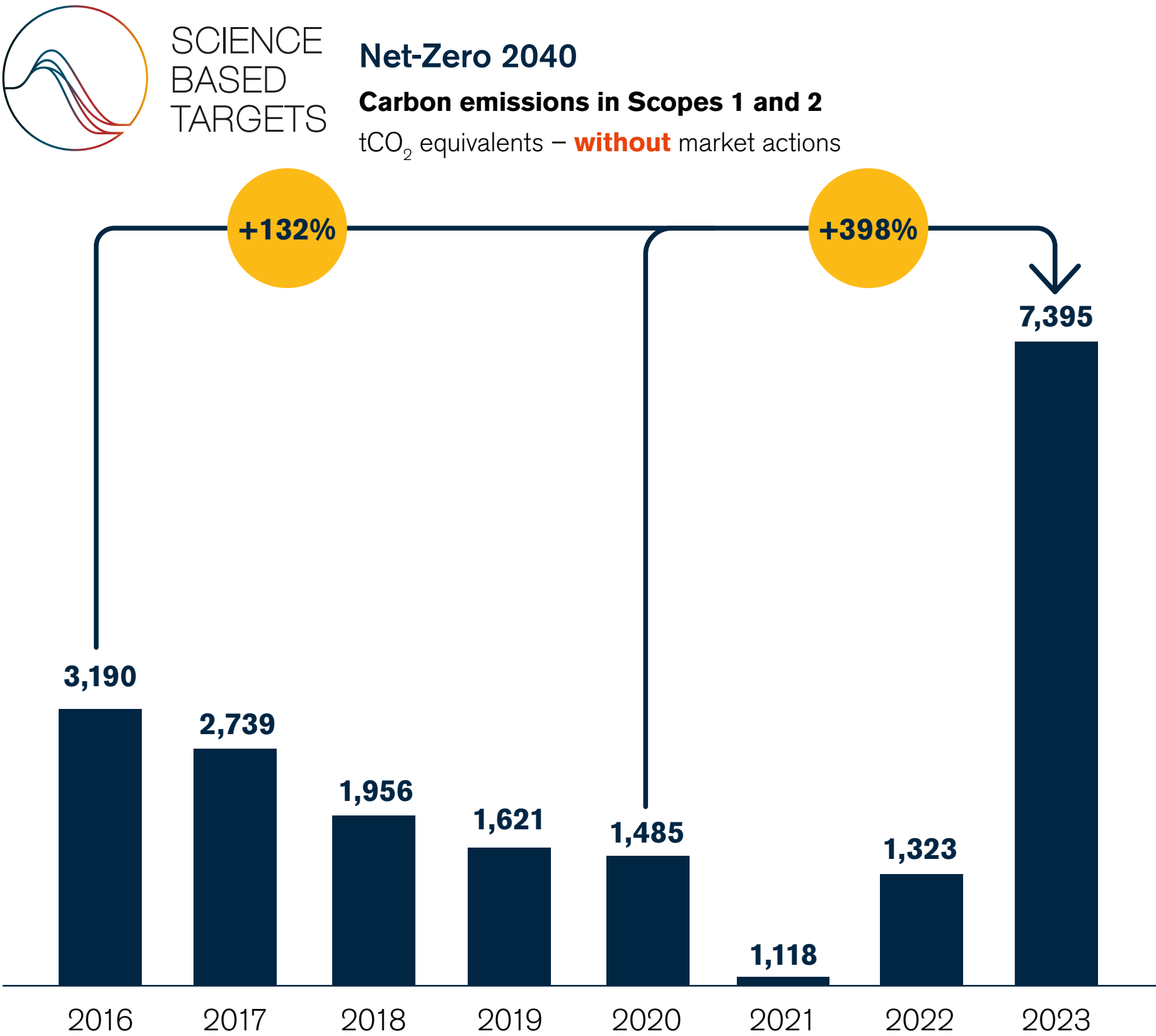
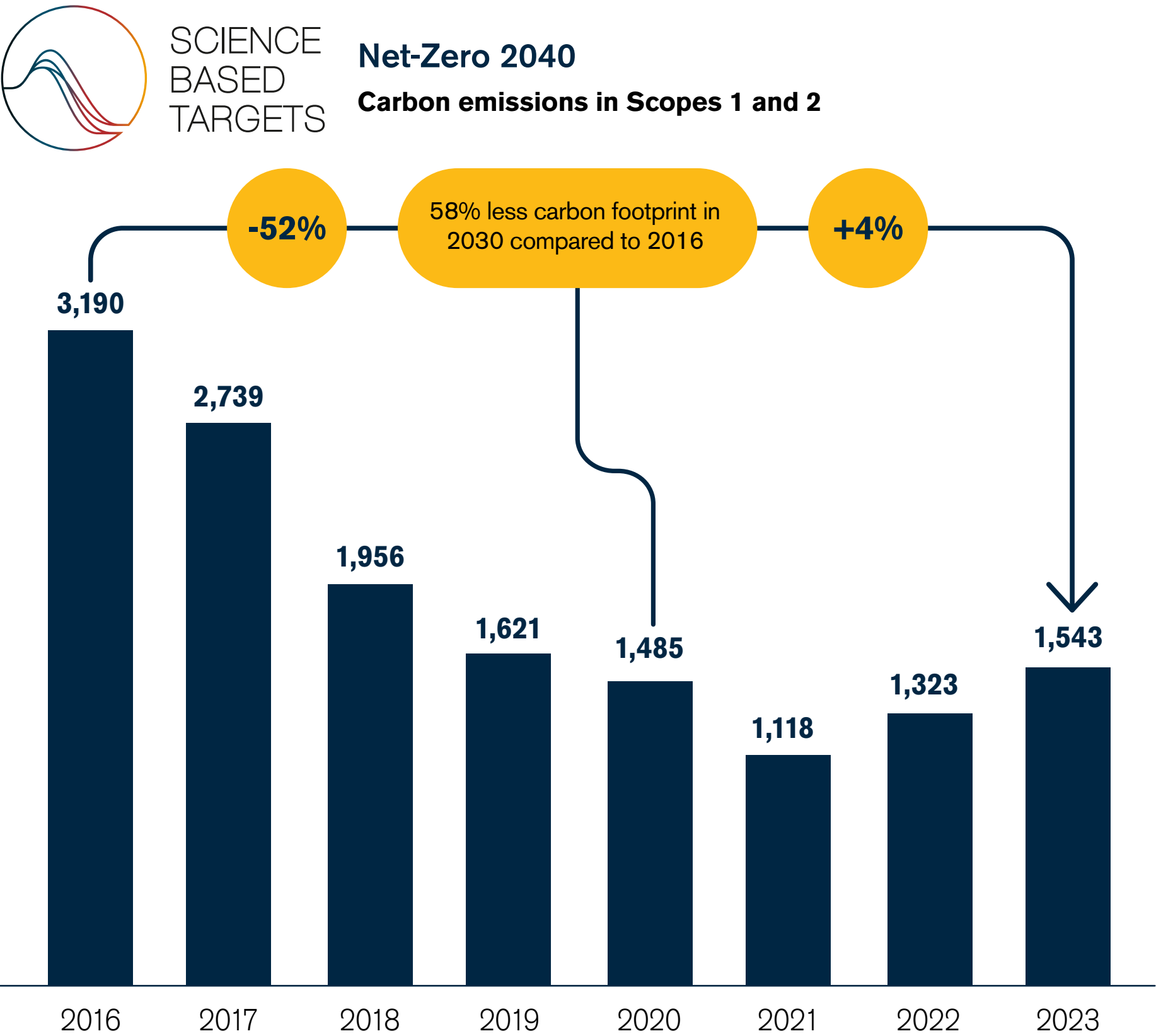
Skógræktarfélag Reykjavíkur and Ölgerðin signed a declaration of intent for forestry on part of the company's land in Lundarreykjadalur. The expected contract will cover forestry on 140 hectares and about 350,000 plants will be planted.

Carbon Footprint of Operations Reduced by 52% With Marketing Campaigns

Ölgerðin has reduced the carbon footprint of operations (Scope 1 and 2) by 52% from 2016 to 2023, at the same time as the company's turnover has increased many times over. Statement on 40% decrease in carbon footprint was released in Höfði on 16 November 2015. That goal was reached in 2019. SBTi goal of 42% less carbon footprint from Scope 1 and 2 in the year 2030 when compared with 2020 – reduction is already 4%.

The carbon footprint of own operations increased by 192 tonnes of CO2 equivalents year on year. The reason was a leak in the last non-environmentally friendly cooling system in the building, which is due for renovation. Oil for a spare steam boiler in production was also purchased during the year, but it has now been replaced and there have been no emissions due to it since June.

Guarantees of origin were included free with electricity for sales companies on the wholesale market until 2022. Last year, Ölgerðin had to buy a guarantee of origin with purchased electricity. This is a lot of money and additional costs for the companies that are on the sustainability journey. The figure shows how the carbon footprint of operations would change without marketing measures.



