



Annual Report

OR
2020

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Appendices to the report are only available in its on-line edition.

From the chairperson of the BoD

Brynhildur Davíðsdóttir



If there is one thing we have learned from the pandemic that still engulfs the world, it is that we can change our habits, and quickly. In an emergency, we can turn our lives around; many workplaces that buzzed with life are now empty, and we have rid ourselves of a number of automatic habits.

Menacing and often heart-breaking as the pandemic has been, our reactions to it have shown that we have access to all kinds of strategies. We can start to define what is and is not possible more narrowly.

Climate crisis still with us

One of the greatest challenges facing us at the start of the year is with us still. The climate crisis still looms and it is imperative that we make use of our experience in making fundamental changes, brought on by the pandemic, to come to grips with that challenge. There was one important change at the beginning of last year: We saw the successful scientific, developmental, and innovative Carbfix project reach maturity and become an independent subsidiary of Reykjavik Energy Group. The aim of the change is to give other companies the opportunity to make business-based use of the Carbfix capture and mineralisation method. It was largely Carbfix that enabled Reykjavik Energy Group to reduce its carbon footprint by dozens of percentage points from the benchmark year 2015. In addition, the interest Carbfix has aroused, both locally and internationally has highlighted both the climate crisis and, no less importantly, the fact that there are actually many ways to tackle the problem. Carbon neutrality is fundamental in sustainable business operations, and is indeed one of the main objectives of Reykjavik Energy Group.

The social roles of Reykjavik Energy Group are clearly stated by its owners in the Owners Strategy and the Partnership Agreement. They are since assigned to the appropriate subsidiaries, as the law demands.

Emphasis on five SDGs

In its Policy Statement on social responsibility, Reykjavik Energy Group's Board of Directors has adopted as guidelines the United Nation's Sustainable Development Goals (SDGs). Five SDGs are prioritised. Two align themselves with the Group's core operations, i.e. *Clean Water and Sanitation* and *Affordable and Clean Energy*, while the other three i.e. *Climate Action*, *Responsible Consumption and Production*, and *Gender Equality* rather refer to how we want to tend to our role in a larger context. In this Annual Report, the performance of the Group is reviewed against the above mentioned, and indeed additional, SDGs. In 2020, Carbfix and ON Power also decided which SDGs they would prioritise. These goals are being adopted into their business policy and preparations are under way to include appropriate SDGs in other subsidiaries.



Reykjavik Energy Group prioritises five Sustainable Development Goals in its operations.

Online meetings of the Board

Inevitably, COVID-19 affected the way the Board of Directors carried out its duties during the year. Most Board meetings were conducted via video conferences, and the total number of Board meetings increased. Only two Board meetings were conducted in the traditional way in early 2020, nine meetings via video conference followed, and three meetings were in mixed format. Attendance at the meetings was excellent, even better than usual. Possibly, the changed format of the Board meetings made attending easier for some. In addition to formal meetings, the Board held a workshop at the Hellisheidi Geothermal Power Plant in August. The Board's agenda for the year was followed, and in the course of the year they made assessments of their own performance and that of the CEO. In 2020 the Board was unanimous in deciding to invite Reykjavik Energy Group Employee Society (STOR) a non-voting seat on the Board. The offer was accepted and the chairperson of the society was nominated to the seat.

The holders of owners' authority of Reykjavik Energy Group – the mayors of Reykjavik, Akranes and Borgarbyggð – attended three meetings during 2020. The annual general meeting was held in April, a regular owners' meeting with emphasis on finance in November, and in March a special owners' meeting was held, where the owners, the Board, and the Managing Directors at Reykjavik Energy Group all convened regarding COVID-19 challenges.

In recent years, the Managing Directors, the Board, and the owners of Reykjavik Energy Group, have jointly managed the largest tasks in the Group's operating range. Among those are *The Plan*, the Group's financial resurrection plan during the years 2011-2016, and now we must deal with the effects of the coronavirus. Already in the first quarter of 2020, when it was clear that we were heading for serious damage from COVID-19, these partners worked well to find ways in which the strength of the Group could be used to offer resistance. The outcome was that dividend payment in 2020 was increased, and various and wide-spread investment projects were expedited. This was in everyone's interest, since more people get jobs, the revenues of the municipalities are not as badly affected by unemployment, and there is increased likelihood of receiving favourable tenders for projects.

Thanks to employees and Management

The year 2020 was hopefully unique. However, it was also a unique privilege to work with the Managing Directors and employees of Reykjavik Energy Group, to ensure we continue to offer its basic services in very challenging times. We suffered no breakdown of service due to the pandemic. This demonstrates that even though Reykjavik Energy Group is indeed a large and trustworthy company, its employees and Managing Directors are endowed with both tact and flexibility, which has served our customers well during this year without precedent.

From the CEO

Bjarni Bjarnason



The year 2020 presented us with unusual challenges. Familiar though we may be in dealing with a variety of disasters, natural and man-made, a pandemic was new to our generation. To a certain extent it resembles more familiar disasters in demanding solidarity and hard work, but we have also needed plenty of restraint and endurance.

Just over a century ago, when a previous generation had the Spanish flu to deal with, preparations were underway in Reykjavik to take the giant step of harnessing the Elliðaár River. There was considerable discussion as to how best to do this, ending in the power station building we all know so well. It has now ended its service, having brought our society into the modern world, a world where we are better equipped to deal with such unwelcome guests as Covid-19.

Solid finances enabled a firm stand

The pandemic dealt a heavy blow to the Icelandic business and economic community in 2020. One entire industry, tourism, virtually disappeared, leaving broken businesses and jobless people. Unfortunately such upsets are not all that novel here in Iceland and many were reminded of the situation after the economic crash just over a decade ago. By 2010 the Reykjavik Energy Group's financial situation was dire and its owners – The City of Reykjavik, the Municipality of Akranes and The Township of Borgarbyggð – had to provide an emergency loan to prevent the failure of the company. This memory made it all the more gratifying that we were able to react quickly to the pandemic last spring, increasing our investments to combat growing unemployment. Thus Reykjavik Energy Group's successful resurrection over the last few years enabled it to return to its owners part of what they had provided when it hit hard times.

One thing we learned from that struggle with our financial difficulties was that being forced to make one change can open the door to changing other things at the same time. So the financial trouble was used as an opportunity to make basic changes in the culture of the company and some giant steps were taken, not least in the matter of equal opportunity. Similarly, the changes imposed by Covid-19 are an opportunity for a variety of improvements, both within the company and in society as a whole. We at Reykjavik Energy Group have set ourselves ambitious objectives, which changes due to the pandemic should help us achieve. There are five objectives. All the companies within the Reykjavik Energy Group work together to achieve them, each in its own area, and we made significant progress in 2020.



You can follow the progress of the objectives [here at RE's website](#).

More newly registered EVs than conventional cars

Green transformation in transport is one of our objectives and we have pledged to do our part towards bringing the number of connectable electric cars (EVs) to 40,000 by the end of 2023. In 2020, presumably due in part to three RE Group actions – ON Power developed a country-wide network of charging points, Veitur Utilities collaborated with municipalities to install charging points in public parking areas, and Reykjavik Energy provided grants to multiplex housing associations – more than half of the cars registered that year were , for the first time, EVs.

Another of our five objectives concerns the health and safety of our employees. We keep track of absences due to illness or accidents and, simply put, we need to review this objective immediately. There was very little absence due to illness in 2020, which can most convincingly be explained by the prevalence of telecommuting and increased sanitation, which also greatly reduced the occurrence of everyday infectious diseases. Work-related accidents decreased as did absence due to accidents. Employees have the absolute right, of course, to come home safe at the end of their working day. Over the past year the company has used new methods to strengthen employees sense of their own responsibility in this matter, and provided them with simple systems to evaluate potential hazards in their work environment.

There was an increase in job satisfaction within the Group in 2020, despite the significant turmoil and reorganisation many had to put up with because of the pandemic. The companies in the group provide essential basic services, so we have gone the extra mile in disease prevention; so far COVID-19 has not led to any disruption in our services. One consequence of the pandemic was that customer service became overwhelmingly electronic, a change we assume will be permanent.

Increased flexibility in the workplace

Telecommuting during the pandemic has demonstrated that we can increase flexibility in the workplace substantially. We have now offered all employees for whom it is relevant, to work from home one or two days a week. Working from home reduces commuting, traffic and emissions. It is also likely to reduce the need for office space though this remains to be seen. The renovation of the west wing of the Bæjarhóls HQ is under way. It may be that increased telecommuting will allow us to lease a larger portion of the building than expected.

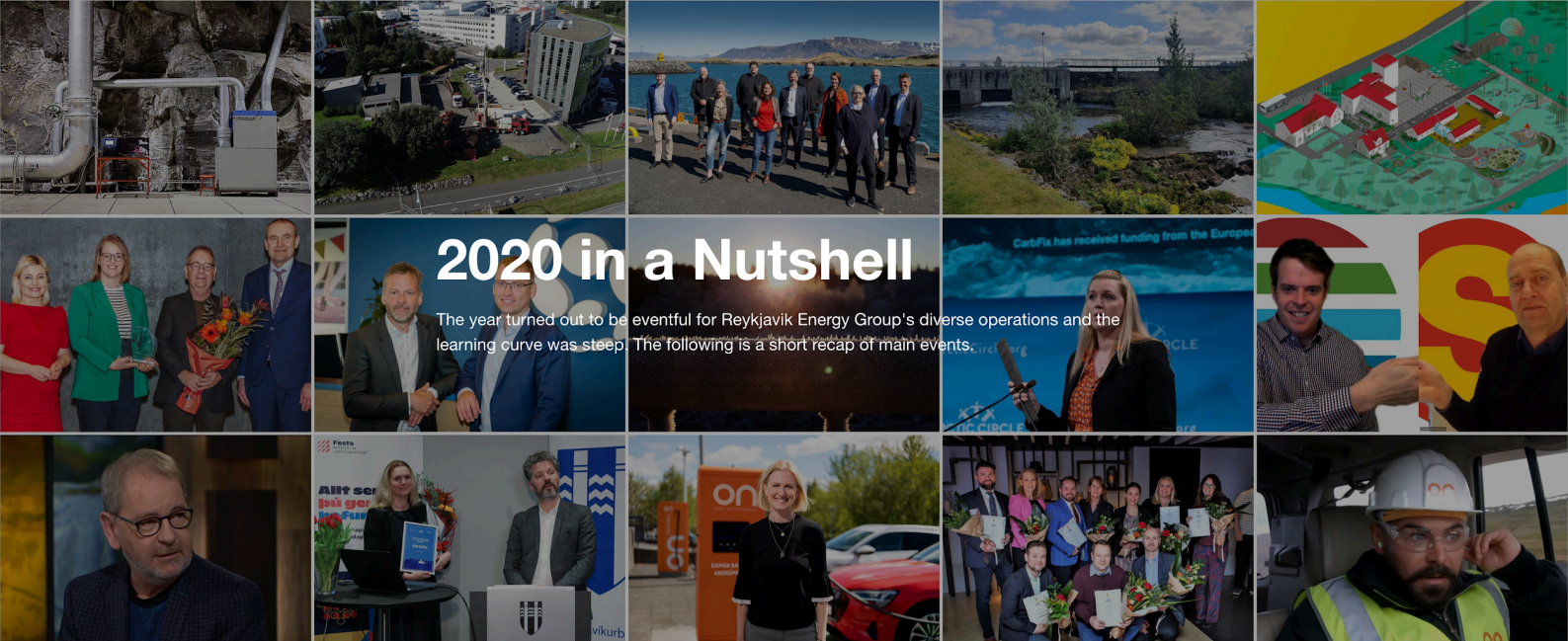
The fibre optic network has most definitely proved to be beneficial: working from home as we have been doing would be inconceivable without it. The speed of data transfer enables us to connect to all systems, just as if we were in the office. In 2020 more and more municipalities have made use of the network. Competition in the telecommunications market is dynamic, so we are delighted to have reached an agreement with Iceland's largest telecommunication company, Siminn, for access to services via the fibre optic network.

Another dynamic competitive market is electricity. In 2020 many realised that we would need to keep on our toes if the generation of electricity is to remain the strong pillar of the Icelandic economy that it has been for decades. It is gratifying that development at the ON Power Geothermal Park is not only concerned with delivery of electricity, but also allows companies to exploit the many by-products of the geothermal area. In addition to electricity they utilise heat and minerals, such as silicon and carbon dioxide, and there is also a plentiful supply of fresh water available. It is becoming increasingly important to make manifold use of geothermal resources, not simply for financial reasons but also so we can live up to the standards we must set ourselves as to sensible and sustainable use of natural resources.

Hellisheidi is also central to our own business development, as witness the launching in early 2020 of Carbfix plc, a company focusing on developments in carbon sequestration and the resistance to climate change. The extensive knowledge to be found in this start-up has been built up over years of collaboration between Reykjavik Energy Group and the University of Iceland, along with scientists from universities and institutions around the world.

A productive year despite the pandemic

Overall, the year 2020, was successful for Reykjavik Energy Group, despite the pandemic. Operations are financially sound and the general attitude towards the Group indicates a growing appreciation by the public it serves. That bond could be strengthened further, in which regard transparency and respect for the needs of our customers are vital. Reykjavik Energy Group's Annual Report, which is prepared in accordance with international standards of social responsibility, contributes to the conversation which must be kept up as to the Group's performance in its crucial assigned task – what needs improvement and what has been successful.



2020 in a Nutshell

The year turned out to be eventful for Reykjavik Energy Group's diverse operations and the learning curve was steep. The following is a short recap of main events.

1. January 2020

Carbfix a New Subsidiary of RE

At Reykjavik Energy Group's Board meeting in February, a decision was made to establish a public corporation around the Carbfix method of capture and storage of carbon dioxide. For the last few years, Carbfix has been operated at Hellisheidi Geothermal Power Plant with great success. Dr. Edda Sif Aradóttir has been appointed the new executive head, but she had served as the project manager at Carbfix for several years.



22. January 2020

Drinking Water Almost Free of Microplastics

Only very small quantity of microplastics can be found in the drinking water from Veitur Utilities' waterworks, although it can be found in considerable quantity in the environment. This was the finding in a new and independent research, conducted over the last few years by ReSource International (RI).



24. January 2020

ON Power Tops the Icelandic Customer Satisfaction Scale Again

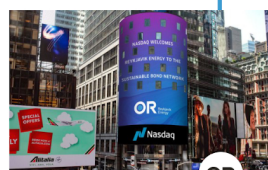
Today it was announced by Stjórnvís, that customer satisfaction is the highest among customers of ON Power, compared with other electricity suppliers, according to the Icelandic Satisfaction Scale from 2019. This is the second year running that ON Power receives this coveted accolade.



30. January 2020

RE a Member of Nasdaq Sustainable Bond Network

Reykjavik Energy Group has been granted membership at the Nasdaq Sustainable Bond Network (NSBN), which is a joint platform for issuers of green, social and sustainability bonds at the Nasdaq Sustainable Debt Market around the world. Reykjavik Energy Group is the first Icelandic company to be granted membership at the NSBN.



3. February 2020

Daily Use of Potable Water 140 litres

In a newly published report on research regarding the quantity of drinking water used by households (*Heimilínotkun á neysluvatni*), it emerges that daily consumption of drinking water in new residential areas in the capital area is almost 140 litres per resident. Although motivation to save water has not been as intense here in Iceland as in many other European countries, surveys have shown that usage of drinking water per resident in the capital area during the last decades, has been comparable to the lowest usage in Europe, recorded in 2004.



5. February 2020

RE Receives the Business Education Awards

Reykjavík Energy Group received the Business Education Awards by the Federation of Icelandic Industries (SI), for offering concise and strategic education and training for its employees and employees of its subsidiaries, i.e. Veitur Utilities, ON Power, Reykjavík Fibre Network and Carbfix. Mr. Bjarni Bjarnason, CEO of Reykjavík Energy Group and Ms. Ásdís Eir Símonardóttir, HR Specialist, accepted the awards on behalf of the Group from the president of Iceland, Mr. Guðni Th. Jóhannesson.



26. February 2020

ON Power and Carbfix Place an Ad for New Board Members

An advertisement has been published asking for applications for new members of the Board for two of Reykjavík Energy Group's subsidiaries: On Power and Carbfix. This is the first time that Reykjavík Energy Group has chosen this approach for seeking new Board members, but this method is becoming increasingly popular by companies and organisations.



13. March 2020

Greta Thunberg Introduced to Carbfix

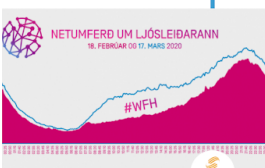
Greta Thunberg, climate activist and Nobel Peace Prize nominee, visited Climeworks at their carbon dioxide direct air capture plant outside Zürich this week. Climeworks is one of the CarbFix2 project partners – and have together with Carbfix installed a direct air capture plant at the current Carbfix injection site at the Hellisheidi Geothermal Power Plant in Iceland.



20. March 2020

Greatly Increased Internet Traffic

The effect of the COVID-19 pandemic has been widely felt and internet traffic has increased vastly as a result of substantial increase in telecommuting, accompanied with less car traffic and fewer pedestrians. Reykjavík Fibre Network data transfer, via the company's optical fibre cable, have increased by 40%, along with increased load on its system.



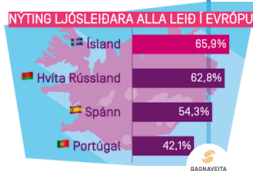
1. April 2020

Electricity Production at Elliðaárdalur Power Station Discontinued

Reykjavik Energy Group plans on further electricity production at Elliðaárdalur Power Station, including the construction of a small electrical power plant, have for the time being been pushed aside. A study demonstrated that continued electricity production at the plant would be impractical.



OR



23. April 2020

Iceland Leads in Fibre Optics

Iceland leads the way when it comes to fibre optic cable utilisation by households in Europe, according to report published by the **Fibre to Home Council Europe**. According to the report, 65.9% Icelandic households are connected to the fibre optic network.

7. May 2020

More Than 16% Throw Trash Into the Toilet

Approximately 16.5% of the population admit to having flushed wet- and disinfectant wipes, and other trash down the toilet, but 83.5% say that is something they would never do. This is one of the findings from a survey done for Veitur Utilities in April. Recently we heard in the news that a sewage processing centre at Klettagarðar in Reykjavik suffered malfunction for a period of time, resulting in untreated sewage being pumped directly into the sea. This was due to immense amount of wet- and disinfectant wipes and other trash that had been flushed down the toilets.



VEITUR

15. May 2020

Big Step Towards Electrification of Reykjavik's Harbours

The ministry for the Environment and Natural Resources, the City of Reykjavik, the Associated Icelandic Ports (Faxaflóahafnir), Veitur Utilities, and the freight companies Samskip and Eimskip, signed today a letter of intent for the installation and use of high-voltage generator for cargo vessels at Sundabakki and Vogabakki docks in Reykjavik. The equipment will drastically decrease greenhouse gas emissions and lower local air pollution from operations at the harbour area in Reykjavik.



VEITUR

28. May 2020

Veitur Utilities Create 200 New Jobs

At Veitur Utilities' Board meeting, April 8, it was decided to devise a resilience plan, to counterbalance the effect of the COVID-19 pandemic on the Icelandic economy. Veitur Utilities will demonstrate social responsibility in action by increasing investment in infrastructure projects, aiming at keeping the level of employment as high as possible.



VEITUR



29. May 2020

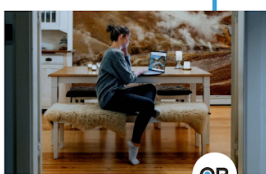
Two Carbflix Projects Receive Grants From Icelandic Climate Fund

The Icelandic Climate Fund have just announced their selection of projects for 2020. Two Carbflix-related proposals were among the [funded projects in the Innovation Action category](#).

5. June 2020

Rapid-Charging Points Three Times Faster

ON Power has introduced its latest generation of EV rapid-charging points (150kW) for electric vehicles. The rapid-charging point station is located at ON Power's headquarters at Bæjarháls.



5. June 2020

RE Creates More Summer Jobs During COVID-19

Reykjavik Energy Group and its subsidiaries have created additional 30 summer jobs, in order to counterbalance the difficult employment situation, caused by COVID-19. These summer jobs are an addition to the prior 100 summer jobs already filled.

10. July 2020

Zac Efron Starts TV-series Visiting Carbflix

Down to Earth, a new TV travel show hosted by Zac Efron and Darin Olien, premieres on Netflix today. In the series, the Hollywood actor and the wellness guru travel the world to learn about healthy and sustainable ways to live, as well as treating themselves to local food. Their destination in the first episode is Iceland.



17. July 2020

Iceland's Largest Telecom Enters the Fibre Optic Network

This morning, Síminn, Iceland's largest telecom, and Reykjavik Fibre Network signed an agreement, whereas Reykjavik Fibre Network grants Síminn access to its fibre optic network. This means that Síminn will be able to provide increased service to its customers in the future, via Reykjavik Fibre Network's optical fibre network.

28. July 2020

Carbflix Receives the Keeling Curve Prize

Last night, Carbflix received the international Keeling Curve Prize for their method of carbon disposal, which transforms gas to stone. The awards annually recognize pioneer organisations who have made notable success in decreasing emissions or increasing the immobilisation of carbon dioxide to help fight climate crisis.





13. August 2020

ON Power's Charging Points Doing Well

Electricity sales for cars at ON Power's charging stations increased considerably during the summer, indicating surge in use of electric cars, which is also supported by marked increase in the number of electric cars.

26. August 2020

Carbfix and Climeworks Scale Up

Climeworks has signed groundbreaking agreements with both Carbfix, carbon storage pioneers, and ON Power, the Icelandic geothermal energy provider, to lay the foundation for a new plant that will significantly scale up carbon removal and storage in Iceland. The new plant will be able to permanently remove annually 4000 tonnes of carbon dioxide from the air.



6. September 2020

The Drilling Rig 'Nasi' Put to Work

Operations at Bolholt 5 in Reykjavik, will formally commence this week, when the drilling rig 'Nasi' will be started. At this site, one of Veitur Utilities' bounteous geothermal borehole is located, one which has served the citizens of Reykjavik since 1963.

11. September 2020

Households in Reykjanesbær Connect to Reykjavik Fibre Network

Today, households in Reykjanesbær can start connecting to the Reykjavik Fibre Network, and it gives us great pleasure to be able to offer, for the first time, One Gig, a high quality fibre-to-the home network via the Reykjavik Fibre Network. One Gig can relay 1,000 megabytes for each household.



13. September 2020

Electricity in Surplus Supply

Available now is double the amount of electricity if all privately owned cars were electric cars. Therefore, owners of electric cars do not need to worry that new power plants have to be erected in order to provide sufficient electricity for their cars, according to Mr. Bjarni Bjarnason, Reykjavik Energy Group's CEO, who was a guest at the popular television current affairs magazine Silfur, with host Fanney Birna Jónsdóttir, on RÚV today [viðtali Fanneyjar Birnu Jónsdóttur við Bjarna Bjarnason forstjóra Orkuveitu Reykjavíkur í Silfrinu á RÚV.](#)

24. September 2020

RE Targets Carbon Neutrality by 2030

Reykjavik Energy Group has set the target of reaching carbon neutrality by 2030. The new target is more ambitious than before. Increased storage and utilisation of carbon dioxide from ON Power Geothermal Steam Plant will play the largest role in achieving this target.



29. September 2020

Nesjavellir Geothermal Power Plant Marks 30 Years

Tuesday, September 29, 2020, marks 30 years from the commissioning of the Nesjavellir Geothermal Power Plant. Jóhann, who started working there as a project manager in 1985, during the drilling phase, says that conditions were rather primitive for the first few years.