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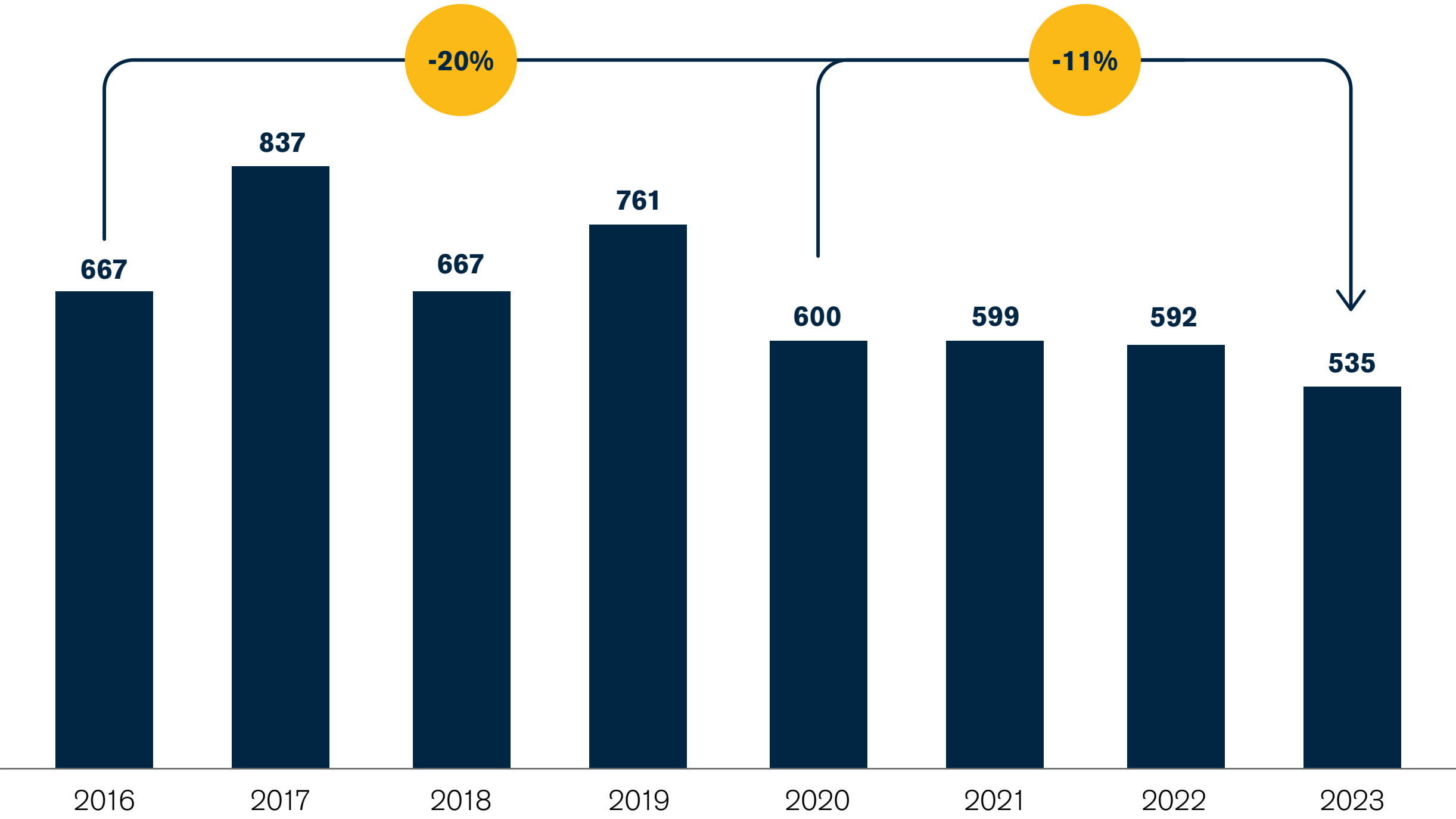
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Electrification of car fleet

Last year, Ölgerðin received our first electric trucks and thus marked a turning point in the history of energy transition in Iceland. In the year 2030 all of Ölgerðin's vehicles will be electric and by the end of 2023, 40% of the car fleet was electric. Last year, a lot of work was also done to secure the infrastructure needed to handle the future electricity needs of the trucks, and a new transformer will be commissioned in mid-2024. Temporary infrastructure was installed to ensure electricity for the electric trucks that arrived last

year. In addition, two additional trucks have been purchased, and 4 of Ölgerðin's 11 trucks will then be electric. Ölgerðin's fleet also includes around 70 passenger cars that employees use for transport. In some cases, the infrastructure at our employees' homes are not as advanced as Ölgerðin's goals for energy transition. In such cases, we offer our employees compensation for installing charging stations by their homes and all paid-out costs thereto are reimbursed.

Carbon emissions



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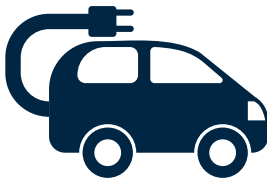
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Electrification in Production

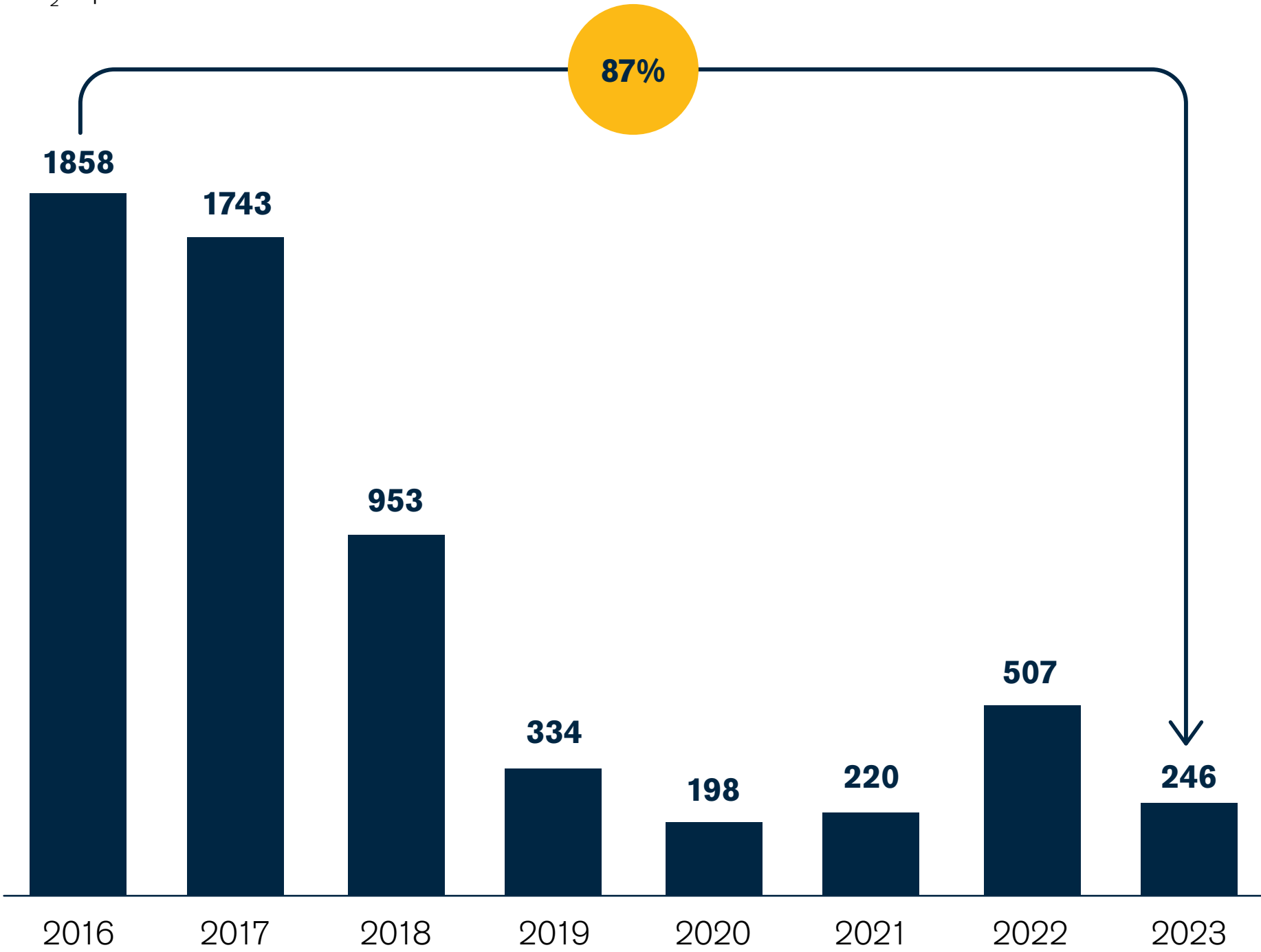
The steam boilers are the basis for Ölgerðin's beer production. We have two and until last year, one used electricity and the other used oil. In 2016, the oil boiler was the company's biggest emitter. Mid-year 2018, the electric steam

boiler was prioritised and the oil boiler used as a spare power source. Last year, we also invested in a new 3MW electric boiler that replaced a 1.5MW oil boiler, and since September, emissions in production have been 0%.



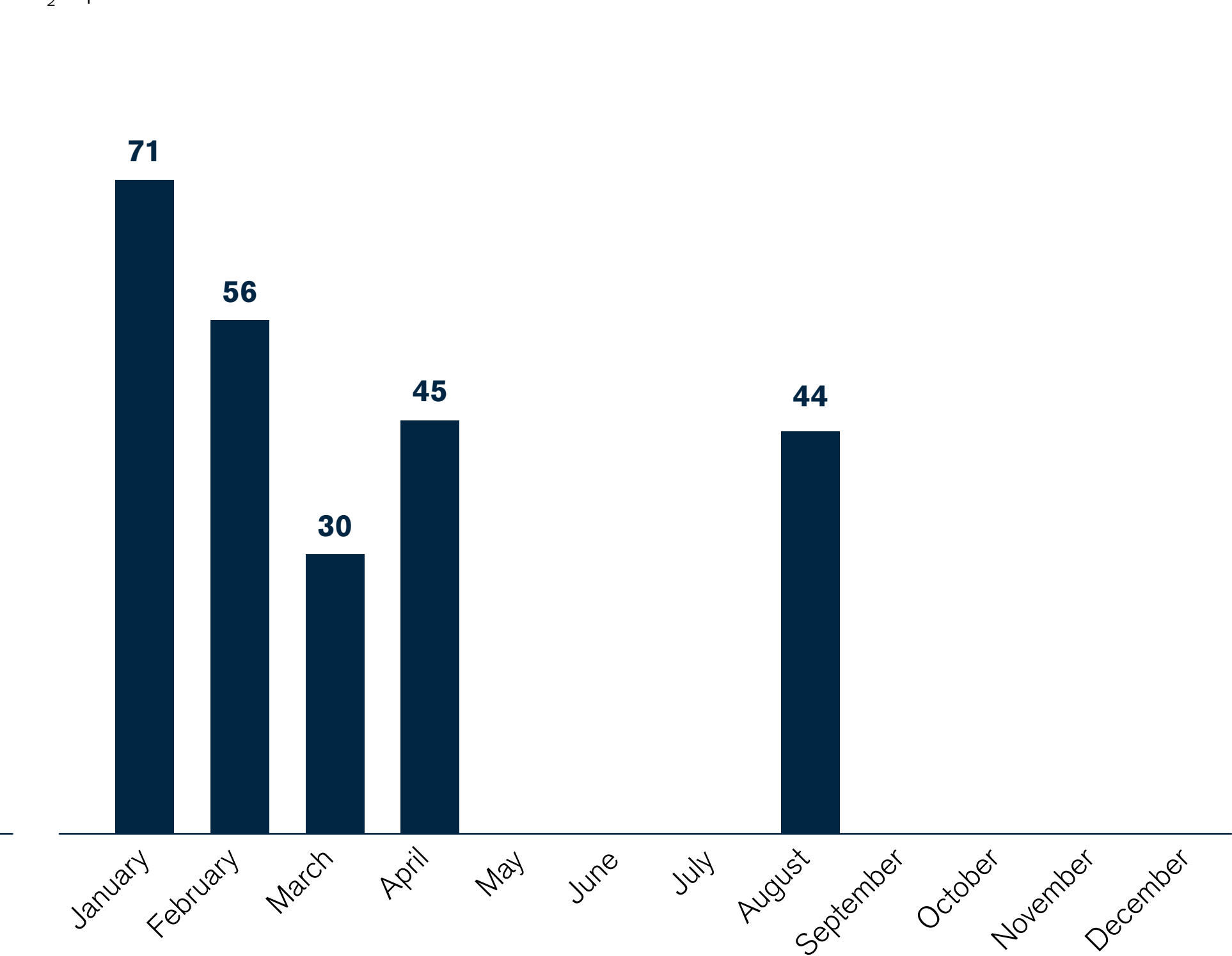
Carbon emissions

tCO₂ equivalents



Carbon emissions 2023

tCO₂ equivalents



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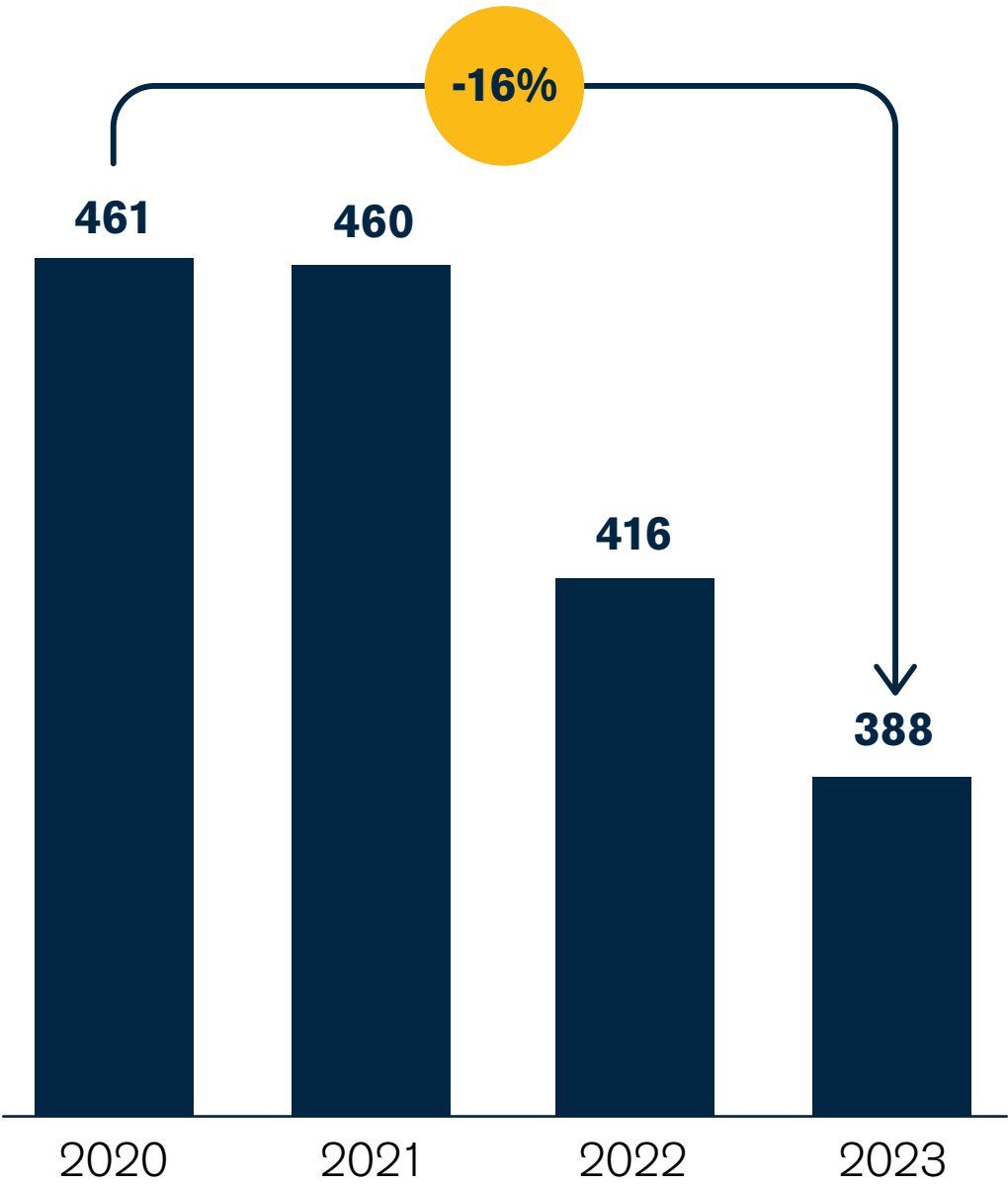
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Greenhouse gas emissions

Greenhouse gas emissions decreased by 7% from last year. Ölgerðin releases proportionally less greenhouse gases than before, despite increased scale of operations between years.

Greenhouse gas intensity of groups

kg CO₂ eq/million



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What is Science Based Targets (SBTi)?



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

We at Ölgerðin have set ourselves ambitious goals that can be verified using scientifically approved methods, and we aim to keep global warming below 1.5°C; a Science Based Target (SBTi). You can view the companies that have committed to developing targets here: sciencebasedtargets.org/companies-taking-action#dashboard

We are committed to decreasing emissions in Scopes 1 and 2 by 42% from the year 2020 in addition to the great results we have already achieved. In addition we plan to better address indirect emissions (Scope 3) and decrease emissions to the extent possible. This will be achieved by reviewing the method of product shipments to the country, reviewing the production of packaging, and taking account of emissions due to production of the products that Ölgerðin buys and sells in Iceland.

Net Zero 2040

We at Ölgerðin aim for achieving our Net Zero commitment in the year 2040. The company will therefore decrease the emission of greenhouse gases as much as possible and offset the remaining with certified carbon units. This goal will

be reached by energy transition and by putting great effort into improving the company processes based on the circular economy, from raw materials and packaging to recycling.