8. October 2020

Expansion at Hellisheidi Complete

The expansion project at the Hellisheidi Geothermal Power Plant, which produces hot water for residents and businesses in the capital area has been completed. The plant's processing power has increased from 600 l/s to 925 l/s, or roughly 50%. Total cost of the expansion project is approximately ISK 1.25 billion.



26. October 2020

New Charging Points at Þingvellir National Park

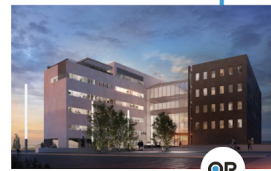
New EV charging point station was opened at the service station at Þingvellir. The station has one rapid-charging point (50kW) and two charging points (22kW).



27. October 2020

Reconstruction of HQ

Reykjavik Energy Group's headquarters at Bæjarháls 1, Reykjavik, were formally opened in the spring of 2003. However, in late 2015, serious damage due to damp was discovered in the West Wing of the building, to everyone's dismay. Besides the obvious financial loss, it is always a serious matter if employees' health may be at risk at the workplace.



29. October 2020

The river Elliðaár Back to Natural Flow

Tomorrow, Thursday October 29, employees from Reykjavik Energy Group will empty the northern part of Árbær's reservoir (a.k.a. the Duck pond). This is a permanent arrangement. The decision to empty the reservoir is taken after consulting with the Marine and Freshwater Research Institute, which has suggested that a natural flow of the river should be established through the dam, i.e. the flaps should not be manipulated at all, but kept open all year round.



10. November 2020

Collaboration in Electric Infrastructure

Veitur Utilities and the public transport company Strætó, which operates city buses in the capital, have signed a letter of intent, stating that the companies will join forces in order to secure that the development of electricity infrastructure at Veitur Utilities will incorporate the needs of Strætó and other environmentally friendly transport. By doing this, the publicly owned companies will do their share in minimising the societal cost of energy switching in transport in Iceland.



27. November 2020

Carbfix Receives Innovation Awards

Carbfix, an innovation start-up company that combats climate change by converting carbon dioxide to stone, today received a special innovation award at the Festa and Reykjavik City Climate Awards. Ms. Edda Sif Pind Aradóttir, CEO of Carbfix, says that the recognition is a great encouragement for the newly established company as the urgency for climate action is clear.



30. November 2020

3,400 LED-Lamps Shine Bright

The street lamp department at ON Power are busy these days replacing street lamps in Breiðholt, a district in Reykjavik. The new lamps are fitted with LED light bulbs. The project has been successful and will probably be completed in January, with around 3400 new lamps installed.



1. December 2021

Veitur Utilities' Contingency Plan Activated

In light of the fact that one of the deepest cold spell since 2013 in the Southwest of Iceland is forecasted, Veitur Utilities' has mobilised a contingency plan for its operations. The plan entails that people will be encouraged to use hot water sparingly, so enough hot water is available for domestic heating.



1. December 2021

Veitur Utilities Enter Smart-Metering

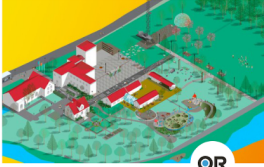
Veitur Utilities has made an agreement with the Slovenian company Iskraemeco to buy a leading edge solution in the automation of electrical- and hot- and cold water meters. The agreement is worth ISK 2 billion and includes procurement of meters and computer programs, along with its integration to Veitur Utilities' operations.



8. December 2021

Multiform Experience in Natural Paradise

2021 marks Elliðaárdalur Power Station's centennial. Reykjavik Energy Group has decided to give further zest to its surroundings in the valley, by opening Elliðaárdalur Power Station's history- and technical exhibition. The green pastures surrounding the power station at Rafstöðvarvegur Road, will gain a new role as the exhibition's area, where this remarkable history will be told by multiform and educational experience in the power station's buildings, as well as in its adventurous environs in the valley Elliðaárdalur.



Climate Issues



Reykjavik Energy Group has been at the forefront among Icelandic companies when it comes to climate issues, and its performance in environmental issues is vital. The Carbfix process, which has been applied at the Hellisheidi Geothermal Power Plant, clearly demonstrates that it is possible to take measures to reduce greenhouse gas emissions, and thus the climate crisis we are facing.

Changes in consumer behaviour in Iceland, due to COVID-19, that started in the spring of 2020, indicate that consumer patterns can be permanently changed, thus positively affecting the climate and the environment. These changes in consumer patterns have been manifested, e.g. by telecommuting, resulting in less work related travel, both of which have high beneficial impact on the carbon footprint. Here at Reykjavik Energy Group, we have instances where employees have lowered their carbon footprint by approximately two to three tonnes in 2020.

Reykjavik Energy Group's climate issue priorities:

- Achieve carbon neutrality by 2030.
- Increase capture and removal of carbon dioxide, domestically and globally.
- Motivate energy switching in the transport sector.

Dispelling the threat of climate crisis is a responsibility we all share. The state and municipalities must do their share, businesses need to take action, and each and everyone of us has to contribute to making the earth liveable for future generations. For a discussion on Reykjavik Energy Group's light footprint processing and operations, and plans for a large portion of carbon dioxide and hydrogen sulphide from its geothermal power plants to be captured and mineralized and stored in basaltic bedrock, see video below.

Chapters on climate issues address greenhouse gas emissions from operations, as well as projects implemented to ensure that the target of carbon neutrality is met by 2030.

E1 Greenhouse Gas Emissions

Promotes UN's Sustainable Development Goals



Climate change objectives

Reykjavik Energy Group aims to achieve carbon neutrality by 2030, but it provides 45 to 75% of Icelandic households with potable water, sewerage systems, electricity, district heating, and a fibre network, all with a low carbon footprint.

Increased capture and storage of carbon dioxide into basaltic bedrock at Hellisheidi and Nesjavellir Geothermal Power Plants, by means of the Carbfix method, has the largest impact on reduction of greenhouse gas emissions from the Group. Electrical- and methane energy switching of the company's vehicle fleet also plays a crucial role, as well as proactive projects at Veitur Utilities, that aim at boosting the resilience of the utilities systems, due to climate crisis.

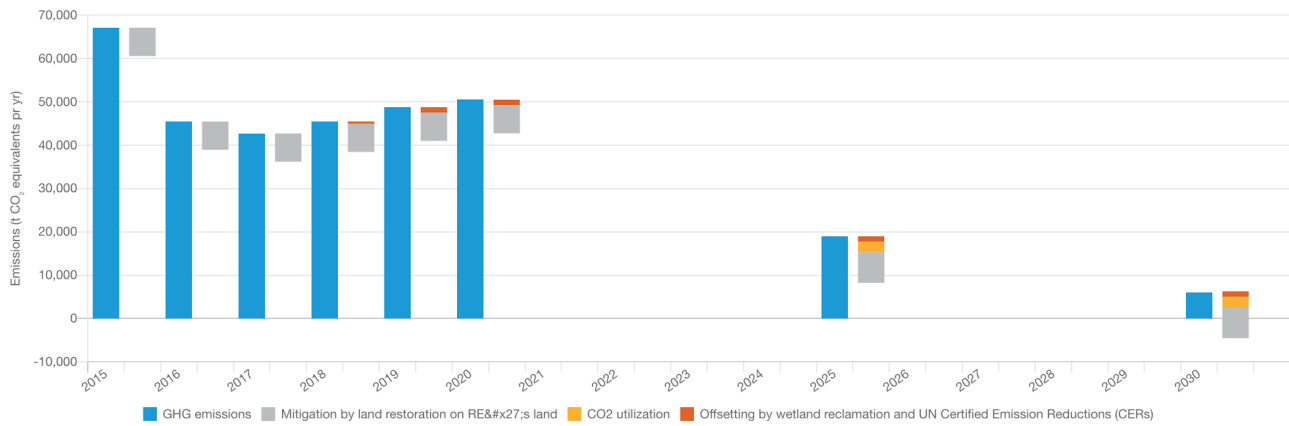
In 2020, the percentage of reinjected and sequestered carbon dioxide from the Hellisheidi Geothermal Power Plant amounted to about 25% of its emissions. This is the same proportion as in 2019, but carbon dioxide emissions have increased compared to 2018. There are two reasons behind this, the first being an increased power production at the Hellisheidi Geothermal Power Plant, as well as high levels of carbon dioxide emanating from a powerful borehole, that was connected to the power plant at Hverahlíð in 2020. The second reason for the Group's larger carbon footprint in 2020 can be traced to disease prevention measures due to COVID-19. A large number of employees work in construction and maintenance, and in order to decrease the risk of infection, employees were split into groups, where each group was assigned a car from the Group's vehicle fleet, at its disposal for commuting purposes. Nevertheless, as a consequence of telecommuting and a ban on work travel for the Group following the pandemic, emissions due to employees' commute and airline commute decreased considerably.

In December, the executive body approved measures to offset carbon emissions from the Group's vehicle fleet, air travel, etc., by supporting the reclamation of the wetland areas in Iceland, in collaboration with the Icelandic Wetland Fund (Votlendissjóður), and by supporting UN's developmental aid project promoting clean cooking fuel in Malawi.

Guarantee of origin for electricity has been in place for the Group's total consumption of electricity, from 2016 to 2020. However, this was not the case with respect to Veitur Utilities, Reykjavik Energy and Reykjavik Fibre Network in 2015, which explains the large amounts of emissions that year.

Greenhouse gas emissions are calculated in accordance with the standard Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard.

GHG emissions and mitigations 2015-2030

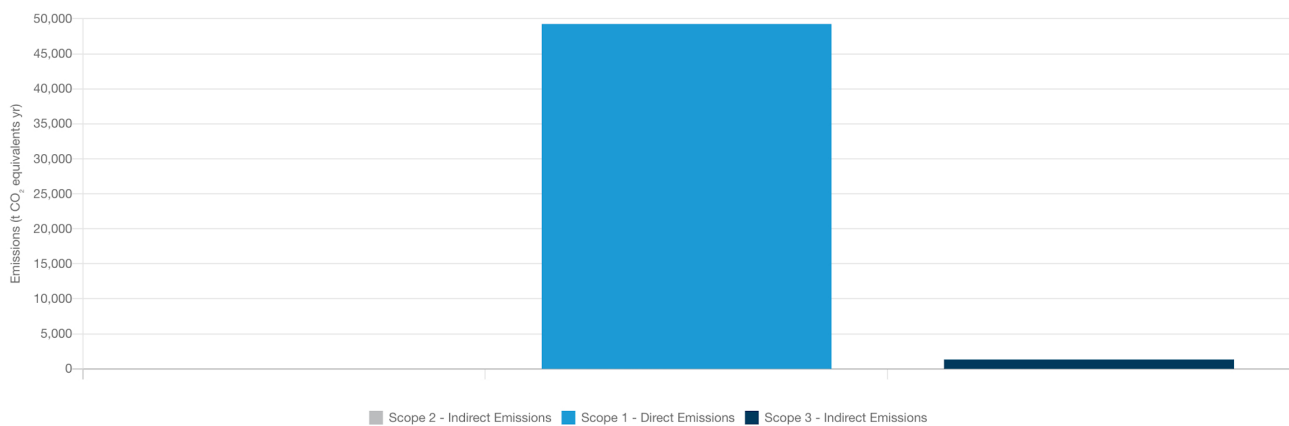


Direct & indirect GHG emissions

In 2020, Scope 1, or direct emissions from Reykjavik Energy Group's core operations, amounted to approximately 49,250 tonnes of CO₂ equivalents. Scope 2, or indirect emissions due to usage of electricity and hot water in the Group's core operations, was none due to the fact that the Group produces electricity for the national grid and emissions from that production are already accounted for in scope 1. Scope 3, or indirect emissions, was approximately 1,300 tonnes of CO₂ equivalents. The data for scope 3 are not exhaustive, as production of resources is not included.

Reykjavik Energy Group produces approximately 1% of Iceland's total GHG emissions, based on total emissions recorded in 2018 (Environment Agency of Iceland, 2020).

Direct & indirect GHG emissions 2020



E2 Emission Intensity

Promotes UN's Sustainable Development Goals



Carbon dioxide emission intensity

Carbon dioxide emission intensity is defined as the level of emissions, relative to each operating unit, e.g. unit of produced energy, income, and other indicators relevant to the operation.

ON Power produces electricity for consumers, as well as hot water, which is sold wholesale to Veitur Utilities. Carbon emissions per unit of electricity and hot water at ON Power Plants have decreased since 2015, and are now 8.3 g of CO₂ equivalents per kWh. Proportionate reinjection of carbon dioxide at the Hellisheidi Geothermal Power Plant was approximately 25% in 2020, which was below expectations due to unforeseen technical malfunction in the hydrogen sulphide abatement unit at the plant, which had to be adjourned for a prolonged period of time. Operations at Hellisheidi and Nesjavellir Geothermal Power Plants are carried out under a scheme that aims for a light carbon footprint in 2025 and 2030, respectively. This means that 95% of the carbon dioxide emitted from the power plants, will either be captured and stored, or utilised.

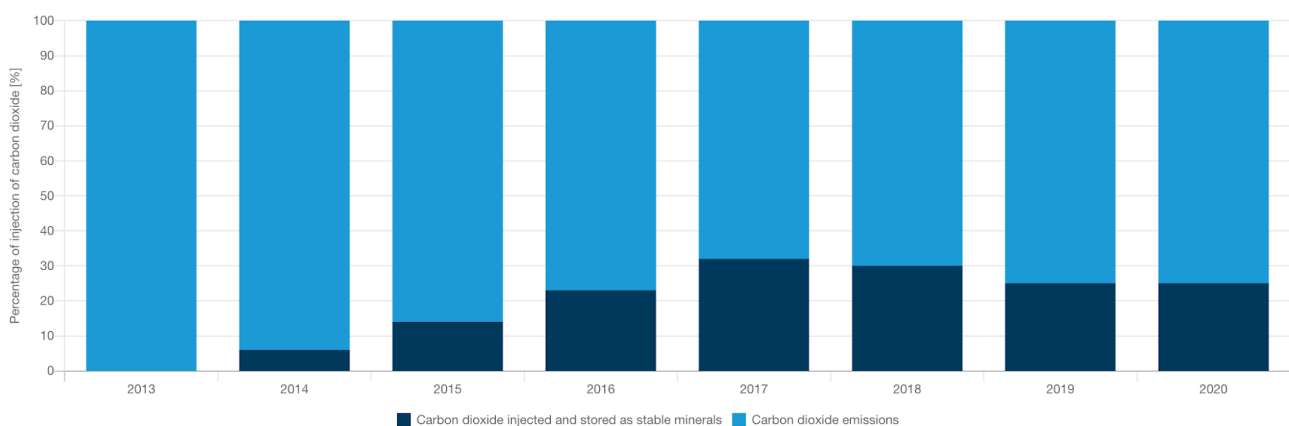
Veitur Utilities distribute electricity and hot water to consumers, process and distribute potable water, as well as managing the sewerage systems. Veitur Utilities' water utility, district heating, electricity utility, and sewerage systems have reduced their carbon emissions since 2015.

Reykjavik Fibre Network's data transmission has decreased its carbon emissions per unit.

The margin of error for emissions is 5%.

Reykjavik Energy Group's activities do not emit any ozone depleting substances.

Annual percentage of injection of carbon dioxide from the Hellisheidi Geothermal Power Plant in 2013-2020



Key performance indicators (KPIs)	Unit	2015	2016	2017	2018	2019	2020
GHG emission, Sc.1, 2 & 3	t CO ₂ eq-yr	67,100	45,450	42,700	45,450	48,750	50,550
Revenue	ISK bn.	40.3	41.4	44.0	46.3	46.6	48.6
Premises	thousand m ³	780	780	780	780	780	780
Carbon intensity/ revenue	t CO ₂ eq/ISK bn.	1,665	1,098	970	982	1,046	1,040
Carbon intensity/premises	t CO ₂ eq/thousand m ³	86	58	55	58	63	65
Hot water:							
Weighted average of CO₂ intensity for hot water	g CO ₂ eq/kWh	4.5	3.8	3.5	3.4	3.4	3.9
Electricity:							
Carbon intensity/unit electricity produced	g CO ₂ eq/kWh	10.4	8.9	8.1	7.9	8.0	8.3
Carbon intensity/unit electricity distributed	g CO ₂ eq/kWh	1.0	1.0	1.0	1.2	0.8	0.3
Total CO₂ intensity/ electricity produced & distributed	g CO ₂ eq/kWh	11.4	9.9	9.1	9.1	8.8	8.6

*Carbon footprint of low-temperature geothermal fields has been rated as approximately 0 g/kWh.

**According to instructions by the Environment Agency of Iceland regarding emissions factors, the weighted average of GHG emissions per kWh of electricity, produced by hydropower and geothermal energy in Iceland in 2019, was 9.8 g. For hydroelectric power, GHG emissions per kWh of electricity amounted to 1.8 g and for geothermal energy 26.5 g.

Emission intensity of hydrogen sulphide

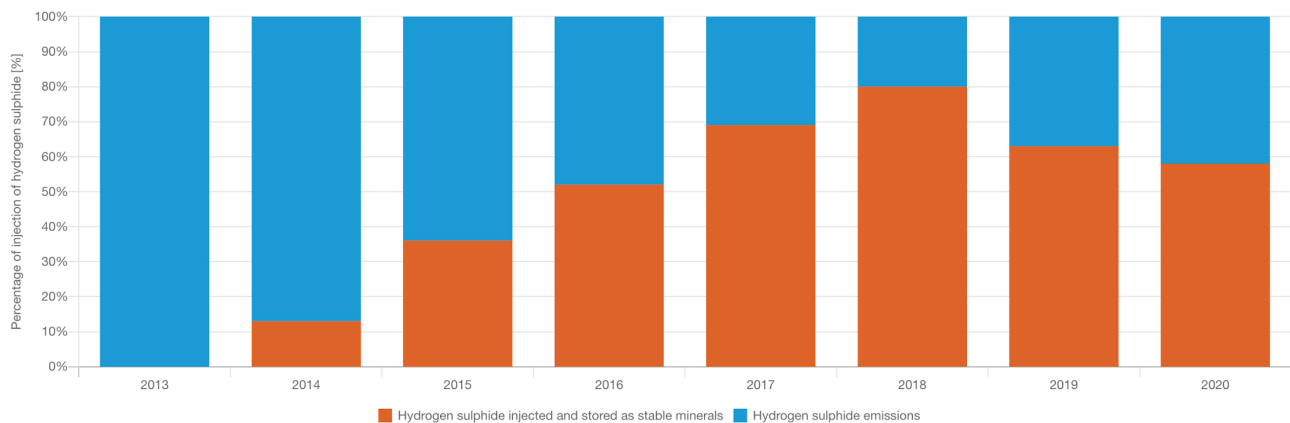
The hydrogen sulphide emission intensity from one unit of produced electricity per kWh at the Hellisheidi Power Plant has been reduced since 2015, or from 6 g per kWh to approximately 1 g, and at the Nesjavellir Power Plant from 4 g per kWh to approximately 3 g.

The concentration of hydrogen sulphide (H₂S) in populated areas did not exceed limits in Lækjarbotnar and Úlfarsárdalur, but exceeded the limit once in Norðlingaholt and Hveragerði in 2020. The result of systematic cleaning and reinjection of hydrogen sulphide from the Hellisheidi Geothermal Power Plant in 2020 was similar to 2019. Proportionate reinjection of hydrogen sulphide from the plant was just under 60%, which is a little less than previously planned, as the hydrogen sulphide abatement unit at the plant had to be adjourned for a prolonged period, due to unforeseen malfunctions.

Hydrogen sulphide emissions from Nesjavellir and Hellisheidi Geothermal Power Plants amounted to 11.7 thousand tonnes in 2020. Operation activities at the power plants at Hellisheidi and Nesjavellir are in accordance with the objective of a light carbon footprint by 2025 and 2030, respectively. Thus, almost all hydrogen sulphide from the power plants will be captured and stored in basaltic rock.

The margin of error for emissions is approximately 5%.

Annual percentage of injection of hydrogen sulphide from the Hellisheidi Geothermal Power Plant in 2013-2020



Key performance indicators (KPIs)	Unit	2015	2016	2017	2018	2019	2020
Hydrogen sulphide emissions	Tonn	12,900	12,100	10,300	8,800	10,700	11,700
Hydrogen sulphide intensity/electricity produced at Hellisheidi	g H ₂ S/kWh	6	1	1	1	1	1
Hydrogen sulphide intensity/electricity produced at Nesjavellir	g H ₂ S/kWh	4	3	3	3	3	3

Then and now



Carbfix

A pilot plant for the Carbfix carbon capturing and mineralisation was constructed in 2009-2010. It had to have tanked CO₂ ready to be able to test the re-injection part of the development project, even though the station, which was called Gertrud, was inoperable. In 2014, ON Power built a gas abatement unit based on the pilot project. Now, plans for its expansion are in place, as well as construction of another installation at the Nesjavellir Geothermal Power Plant.

Credit: ON Power's collection.

E3 Energy Usage

Promotes UN's Sustainable Development Goals



Reykjavik Energy Group produces renewable energy, electricity, and hot water, from sources such as geothermal energy and hydropower. The Group utilises about 10% of produced electricity and a little under 1% of its hot water production for its own operations.

Fossil fuels, particularly diesel oil and methane, are used during construction activities and operations by the consolidation. All fossil fuel is identified as indirect energy consumption, as it is purchased from a third party.

The proportion of direct energy consumption (electricity and hot water) by Reykjavik Energy Group is 99.9%, and indirect energy consumption (fossil fuels and methane) is 0.1%.

E4 Energy Intensity

Promotes UN's Sustainable Development Goals

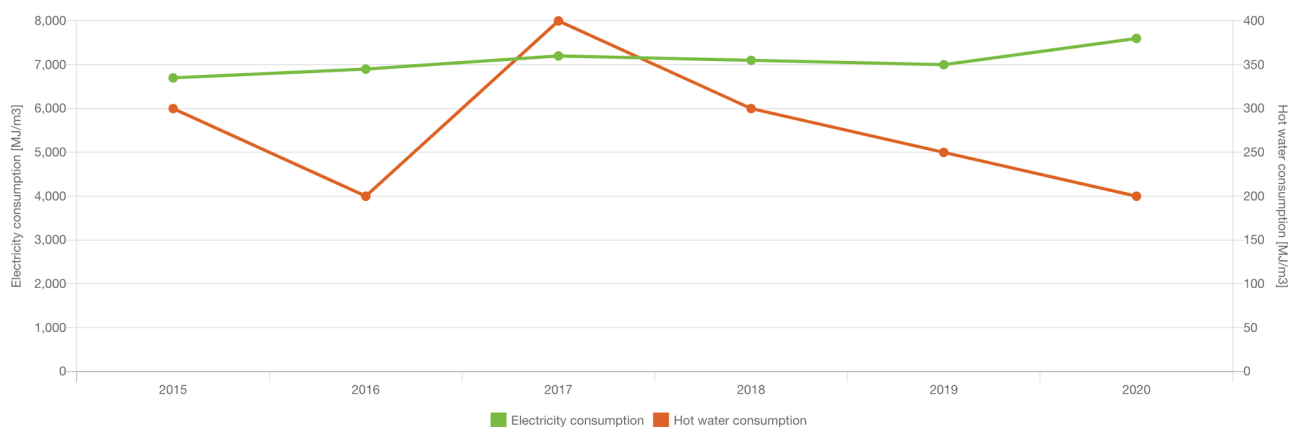


Direct energy consumption by each operating unit, e.g. size of property, average positional value, etc., is sometimes called energy intensity.