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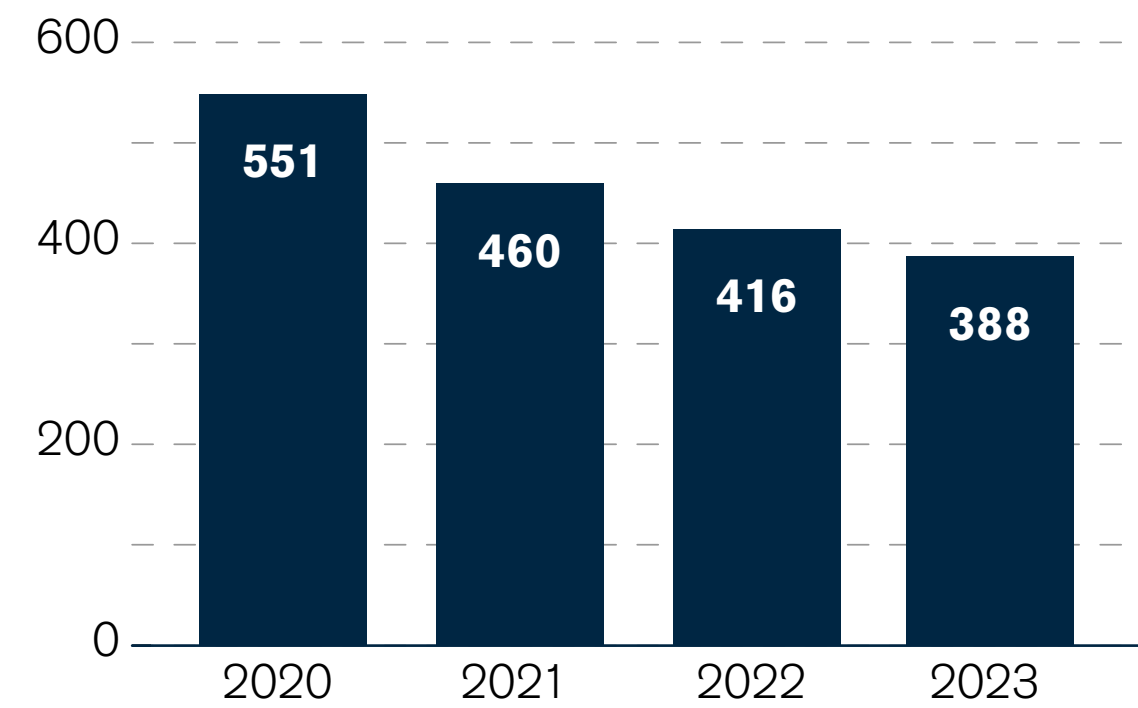
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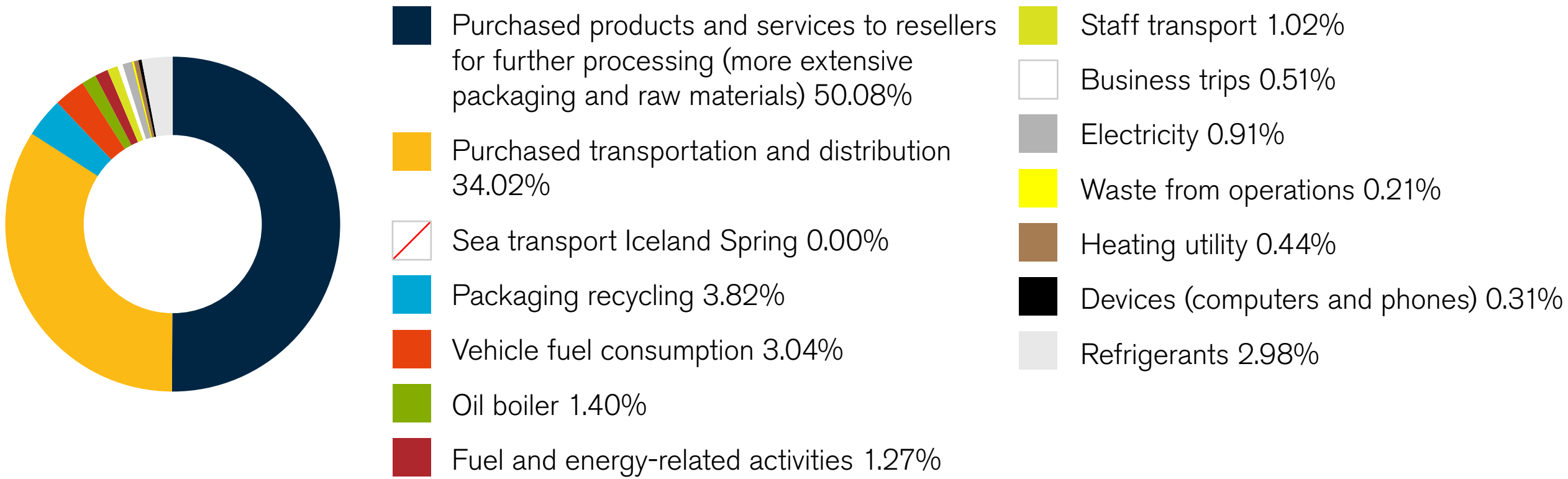
The Carbon Footprint!

The goal is to reduce the carbon footprint of Ölgerðin's products. Our indicator is the carbon footprint of turnover. We want emis-sions for each unit to be constantly reduced each time you buy a beverage, cosmetics, or any other item of ours.

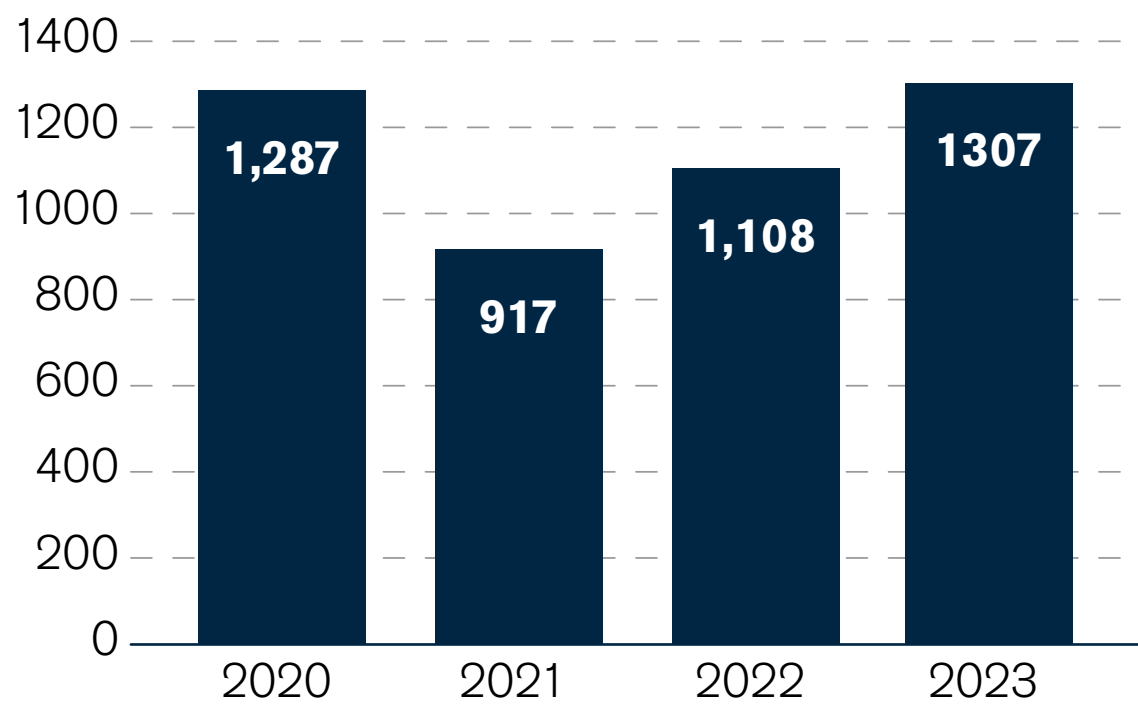
Carbon footprint in kg CO₂eq/million (revenue)



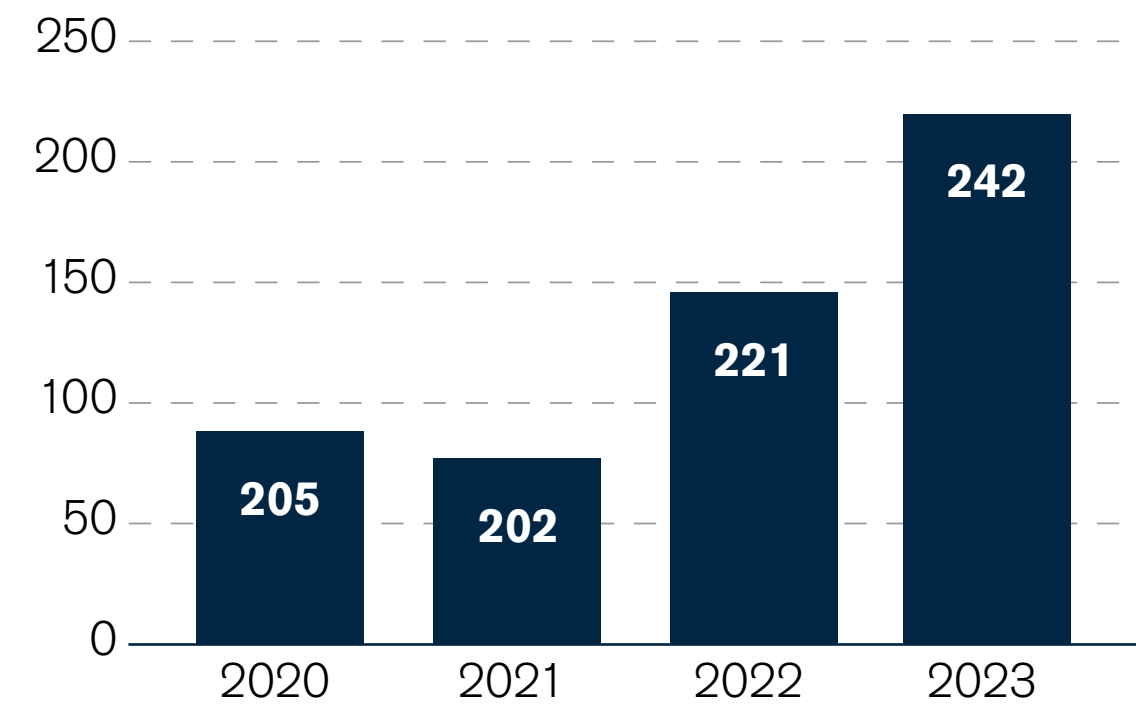
Division of Carbon Emissions



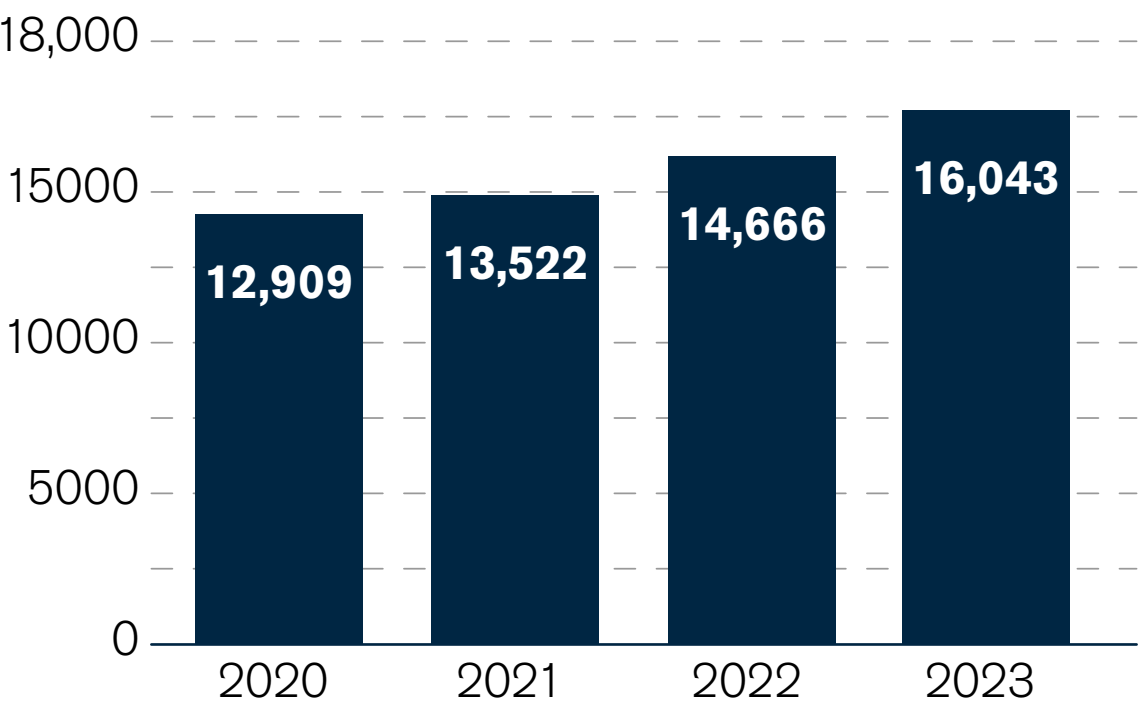
Scope 1
tCO₂eq



Scope 2
tCO₂eq



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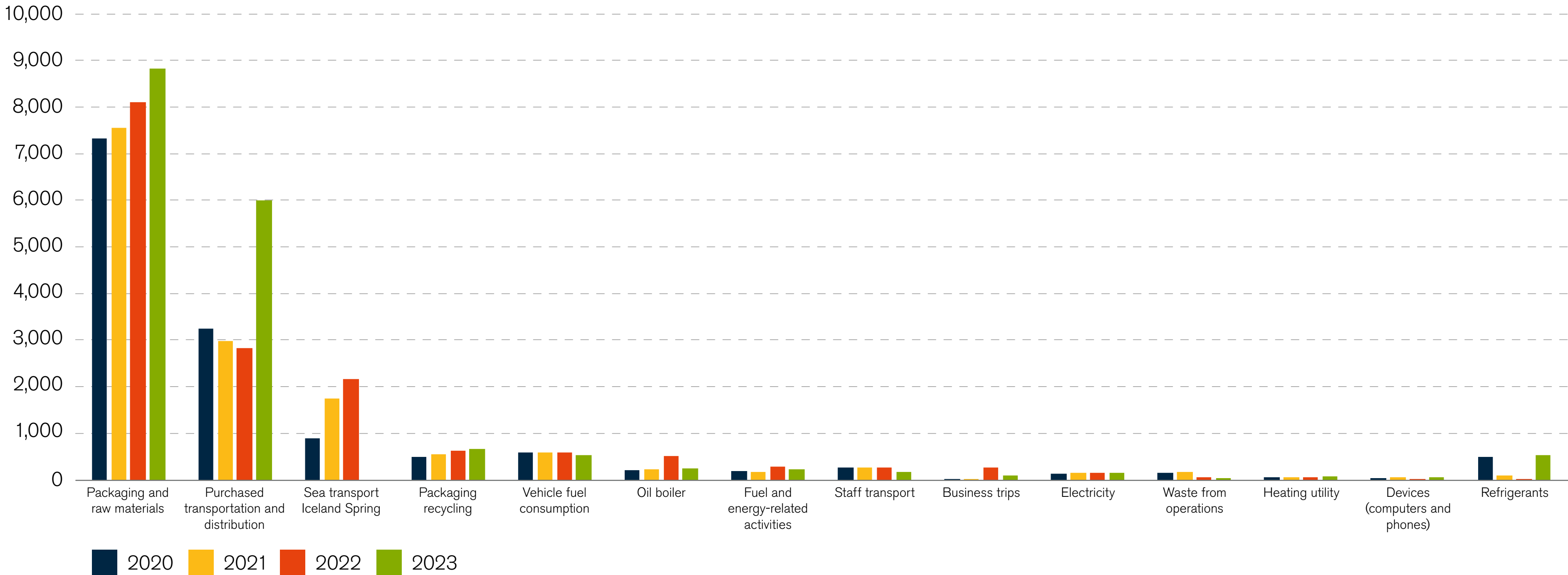
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Breakdown of Ölgerðin's Carbon Footprint by Year

Below is the breakdown of Ölgerðin's carbon footprint by year. It is to be expected that packaging, raw materials, transport, and recycling of packaging increase with increased sales. A change in Iceland Spring's sea transport and purchased goods and services is caused by a change in Iceland Spring's ownership. 49% of emissions from transport fell under investments in 2022, but now 100% of emissions from transport fall under purchased transport and services. The fuel use of transport vehicles is reduced despite increased scope and electric cars are now 40% of the car fleet. The amount of oil for the oil furnace decreases between years due to a malfunction in the elec-

trical steam boiler in the second half of 2022. The oil boiler was removed during the year, and no oil has been used in Ölgerðin's boilers since September. Business trips have increased since the Covid years, and Ölgerðin's annual celebration trip to Prague in 2022 can be seen in the numbers. Waste from operations decreases considerably between years with better waste management. Emissions due to refrigerants increased between years, as there was a leak in the last non-environmentally friendly cooling system during the year. The purchase of computer equipment increased between years, and the screens in Ölgerðin's office were updated.

Breakdown of volume



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Energy-Saving Projects

Work was done on energy-saving projects in the operations. To promote air-related energy savings, special control equipment was designed which controls air flow during production, this reduces both energy consumption and wear and tear on air compressors. In addition, heat exchangers were installed on the hot water tanks of Ölgerðin's beer brewery, which leads to significant electricity and time savings in beer brewing.

Declaration of Intent on Forestry

Skógræktarfélag Reykjavíkur and Ölgerðin signed a declaration of intent for forestry on part of the company's land in Lundarreykjadalur. The expected contract will cover forestry on 140 hectares and about 350,000 plants will be planted.

Climate-Related Risks and Opportunities

It is evident that climate change offers risk and opportunities for Ölgerðin operations. Increased awareness and understanding of climate-related risk and opportunity within the company, result in better risk management and more informed strategic planning. In Nasdaq's UFS guidelines, there is a question regarding whether companies discussing climate-related risks at board meetings (as part of the formal agenda) and at executive committee meetings (as part of the formal agenda) can answer affirmatively. Reference is made to TCFD (Task Force on Climate-Related Financial Disclosures) for support. Ölgerðin will undergo a materiality analysis based on the ESRS standards that will come into force in 2024. In this analysis, the categories published by ESRS are used, and risks and opportunities are analysed based on more categories than TCFD has set.

On 12.9.2023, a group was assembled to discuss climate-related risks and opportunities, consisting of the CEO, Director of Finance and Human Resources, Director of Production, Director of Product Management and the Leader of Sustainability and Improvement. The questionnaires were reviewed based on TCFD recommendations and the main risks and opportunities compiled. Risks are assessed based on four elements: How likely it is that a risk is realised, how great the potential effects on the company would be, what is the company's vulnerability against the risk, and how fast-acting would these effects on the company be.

[The assessment of climate risks and opportunities for action here on Ölgerðin's website.](#)



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Report and Endorsement of Klappir grænar

Klappir grænar lausnir hf., (Klappir) have assisted in the preparation of a sustainability report for Ölgerðin Egill Skallagrímsson hf. The sustainability report contains the main information about the environmental aspects, social aspects and governance of Ölgerðin Egill Skallagrímsson hf.

Responsibility of the Board and Managing Director for the Sustainability Settlement

The Board of Directors and the Managing Director are responsible for the preparation and presentation of non-financial information, including information on environmental aspects, social aspects and governance, according to Article 66 of the Act on Annual Financial Statements no. 3/2006.

Confirmation from Klappir

We have organised and conducted our work in accordance with the principles of the Greenhouse Gas Protocol methodology, which state that the presentation of information on greenhouse gas emissions must be descriptive, accurate, complete, consistent and transparent.

I hereby confirm, with my signature, that the documents of Ölgerðin Egill Skallagrímsson hf. which are published in this sustainability report for the period 1.1.2023–31.12.2023, have been reviewed and evaluated by Klappir's sustainability experts to the best of their knowledge. Data related to social factors and governance were not reviewed by Klappir. Klappir is not responsible for investment decisions made on the basis of the information presented here.

The sustainability settlement of Ölgerðin Egill Skallagrímsson hf. is electronically signed by Klappir grænar lausnir hf.



on behalf of Klappir grænar lausnir hf.,

Jón Ágúst Þorsteinsson, CEO

17-04-2024

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Report of the Board and CEO

The Sustainability Settlement of Ölgerðin Egill Skallagrímsson hf. (Ölgerðin) for the year 2023 is performed in accordance with ESG guidelines that Nasdaq in Iceland and the Nordic Countries published in the year 2019. The guidelines are based on proposals that were put forward in the year 2015 by the United Nations, the Sustainable Stock Exchange Initiative, and a working group with the World Federation of Exchange. Reference is also made to the corresponding criteria of the Global Reporting Initiative Standard (GRI100-400) and the Reporting Principles (P1-10) of the United Nations Global Compact (UNGC).

Ölgerðin uses the Klappir grænar lausnir hf.'s digital technology to ensure the traceability, transparency and efficiency of the collection of data and the dissemination of information related to the company's sustainability.