The Group's own use of electricity is primarily due to the production of hot water, pumping of sewage, hot and cold water, and property management. The Group's own use of electricity, in relation to the total size of its properties, has in general increased since 2015, whereas hot water usage has decreased.

Primary energy consumption is expressed in megajoules (MJ), for data comparison purposes.

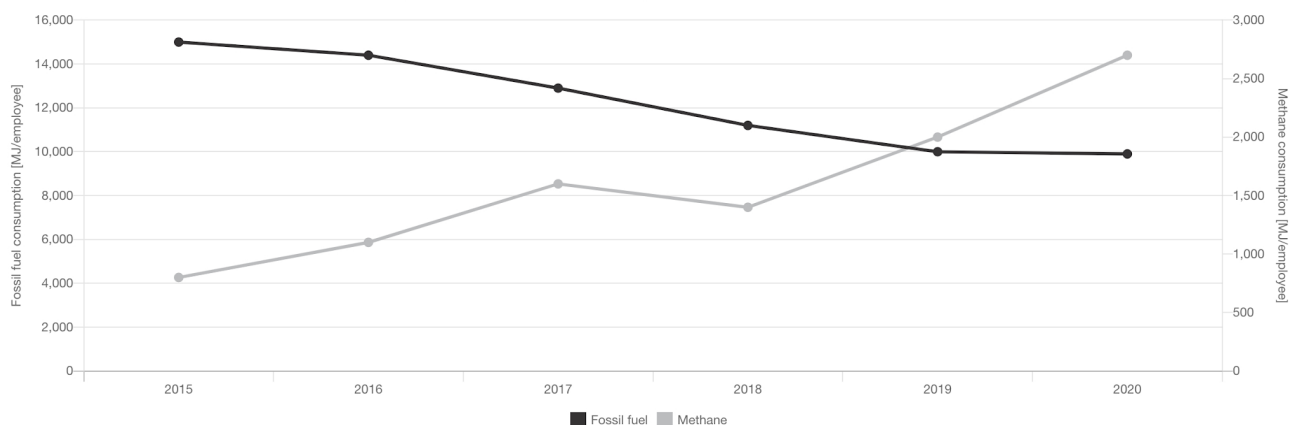
RE's electricity and hot water consumption per unit of premises



Fossil fuel consumption per position has decreased when compared with 2015, whereas the use of methane has increased.

Primary energy consumption is expressed in megajoules (MJ), for comparison purposes.

RE's fuel consumption per employee



E5 Energy Mix

Promotes UN's Sustainable Development Goals



Primary energy sources

Reykjavik Energy Group produces renewable energy, electricity and hot water for district heating, from geothermal energy and hydropower, and uses part of this energy production for its own operations. The main sources of energy, which are used for the Group's operations, are electricity and hot water, which are 99% renewable.

At Reykjavik Energy Group, the effect of the climate change on its operations is mapped, since the resilience of its utilities is affected by it and has direct effect on its operations, as well being the basis of quality of life for people and businesses. See further discussion on the effect of the climate crisis in [E8 Climate Risk Supervision / BoD](#) and [E9 Climate Issue Supervision / Management](#).

Renewable energy intensity

Energy intensity is identified as energy need per unit of indicator in the relevant operations, e.g. production, revenues or manpower.

The renewable energy intensity of Reykjavik Energy Group is high, as operating utilities and power plants is energy intensive. Almost all the energy, needed for these operations is derived from renewable energy sources, as for 1 MJ of non-renewable energy used by the Group, 1,000 MJ are renewable.

E8 Climate Risk Supervision / BoD

Reykjavik Energy Group's Board of Directors oversees assessment and management of climate related risk for the Group.

Climate related issues are scheduled into the Board meeting's agenda every month. In 2020, for example, the Board reviewed the climate crisis action and adaption plan for its operations. The plan had previously been approved by the Executive Board of Directors, and the Board of Directors' review included audit and issuance of guidelines. This review was an important continuation for the Reykjavik Energy Group's leading business decisions from late 2019, to establish Carbfix, a publicly traded company, which manages the capture and storage of carbon dioxide, as well as expediting by ten years Reykjavik Energy Group's objective of carbon neutrality (Scope 1, 2 and certain parts of Scope 3), to the year 2030.

For further information on Reykjavik Energy Group's Board of Directors, [see here](#).

E9 Climate Issue Supervision / Management

Reykjavik Energy Group's Executive Board of Directors reports climate risk issues to the Board of Directors.

In 2020, a concise project with the goal to develop a detailed plan for adapting its operations to climate issues was formalised. The first project phase of two has been concluded, where interdisciplinary teams within Reykjavik Energy Group mapped potential climate risks and established communication channels, both across the Group and with external stakeholders, to guarantee efficient flow of information.

Reykjavik Energy Group has identified and evaluated the severity of possible impact, due to climate change, on its operations and its appropriate responses. By focusing on the Group's utilities systems, it has identified potential adjustments, needed to accommodate extreme precipitation, quick thaws, temperature changes, and rising sea levels. The water utilities monitor microbes in potable water in real time, in order to be able to respond accordingly, and to guarantee its quality. The district heating utilities evaluate future demand for hot water and seek out new ways to increase usage efficiency in order to increase delivery reliability. Sewerage utilities monitor sea levels and extreme precipitation forecasts for planning purposes. Sustainable Drainage Solutions (SuDS) are used to channel and filter rainwater from roads before it flows into rivers and lakes. This also boosts biodiversity and enhances the urban environment.

These projects are both mitigation measures and adaption, due to climate crisis. Veitur Utilities is responsible for the project's implementation, in collaboration with municipalities.

Then and now



Energy for the car

The older picture dates back to 1983 and shows an unnamed young woman ready for pumping petrol. The new photo depicts Hafrún Þorvaldsdóttir, project manager for ON Power's charging network. She has been leading the construction of ON Power's fast charging points all around Iceland.

Credit: Reykjavik Photography Museum/Kristján Haraldsson and ON Power's collection.

E10 Climate Risk Mitigation

Promotes UN's Sustainable Development Goals



Forsíða — Climate Issues — E10 Climate Risk Mitigation

Reykjavik Energy Group has, as a cleantech company, established the Reykjavik Energy Green Bond Framework by issuing green bonds. The green framework, and its bond issue, confirms the goal of carbon neutrality by 2030 and supports responsible and sustainable utilisation of resources.

In 2020, Reykjavik Energy Group funded various green projects for a total of ISK 25 billion, where new projects were awarded ISK 9 billion. These projects were, e.g. power production from renewable energy sources, such as electricity production and the expansion of district heating utilities, automatic meter reading of utilities systems, carbon dioxide sequestration in basaltic bedrock, projects to boost the resilience of utilities systems, and more. This funding amounts to 50% of the turnover of Reykjavik Energy Group. Eligible projects for green funding are selected by an interdisciplinary team within the Group, and a review is performed by an external agency.

Carbfix began its operations in January 2020. The company was established in late 2019, with the sole purpose of operating the method of capturing and storing carbon dioxide, which has been used to clean carbon dioxide from the Hellisheidi Geothermal Power Plant with excellent results. The company started as a research- and development project in 2007. Its mission is to tackle the climate crisis by capturing and permanently storing one billion tonnes of CO₂ equivalents in 2030.

The Carbfix project is proof that knowledge, time and funding is pivotal for environmental and climate change projects.

Electrification of Transport

Promotes UN's Sustainable Development Goals



Reducing emissions from transportation is an optimal opportunity for Iceland to tackle climate change, as well as improving air quality in populated areas. Due to the nature of operations by Reykjavik Energy Group and its subsidiaries, it is only corollary to support the electrification of the transportation system.

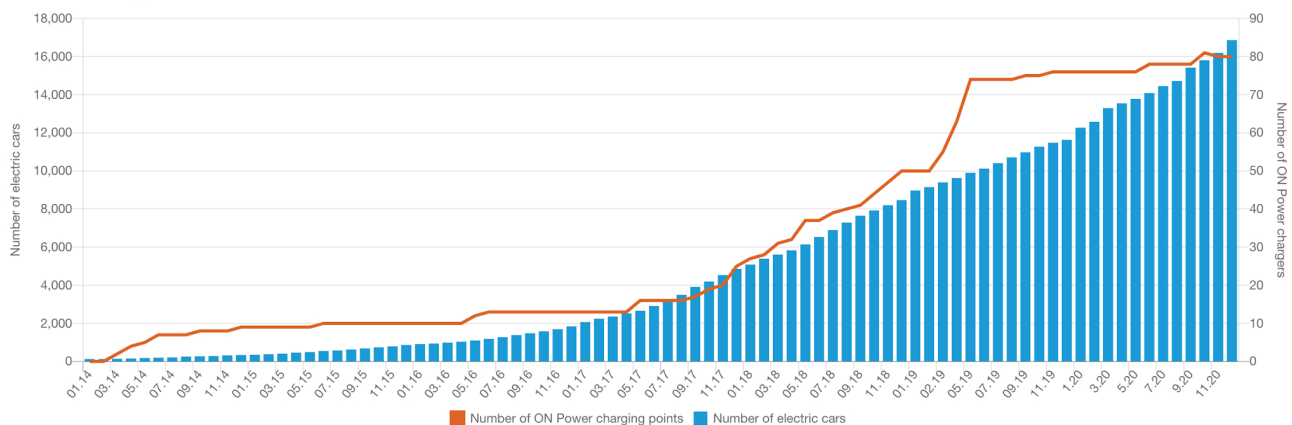
In 2020, ON Power installed its first 150 kW charging points for electric cars (EV). Reykjavik Energy Group awarded financial support for the installation of charging points at apartment buildings, and Veitur Utilities has been commissioned, along with several other companies, to partake in the implementation of the electrification of Reykjavik Harbour, a project aimed at reducing emissions from the harbour's operations, lowering the volume of CO₂ equivalents by approximately 10 thousand tonnes.

Three times more powerful charging points at ON Power

In 2020, ON Power opened six new EV rapid-charging points to the public, which are three times more powerful, or 150 kW, compared to the previous 50 kW charging points, installed in 2014. The number of electric cars equipped to use these powerful charging points, is constantly on the rise, and the plan is to increase the number of stations for rapid-charging points by up to ten. Furthermore, there was a considerable increase in the number of regular charging points from ON Power, up to 22 kW, but those are identified for businesses or homeowner's associations, and not for the general public. On Power won a bid for tender by the municipalities of Reykjavik and Garðabær, in the third quarter. The project involves installing a total of 180 rapid-charging points in public parking facilities. Completion is estimated in the first quarter of 2021.

Agreements with a few companies, regarding the location of ON Power charging stations, expired in 2020, these location were mainly at petrol stations. The solution was to install new charging points close to prior locations. Competition in the charging market increased during the year, as new companies entered the market. A complaint was filed against ON Power, which in turn objected the base of the complaint. At year end, a verdict was still pending.

The number of electric cars in Iceland and ON Power charging points



Grants for homeowner's associations

In spring of 2019, an agreement was reached between the City of Reykjavik, Reykjavik Energy Group and Veitur Utilities for extensive development of infrastructure for electric car owners in the city. The agreement comprises that Veitur Utilities will run a local loop for charging appliances at the City of Reykjavik's various facilities, and elsewhere, according to suggestions from citizens. Furthermore, Reykjavik Energy Group and the City of Reykjavik will establish a fund, intended to support installation of charging points for residents by homeowner's associations in apartment buildings. Subsequently, Veitur Utilities and Reykjavik Energy Group made a similar agreement with the municipality of Akranes.

For Reykjavik Energy Group's payments to household associations, according to agreements, see table below.

	2019	2020
In Reykjavik	387.863 kr.	16.266.234 kr
In Akranes		2.430.414 kr.

The electrification of Reykjavik Harbour

Veitur Utilities, the Associated Icelandic Ports (Faxaflóahafnir), and the Treasury, will each award ISK 100 million to the first phase in the furtherance of electrical connections for larger vessels, and if all goes to plan, cargo ships from the freight companies Eimskip and Samskip will be able to connect to land-based electricity in 2021. The project is in accordance with Iceland's policies regarding climate issues. The prerequisite for these powerful connections, is the construction of a new conveying station by Veitur Utilities, at the Sægarðar dock, which also will serve to improve electricity delivery reliability for the capital area.



Representatives of Veitur Utilities, Associated Icelandic Ports, the Ministry for the Environment and Natural Resources, the City of Reykjavik, and carriers Samskip and Eimskip at the signing of a declaration of intent for enhanced electrification at Sundabakki and Vogabakki docks.

Innovation and Development Projects

Promotes UN's Sustainable Development Goals



Reykjavik Energy Group has been at the forefront of innovation and development on climate and environmental issues for the past decade. Among successful projects are:

- Reducing carbon dioxide and hydrogen sulphide emissions at the Hellisheidi Geothermal Power Plant by turning these geothermal gases into stone (see video below).
- Preparations to reduce emissions from the Nesjavellir Geothermal Power Plant.
- Collaboration with the Swiss company Climeworks regarding cleaning and sequestration of carbon dioxide from the atmosphere at Hellisheidi.
- Preparing the energy change in transport by installing charging stations for electric vehicles (EV).

Many of these successful projects have led to further developments and innovations. This work is being conducted in accordance with multiple collaboration agreements and programmes with universities, in the field of science and technology, domestically and internationally. Indeed, collaboration between the business sector and the academic community has often been a platform for turning ideas into concrete projects, useful for the economy.

Examples of promising projects of this kind, already launched by Reykjavik Energy Group:

- Light carbon footprint from geothermal energy.
- Development of carbon sequestration at Sorpa biogas- and composting plant, using the Carbfix method.
- Letter of intent between Reykjavik Energy Group, the power-intensive industry, and the government regarding carbon sequestration.
- Hydrogen production at Hellisheidi.
- Deep drilling.
- Managing induced seismicity.
- More effective utilisation of low-temperature fields.
- Water quality and better overview of water distribution.
- Development of the utilisation of biodegradable sewage waste.
- Further electrification of harbours for larger vessels.

| Environment



Reykjavik Energy Group is among the largest companies in Iceland. Therefore, the Group's performance in environmental issues is vital. Operations of Reykjavik Energy Group are certified, according to the ISO 14001 environmental management system. The Group regularly submits environmental reports to the Public Health Authority, the National Energy Authority, and the Environment Agency, all of which are licencing and monitoring authorities.

Environmental priorities of Reykjavik Energy Group:

- Water protection and safe drinking water for the future.
- Sustainable management of low- and high temperature geothermal resources.
- Low carbon footprint in water distribution, electricity supply, district heating, sewerage systems, and fibre network connection.
- Green loans and green funding.

Taking good care of the environment is a "group sport", as it is necessary to combine practical know-how with ingenuity in order to lighten the carbon footprint. For discussion, see video below (IS).

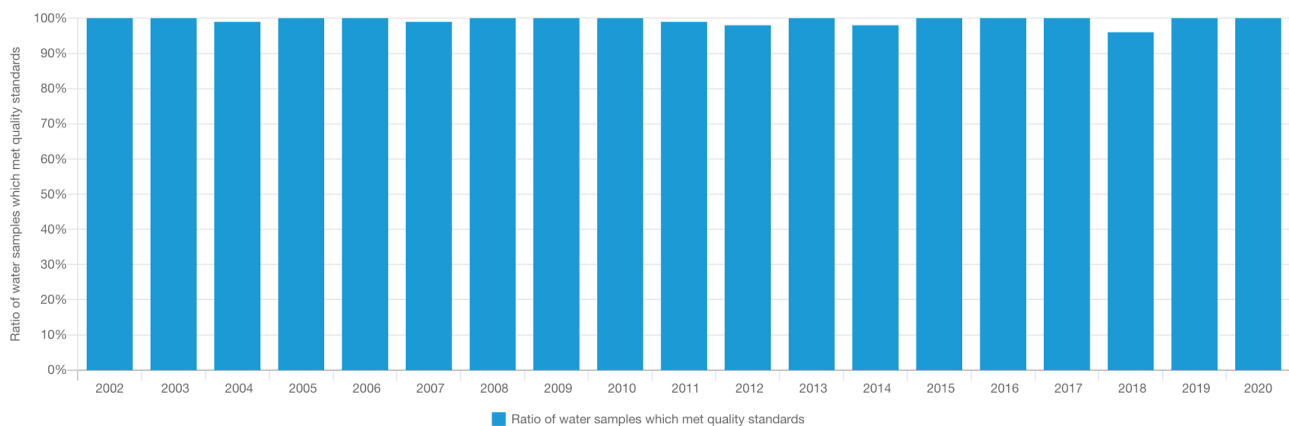
Water Protection and Water Management

Promotes UN's Sustainable Development Goals



In 2020, Veitur Utilities secured the supply of drinking water to residents and the business community in the distribution area, in accordance with established quality standards, statutory and regulatory provisions, and objectives of Veitur Utilities.

Quality of potable water in Reykjavik



Veitur Utilities has fifteen water sources, and its water utilities' distribution systems serve the capital area and the Western and Southern parts of Iceland. Veitur Utilities has two water reserves. The water utilities' distribution system serves 45% of the population in Iceland. Strategic water preservation, other preventive measures, and controls have been implemented in order to guarantee water quality.

In 2020, Veitur Utilities reconnected two water wells at Hafnarfjall, in the vicinity of Borgarnes. A drinking water purifying equipment, using ultraviolet (UV) light, was installed to safeguard the quality of the water from this water extraction well. Thus, microbial contamination, that can occur during thaws and precipitation, is destroyed before the water is fed into the distribution system.

Water conservation

Water conservation areas are delimited around the water sources of Veitur Utilities. Water conservation areas in Heiðmörk are monitored with regard to, among other things, the transport of oil, petrol and other hazardous chemicals. Accidents and incidents, caused by dangerous behaviour within the protected water areas, are registered, addressed, and appropriate action taken. Veitur Utilities' employees and contractors, that work at the protected water sources, are required to take environmental courses before projects commence, to prevent contamination accidents. This requirement is stipulated in tender documents.

In order to reduce the risk of accidents from oil- or hazardous chemicals accidents in protected water zones within the area, Veitur utilities has consulted with the Icelandic Road and Coastal Administration (IRCA), the Association of Local Authorities, and local health inspectorates about the closure and improvement of roads, in addition to further groundwater research in the area. Newly laid ski trails for cross-country skiing run from the former farm Elliðavatnsbær to Heiðmörk, and connect to other ski trails. This ensures accessibility for cross-country skiers, even if the Heiðmörk Road is closed due to icy conditions and water protection.

E6 Water Usage

Own use

In 2020, Reykjavik Energy Group's production of cold water amounted to over 26 million m³ and hot water to around 100 million m³. Of the 100 million m³ of hot water produced, 47 million m³ was cold water, which was heated in ON Power's plants at the Hengill area. The rest was hot water from low-temperature geothermal fields.

Reykjavik Energy Group's own use of cold water was about 83 million m³ and its hot water use was over 560 thousand m³.

All thermal energy used to heat buildings at Hellisheidi is in a closed system. The same water is recirculated and the use of thermal energy is not measured. Reykjavik Energy Group's own use of cold water is almost exclusively for ON Power's geothermal power plants at the Hengill area. In 2020, nearly 83 million m³ of cold water was pumped, almost 47 million m³ of which was utilised for thermal production, mainly domestic heating in the greater Reykjavík area, but approximately 36 million m³ was used for power plant operations, approximately 43%.

The percentage of Veitur Utilities' own use of hot water is very low in relation to the production volume. Veitur Utilities emphasises minimising energy consumption and waste in its utilities systems.

Recycling

Approximately 70% of geothermal water from Hellisheidi and Nesjavellir Geothermal Power Plants has been reinjected into the geothermal field. The mission of the reinjection of the geothermal water into the reservoir is to prolong its use.

Veitur Utilities place importance on reinjecting used geothermal water back in to the reservoir, when applicable.

E7 Environmental Operations

Promotes UN's Sustainable Development Goals



Environmental and Resource Policy

Reykjavik Energy Group works in accordance with an Environmental and Resource Policy, which marks its commitment to steadily improve the Group's performance on environmental issues. The policy is based on six principles which apply to all operating units: The climate and climate crisis, responsible resource management, serviceability which provides access to the Group's utilities, impact of emissions from its operations, impact on the community, and the Group's activities. Key factors include the protection of potable water, sustainable utilisation of resources, carbon neutrality by 2030, and a light carbon footprint in its operations and activities. In everyday operations, emphasis is placed on effectively utilising energy and resources, in collaboration with suppliers and contractors. The policy forms the basis for effective partnership with stakeholders.

The Group has defined significant environmental factors based on the principles stated in the Environmental and Resource Policy. New objectives have been established and defined for the handling of emissions and capture of carbon dioxide, responsible consumption, and energy switching in the transport sector.

The operations of Reykjavik Energy Group are not certified in accordance with a formal energy management system.

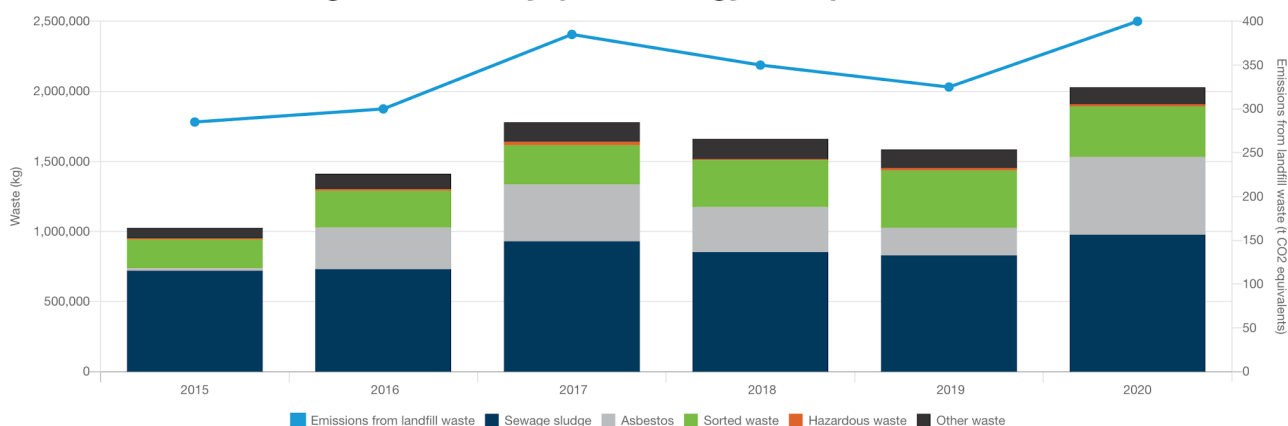
Responsible waste management

Greenhouse gas emissions from landfills have increased from 2015.

The percentage of waste from wastewater treatment plants amounts to the highest proportion, or approximately 60% of the total volume of landfill waste. The scope for controlling this type of waste is limited, as it is produced by the public and the business community in the utility area. Veitur Utilities launched an advertising campaign to highlight the damage, caused by wet wipes and other garbage that can wreak havoc on the sewerage system. Furthermore, the aim is to better utilise sludge and fat.

The volume of other waste either increased or decreased. The appendices show how waste is divided into waste categories, work sites, and municipalities.

Waste management at Reykjavik Energy Group 2015-2020



Environmental Improvements at the Andakílsá Hydropower Station

In 2020, ON Power met with landowners from the area around the lake Skorradalvatn and the river Andakílsá, as well as representatives of cabin owners in Fitjahlið in Skorradalur. A scenario analysis has been drawn up for environmental and economic issues around the Andakílsá Hydropower Station, but analysis on how it affects the community in Skorradalur and around Andakílsá is pending. Ensuing a close revision of the findings, a decision regarding the hydropower station's operating framework will be taken. Conclusion from a risk assessment regarding planned cleaning of silt from the station's dam intake is still pending.

The Andakílsá ecosystem

The ecosystem at the river Andakílsá has recovered after a substantial amount of silt was carried into the river during an inspection of the dam intake at the Andakílsá Hydropower Station in May 2017. More than 600 salmons were caught in the summer 2020, during scientific research, which is actually very good, compared to other salmon rivers in the area. The river will be ready for the 2021 fishing season. Approximately 30,000 smolts were released into the river in 2020, and 20,000 smolts are in a farming plan. Similar number of smolts, which have been in a farming plan, will be released in the summer of 2021. ON Power has taken this accident seriously and reacted responsibly.

Land erosion prevention on the banks of the river Andakílsá, in the land of Efri-Hreppur, started in the summer of 2020.

The lake Skorradalvatn

In the first half of February 2020, water levels in the lake Skorradalvatn exceeded ON Power's set limit, due to massive water swell, although water levels never exceeded the licenced limit of 63.10 m.a.s.l. The Icelandic Meteorological Office has prepared an inflow model for the lake Skorradalvatn, which will demonstrate the expected inflow, three days in advance.



Responsible Management and Production at Low-Temperature Fields

Promotes UN's Sustainable Development Goals



In 2020, Veitur Utilities' production in low-temperature geothermal fields in the capital area and most distribution areas in South and West Iceland was in accordance with the company's definitions and objectives, and statutory and regulatory provisions.

Capital area

Veitur Utilities operates thirteen district heating utilities. The largest one is in the capital area, five are in West Iceland, and seven in South Iceland. These district heating utilities provide services to approximately 65% of the population. Low-temperature fields in the capital area are steadily utilised. The demand for hot water is increasing in the capital area and to meet this increased demand, the geothermal power plant at Hellisheidi was expanded and the construction work concluded in September 2020.

During the summer 2019, hot water from geothermal power plants was temporarily supplied for several weeks to Mosfellsbær, Árbær, Ártúnshöfði and Kjalarnes. In summer of 2020, this production was expanded to include the entire capital area, excluding Kjalarnes and rural Mosfellsdalur, for the duration of almost three months. This production meant that subsequently the production in the low-temperature fields at Reykir, Reykjahlöð, Laugarnes and Elliðaárdalur, was temporarily eased, leading to increased winter reserves. Veitur Utilities aims at having this project ongoing in the coming years in order to lower production during the summertime at low-temperature fields, for better utilisation of thermal energy produced at geothermal power plants.



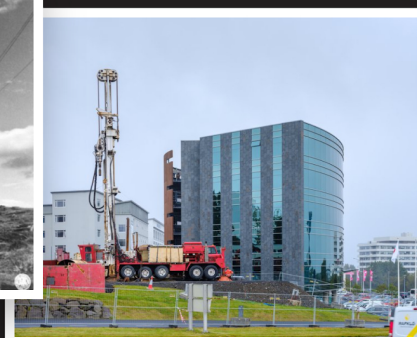
In September 2020, maintenance drilling of one of Veitur's low-temperature geothermal wells began at Bolholt in Reykjavik. The well is one of the most productive ones in the Laugarnes area. It was originally drilled in 1963.

South and West Iceland

Conditions in most of the low-temperature geothermal fields in South and West Iceland are good, albeit with some exceptions.

More hot water needs to be produced for Rangá Utilities, which services population clusters at Hella and Hvolsvöllur. Pressure in the geothermal system in Hveragerði has fallen, and it is urgent to secure sufficient hot water for the district heating. The new high temperature submersible pump in the main borehole in Hveragerði makes it possible for Veitur Utilities to operate it without any release of steam, which is an advantage as it is situated in the middle of a populated area. Furthermore, it is possible to control the amount of hot water extracted from the borehole, which leads to better utilisation of resources. Utilising high temperature submersible pump in district heating is a developmental project, and if successful, could prove to be a breakthrough in the utilisation of geothermal heat.

Then and now



Drilling for hot water

The older photo is of the 'new rig' as stated in the photo file, probably taken in Mosfellssveit around 1940. The new one is taken in the summer of 2020 when *Nasi*, a 2007 model Schramm drilling rig, worked on dredging the well at Veitur near Bolholt.

Credit: RE's collection.

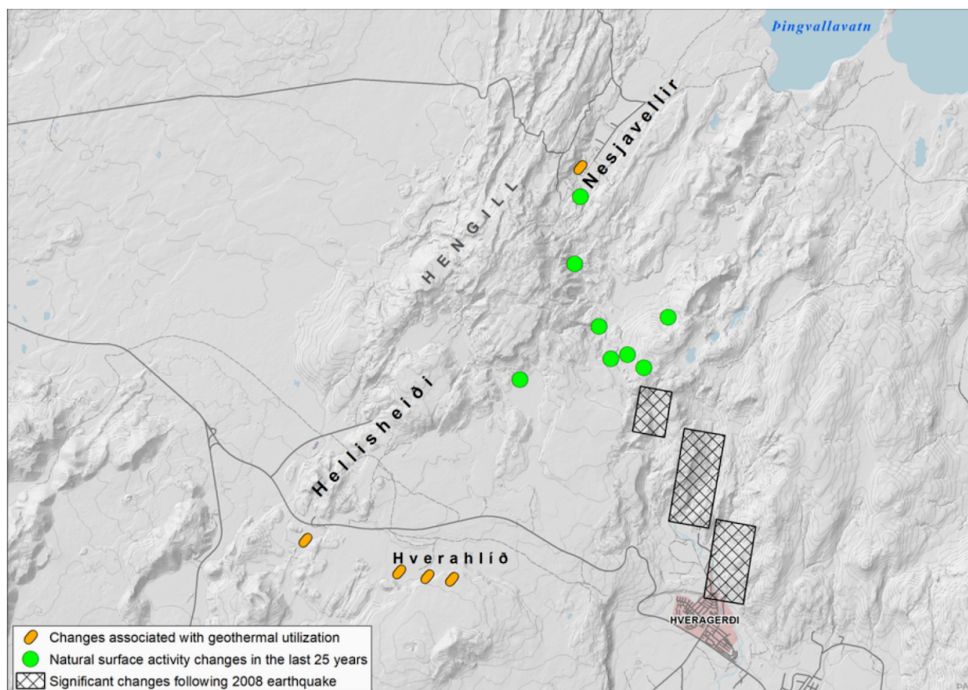
Responsible Management and Production at High-Temperature Fields

Promotes UN's Sustainable Development Goals



Forsíða — Environment — Responsible Management and Production at High-Temperature Fields

Geothermal energy activity is monitored at the surface at the Hengill area. This area can be impacted by natural changes, as well as the production of geothermal energy. There is no definite way of discerning whether the changes occur naturally or from human action. The changes in surface activity at Hverahlíð for instance, started when boreholes were drilled in the area. Therefore, it may be inferred that these changes are due to utilisation of geothermal heat in the area.



Production field of geothermal power plants at the Hengill area and temperature changes in geothermal surface heat.

Nesjavellir and Hellisheidi

In 2020, energy production at Nesjavellir and Hellisheidi was in accordance with the power plants' operating licence and ON Power's objectives. Maintaining the power plants' production capacity at the Hengill area has been one of the company's most important tasks in recent years.

The drilling of one injection borehole at the Hellisheidi Geothermal Power Plant was completed in 2020, and it has been operating since October. The new injection borehole made it possible to decrease injection within the production area. The level of produced steam at Hellisheidi's production area has decreased since 2019, on account of drawdown. Three high-temperature boreholes at Hellisheidi await connection to the power plant, that will increase the production capacity in the near future. In 2020, increased drawdown at Hverahlíð was observed, because of increased production. One production borehole was drilled at the Nesjavellir Geothermal Power Plant in 2020. The level of produced steam at Nesjavellir is unchanged from 2019.

Even though there are no plans for new power plants at the Hengill area, an extension of the current production area is anticipated, if full production capacity at Hellisheidi and Nesjavellir Geothermal Power Plants is to continue for the long term. Some preliminary research on the potential of future production areas have already commenced, to facilitate informed decisions on the future of power generation, and to guarantee sustainable utilisation of geothermal resources.

Reykjavik Energy Group places emphasis on sustainable utilisation of resources, see video below (IS).

Discharge of Geothermal Water and Induced Seismicity

Discharge of geothermal fluids

Geothermal fluid is reinjected into the geothermal system at Hellisheidi and Nesjavellir Geothermal Power Plants, to protect surface and groundwater, as the geothermal fluid is warmer than groundwater and has a different chemical composition. The aim is also to increase the pressure in the geothermal reservoir, which in turn boosts sustainable utilisation.

Various research and development projects have been conducted in recent years to fulfil reinjection requirements at Hellisheidi and Nesjavellir, with considerable success.

Hellisheidi Geothermal Power Plant

In 2020, 69.3% of geothermal fluid extracted from the geothermal reservoir at Hellisheidi (separated water and condensate water) was reinjected, 99.9% of which was separated water. The condensate water (dense, pure steam) not used for reinjection (30.6% of the geothermal fluid), evaporated in the cooling towers or was released in shallow reinjection wells. Some 0.1% of the geothermal fluid went into the overflow of the reinjection utility, due to either procedure or incidents in operations.

Nesjavellir Geothermal Power Plant

In 2020, over 70% of the geothermal fluid extracted from the geothermal reservoir was reinjected into the system, thereof approximately 10% into the geothermal reservoir. The development of the reinjection utility at the plant in recent years, has resulted in the discharge of geothermal fluid being at an all time low over the past three years.

Despite the great success of the reinjection system at the Nesjavellir Geothermal Power Plant, energy production is nevertheless accompanied by substantial discharge of heated groundwater at the surface. Groundwater has been extensively monitored in the past by recording boreholes and hot spring temperatures in real-time, and samples have also been collected since the power plant began its operations in 1990. The results do not show a decrease in groundwater temperatures, despite less discharge. The reasons behind these findings are not clear, but could be attributed to the following:

- The reinjection of geothermal fluid does not result in cooling of the groundwater because the reinjected fluid mixes with the groundwater, following flow paths underground in the bedrock.
- Improvements, made to the release routes, have not yet resulted in cooling of the groundwater in the lake Pingvallavatn.

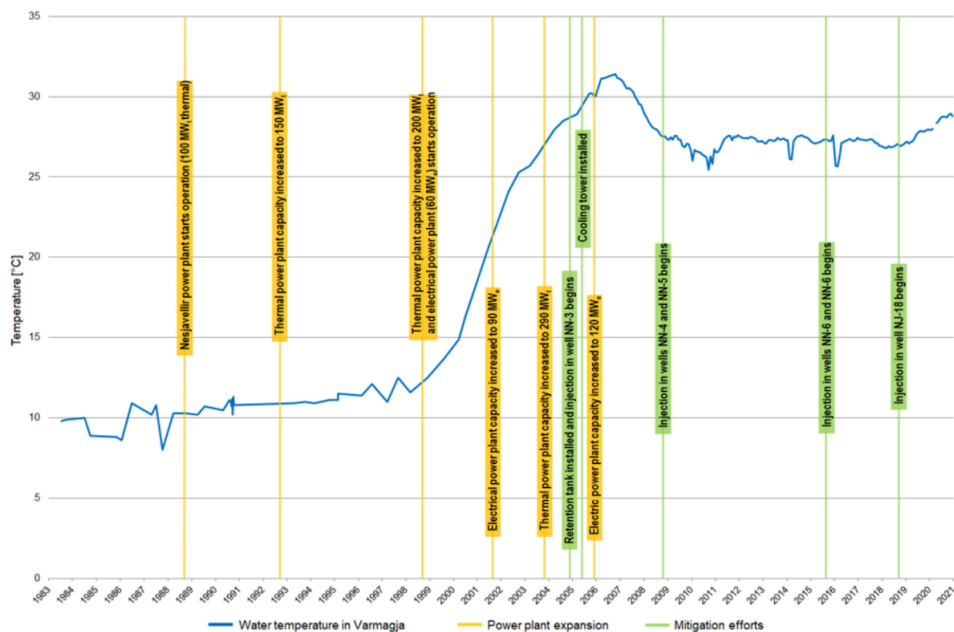
Increased supply of geothermal water to the capital area

The capital area, except for Kjalarnes and rural Mosfellsdalur, was supplied with hot water from geothermal power plants for up to three months, during the summer of 2020. Going forward, the aim is to decrease production from low-temperature geothermal fields during the summertime, in order to further utilise the energy that is produced in power plants.

Impact on the ecosystem

Monitoring the ecosystem in the bay Þorsteinsvík, in the lake Þingvallavatn, began before the Nesjavellir Geothermal Power Plant was built. The results of measurements, made by the Natural History Museum of Kópavogur, show that trace elements from geothermal water, previously considered to have a negative impact on the ecosystem, do not show a statistically significant increase.

Analysis of the status of groundwater at Nesjavellir will continue, in order for ON Power to achieve its objective of reducing the environmental impact of the Nesjavellir Geothermal Power Plant.



Water temperature at Varmagjá at Þingvallavatn, the development of the Nesjavellir Geothermal Power Plant and mitigation measures

Induced Seismic Activity

In 2020, an earthquake of magnitude 3.6 hit ON Power's reinjection area. It was felt widely, but did not cause any damage. Therefore, Reykjavik Energy Group did not meet its objective to safeguard that seismic activity, potentially associated with the reinjection of geothermal fluid, would not cause an inconvenience. However, its objective to not cause damage, was met.

The reinjection of geothermal fluid can cause seismic activity, known as induced seismic activity, or triggered earthquakes, especially at the Húsmúli area. Blasting, associated with geological research and drilling in high-temperature fields, may also be the culprit. ON Power follows procedures, that are designed to minimise the risk of triggered earthquakes at and around the Hengill area.

Two earthquakes over the magnitude of 3.0 struck the area in 2020. An earthquake of magnitude 3.7 was recorded roughly 4 km north-west of the Hellisheidi Geothermal Power Plant in February 2020. The tremors were widely felt. No changes in reinjections procedures had been implemented before this earthquake occurred. In November 2020, an earthquake of magnitude 3.3 was registered below the reinjection area at Húsmúli, and this was the largest earthquake that had hit the area since September 2016. The earthquake was felt in Hveragerði, Eyrarbakki, Selfoss, and in some parts of the capital area. Due to the location of the earthquake, and the fact that no changes had been implemented during the process of reinjection of geothermal water prior to its occurrence, it is believed that it was caused by release of tension in the bedrock, which prolonged production and reinjection may cause. A notification was sent to licencing authorities, other stakeholders and the media.

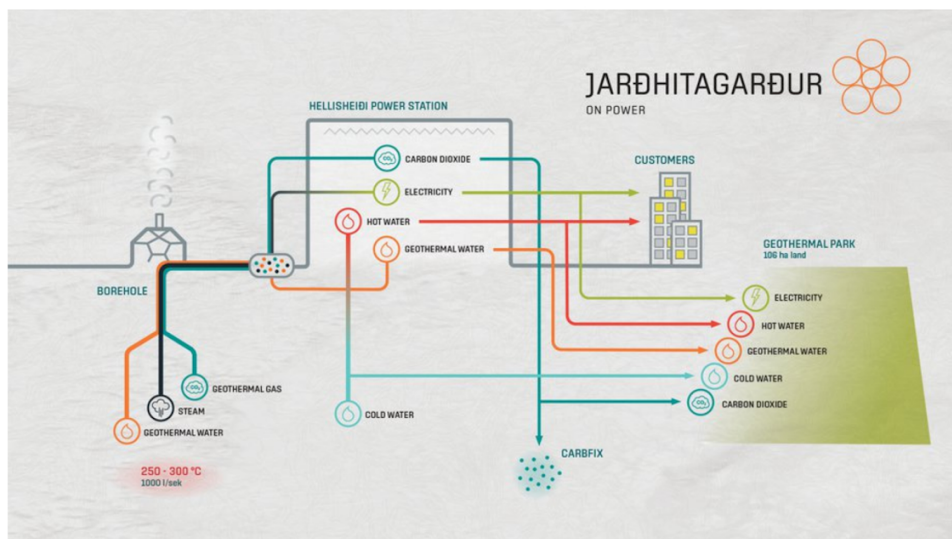
In 2020, no notifications were sent to the Icelandic Meteorological Office's seismic activity division, or the Department of Civil Protection and Emergency Management of the Icelandic Police, due to changes in the process of reinjection.

Geothermal Park in Hellisheidi

Promotes UN's Sustainable Development Goals



At the ON Power Geothermal Park, every endeavour is made to discover new and diverse ways to utilise thermal energy, electricity, water, and geothermal gases from the Hellisheidi Geothermal Power Plant, in the municipality of Ölfus. The use of various energy streams from geothermal utilisation can increase efficiency and strengthen environmentally friendly operations and innovation in the business community. Energy-related natural resource streams are utilised for the Geothermal Park's operations.



Overview of energy related convection of natural resources at the Geothermal Park at the Hellisheidi Geothermal Power Plant.

A good example of efficient use of natural resources can be found at the Swiss start-up company Climeworks, which utilises various energy-related resources. Currently, in collaboration with Carbfix and ON Power, installation of air filtration fans in ON Power's Geothermal Park is underway. The direct air capture units (DAC) will filter 4,000 tonnes of carbon dioxide out of the atmosphere yearly, and mineralise it in basaltic bedrock. Furthermore, the international start-up company VAXA (f.k.a. Algaenovation), utilises energy-related resources in its microalgae facility at the Geothermal Park. In addition, the company GeoSilica uses separated water from the plant in its production of dietary supplements. A considerable amount of carbon dioxide is a byproduct when electricity is produced at Hellisheidi. Numerous start-up companies have shown interest in using carbon dioxide and other by-products from the power plant.

ON Power has been conducting an experiment, by producing hydrogen at the Hellisheidi Geothermal Power Plant, as it participates in the developmental project, Hydrogen Mobility Europe, which is under the auspices of the EU. Energy production at the power plant is utilised for hydrogen production, during off-peak hours in electricity consumption. The hydrogen is intended for the public and the business community, as part of the green transformation of transport.

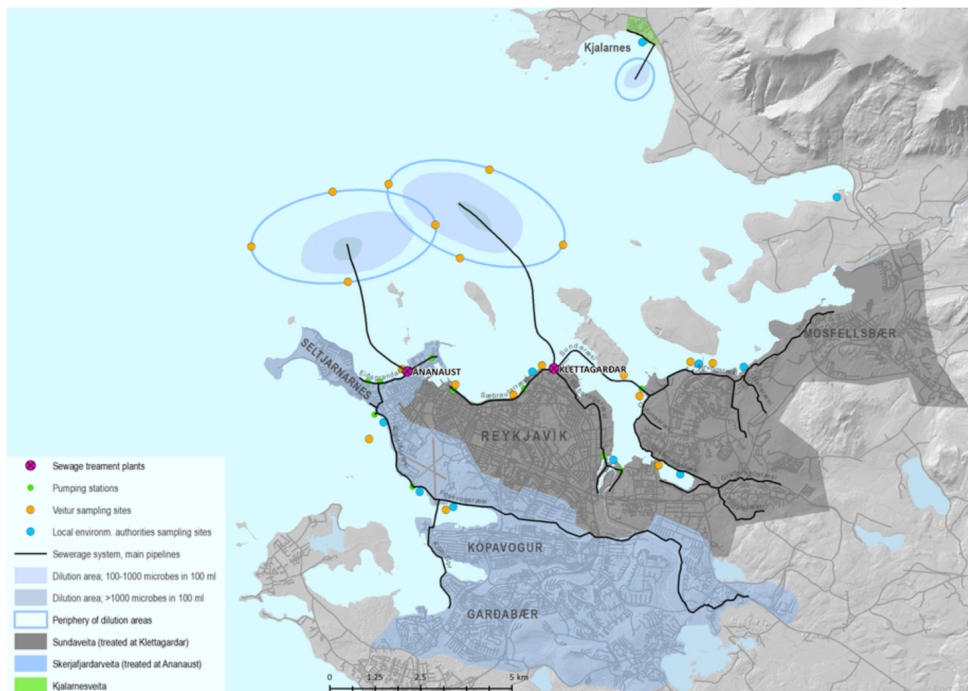
Strict requirements are imposed on companies that intend to operate in ON Power's Geothermal Park, with regard to water protection, appearance, disturbance and reclamation. Companies are required to re-use any vegetation, disturbed during the construction phase of their projects. They must either replant the vegetation or utilise it elsewhere.

Wastewater System Discharge

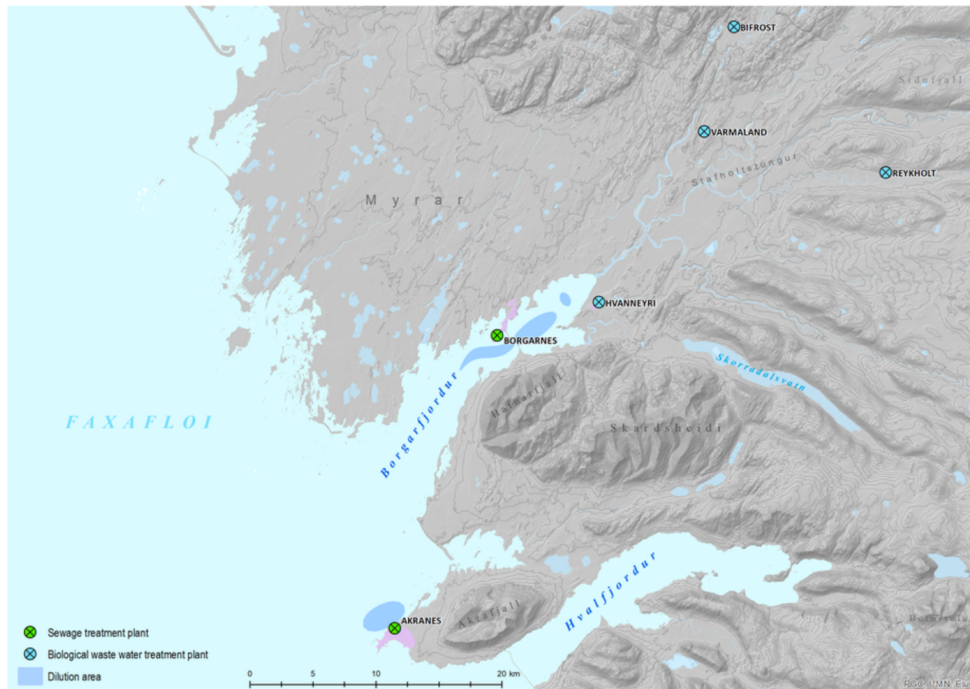
Promotes UN's Sustainable Development Goals



Veitur Utilities manages the infrastructure and operation of wastewater systems in Reykjavík, as well as Akranes and Borgarbyggð in West Iceland. Wastewater from Kópavogur, Mosfellsbær and Seltjarnarnes, in addition to parts of Garðabær, is treated in wastewater treatment plants at Ánanaust and Klettagarðar. The infrastructure serves approximately 60% of the population.



Wastewater from about 60% of the population in Iceland is treated in sewerage treatment plants at Ánanaust and Klettagarðar in Reykjavík.



Sewerage treatment plants in Vesturland

Residents and businesses in Veitur Utilities' accumulation area have access to utility systems or sewerage treatment plants, in accordance with law and regulations.