The Board of Directors and the Managing Director hereby confirm the company's sustainability settlement for the period 01.01.2023-31.12.2023 with their signatures.

Ölgerðin's sustainability settlement is signed electronically by the Board and CEO.

Board of Directors

- Októ Einarsson
- Hermann Már Þórisson
- Gerður Huld Arinbjarnardóttir
- Rannveig Eir Einarsdóttir
- Magnús Árnason

CEO

Andri Þór Guðmundsson

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Operating components

Operations variables	Unit	2022	2023
Total revenue	m ISK	38,437.0	45,375.0
Equity, total (unregistered companies)	m ISK	9,805.0	15,097.0
Operating margin	m ISK	15,158.0	12,809.0
No. of FTEs	operate unit	375.0	395.0
Total square measure for own operations	m²	23,204.0	23,204.0
Total space for own operations	m³	163,385	163,385

Intensity of Greenhouse Gas Emission	Unit	2022	2023
Greenhouse gas intensity of energy	kgCO ₂ eq/MWh	614.1	646.5
Greenhouse gas intensity of staff	kgCO ₂ eq/MWh	42,637.1	44,616.4
Greenhouse gas emissions	kgCO ₂ eq/million	415.98	388.40
Greenhouse gas intensity of equity	kgCO ₂ eq/million	1,630.7	1,171.2
Greenhouse gas intensity of operating margin	kgCO ₂ eq/million	1,054.8	1,375.9
Greenhouse gas intensity per square metre	kgCO ₂ eq/m²	689.1	759.5
Greenhouse gas intensity per cubic metre	kgCO ₂ eq/m³	97.9	107.9

Nasdaq: E2|UNGC: P7, P8|GRI: 305-4 |SDG: 13|SASB: General Issue / GHG Emissions, Energy Management

Energy Intensity	Unit	2022	2023
Energy intensity of staff	kWh/FTP	69,430.3	69,012.9
Energy intensity of income	kWh/million	677.4	600.8
Energy intensity per square metre	kWh/m²	1,122.1	1,174.8
Energy intensity per cubic metre	kWh/m³	159.4	166.8

Nasdaq: E4|UNGC: P7, P8|GRI: 302-3|SDG: 12|SASB: General Issue / Energy Management

Waste intensity	Unit	2022	2023
Waste intensity of staff	kg/FTP	4,228.1	4,251.7
Waste intensity of income	kg/million	41.2	37.0

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Emission Accounting

Greenhouse gases	Unit	2022	2023
Scope 1	tCO ₂ eq	1,108.3	1,306.9
Scope 2 (location-based)	tCO ₂ eq	214.6	236.5
Scope 2 (with market actions)	tCO ₂ eq		236.5
Scopes 1 and 2	tCO ₂ eq	1,322.9	1,543.3
Scope 3	tCO ₂ eq	14,666.0	16,080.2
Greenhouse gas emissions (Scopes 1, 2 (location-based) and 3)	tCO ₂ eq	15,988.9	17,623.5

Nasdaq: E1|UNGC: P7|GRI: 305-1,305-2,305-3|SASB: General Issue / GHG Emissions|TCFD: Metrics & Targets

Scope 1 – Composition of emissions	Unit	2022	2023
Total emissions	tCO ₂ eq	1,108.3	1,306.9
Localised fuel use [1]	tCO ₂ eq	507.3	246.2
Vehicle fuel use [2]	tCO ₂ eq	592.2	535.1
Leak emissions [3]	tCO ₂ eq	8.8	525.5

Scope 2 – Composition of emissions	Unit	2022	2023
Total emissions	tCO ₂ eq	214.6	236.5
Electricity	tCO ₂ eq	152.7	159.5
Heating utility	tCO ₂ eq	61.9	77.0

Scope 3 - Emissions at Previous Stages	Unit	2022	2023
Category 1: Purchased goods and services			
Total emissions	tCO ₂ eq	8,111.0	8,825.0
Purchased goods and services for resale or further processing [4]	tCO ₂ eq	8,111.0	8,825.0
Category 2: Fixed assets			
Total emissions [5]	tCO ₂ eq	26.0	55.2
Emissions from equipment	tCO ₂ eq	26.0	55.2
Category 3: Fuel and energy related operations			
Total emissions [6]	tCO ₂ eq	290.7	224.1
Fuel emissions at previous stages	tCO ₂ eq	260.1	186.8

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Electricity emissions at previous stages	tCO ₂ eq	0.5	0.6	
Transmission and distribution losses of electricity and heating utilities	tCO ₂ eq	30.1	36.7	
Category 4: Purchased transport and distribution				
Total emissions [7]	tCO ₂ eq	2,838.0	5,994.9	
Sea transportation	tCO ₂ eq	2,469.0	5,632.4	
Land transportation	tCO ₂ eq	369.0	362.4	
Category 5: Waste from operations				
Total emissions [8]	tCO ₂ eq	67.3	37.4	
Transportation, disposal, and management of waste	tCO ₂ eq	67.3	37.4	
Category 6: Business trips				
Total emissions	tCO ₂ eq	269.0	89.4	
Flights	tCO ₂ eq	269.0	89.4	
Category 7: Employee transport				
Total emissions [9]	tCO ₂ eq	270.0	180.2	
Scope 3 - Emissions at Later Stages		Unit	2022	2023
Category 12: End of lifetime of a Sold Product				
Total emissions	tCO ₂ eq	622.0	674.0	
Category 13: Rented assets				
Total emissions	tCO ₂ eq			
Leak Emissions	tCO ₂ eq			
Category 15: Investments				
Total emissions [10]	tCO ₂ eq	2,172.0		
Business loans and unlisted shares	tCO ₂ eq	2,172.0		

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Environmental aspects

Energy Consumption	Unit	2022	2023
Total energy use	kWh	26,036,376	27,260,096
Fossil fuels	kWh	4,220,469	3,075,009
Biofuel	kWh		4,162
Electricity	kWh	14,824,203	15,481,767
Heating utility [11]	kWh	6,991,704	8,699,159
Direct energy consumption	kWh	4,220,469	3,079,170
Indirect energy consumption	kWh	21,815,907	24,180,926

Nasdaq: E3|UNGC: P7, P8|GRI: 302-1, 302-2|SDG: 12|SASB: General Issue / Energy Management

Energy Composition	Unit	2022	2023
Total energy use	kWh	26,036,376	27,260,096
Fossil fuels	%	16.2%	11.3%
Renewable energy sources	%	83.8%	88.7%
Nuclear energy	%	0.0%	0.0%

Nasdaq: E5|GRI: 302-1|SDG: 7|SASB: General Issue / Energy Management

Fuel use	Unit	2022	2023
Total fuel use	kg	354,591	256,217
Diesel	kg	146,684	135,647
Petrol	kg	51,804	43,534
DM oil [12]	kg	156,103	76,931

Leak emissions	Unit	2022	2023
Leak emissions	kg	4	134
F-gases	kg	4.2	134.0

Water Consumption	Unit	2022	2023
Water Consumption	m³	406,066	466,485
Cold water	m³	285,519	316,500
Hot water	m³	120,547	149,986

Nasdaq: E6|GRI: 303-5|SDG: 6|SASB: General Issue / Water & Wastewater Management

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Electric energy composition	Unit	2022	2023
Total use of electric energy	kWh	14,824,203	15,481,767
Fossil fuels	%	0.0%	0.0%
Renewable energy sources	%	100.0%	100.0%
Nuclear energy	%	0.0%	0.0%
Purchased transport and distribution	Unit	2022	2023
Total volume transported	tonnes	74,456.0	84,550.0
Air Cargo	tonnes	0.0	0.0
Sea transportation	tonnes	55,057.0	62,484.0
Land transportation	tonnes	19,399.0	22,066.0
Waste Management	Unit	2022	2023
Total volume of waste	kg	1,585,523	1,679,408
Sorted waste	kg	1,432,876	1,555,437
Unsorted waste	kg	152,647	122,351
Recycled waste	kg	1,510,434	1,638,799
Waste disposed of	kg	75,089	38,989
Proportion of sorted waste	%	90.4%	92.6%
Recycling rate	%	95.3%	97.6%
Paper handling	Unit	2022	2023
Total volume of printed paper	kg	1,299	1,667
Total volume of printed paper	pages	201,057	206,123
whereof colour printed	pages	122,359	127,896
whereof black/white printed	pages	78,698	78,227
Back and front	pages	126,170	114,844

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Environmental management

Environmental Activities	Unit	2022	2023
Does the company follow a formal Environmental Policy? [13]	yes/no	yes	yes
Does the company follow special waste, water, energy, and/or recycling policies? [14]	yes/no	yes	yes
Does your company use an approved energy management system?	yes/no	no	no

Nasdaq: E7|GRI: 103-2|SASB: General Issue / Waste & Hazardous Materials Management*

Climate Control	Unit	2022	2023
Does executive management oversee and/or manage climate-related risks?	yes/no	yes	yes
Does the Board monitor and/or control climate-related risks?	yes/no	yes	yes

Nasdaq: E8, E9|GRI: 102-19, 102-20, 102-29, 102-30, 102-31|SASB: General Issue / Business Model Resilience, Systematic Risk Management|TCFD: Governance (Disclosure A/B)

Climate Risk Mitigation	Unit	2022	2023
Total capital invested annually in climate-related infrastructure, resilience, and product development	m ISK	565.0	262.0

Nasdaq: E10|UNGC: P9|SASB: General Issue / Physical Impacts of Climate Change, Business Model Resilience|TCFD: Strategy (Disclosure A)

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Social aspects

CEO Wage Proportion	Unit	2022	2023
Wages and bonuses of CEO (X) as a proportion of the median value of salaries of employees in full-time jobs.	X:1	6.6	8.0
Is this percentage stated by your company in reporting to the authorities?	yes/no	yes	yes