Veitur Utilities' long term objective is to ensure that the city's coastline is always clean, as the shore is defined as an outdoor recreational area. However, the discharge of unfiltered sewage via overflows is an inseparable part of the sewerage system, which has been developed over the last decades. This kind of discharge will continue to be the case as long as sewage and surface water is mixed in the receptor, which accounts for approximately 28% of the sewerage collection system.

Effective measures taken to reduce the discharge of unfiltered sewage via overflows are, e.g. the development of procedures to systematically search for leaks, and revision of procedures in the servicing of pumping stations, as well as devising a different criteria for the design of new stations. New procedures have increased the operational security of sewage pumping stations at Faxaskjól and Skeljanes, as well as making it now possible to carry out servicing the stations without adjourning their operations and releasing wastewater directly into the sea. Furthermore, these measures support improved working environment and employees' safety. Currently, a long term plan is being developed to fully keep infiltration of extraneous water from the sewerage system.

The result of measuring wastewater pollution on the periphery of the dilution area in Faxaflói in 2020, demonstrated that the concentration of microbes was below the threshold for faecal coliforms and enterococci in all samples taken during the year. In the vicinity of the overflow channels of Veitur Utilities in Reykjavík, and elsewhere along the city's shore, 93 samples out of 100 were below the limit for enterococci, which means very little or no faecal contamination, according to provisions in Regulation No. 796/1999 on the prevention of water pollution. A total of 97 samples were below the threshold for faecal coliforms.

The concentration of microbes in the vicinity of outlets from Veitur Utilities' biological sewerage treatment plants in West Iceland has exceeded the limits prescribed in the operating licence over the past few years. See annual overview reports of sampling and measurements, which are accessible on Veitur Utilities' website, please see appendices and links below.

Blue-green surface water solutions

Veitur Utilities continue working on the implementation of blue-green surface water solutions, in collaboration with municipalities, to minimise the flow of rainwater from streets, roads, and other areas into the sewerage system, and reduce the probability, and likelihood, of discharge through the system into the sea. Residents and businesses have expressed their interest in curbing the flow from their premises with blue-green surface water solutions. Thus, Veitur Utilities has conducted an assessment of the impact of overflow solutions in Laugardalur, and a comparable assessment is underway in Vatnsmýri, as well as for the drainage basin of the river Rauðará in Reykjavík.

Responsible consumer behaviour

The quantity of disposable disinfectant- and wet wipes, along with other garbage in the sewerage systems, multiplied in the spring of 2020, during the first wave of COVID-19. This resulted in a breakdown at Veitur Utilities' pumping station at Klettagarðar in Reykjavík, which led to a halt in its operations, which in turn led to raw sewage being pumped into the sea. Veitur Utilities has reiterated that toilets should not be used like dustbins, as this will inevitably result in too much strain on the equipment at treatment plants, and the environment.

Restoration of Disturbed Areas

Promotes UN's Sustainable Development Goals



The Reykjavik Energy Group is responsible for about 19,000 ha of land, some 16,000 ha of which are within protected areas. These include water protection areas, nature reserves, and areas belonging to the Nature Conservation Register, or areas that are under special protection, see video below (IS). An annex contains a list of protected areas and the species of birds and plants on the 'Red List', whose local habitat is located in these areas.

Restoration and reclamation

Particular emphasis is placed on restoration and reclamation of the natural environment when work is done in areas where Reykjavik Energy Group operates. This is especially true when it comes to minimising visual impact of power plants. In 2020, procedures and training for employees and contractors were revised and improved in order to ensure even better conduct, e.g. in the protected areas. To reclaim disturbed vegetated soil, the vegetative cover is reserved and replanted. This is done in collaboration with licence authorities, and according to Reykjavik Energy Group's objectives.



Vegetation from the Climeworks site at ON Power Park at Hellisheidi is used for restoring vegetation in the water production area in the valley Engidalur.

Revegetation and silviculture

IN 2020, ON Power planted 6,000 birch trees on 4 ha of land in the vicinity of the Nesjavellir Geothermal Power Plant, and approximately 7.5 ha of land was revegetated in eroded zones, outside operational areas. This is keeping with ON Power's objectives of expanding land reclamation in eroded zones, and domestic silviculture.

Hiking trails

For the last 30 years, Reykjavik Energy Group has overseen and maintained about 130 km of marked hiking trails at the Hengill area, going back to the start of operations at the Nesjavellir Geothermal Power Plant. In 2020 there was a considerable increase in the number of hikers, but the area is very popular for hiking in all seasons, especially during the pandemic. In the summer of 2020, sensitive areas were closed off, information signs were renewed, and hiking trails repaired.

Changes in Elliðavatn's water level

In connection with an extensive installation work by Veitur Utilities, in Elliðaár's channel, close to its mouth, a flap in Elliðavatn's reservoir was opened in February 2020. This was done to prevent flooding in the area of construction. The water level fell under the set benchmark from February 25 to March 2. Stakeholder briefings were held, followed by the Marine and Freshwater Research Institute's assessment that the biota was probably not adversely affected. Preparations for both short and long term research and monitoring of the lake are underway, and will formally commence in March 2021.

Permanent emptying of Árbær reservoir

The Árbær's reservoir, which is the intake reservoir for the Elliðaárdalur Power Station, was permanently emptied at the end of October 2020. Now that operations for the station have ceased, the Group does not consider its prerogative to stop the river's natural flow. Laws and regulations concerning the Elliðaárdalur Power Station's licence only apply when it is in operation. In addition, various ecological rationale support this decision.

The City of Reykjavík has appointed a steering committee, which will submit a proposal on how best to give back the valley Elliðaárdalur, now that the reservoir has been emptied and electricity production has stopped.

Then and now



Elliðaá Valley

The staff of Reykjavík Electric started organised planting of trees in Elliðaárdalur on the 30th anniversary of the company's small hydro-station. The older picture is from the first such a concerted effort in 1951. This initiative plays a major role in the valley being one of the the most popular public areas of the city today.

Credit: RE's collection.

Use of Hazardous Chemicals

Promotes UN's Sustainable Development Goals



The main hazardous chemicals used by Reykjavik Energy Group are asbestos, the base material used in insulation foam, chlorine, acids and bases, welding gases, geothermal gases, oil and solvents. In 2020, the use of hazardous chemicals was substantial, as in previous years.

In 2020, an effort was made to decrease the number of hazardous chemicals used, succeeding in lowering their number from 900 down to 200. Furthermore, improvements were made with regard to their storage, sorting and disposal, and an effort was made to increase employees' awareness by publishing educational material. For discussion on purchasing, handling, storage and disposal of hazardous chemicals, see video below (IS).

Society

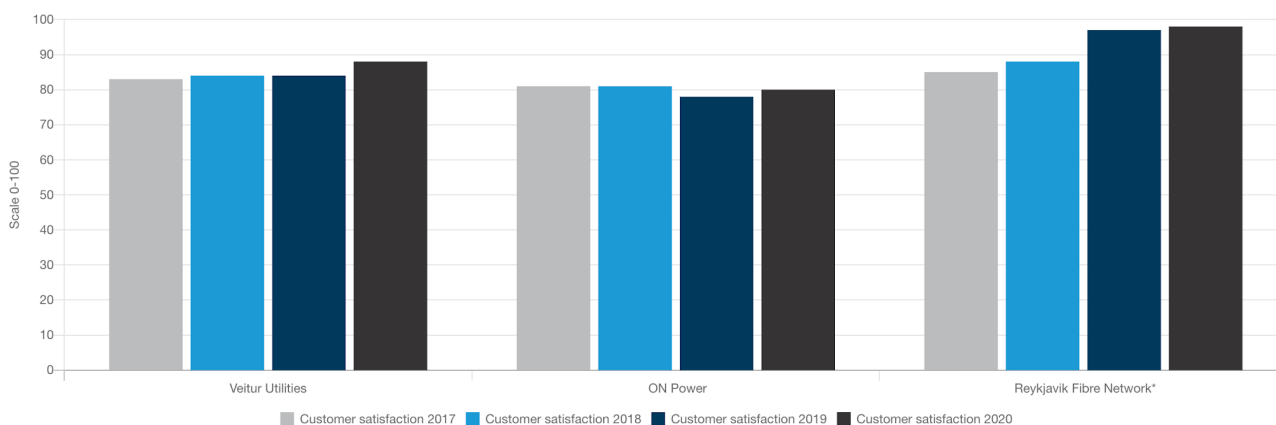


Reykjavik Energy, Veitur Utilities, ON Power and Reykjavik Fibre Network, are responsible for ensuring public access to potable water, sewerage system, electricity, district heating and a fibre network. The most recent subsidiary, Carbfix, battles the climate crisis. The reliability of these basic services at an affordable price and customer satisfaction are the Group's main corporate social responsibilities. However, it is not only important to provide these services, but also how these services are rendered.

Reykjavik Energy Group aims to create a desirable workplace, and views skilled and happy staff as a prerequisite to achieving this goal. The Group is large, by Icelandic standards, hence the working practices can have widespread impact on the community. Reykjavik Energy Group aims to set high standards, and continuously looks for ways to best serve its corporate social responsibility.

The Group's subsidiaries track customer satisfaction by performing regular service surveys. The outcome forms an index, and its trend from 2017 to 2020 can be seen below.

Customer satisfaction 2017-2020



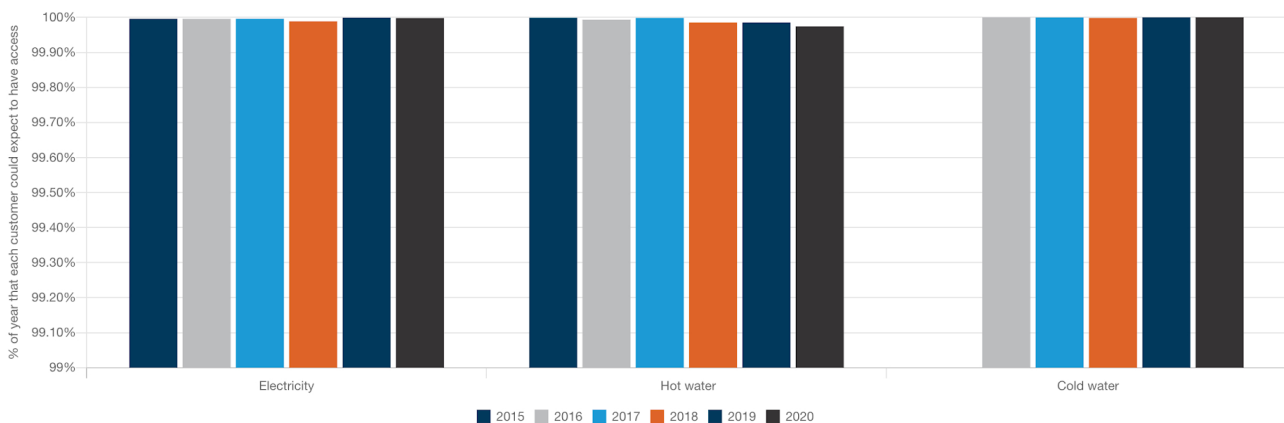
*Reykjavik Fibre Network's measurements of customer satisfaction were changed in 2019. Since then, in-house calls are made to approximately 100 customers every week, inquiring about services and contentment. In 2020, the number of calls were 5,067, but 4,804 in 2019.

ON Power tops Icelandic Customer Satisfaction second year running

According to ON Power's survey, customer satisfaction increased from 2019 to 2020. The Icelandic Customer Satisfaction rated ON Power the best Icelandic electric power supplier, second year running. The results were presented in January 2021. In addition, ON Power's score increased from 2019 to 2020 in this survey.



Reliability of the utilities



Veitur Utilities uses a tried and tested method for measuring the continuity of supply. The total disruption time for each customer is added up and then divided between all the customers in the utility in question. Veitur Utilities adopted this method for district heating in 2015, and for the water utility in 2016. The graph is calculated on basis of sudden abruptions, when customers cannot be informed in advance. An unprecedented year-on-year increase in the use of hot water reduced its reliability of supply in 2020.

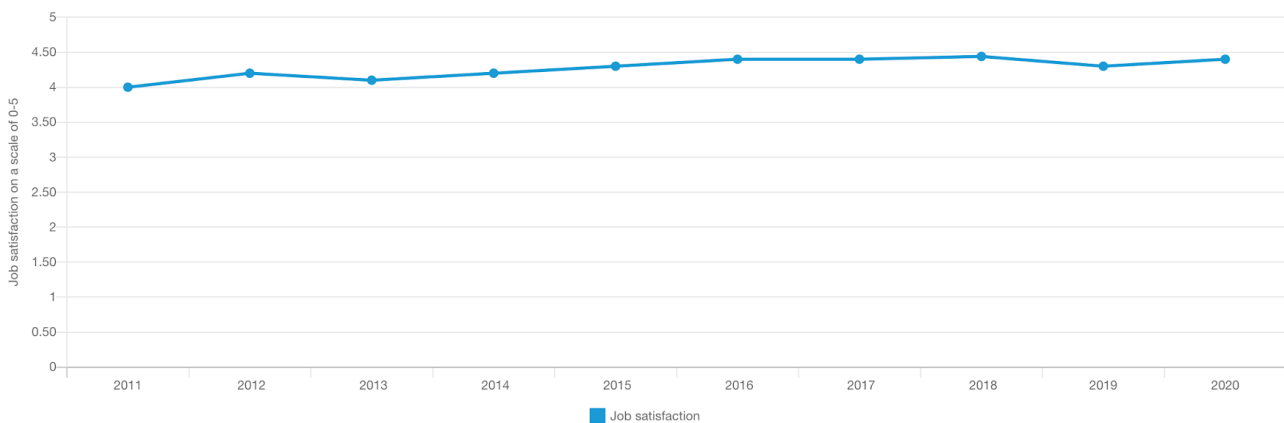
Veitur Utilities' tariffs' development

Since Reykjavik Energy Group was legally obliged to unbundle its operations, at the beginning of 2014, tariffs for licenced services have either fallen considerably or remained virtually unchanged in real terms. On January 1, 2014, the distribution of electricity cost was ISK 4.24/kWh, but on January 1, 2021 it was down to ISK 3.91/kWh. At the same time the consumer price index has risen by 17.8% and the wage index by 60.3%. On January 1, 2014, the tariff for water supply was ISK 213.05/m² and on January 1, 2021 ISK 207.71/m². The graph below shows how Veitur Utilities' tariffs have developed since the beginning of 2014 compared to the CPI, which is shown as a horizontal line. The real term reduction in electricity distribution cost is 24%, water tariffs 19%, district heating tariffs 3%, but during the period, sewerage tariffs increased by 3% in real terms.

Development of tariffs for licensed services 2014-2020 compared to CPI



Job satisfaction



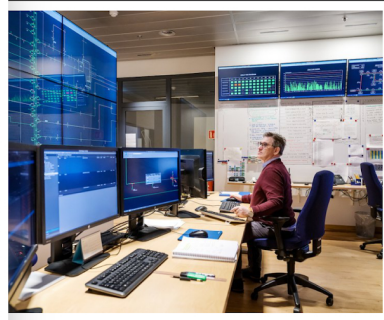
Reykjavik Energy Group and its subsidiaries have undergone considerable changes in recent years. According to regular workplace analysis, job satisfaction has increased, and has been measured as high since 2014. The year 2020 was unusual, due to the pandemic, and it certainly had an effect on the workplace. Nevertheless, job satisfaction increased from the year before, and is considered one of the Group's strengths.

Tax footprint

KPMG has compiled Reykjavik Energy Group's tax footprint for the year 2020. The tax footprint consists of taxes that are charged to the Group's operations and the taxes that the companies within it collect and pay to the state, municipalities and pension funds.

In the year 2020, the Group's tax footprint amounted to ISK 8,785 million. KPMG's report is attached (IS).

Then and now



Control room

Rúnar Svavar Svavarsson, electrical engineer, and Gunnar Aðalsteinsson are sitting in front of a one-line diagram of the electric grid in Reykjavik in 1989. Rúnar still works for Veitur Utilities and in the new photo he is in front of a huge screen that shows the electric grid in detail and allows for remotely controlling large parts of it.

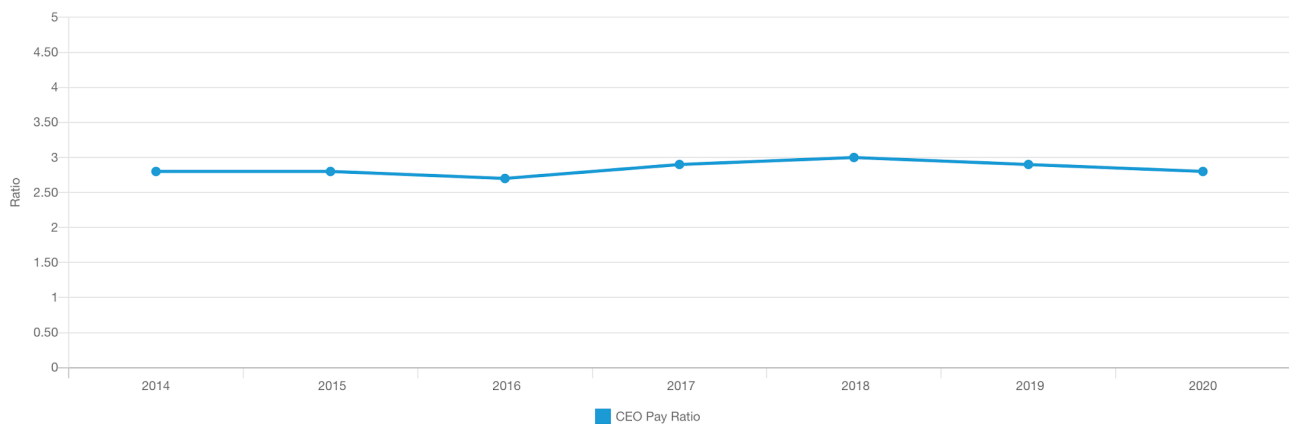
S1 CEO Pay Ratio

The Board of Directors of Reykjavik Energy Group appoints the CEO, determines his or her responsibilities and compensation. The Board of Directors takes into account the provisions of the ownership strategy of Reykjavik Energy Group, which stipulates that the CEO's compensation should be on par with comparable positions, but also mindful of the fact that the company is owned by public entities. The Compensation Committee reviews the CEO's compensation on an annual basis, based on the company's objectives and standards.

The CEO's compensation ratio is measured as the CEO's total compensation divided by the median compensation of permanent employees within the group. In the past two years, this ratio has fallen. In early 2019, Reykjavik Energy Group's CEO left the post of Chairman of two of the Group's subsidiaries. In 2020, the CEO's compensation was unchanged from 2019, but compensation to employees increased in accordance with the collective pay agreement.

The monetary amount of compensation to Boards of Directors within the Group, the CEO of Reykjavik Energy Group, and Managing Directors of its subsidiaries, is published in the notes to the Group's Consolidated Financial Statements.

CEO Pay Ratio



S2 Gender-based Pay Ratio

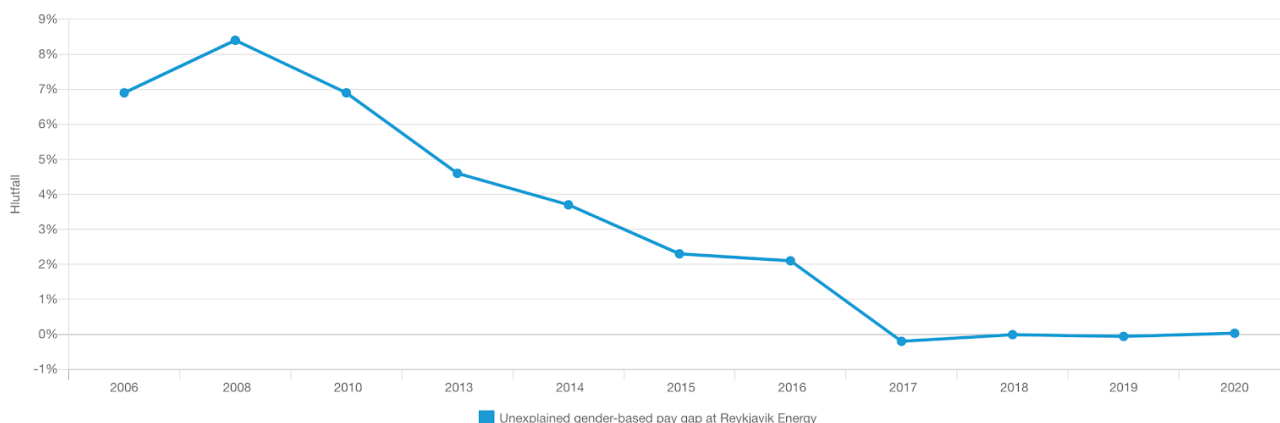
Promotes UN's Sustainable Development Goals



Reykjavik Energy Group places great emphasis on gender equality. The Group received the Equal Rights Award from the Equal Rights Council in 2014, as well as the Motivation Award from the Confederation of Icelandic Enterprise in 2015. Reykjavik Energy Group is a member of the United Nations Convention on Gender Equality. In 2017, Reykjavik Energy Group adopted a new model which analyses the impact of every single wage decision on gender-based wage differences. This enabled the Group to eliminate unexplained gender-based pay gap. This milestone was achieved in 2017, and since then, unexplained gender-based wage difference has been statistically insignificant.

Reykjavik Energy Group's Equal Wage Management System received Equal Pay Certification in 2018. This certification confirms that the model, used by the company, fulfils the provisions of Act No. 56/2017 on gender equality. The system is used to ensure that there are no gender-based wage discrepancies within Reykjavik Energy Group.

Unexplained gender-based pay gap at Reykjavik Energy 2006-2020



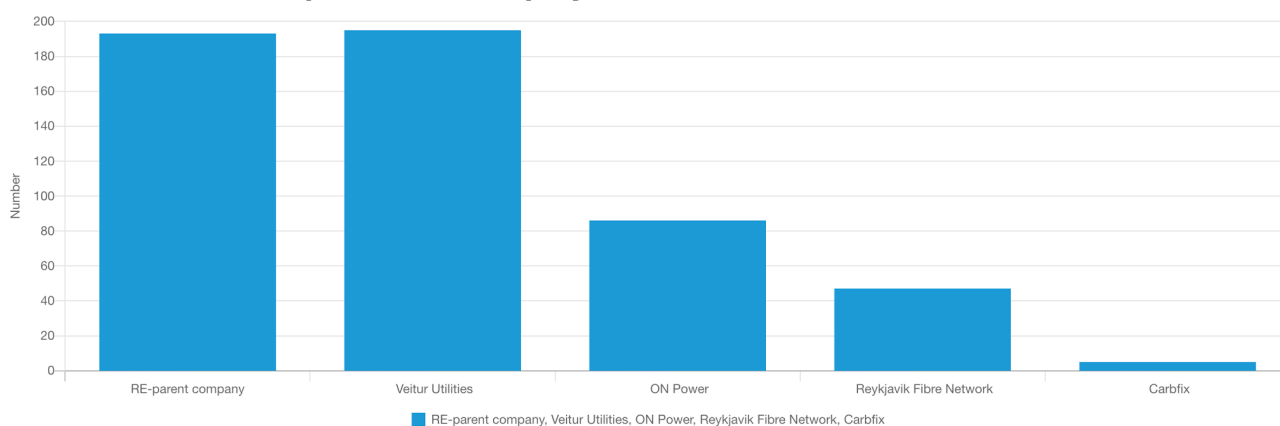
In the graph above, numbers higher than 0 depict wage differences in favour of men, and numbers lower than 0 depict wage differences in favour of women. In the middle of 2017, Reykjavik Energy Group started to conduct monthly measurements of unexplained gender-based wage gap in the company.



EQUAL PAY
CERTIFICATE
2018 - 2021

S3 Employee Turnover

Number of permanent employees at end of 2020



Reykjavik Energy Group monitors employee turnover in the Group, based on factors such as age and gender. There is a correlation between the economic situation and employee turnover. Employee turnover was all but unchanged in 2020 compared to 2019, but the number of employees wanting to quit of their own accord went down. This may be an effect from COVID-19. Very few employees work part-time. Therefore, employee turnover for that group is not monitored separately.

Then and now

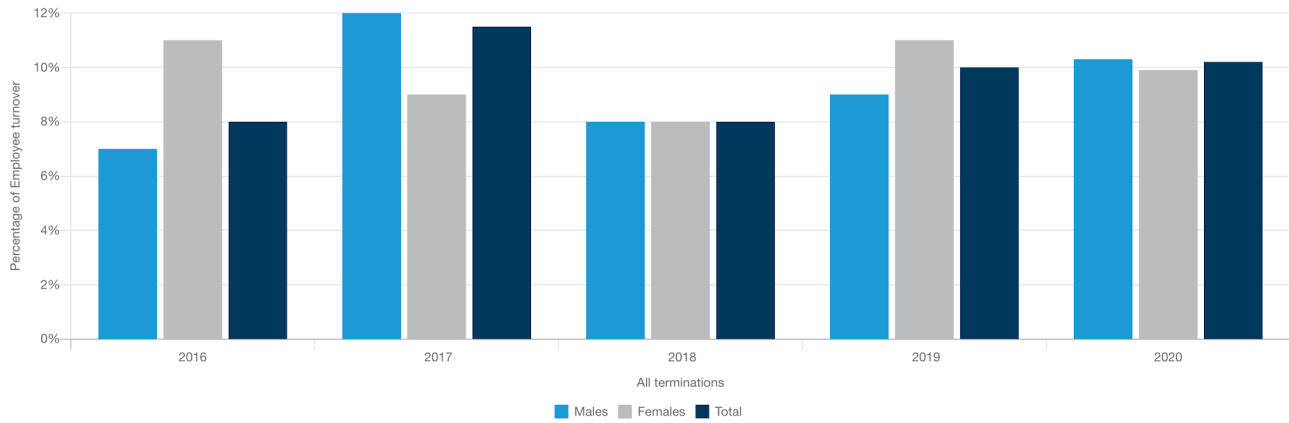


Service vehicle

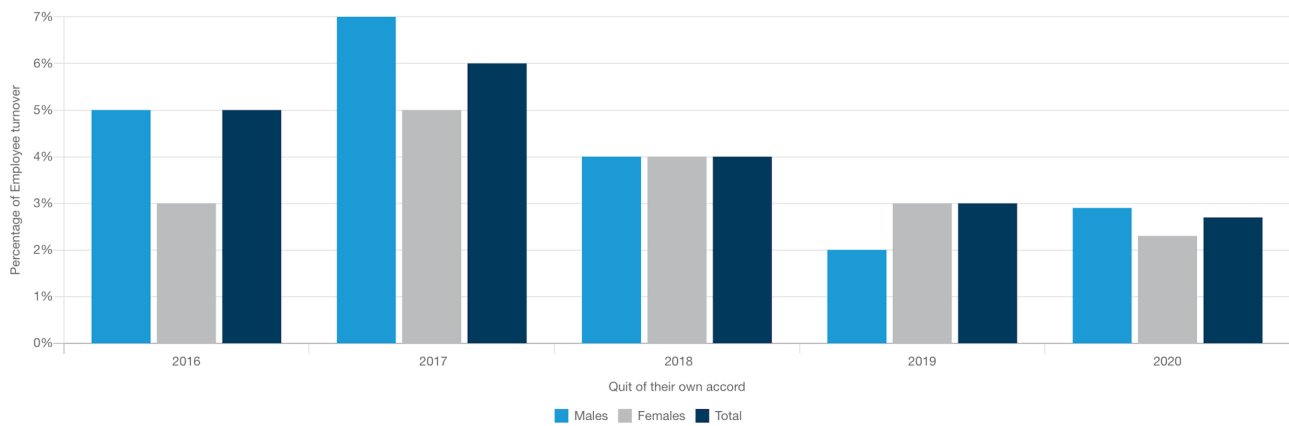
The older car is a 1964 Volvo Amazon and was used for about a decade by Reykjavik Electric. The newer one is a Nissan Leaf electric car and is used for various errands by the Group's staff, including meter reading and project supervising.

Credit: RE's collection.

Employee turnover



Employee turnover, quit of their own accord



Then and now



District heating

The older photo was shot in 1942 when the district heating pipeline was being laid from Reykir in Mosfellssveit to Reykjavík. It was isolated with turf. The recent one was taken in the summer of 2020 when a hot water pipe was repaired in Reykjavík.

Credit: RE's collection.

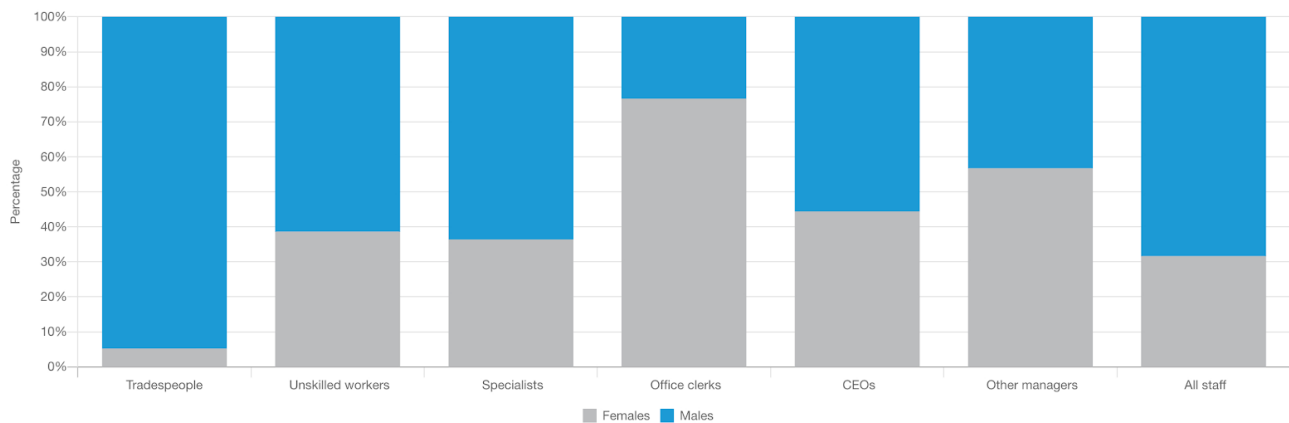
S4 Gender Diversity

Promotes UN's Sustainable Development Goals



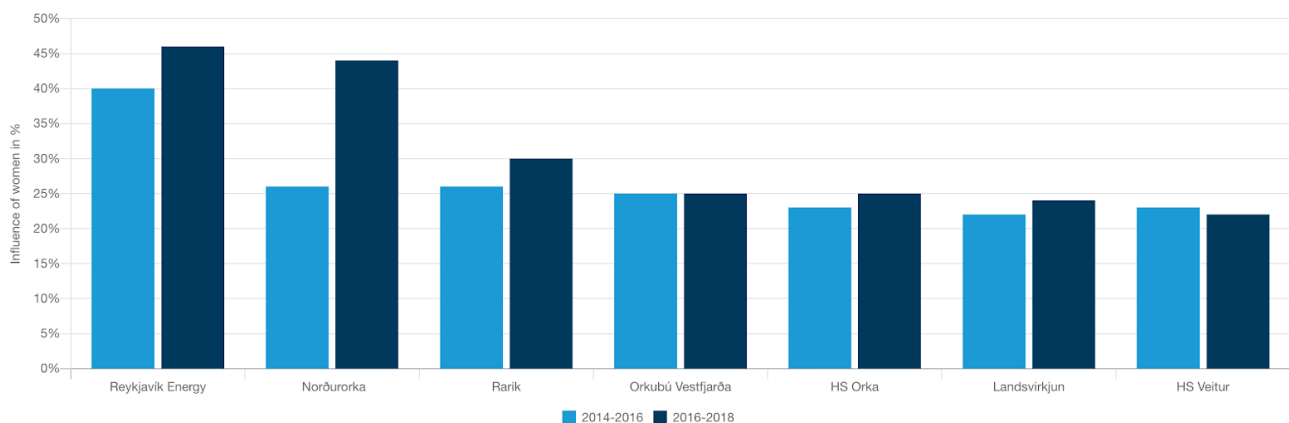
Reykjavik Energy Group has traditionally been a male dominated workplace, and efforts are being made to increase the number of female technicians and specialists, as well as the number of males as clerical workers. At the management level, gender equality has prevailed since 2015. Reykjavik Energy Group does not have figures on gender equality policies from its contractors.

Gender diversity per job category



According to a report, prepared by Ernst & Young for the association Women in Energy, published in May 2019, the influence of women within the energy sector is greatest at Reykjavik Energy Group.

Influence of women with Icelandic energy and utility companies



S5 Temporary Worker Ratio

Promotes UN's Sustainable Development Goals

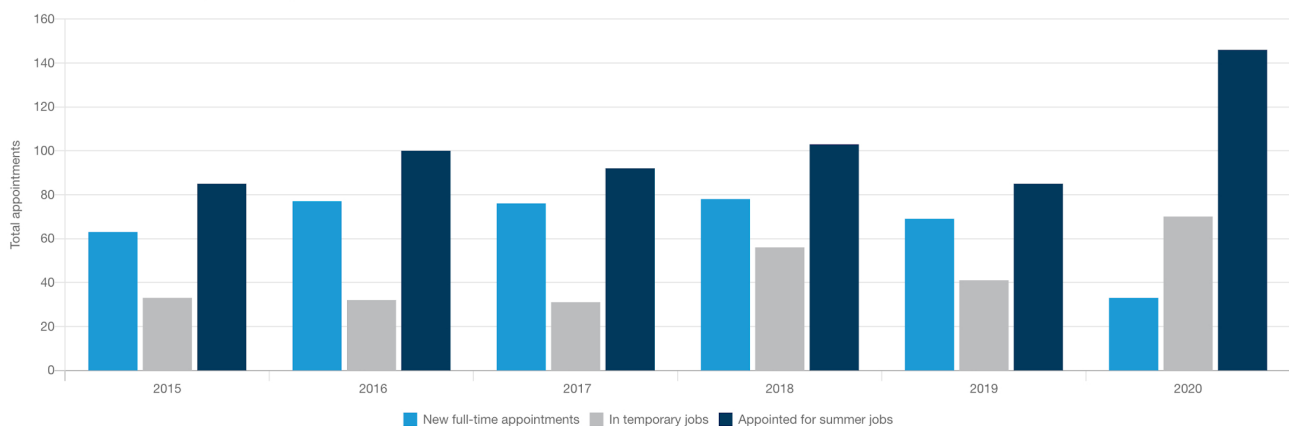


There is a long-established tradition among utility companies to hire young adults for summer jobs, beyond the need for temp jobs. This is in part due to the fact that the utilities own extensive infrastructure and sites, that require maintenance, best done in the summer. By giving young adults summer jobs, they gain insight into the operations which may awake their interest to come back later and work for the Group.

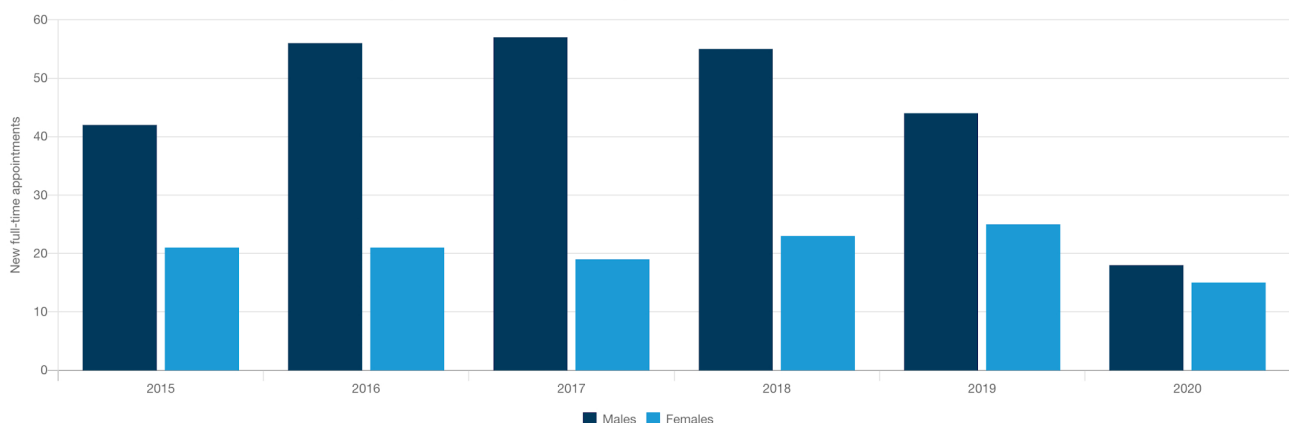
According to plans for the Group's human resource requirements for 2020, fewer employees were needed. In part, this a consequence of the automation of many of its activities. Also, this explains fewer new hires during 2020, but it was counterbalanced with certain resilience measures, that the subsidiaries resorted to as a response to the economic retraction and unemployment, after COVID-19 made its mark early in the year. These resilience measures explain increase in both the number of summer temps and part-time employees.

Reykjavik Energy Group and its subsidiaries buy a substantial amount of services from large companies, such as engineering firms and building contractors. Some employees, from both large and small contractors, work for the most part for Reykjavik Energy Group or one of its subsidiaries. That segment of employees has not been defined, and Reykjavik Energy Group does not have any numerical data on its composition.

Temporary appointments



New full-time appointments by gender



S6 Non-Discrimination

Promotes UN's Sustainable Development Goals

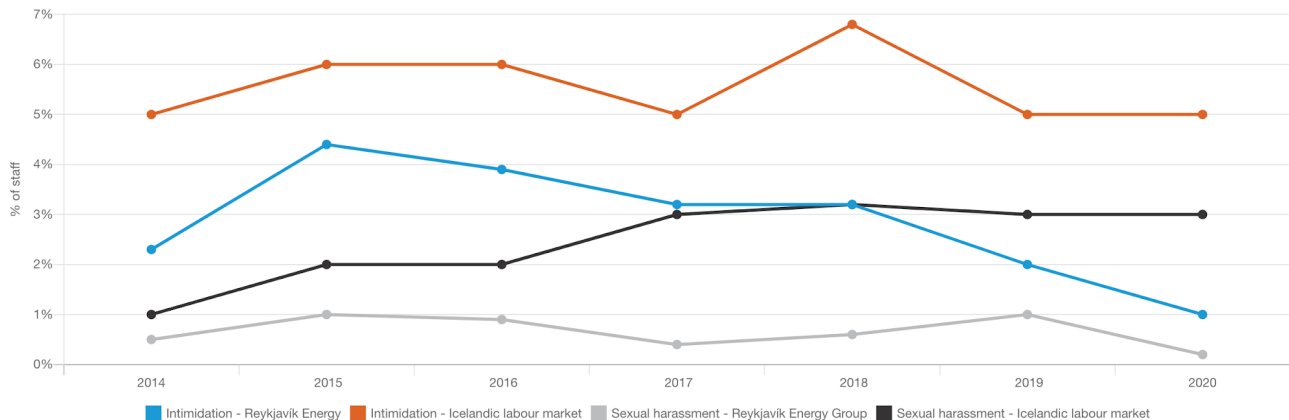


Reykjavik Energy Group's Non-Discrimination Policy represents commitment to continuous improvement on equal rights issues. The policy is based on the definition of human rights, found in the Icelandic Constitution. Each subsidiary of the Group has an active equal rights committee, and each committee operates according to an implementation plan. The highest ranking executive in each subsidiary is responsible for ensuring compliance with the policy, which is approved by the Board of Directors.

In 2020, there was continued support for the Industry and Technology Project at Árbaer elementary school. Following consultation meetings and workshops, which were mandatory for every employee in 2019, Reykjavik Energy Group's Communications Charter was published in 2020.

In the annual workplace assessment, employees are asked if they have suffered bullying, sexual harassment, or gender-based violence. Occurrences are getting fewer every year, and it is the Group's policy that such behaviour is simply not tolerated.

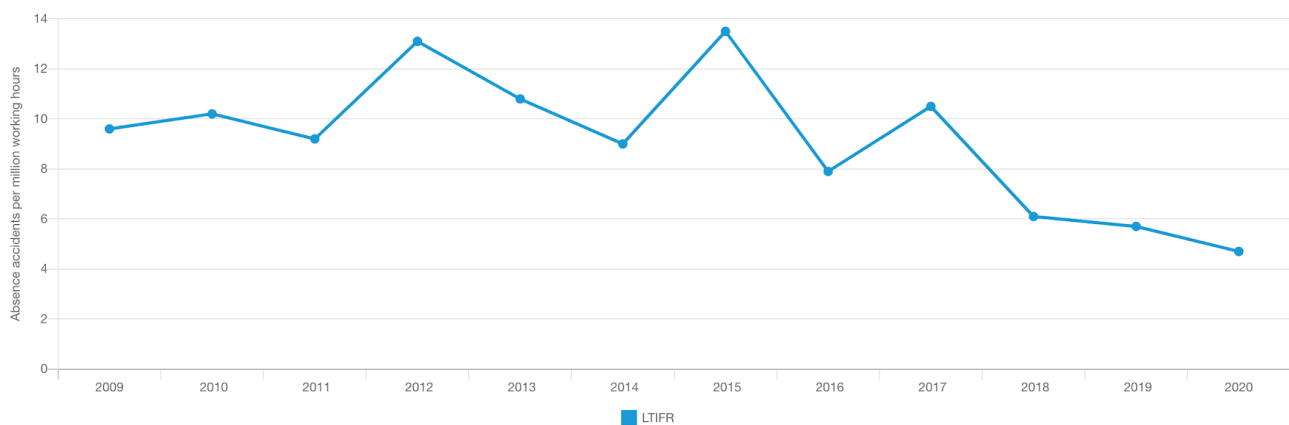
Percentage of staff who say they have been subject to intimidation or sexual harassment



| S7 Injury Rate

The Lost Time Injury Frequency Rate (LTIFR) is an international measurement unit for the rate of occupational injuries. It is calculated as the number of injuries per million working hours. The term injury is used if a person is absent from work for at least one day. There were five injuries at Reykjavik Energy Group in 2020, and working hours were 1,053,915, a little fewer than in 2019. This number is calculated by using working hours at the workplace and recorded working hours during telecommuting.

Absence accidents per million working hours



At Reykjavik Energy Group no project is so important that is worth putting the safety of employees at risk. The Group's Safety and Health Policy is regularly reviewed by the Boards of Directors within the group. The goal is to achieve an accident-free workplace. That goal was not met in 2020. The Group sets clear safety requirements in all its tenders to ensure that contractors comply with safety regulations. The Group has also issued a Safety Handbook, which is available to all employees and contractors. All contractor employees are required to take certified safety courses.

In the supplier's Code of Conduct, the general rule applies that the work environment is to be wholesome, safe, and according to the law, and that the suppliers alert their employees of possible hazards in their workplace environment.

The Golden Rules

In 2020, a safety effort was launched among employees, under the caption: The Golden Rules. The objective is to alert employees to what is most hazardous in their workplace environment.

Gullnu reglurnar

Til að fyrirbyggja alvarleg slys hjá OR samstæðunni hafa verið skilgreindar **Gullnar reglur** í samstarfi við öryggis- og heilsunefndir OR og allra dótturfélaga.

Gullnar reglur er ráðstafanir sem við framkvæmum við vinnu okkar til að tryggja að við sjálf og samstarfsfólk okkar lendi ekki í **alvarlegu slysi eða jafnvel banaslysi**.

Gullnu reglurnar eru **mikilvægustu öryggisreglur** samstæðunnar og taka til 8 verkþátta:

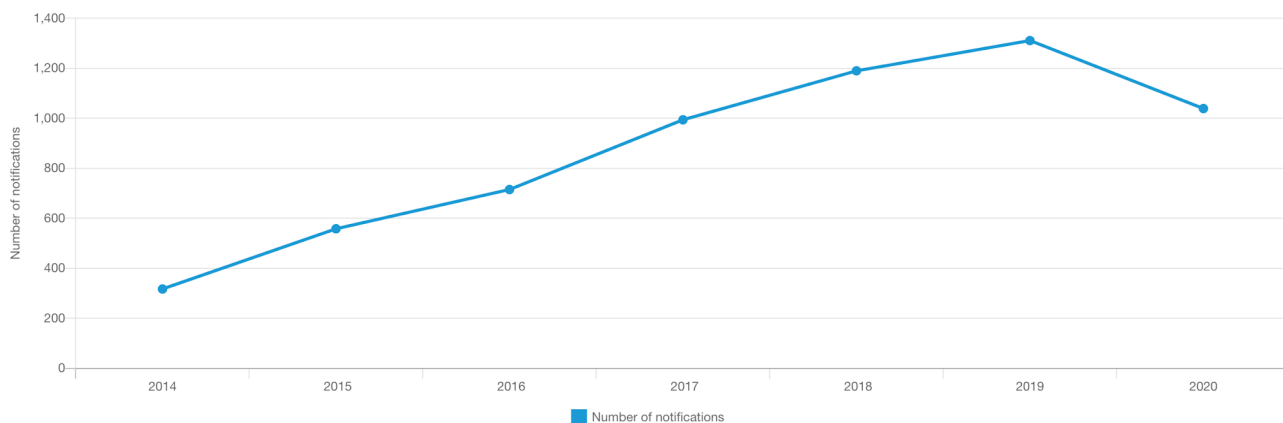
- Vinna við vélbúnað
- Vinna í hæð
- Vinna í lokuðu rými
- Vinna í umferð
- Vinna í kringum H₂S
- Vinna við skurð
- Vinna við hífingar
- Vinna við óbeislaða orku



Björg - A Notification Database

Reykjavík Energy Group operates a notification database, where staff can register hazards and ideas for improvement at the workplace. These registered hazards provide the basis for review of health and safety issues. Each notification is reviewed and its resolution has to be confirmed. The increased number of notifications, until the unprecedented 2020, is a sign of increased awareness of safety issues and improved safety culture within the Group. Telecommuting during the year explains fewer notifications of hazards that employees met during working hours.