S1|UNGC: P6|GRI 102-38

Gender Pay Gap	Unit	2022	2023
The median wages of men (X) as a ratio of the median wages of women	X:1	1.0	1.0
Results of Equal Pay Certification	%	2.4%	0.6%

S2|UNGC: P6|GRI: 405-2 | SASB: General Issue / Employee Engagement, Diversity & Inclusion

Employee Turnover	Unit	2022	2023
<i>Full-time employees</i>			
Annual change of full-time employees [15]	%	19.0%	27.1%
Dismissal	%	5.0%	2.8%
End of employment	%	0.8%	1.1%
Change of job	%	13.6%	23.3%
Death	%	0.0%	0.0%

<i>Part-time employees</i>			
Annual change of part-time employees	%	3.2%	1.7%
Dismissal	%	1.6%	0.0%
End of employment	%	0.0%	1.7%
Change of job	%	1.6%	0.0%
Death	%	0.0%	0.0%

<i>Contractors and/or consultants</i>			
Annual change of contractors and/or consultants	%		
Dismissal	%		
End of employment	%		
Change of job	%		
Death	%		

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<i>Gender</i>			
Men [16]	%	39.9%	25.9%
Women [17]	%	36.0%	18.1%
Non-binary/other	%		
Not specified	%		
<i>Age</i>			
<20	%	0.0%	44.4%
20-29	%	31.5%	30.0%
30-39	%	14.7%	24.1%
40-49	%	12.1%	16.5%
50-59	%	5.3%	16.3%
60-69	%	7.1%	19.5%
70+	%	0.0%	50.0%

S3|UNGC: P6|GRI: 401-1b|SDG: 12|SASB: General Issue / Labour Practices

Gender Diversity	Unit	2022	2023
<i>Number of employees</i>			
Proportion of women in the company	%	28.0%	30.0%
Women [18]	No. of	125	127
Men	No. of	318	294
Non-binary/other	No. of		
Not specified	No. of		
<i>Beginners and middle managers</i>			
Proportion of women in starting jobs and next level above	%	28.0%	29.0%
Women	No. of	113	111
Men	No. of	295	270
Non-binary/other	No. of		
Not specified	No. of		
<i>Supervisors and management</i>			
Proportion of women in positions of supervisors and managers	%	34.0%	40.0%
Women	No. of	12	16
Men	No. of	23	24
Non-binary/other	No. of		
Not specified	No. of		

S4|UNGC: P6|GRI: 102-8, 405-1|SASB: General Issue / Employee Engagement, Diversity & Inclusion

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Proportion of Temporary Staff	Unit	2022	2023
FTP	No. of	22.0	38.0
Percentage of part-time staff	%	14.0%	14.0%
Percentage of contractors and/or consultants	%		

S5|GRI: 102-8|UNGC: P6

Anti-Discrimination Action	Unit	2022	2023
Does your company follow a Sexual Harassment and/or Equality Policy? [19]	yes/no	yes	yes

S6|UNGC: P6|GRI: 103-2 (see also: GRI 406: Non-Discrimination 2016)|SASB: General Issue / Employee Engagement, Diversity & Inclusion

Frequency of Occupational Accidents	Unit	2022	2023
Total number of injuries and fatalities as a percentage of the total number of employees	%	2.0%	4.0%

S7|GRI: 403-9|SDG: 3|SASB: General Issue / Employee Health & Safety

Global Health and Safety	Unit	2022	2023
Has your company published and enforced occupational health policy and/or holistic health and safety policy? [20]	yes/no	yes	yes
Total absence from work as a percentage of the working hours of all employees	X:1	0.042	0.030
Absence from work due to long-term illness (X) as a percentage of the working hours of all employees		0.017	0.020
Absence from work due to short-term illness (X) as a percentage of the working hours of all employees	X:1	0.025	0.010

S8|GRI: 103-2 (See also: GRI 403: Occupational Health & Safety 2018)|SDG: 3|SASB: General Issue / Employee Health & Safety

Child and Forced Labour	Unit	2022	2023
Does your company enforce a policy against child labour? [21]	yes/no	no	yes
Does your company enforce a policy against forced labour? [22]	yes/no	no	yes
If yes, does the Anti-Child and/or Forced Labour Policy also apply to suppliers and sellers? [23]	yes/no	-	yes

S9|GRI: 103-2 (See also: GRI 408: Child Labor 2016, GRI 409: Forced or Compulsory Labor, and GRI 414: Supplier Social Assessment 2016)|UNGC: P4, P5|SDG: 8|SASB: General Issue / Labour Practices

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Human Rights	Unit	2022	2023
Has your company published and enforced a human rights policy? [24]	yes/no	no	yes
If yes, does the human rights policy extend to suppliers and manufacturers? [25]	yes/no	-	yes

S10|GRI: 103-2 (See also: GRI 412: Human Rights Assessment 2016 & GRI 414: Supplier Social Assessment 2016)|UNGC: P1, P2|SDG: 4, 10, 16| SASB: General Issue / Human Rights & Community Relations"

Corporate governance

Gender Ratio on the Board of Directors	Unit	2022	2023
Percentage of female board members (as compared with males)	%	40.0%	40.0%
Percentage of female committee members (as compared with males)	%	100.0%	100.0%

G1|GRI 405-1|SDG: 10|SASB: General Issue / Employee Engagement, Diversity & Inclusion (See also: SASB Industry Standards)

Independence of the Board of Directors	Unit	2022	2023
Does the company prohibit the CEO from holding the chairmanship of the Board?	yes/no	yes	yes
Percentage of independent Board members	%	40%	80%

G2|GRI: 102-23, 102-22

Bonuses	Unit	2022	2023
Do CEOs receive a formal bonus for success in the field of sustainability?	yes/no	yes	yes

G3|GRI: 102-35

Collective Wage Agreements	Unit	2022	2023
Percentage of employees of companies covered by general collective wage agreements	%	100.0%	100.0%

G4|UNGC: P3|SDG: 8|GRI: 102-41|SASB: General Issue / Labor Practices (See also: SASB Industry Standards)

Supplier Code of Ethics	Unit	2022	2023
Are sales people and suppliers obliged to follow a Code of Conduct? [26]	yes/no	no	yes

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If the answer is yes, how high of a percentage of suppliers has formally confirmed that they follow a Code of Conduct?	%	0.0%
--	---	------

G5|UNGC: P2, P3, P4, P8|GRI: 102-16, 103-2 (See also: GRI 308: Supplier Environmental Assessment 2016 & GRI 414: Supplier Social Assessment 2016)|SDG: 12|SASB General Issue / Supply Chain Management (See also: SASB Industry Standards)

Ethics and Anti-Corruption Measures	Unit	2022	2023
Does your company enforce a Code of Conduct and/or an anti-corruption or anti-bribery policy?			
If the answer is yes, what percentage of employees has formally confirmed that they follow the policy?			

G6|UNGC: P10|SDG: 16|GRI: 102-16, 103-2 (See also: GRI 205: Anti-Corruption 2016)

Personal Data Protection	Unit	2022	2023
Does your company enforce a privacy policy? [27]	yes/no	yes	yes
Has your company started complying with GDPR Regulations?	yes/no	yes	yes

G7|GRI: 418 Customer Privacy 2016|SASB: General Issue / Customer Privacy, Data Security (See also: SASB Industry Standards)

Sustainability Report	Unit	2022	2023
Does your company publish a sustainability report?	yes/no	yes	yes
Does the company's provision of reports to authorities include data on sustainability?	yes/no	yes	yes

G8|UNGC: P8

Procedures for Information Provision	Unit	2022	2023
Does your company provide sustainability information to recognised bodies in an organised manner?	yes/no	yes	yes
Does your company focus on specific United Nations Sustainable Development Goals (UN SDGs)? [28]	yes/no	yes	yes
Does your company set goals and report on the progress of UN SDGs?	yes/no	yes	yes

G9|UNGC: P8

Information Audited/Verified by a Third Party	Unit	2022	2023
Is provision of information on sustainability ensured or confirmed by a third party?	yes/no	yes	yes

G10|UNGC: P8|GRI: 102-56

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Organisational and Operational Limits

Operational Limits

When preparing Ölgerðin's settlement, the "Operational Control" methodology has been chosen. According to the methodology, the company accounts for all greenhouse gas emissions from the operational units it controls. The company does not account for the emission of greenhouse gases from operational units over which it does not have control, despite the fact that it has an interest in their operation. The operations of the following legal entities fall under Ölgerðin's settlement:

- Ölgerðin Egill Skallagrímsson hf.
- Danól ehf.
- Iceland Spring ehf.

Operational Limits

Scope 1

- Vehicle fuel use: Counted in full
- Localised fuel use: Counted in full
- Leak emissions: Counted in full
- Emissions from industrial processes: Not applicable

Scope 2

- Electricity use: Counted in full
- Heating utility: Counted in full
- Cooling: Not applicable
- Steam: Not applicable

Scope 3

- Category 1 - Purchased goods and services: Counted in part
- Category 2 - Fixed assets: Counted in part
- Category 3 - Fuel and energy related operations: Counted in full
- Category 4 - Purchased transport and distribution: Counted in part
- Category 5 - Waste from operations: Counted in full
- Category 6 - Business trips: Counted in part
- Category 7 - Employee transport: Counted in full
- Category 8 - Rented assets: Not applicable
- Category 9 - Transport and distribution at later stages: Not applicable
- Category 10 - Continued processing of sold goods: Not counted
- Category 11 - Use of sold product: Not counted
- Category 12 - End of lifetime of a sold product: Counted in full
- Category 13 - Rented property: Not applicable
- Category 14 - Franchisees: Not applicable
- Category 15 - Investments: Not applicable

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Definitions

Carbon Credit

A carbon credit is a convertible and transferable instrument that is equivalent to the amount of greenhouse gas emis- sions that have been reduced, prevented, or removed by verified actions according to recognised quality standards. Carbon credits can be issued for activities inside or outside the settlement party's value chain.