Notifications in the safety and health database

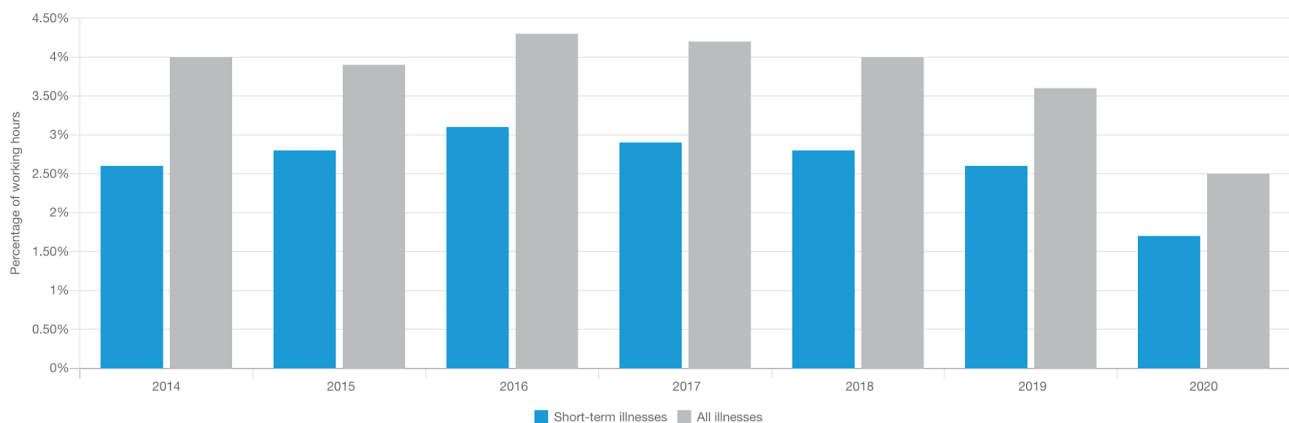


S8 Global Health & Safety

Promotes UN's Sustainable Development Goals



Staff illness



Reykjavik Energy Group has a Health and Safety Policy, which is regularly examined and reviewed by its Board of Directors. One of the Group's objectives is to reduce employees' absence, due to accidents or illnesses, to 3.6% of total hours worked by the end of 2023. Fewer accidents and sick-days during 2020 has lowered this number considerably, and by year end 2020 it was down to 2.7%.

Employees' absences were notably down during 2020, and no doubt the reason can be traced to effects of the pandemic. To begin with, employees worked mainly from home, and it may be conferred that they did their work even though being sick, but would otherwise have been absent from their workplace. In addition, general disease preventions due to the pandemic meant that various infectious diseases, which would otherwise have resulted in absence, never took hold because of restrictions on gatherings.

Reykjavik Energy Group's methods of encouraging its employees to attend to their health needed rapid change due to the pandemic. Employees' telecommuting, restrictions on gatherings, closing of the employees' gym at the headquarters, and more, meant that all information communication and encouragement needed to be channeled via the internet.

Employees are encouraged to take good care of their health, both mental and physical, especially during these unprecedented times, caused by the pandemic. Scheduled courses and lectures of varied topics were offered in order to promote healthy living. Every employee's journal allowed for reserved time and a reminder to regularly take a break and stand up from their work. They were also encouraged to take special care to make a clear division between work and personal life.

S9 Child & Forced Labour

Promotes UN's Sustainable Development Goals



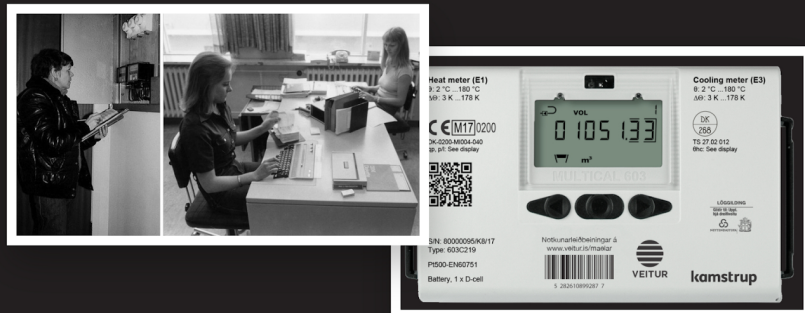
Reykjavik Energy Group endeavours to operate in accordance with Icelandic labour laws, and the Group's policy on Environment, Health and Safety (EHS) issues, and its terms of employment go further than the law dictates in these areas. Reykjavik Energy Group is aware of the risk that contractors, or sub-contractors on their behalf, do not comply with the rules. In response to this, Reykjavik Energy Group has, among other things, taken the following precautionary measures:

- Required that tender documents include clauses regarding Child's & Forced Labour.
- Imposed provisions that authorise termination of contracts with contractors who break Icelandic labour market regulations.
- Imposed a requirement that invoices for outsourced labour may not include longer work periods than seven hours per day, unless licensed to do so by Reykjavik Energy Group (such a licence has not been issued).
- Imposed a requirement that work contracts, wages, and insurance payments must comply with Icelandic law.

No cases requiring measures to be taken under these provisions arose in 2020.

International certification system against Child's & Forced Labour does not exist. Thus, Reykjavik Energy Group cannot easily confirm that this does not happen within the value chain, e.g. when procuring products. Should that be proven, provisions that authorise termination of contracts can be found in all tender documents by Reykjavik Energy Group. Furthermore, final draft for suppliers' Code of Conduct, and a recorded violation, can also lead to termination of business with the respective supplier.

Then and now



Metering

The older photos, taken around 1980, show meter readings as they were practiced. A meter maid went to a home, recorded the use which was subsequently manually entered into the billing system. Now, customers are increasingly doing the meter-reading, but the newer picture shows a hot-water smart meter, which sends usage information automatically to Veitur's database. Such meters will become dominant within a few years.

Credit: RE's collection.

S10 Human Rights

Promotes UN's Sustainable Development Goals



Reykjavik Energy Group's Non-Discrimination Policy is based on human rights definitions in the Constitution of Iceland. The company's Code of Conduct also contains a special chapter dedicated to human rights and equality. Seminars on the subject matter are periodic. The Group held workshops in 2018 to discuss the #metoo movement and its significance for the workplace culture at Reykjavik Energy Group. Attendance was compulsory for every employee. Workshops were held in 2019, to focus on the development of a formal Communication Charter for the Group. The Communication Charter was published in 2020.

Reykjavik Energy Group has written procedures for complaints from employees or employees of contractors, reporting unacceptable behaviour or interaction at the workplace. Communication channels and the resources offered by Reykjavik Energy Group are explained. Employees are informed of these written procedures, which can be found in the Group's contingency plan, regarding bullying, violence, sexual or gender-based harassment.

Reykjavik Energy Group stipulates its human rights policy in all tendering and contract documents. A handbook for the Group's Code of Conduct for all suppliers is being prepared. The following are some of the basic requirements expected of suppliers:

To actively support equal rights to employment, wages, and opportunities at work, regardless of gender, race, religion, disability or any other discriminatory grounds.

To respect international human rights and support cooperation and work environment, where bullying, sexual harassment, or any other violence, is not tolerated.

Innovative training

In 2020, Reykjavik Energy Group commissioned the stand-up group Improv Ísland to produce educational videos on communication. The videos are compulsory courses for the Group's employees, and by year end, 296 employees had taken the courses and 32 were actively enrolled.

The video below is one of four videos that comprises the courses (IS).

Dissemination of Knowledge

Promotes UN's Sustainable Development Goals



Reykjavik Energy Group's commitment to continuous improvement creates expertise and knowledge which can be of use to others. Some of the contributing factors are:

- Its subsidiaries having leading position in geothermal utilisation.
- Veitur Utilities being the largest company of its kind in the country.
- Reykjavik Fibre Network having the most extensive fibre network in Iceland.

Reykjavik Energy Group considers knowledge dissemination, that can benefit others, as one of its key social responsibilities.

Annually, Reykjavik Energy Group hosts Science Day, where various development projects are presented. Unfortunately, Science Day had to be cancelled in 2020, due to COVID-19. Several employees of the Group regularly teach at universities and the School for Renewable Energy Science (RES) in Iceland, and deliver lectures at professional conferences, domestically and abroad.



Elliðaárdalur Electric Power Station - A panorama image of the area where the upcoming history- and technical exhibition will take place.

Geothermal Exhibition and Elliðaárdalur Electric Power Station

For years, the Geothermal Exhibition at the Hellisheidi Power Plant, has received visits from school children. In 2020, in response to the pandemic, online visitations were developed, and a large number of school classes came for a 'visit'. For most of the year, the Geothermal Exhibition was closed to guests.

In 2020, Reykjavik Energy Group announced the development of a history- and educational exhibition at Elliðaárdalur. The name of the project is The Elliðaárdalur Electric Power Station. The exhibition is meant to create a completely new experience for children and adults, where they can learn about history and science in a multi-sensory way. The cluster of houses at Rafstöðvarvegur Road, gain new roles, where groups of schoolchildren, families, hikers, and others can get acquainted with the science and technology that is behind the utilities' projects that revolutionised quality of life in Reykjavik. The plan is to open the exhibition on the old Elliðaárdalur Electric Power Station's centennial, or in the summer of 2021.

Green Business Accelerator

Late in 2020, Reykjavik Energy Group became a member of the Green Business Accelerator, along with the Ministry of Industries and Innovation, Reykjavik City, the municipality of Hvalfjarðasveit, Reykjavík Harbour (Faxaflóahafnir), the waste management companies Sorpa and Terra, as well as Grundartangi Development and Breið Development.

The objective of the Green Accelerator is to encourage the development of large and thriving companies, that base their ethos on the recirculating system, create jobs, and excel in environmental performance, here in Iceland. Sustainable innovation and developments for new solutions in environmental- and climate issues and value of exports based on ingenuity, is supported.

Icelandic Startup manages the Green Accelerator.

Carbfix knowledge

Knowledge of sequestration of geothermal gases in basalt, gained by collaboration of Reykjavik Energy Group's scientists with numerous other scientists, is undoubtedly the most widely recognised product of the Group's research and development activity. A broad variety of media outlets around the globe have covered Reykjavik Energy Group's and ON Power's project at the Hellisheidi Geothermal Power Plant, which is considered unique. Among the media, that covered Carbfix in 2020, are:

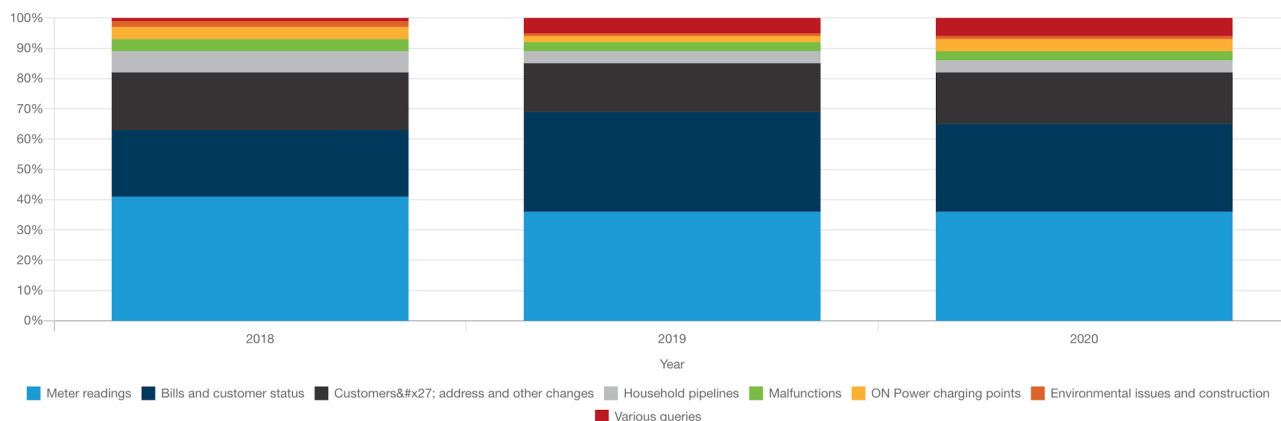
- Nature
- BBC Future
- The Weather Channel
- The Economist
- Netflix
- The Guardian

Queries to Service Desk

In 2020, the shared service centre of Reykjavik Energy Group's subsidiaries Veitur Utilities, ON Power, and Reykjavik Fibre Network, received a little under 145 thousand queries. This was an increase of almost 5 thousand from 2019. The majority of the queries were from customers who were remitting their meter readings, followed by inquiries and miscellaneous issues regarding billing. In the graph, inquiries are divided according to subject. Suggestions or complaints regarding environmental issues are presented separately in the annex below. Also included is information regarding notifications, and their reasons, to licence holders.

Collaboration with licence holders, stakeholders, and customers of Reykjavik Energy Group is important to its employees, as it draws attention to, and puts emphasis on, the most important issues. An example of that would be regular meetings with licence holders, and Reykjavik Energy Group's information sharing on social media.

Queries to service desk



COVID-19

In 2020, the COVID-19 pandemic had a profound effect on Reykjavik Energy Group and its subsidiaries' operations. Society's essential services, e.g. utilities and energy production, must be protected. The pandemic, and the response to it, also clearly demonstrated, that a reliable fibre optic network is a fundamental infrastructure for society's resilience. Reykjavik Energy Group is responsible for these public interests, and thus the response to COVID-19 was decisive and successful.

Crisis Management Committee and Dissemination to Employees

Reykjavik Energy Group's Crisis Management Committee held its first meeting in January 2020, in preparation for the imminent pandemic. Members of the Crisis Management Committee are the CEO, Managing Directors, Director of Environmental Affairs, Chief Communications Officer, and a member of the Health and Safety team. The Crisis Management Committee met 113 times during 2020, the subject matter always being COVID-19 and the Group's responses to it. At the Committee's meetings, rules were devised for the Group's operations, in accordance with public announcements and the subsidiaries' contingency plans.

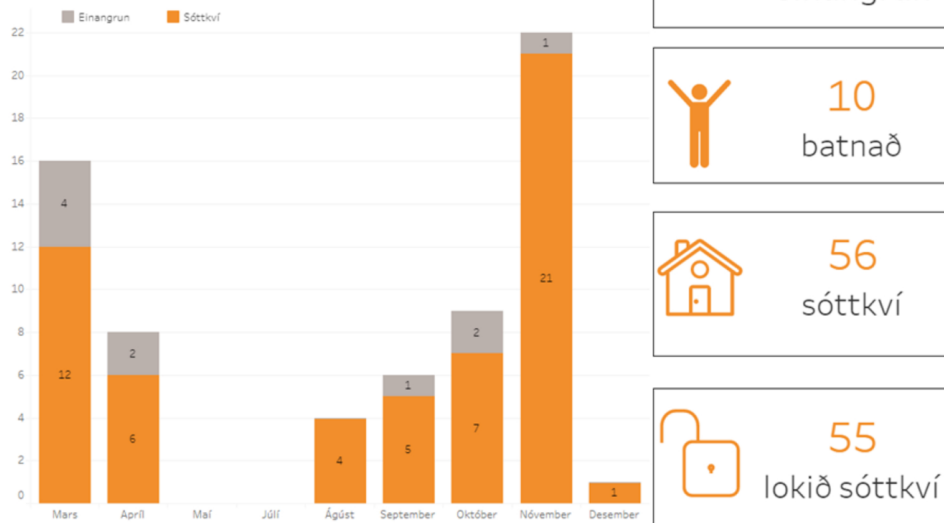
Beginning March 2, the CEO of Reykjavik Energy Group sent all employees emails, in Icelandic and English, informing them about statistical data on COVID-19, in the community and within the Group, as well as announcing decisions made by the Crisis Management Committee. In 2020, these emails were 104. The following is an example of steps taken:

- Requesting disclosure in case of travel abroad, early on in the pandemic and before border screenings.
- Requesting that employees do not report to work if they or a family member are suffering flu-like symptoms.
- Specific precautions for the operational control room, e.g. complete separation of shifts.
- Specific precautions for work teams and specialist staff, e.g. by securing complete separation of groups.
- Continuous education, dissemination of information and motivation.
- Mandatory working from home.
- Gathering restrictions.
- General disease prevention measures.
- Mandatory mask wearing where social distancing is not possible.
- Rules and restrictions on conduct in employees' cafeteria.
- Temporary ban on meetings with third parties, other than video conferencing and later restrictions on meetings with third parties on Reykjavik Energy Group's premises.
- Recommendations sent to employees regarding general disease prevention measures outside work hours.

This resulted in no known cases of infection among employees and no breakdown in service. In addition, the number of sick days fell in 2020, as discussed in [S8 Global Health & Safety](#).

The graph below is taken from Reykjavik Energy Group's instrument panel, devised by the Group on account of the pandemic. It illustrates accumulated numbers to the end of 2020.

Heildarfjöldi starfsfólks sem fór í einangrun og sóttkví árið 2020

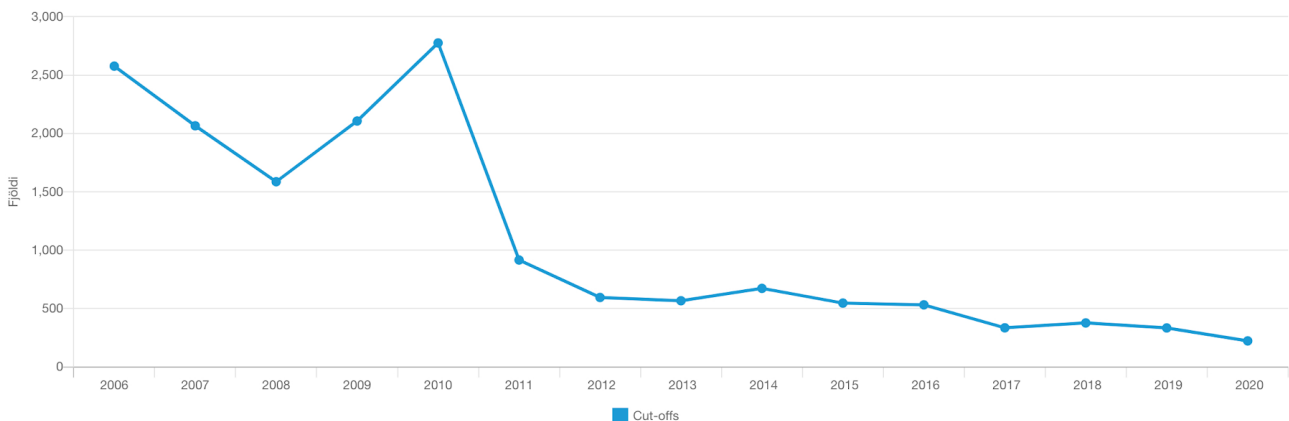


Fewer Cut-offs

In the recent years, Reykjavik Energy Group has systematically worked on improving utility bill services. Emphasis is now put on assisting those who are in arrears. Service representatives have a wider range of solutions at their disposal, and the billing process has been streamlined. This has resulted in fewer bills being in arrears, and cut-offs due to nonpayment have decreased substantially.

In early 2020, when it was foreseeable that COVID-19 would deal an economic blow, a decision was made to further increase flexibility when billing, and cut-offs due to nonpayment reduced significantly between the years 2019 and 2020. Nevertheless, arrears have increased, mainly in the business sector.

Number of cut-offs



Effect on Carbon Footprint

Reykjavik Energy Group's carbon footprint suffered, and still suffers, multiple effect from the pandemic, as well as from the measures taken against it. Many of the changes implemented decrease emissions, others increase it. Flight emissions were almost completely wiped out during the year. For most of the year, a large number of employees telecommuted. Therefore, less actual commuting. In addition, commuting to meetings, either in the capital or outside it, was significantly reduced, thanks to telecommuting.

On the other hand, many employees work in constructions, and in order to safeguard their disease prevention, they were split into groups. Each group was assigned a vehicle for commuting purposes, from the Group's vehicle fleet. This meant more mileage was incurred by employees. In addition, disease prevention products increased waste.

Then and now

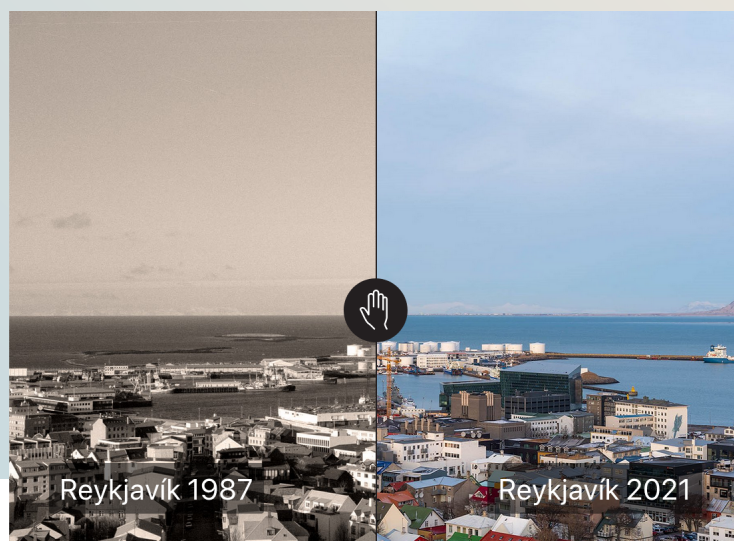


Telecommunications

The older photo shows a telephone pole on Laugavegur in Reykjavik about a century ago and the new one where fibre optic cables lie underground. Reykjavik Fibre Network's grid now extends to approx. 75% of households in Iceland.

Credit: Sarpur/Þorleifur K. Þorleifsson and Reykjavik Fibre Network's collection.

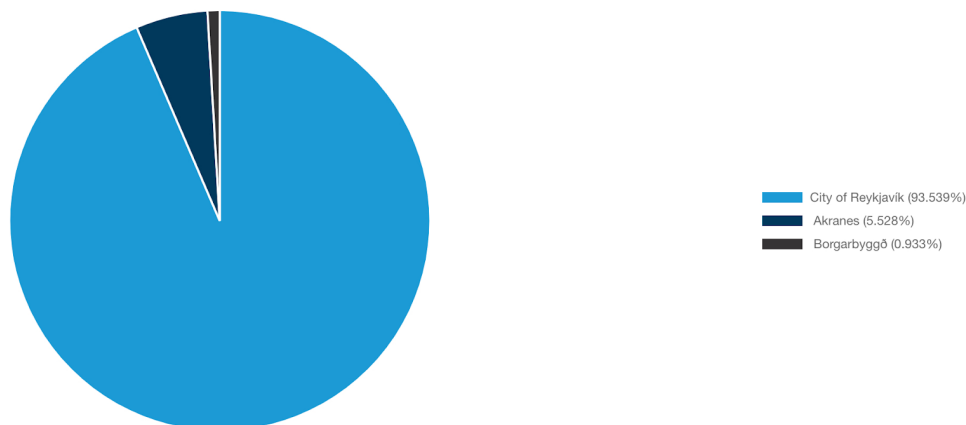
Governance



Reykjavik Energy Group's corporate governance strategy is designed to ensure professionalism, efficiency, cost effectiveness, transparency and responsible management. The principal operations of Reykjavik Energy Group are governed by [Act no.136/2013](#). In 2014, the collective ownership contract on operations were renewed by the owners of the company. The ownership strategy was also revised. The strategy dictates corporate governance. In drafting these documents, accepted for all the subsidiaries, and Rules of Procedure for all the Boards, account guidelines, as established by the Chamber of Commerce in collaboration with SA the Confederation of Icelandic Enterprise and Nasdaq, were taken into account.

Reykjavik Energy Group's corporate governance strategy is considered to be in compliance with these guidelines.

Owners of Reykjavik Energy Group



The basic structure of Reykjavik Energy Group



Veitur Utilities operate electric, heating, potable water, and sewer utilities, mainly exclusively licenced operations. ON Power generates electricity and heat in power stations, and sells electricity in a competitive market. Reykjavik Fibre Network operates a fibre optic telecommunications network, serving homes and businesses. Carbfix is a start-up company, established for the dissemination of the carbon dioxide mineralisation method. The parent company – Reykjavik Energy Group – is a serving parent company, supporting the subsidiaries with various central services.