Greenhouse Gas Intensity

Intensity figures are based on the combined Scope 1, Scope 2 and Scope 3. Emission intensity is calculated as the emission of greenhouse gases on selected operating ele- ments and is presented as tCO₂eq per unit (such as tCO₂eq against total income). The metrics measure and compare the company's emissions with the size of the operation.

Direct and Indirect Energy Consumption

Total energy consumption measures all energy used by the company, including the fuel used in the company's vehicles (Scope 1: direct emissions) and energy from electricity and hot water (Scope 2: indirect emissions). The energy con- sumption is expressed in kilowatt hours (kWh).

Energy Intensity

Energy intensity is calculated as total energy consumption divided into selected operating elements and is expressed as kWh per unit (such as kWh per full-time employee). The metrics are used to measure energy efficiency and com- pare the company's energy consumption with the size of the operation.

Waste Intensity

Waste intensity is calculated as the total amount of waste divided into selected operating elements and is expressed as kg per unit (such as kg per full-time employee).

Mitigating Measures

Measures to avoid, reduce or offset negative environmental impacts.

Scope 2 (location-based)

Emissions in Scope 2 (location-based) is indirect emission due to the production of used energy, where the emission due to energy consumption is estimated based on the aver- age emission from the relevant energy distribution system within the accounting period. Based on the methodology of the GHG Protocol, a company must disclose emissions in Scope 2 (location-based).

Scope 2 (with market actions)

Emissions in Scope 2 (market-based) are indirect emissions due to the production of used energy, where emissions due to energy consumption are estimated based on the compo- sition of purchased energy based on market instruments, e.g. guarantees of origin of electricity. Based on the meth- odology of the GHG Protocol, it is optional whether emis- sions in Scope 2 (market-based) are published.

Leak Emissions

Direct emissions of greenhouse gases into the atmosphere with or without intention, e.g. from leaks from any equipment or the use of hydrofluorocarbons (HFCs) in refrigeration or air conditioning equipment.

Purchased Goods and Services

Raw material processing, and production and transportation of goods and services purchased by a company within the settlement period, which does not belong to categories 2-8.

Fixed Assets

Raw material processing, and production and transportation of fixed assets purchased by a company within the settle- ment period.

Fuel and Energy Related Operations

Raw material processing, and production and transportation of fuel and energy purchased by a company within the set- tlement period, which does not belong to Scope 1 and 2, including:

- Raw material processing, and production and transportation of purchased fuel
- Raw material processing, and production and transportation of fuel used in the production of electricity, steam, heating and cooling
- Transmission and Distribution Losses of Energy
- Production of purchased energy that is resold to end users

Purchased Transport and Distribution

Transportation and distribution between the company and the first tier supplier for products purchased by the com- pany within the settlement period. Transport and distribution purchased by a company within the settlement period, incl. transportation of goods inbound, outbound and between operating units.

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Waste from Operations

Disposal and management of waste generated in the operation of a company within the settlement period.

Business Trips

Staff trips due to business-related travel within the settlement period.

Employee Transport

Travel by staff between home and workplace within the settlement period.

Rented Assets

Operation of assets leased by a company (tenant) within the settlement period that do not fall within Scope 1 and 2.

Transport and Distribution at Later Stages:

Transport and distribution of goods sold within the settlement period between the company and the consumer, if not paid for by the company, including retail and hosting.

Continued Processing of Sold Goods

Processing of unfinished goods sold within the settlement period.

Use of Sold Product

Usage history of products and services sold by a company within a settlement period.

End of Lifetime of a Sold Product

Disposal and end-of-lifetime handling of a product sold by a company within a settlement period.

Rented Property

The operation of rented properties owned by a company (lessor) that are leased to other companies within the settlement period and do not fall under Scope 1 and 2.

Franchisees

Operations of franchisees that do not fall under Scope 1 and 2 within the settlement period. Published by franchisor.

Investments

Emissions due to investments during the settlement year (including shares, bonds, construction loans and other loans) that do not fall under Scope 1 or 2.

Energy Management System

Energy management system refers to standard energy management systems, e.g. ISO 50001.

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Notes

- [1] Electric boiler instead of oil boiler from September 2023.

[2] Reduction in emissions is due to the electrification of vehicles.

[3] Leak in the building's last non-environmentally friendly cooling system.

[4] Packaging and raw materials for Ölgerðin's products.

[5] Computer equipment

[6] Fuel and energy-related activities were recalculated for the year 2022 due to changes in other items that affect the result of the category.

[7] The change between years is due to the change in the ownership of Iceland Spring, 49% of emissions due to transport fell under investments in 2022. Now, 100% of emissions from transport fall under purchased transport and services.

[8] The change between years is due to the fact that considerably more is now reused than before and the recycling rate has increased.

[9] There was a change in the methodology between years, taking into account the types of vehicles in which employees go to work. The transport behaviour of 76% of the staff is estimated based on the transport behaviour of other staff.

[10] The change between years is due to the change in the ownership of Iceland Spring. 49% of emissions from transport fell under investments in 2022, but now 100% of emissions from transport fall under Category 4: Purchased Transport and Services.
- [11] Hot water use on the properties that are in Klappir's systems is partially estimated based on data from previous periods, since data was not available until the end of the period. Estimated use amounts to 8% of the company's total hot water use for the year 2023.

[12] In reviewing the 2022 data, it was discovered that the data link had not returned all local fuel consumption data for 2022. The data was updated and the result was an increase of 54.142 kg.

[13] Ölgerðin's Environmental Policy is part of the Sustainability Policy and is available on the company's website.

[14] Waste, water, energy and/or recycling policies are part of the company's Sustainability Policy and are available on the company's website.

[15] Retired permanent full-time employees against the average total number of full-time employees.

[16] Staff turnover of all men retiring out of the average total number of men.

[17] Staff turnover of all women retiring out of the average total number of women.

[18] The number of employees is all employees who received a salary in the relevant month (permanent employees, summer jobs, temporary employment, part-time work).

[19] Policy and strategy against bullying, gender-based and sexual harassment at Ölgerðin are available on the company's website.

[20] Safety, health and worker protection policies at Ölgerðin are available on the company's website.
- [21] The policy against child slavery can be found in Ölgerðin's Human Rights Policy on the company's website.

[22] The policy against forced labour can be found in Ölgerðin's Human Rights Policy on the company's website.

[23] Suppliers and sellers must follow Ölgerðin's rules of procedure and Code of Conduct.

[24] Ölgerðin's Human Rights Policy can be found on the company's website.

[25] Suppliers and sellers must follow Ölgerðin's rules of procedure and Code of Conduct.

[26] The rules of procedure and Code of Conduct of Ölgerðin's are available on the company's website.

[27] The Data Protection Policy of Ölgerðin is available on the company's website.

[28] Ölgerðin's Sustainability Policy is based on four Global Goals and is available on the company's website.

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Independent Auditor’s Confirmation

For executives and stakeholders of Ölgerðin Egill Skallagrímsson hf.

We were recruited by Ölgerðin to provide a limited assurance opinion on the sustainability metrics presented in Ölgerðin's Sustainability Report for 2023, which is based on Nasdaq's UFS guidelines (the "report").

Our project was executed to provide an assessment of:

- Sustainability metrics presented in a report with reference to Nasdaq's UFS guidelines (ESG Reporting Guide 2.0)

Our conclusion is put forward with an opinion with limited assurance.

Responsibility of senior staff and management

The management of Ölgerðin is responsible for the collection, analysis, preparation, and presentation of the information put forward in the report, and for ensuring that the information is free from material misstatements, whether through fraud or by mistake.



Kópavogur, 18 April 2024

Deloitte ehf.

Birna María Sigurðardóttir

Auditor

Independence and quality control.

We have met the requirements of independence and other provisions of the code of conduct in accordance with international code of conduct (IESBA Code), that are based on principles of integrity, objectivity, professional capability, and caution, confidentiality, and professional conduct.

Deloitte ehf. complies with the International Standard on Quality Management (ISQM) 1 and has in accordance with the standard, implemented a comprehensive quality monitoring system, e.g. written policies and procedures regarding compliance with independence and professional ethical standards, as well as applicable requirements of law and regulations.

Independent Auditor’s Responsibility

Our responsibility is to express a limited assurance opinion on the sustainability metrics presented in the report. We have performed our work in accordance with the ISAE 3000 (revised) standard, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, to obtain limited assurance for our opinion. In accordance with the standard we have organised and performed our work in order to obtain limited assurance to confirm that the report is free from material errors.

A confirmation project with opinion with limited assurance is smaller in scope than a confirmation project with reasonable

assurance. For this reason the confirmation obtained is smaller than it would be in a project with reasonable assurance. With reference to assessment of material errors, we organised and performed our work to obtain all information and explanations that are necessary to support our opinion.

We performed reviews of data, recalculations of data, review of the methods that are used to prepare information, as well as interviewing the parties responsible for preparing the data. We interviewed key parties within Ölgerðin, used queries regarding procedures and methods to ensure that UFS indicators and information were presented in accordance with Nasdaq's UFS Guidelines. We have assessed processes, tools, systems, and monitoring factors used for collection, analysis, preparation and presentation of information at Ölgerðin. We performed data analysis operations and reasoned the reported information into the underlying data.

Opinion

Based on the actions we have carried out and the data we have obtained, nothing has been discovered that indicates anything other than that the sustainability metrics in Ölgerðin's Sustainability Report for 2023 are substantially in accordance with Nasdaq's UFS guidelines.



Sustainability Report 2023