G1 Board Diversity

Promotes UN's Sustainable Development Goals



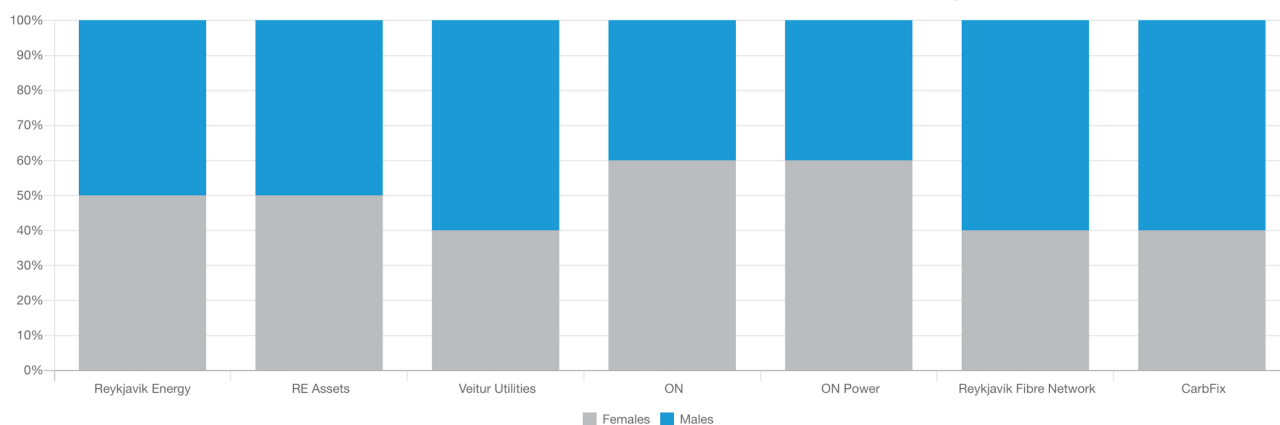
Forsíða — Governance — G1 Board Diversity

Reykjavik Energy Group has seven subsidiaries, each under separate governance. Reykjavik Energy Group's Board members are required, among other things, to possess knowledge, skills, and experience necessary for performing their duties. Members of the Boards of Directors of the Group's subsidiaries are also expected to fulfill equivalent requirements.

Reykjavik Energy Group's Board commissions two committees, the Compensation Committee and the Audit Committee. The Chairperson of the Compensation Committee is female. The Audit Committee is joint with Reykjavik City, and the Board of Reykjavik Energy Group appoints a representative for the committee. That representative is female.

There are a total of 37 seats on various boards of the consolidation. The Boards of Reykjavik Energy Group and RE Assets (Eignir), ON and ON Power, are appointed the same representatives. Appointed for these 37 seats are 18 women and 19 men. Women act as Chairpersons in five of seven boards: the Board of Reykjavik Energy Group, and thereby Reykjavik Energy Group, RE Assets, Veitur Utilities, ON, and thereby ON Power. Two observers are appointed to the Board of Reykjavik Energy Group, one female and one male.

Diversity on boards of directors within Reykjavik Energy Group



G2 Board Independence

The Board of Directors of Reykjavik Energy Group consists of six members. Five of them, including the Chairperson and Vice-Chairperson, are appointed by the Reykjavik City Council and one is appointed by the Municipal Council of Akranes. The local authority of Borgarbyggð nominates one observer to the Board, and in 2020 the Board of Directors voted unanimously to offer the association of employees of Reykjavik Energy Group to appoint one observer to the Board. The offer was accepted and the president of the association was appointed as an observer.

The Chairperson of the Board may not take on any other positions at Reykjavik Energy Group.

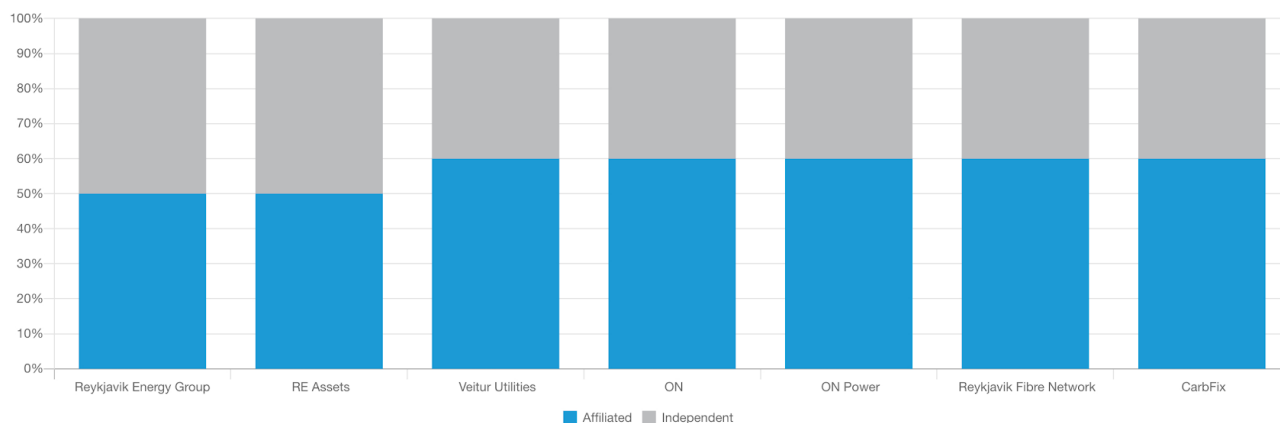
Reykjavik Energy Group's Board of Directors appoints the CEO of the company, defines the position's duties and responsibilities, and handles termination of employment. The CEO is responsible for daily management of the company and manages holdings in Reykjavik Energy Group's subsidiaries. The CEO cannot be a member of the Board of Directors of Reykjavik Energy Group and its Board members cannot sit on Boards of subsidiaries.

The Rules of Procedure of the Board and the duties and responsibilities of the CEO dictate a division of tasks. The CEO of Reykjavik Energy Group cannot be a member of Board committees.

Reykjavik Energy Group's CEO cannot sit on subsidiaries' Boards, but three of their members must be Reykjavik Energy Group's employees, one of whom shall be at the executive level. He or she shall be Chairperson. All Boards comprise five members, three who are employees of Reykjavik Energy Group, and two members shall be external experts in fields pertaining to the line of business of the company in question.

Members of municipalities' councils, that own part of Reykjavik Energy Group, are not presumed independent, neither are employees of the consolidation that are members of Boards of subsidiaries. The ratio of independent representatives among Board members at Reykjavik Energy Group, has been unchanged since 2010.

Independent of the company or its owners





The Board of Directors and CEO of Reykjavik Energy Group, from left: Valgarður Lyngdal Jónsson - Akranes, Halldóra Lóa Þorvaldsdóttir, observing member - Borgarbyggð, Hildur Björnsdóttir - Reykjavík, Eyþór Laxdal Arnalds - Reykjavík, Bjarni Bjarnason, CEO of Reykjavik Energy Group, Brynhildur Davíðsdóttir, Chairperson - Reykjavík, Sigríður Rut Júlíusdóttir - Reykjavík, Gylfi Magnússon, Vice-Chairperson - Reykjavík.

The Board of Directors of Reykjavik Energy Group places emphasis on transparency. The minutes from Board meetings and meeting documents, which are not confidential, can be accessed by the public on the Group's website. The minutes from Board meetings contain, among other things, a record of all the decisions made by the Board, and Board members have the right to have their positions on specific issues briefly noted in the minutes.

G3 Incentivized Pay

Promotes UN's Sustainable Development Goals



Forsíða — Governance — G3 Incentivized Pay

Employment agreements, between Reykjavik Energy Group and management or employees, do not include provisions for direct correlation between salaries and specific yardsticks in operations, financial or otherwise. It is the stance of Reykjavik Energy Group that such arrangements could possibly favour short term objectives, while jeopardising long term ones, but the company's beacon is always on long term objectives.

The ownership strategy of Reykjavik Energy Group stipulates that management compensation should be on par with other comparable businesses, but take into consideration the fact that the company is in public ownership. Compensation of management and other employees at Reykjavik Energy Group should be competitive, but not leading.

Compensation for Board members, the CEO, and other top executives, is specified in Reykjavik Energy Group's Consolidated Financial Statements.

Then and now



Hellisheidi Geothermal Power Plant

These photos are taken from a similar vantage point at short intervals; the older one in 2005 and the more recent one in 2008. The first phase of the Hellisheidi Geothermal Power Plant was commissioned in 2006 and it obviously has a decisive effect on the appearance of the area. Efforts have been made to restore the areas disturbed by the project.

G4 Collective Bargaining

Promotes UN's Sustainable Development Goals



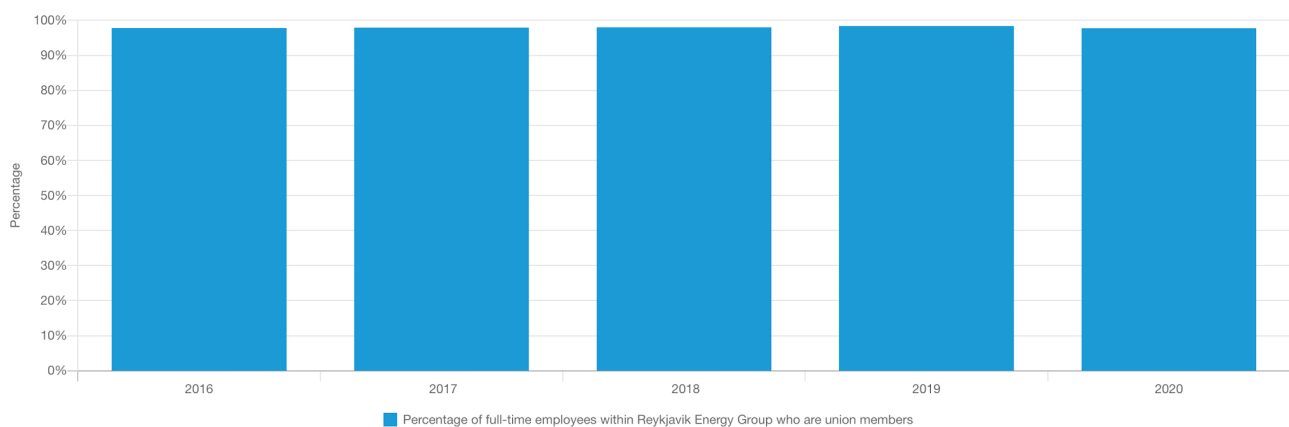
Reykjavik Energy Group is a member of the SA Confederation of Icelandic Enterprise through its membership of Samorka, the Federation of Energy and Utility Companies in Iceland. Reykjavik Energy Group negotiates directly with labour unions, in collaboration with SA. Furthermore, the Group has continuous dialogue with labour unions. Employees are members of a labour union of their choice, or they can opt not to join a union, according to labour market regulations.

The company makes individual employment contracts with all its full-time employees, based on collective wage agreements with unions. The contracts specify salaries, among other things.

Reykjavik Energy Group is a comprehensive buyer of products and services from numerous companies of various sizes.

The rights of contractors' employees are discussed specifically in the chapter on corporate social responsibility.

Union membership



G5 Supplier Code of Conduct

Promotes UN's Sustainable Development Goals



The Board of Directors of Reykjavik Energy Group reviewed the company's Procurement Policy in March 2020, resulting in further emphasis being placed on goals in the Sustainability Policy. Accordingly, Reykjavik Energy Group's Code of Conduct for Suppliers was issued, based on the Procurement Policy and the United Nations' Global Compact's ten basic principles, which the Group adheres to. Concurrently, work procedure was established, concerning reaction in case of information of nonconformity. Preparations for introduction of basic principles to suppliers is underway. Requirements, which are at least equivalent to the Code of Conduct for Suppliers, can be found in the terms of all calls for tenders by Reykjavik Energy Group. Therefore, sustainability obligations now apply to approximately 40% of the total procurement by the Group. However, 12% of suppliers provide these 40% of procurements. Reykjavik Energy Group's objective, by issuing the Code of Conduct for Suppliers, is that demands for sustainability in calls for tenders, will also pertain to smaller suppliers.

It is Reykjavik Energy Group's policy to have open calls for tenders, when purchasing goods, services, and construction projects, and choose the most favourable option. Alternatively, a restricted procedure will be made, entailing broad pricing inquiries, direct contracts or direct procurements. When weighing the cost effectiveness of a proffer, consideration is given to more factors than price only. These factors might include safety and environment issues. Furthermore, the tender documents include provisions to avoid doing business with companies known to have abused change of social security numbers, leaving a trail of financial irregularities.

Reykjavik Energy Group has laid down joint liability in its work contracts with regard to protecting the rights of employees of contractors and their sub-contractors. Evaluations of contractors are based on their performance on safety and environmental issues, as well as the quality of their work and reporting. If a contractor's performance is deemed unsatisfactory in the evaluation, business with them is halted, at least temporarily.

Reykjavik Energy Group has not screened its suppliers according to environmental indicators. The companies do not have means for assessment of potential or real risks posed by negative environmental impact of their supply chain or responses to those impacts. In 2020, the Group began to include provisions on carbon footprint of products in tender documents.

In 2020, there were no cases of bids being rejected on suspicion of an abusive change of social security number, or due to an unsatisfactory result in the evaluation of a contractor. In 2017, one bid for a project was halted in accordance with Reykjavik Energy Group's measures against abusive changing of a social security number.

G6 Ethics & Anti-Corruption

Promotes UN's Sustainable Development Goals



The Code of Conduct of Reykjavik Energy Group is founded on integrity, which is one of the company's values. The Code of Conduct is registered and public and should help employees be governed by integrity, respect, and non-discrimination, with regard to customers, colleagues, management, contractors, or other stakeholders. This list is not exhaustive and does not exonerate employees from the responsibility of following their own conscience when ethical issues arise.

The Code of Conduct was established by the management of Reykjavik Energy Group in 2000. The Code was assessed, reviewed and approved by the Board of Directors of Reykjavik Energy Group in 2017. It forms part of the Board's Rules of Procedure. The Code of Conduct is presented to new employees, accessible to all staff, and is especially referred to in employment contracts, which are signed by employees. If an employee thinks that the Code of Conduct has been breached, or is confronted with an ethical issue, he/she can approach a supervisor, or a colleague he/she trusts. If an employee thinks there has been a violation of the Code, such as bullying or harassment, he/she can also directly approach an external counsellor, and the established procedure will then take over, anonymously if requested.

At Reykjavik Energy Group, procedures are registered for complaints processing, if an employee or executive is alleged to have violated company rules or committed fraud at work. The rules of procedure are accessible to all employees. Suspected violations should be made known to the next supervisor, or internal auditor of the company, who has the responsibility to report the subject matter. The information is treated as confidential to protect the anonymity of the informer.

The management of Reykjavik Energy Group, Managing Directors, and Managers are responsible for the internal supervision of their specific divisions. Quality Control is responsible for ensuring that Reykjavik Energy Group's internal monitoring system is effective. Reykjavik Energy Group's quality control system is independently certified by external entities. Reykjavik Energy Group complies with the standards of the Institute of Internal Auditors, when conducting internal audits. The Internal Audit Division of the City Council of Reykjavik acts as internal auditors of Reykjavik Energy Group. Within the Group, compliance officers supervise the disclosure of information to the Iceland Stock Exchange (ICEX), and the Financial Supervisory Authority.

| G7 Data Privacy

A new act on Data Protection and the Processing of Personal Data came into effect in 2018. The nature of Reykjavik Energy Group's operations means, that business and communication involves a large number of people. Thus, it is imperative that procedures are in place and conform with increased requirements, regarding data storage and processing. The Group began its preparations for the implementation of the new law in 2016. The procedure was completed in 2018, when Data Protection Policy was approved by all subsidiaries within the Group. This was preceded by extensive revision of work procedures. Courses, attended by the majority of employees, were also held on the topic.

Since the new law took effect, no verdict has fallen against any subsidiary of Reykjavik Energy Group by the Data Protection Authority (DPA). One complaint from 2020 is pending.

In 2020, one issue regarding processing of personal data needed resolution. Veitur Utilities was planning to empty the reservoir at Árbær, and if the residents were to be informed about the decision, their emails, stored at Veitur Utilities, would have to be used. For data protection purposes, it was decided not to send the emails.

G8 ESG Reporting

Promotes UN's Sustainable Development Goals



Multiple factors determine whether the operations of Reykjavik Energy Group and its subsidiaries - Veitur Utilities, ON Power and the Reykjavik Fibre Network - are sustainable. The integrated ESG report expounds the factors, which the Group considers to be imperative. Thus, the Annual Report also serves as a sustainability report. The ESG Report is a component of Reykjavik Energy Group's Consolidated Financial Statements, which are publicly reported to the stock exchange. And further, the regularly updated websites of Reykjavik Energy Group and its subsidiaries, contain information on environmental, financial and personnel issues.

In addition to Reykjavik Energy Group's Annual Report, the Group submits multifarious documents to official regulators, in accordance with subsidiaries' licences. The most comprehensive part of these documents is on the utilisation of natural resources each year. Reykjavik Energy Group's various affiliations mean that reports are made on many sustainability factors in its operations. These are some of the reports:

- Interim reports on green bonds issuance.
- Reports to the Climate Disclosure Project.
- Interim reports on the Group's UN's SDGs, listed on sdgs.un.org/goals.
- Reports to Global Compact.

A report was published in 2018 on international evaluation of the sustainability of the Hellisheidi Geothermal Power Plant. The evaluation was based on standards for geothermal power plants, or the Geothermal Sustainability Assessment Protocol (GSAP), which is being developed on behalf of the Icelandic government and geothermal energy companies in Iceland. The Hellisheidi Geothermal Power Plant is the first operating power plant to be assessed using the Protocol. The main conclusion of the sustainability evaluation was, that the Plant has a negligible negative effect on the environment and community, and has an important positive socio-economic impact, particularly in the production of clean and low cost electricity and hot water, to meet the needs of the capital area. However, the evaluation revealed one deviation from best practice, and ON Power is currently working on improvements.

G9 Disclosure Practices

Reykjavik Energy Group's sustainability report is prepared in accordance with guidelines from Nasdaq in Iceland and the Nordic Countries, published in March 2017, and updated in May 2019. These instructions are based on recommendations from the United Nations, the Sustainable Stock Exchange Initiative, and a steering group at the World Federation of Exchanges. In addition, a reference to the United Nations' Sustainable Development Goals (SDG's), and changes in directives regarding annual financial statements, No. 3/2006, with later amendments (simplification and introduction of annual financial statements directive 2013/34/EU), No. 73/2016, is taken into account, where germane.

The Board of Directors of Reykjavik Energy Group has decided to place emphasis on five of the UN Sustainable Development Goals. The presentation of the SDG's in this report is based on their highlights. The goals are:

- #5 Gender Equality.
- #6 Clean Water and Sanitation.
- #7 Sustainable Energy.
- #12 Responsible Consumption and Production.
- #13 Climate Action.

The report's approach was introduced to stakeholders during two meetings: Environmental issues, February 5, and Social and Governance issues, February 19.

The main authors of Reykjavik Energy Group's Annual Report of 2020 are: Eiríkur Hjálmarsson, Social Responsibility Specialist, Hólmfríður Sigurðardóttir, Director of Environmental Affairs, Ólöf Snæhólm Baldursdóttir, Communications Specialist, Þorsteinn Ari Þorgeirsson, Geoscientist, Snorri Jökull Egilsson and Kevin Dillman, Environmental Analysts, Viðir Ragnarsson, Project Manager, equal rights and human resources, Davíð Örn Ólafsson, Treasury and Planning Manager.

Web design: Overcast

The photos, that adorn the front cover, and various chapters, are taken from the tower of Hallgrímskirkja church in 1987 and 2021, by Haukur Már Haraldsson and Atli Már Hafsteinsson.

| G10 External Audit

The social and governance components in this Annual Report were audited by Versa vottun, see attached certificate, signed by Gná Guðjónsdóttir.

The environmental components in this Annual Report were audited by VSÓ Consulting, see attached certificate, signed by Guðjón Jónsson.

Grant & Thornton are external auditors of Reykjavik Energy Group.

Finance



Efficiency is one of Reykjavik Energy Group's core values, and one that is particularly applicable to the company's finances. Financial objectives are pursued to ensure the following for Reykjavik Energy Group and its subsidiaries:

- Solid finances.
- Operation with an acceptable level of risk.
- Provision of services at a fair price.
- Ability to pay dividends to their owners.

On the basis of its sound finances, Reykjavik Energy Group, which is entirely owned by municipalities, supports the UN's Sustainable Development Goal No. 11: Sustainable Cities and Communities.

Tax footprint

KPMG has compiled RE Group's tax footprint for the year 2020. The tax footprint consists of taxes that are charged to the Group's operations and the taxes that the companies within it collect and pay to the state, municipalities and pension funds.

In the year 2020, RE's tax footprint amounted to ISK 8,785 million. KPMG's report (in Icelandic) is attached.



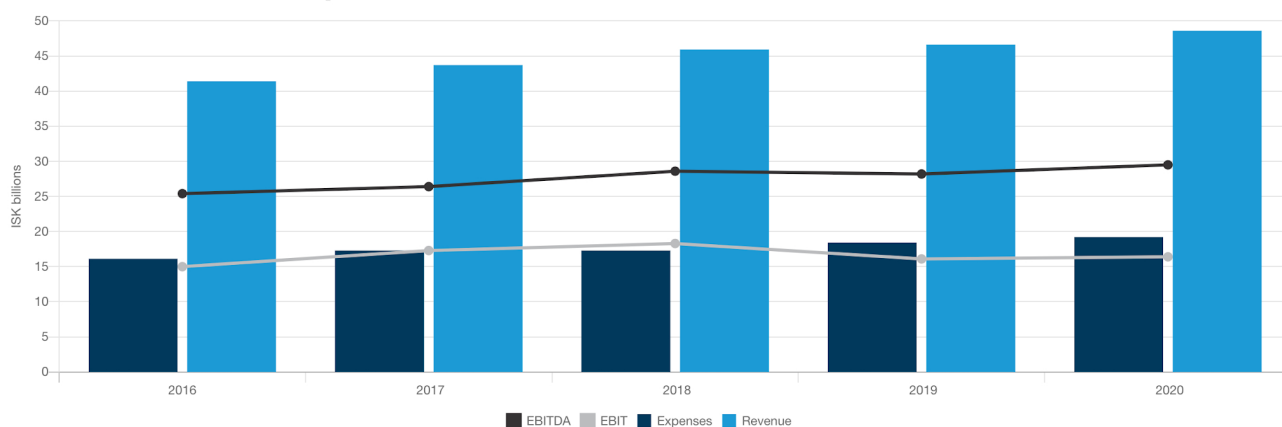
Reykjavik Energy Group held a well attended meeting on the subject of green bonds in January 2020. The keynote speaker at the meeting was dr. Ahmad A. Rahnema, one of the world's leading experts in corporate finance, and a professor at the International Business School IESE, in Barcelona.

Revenue, Expenses, EBITDA and EBIT

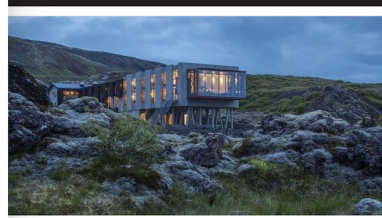
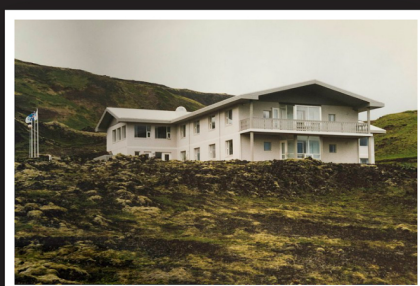
Stability characterises the main metrics in Reykjavik Energy Group's finances over the past few years. The rise in revenues is primarily due to an increase in sales, mostly of hot water. For 2020, Reykjavik Energy Group is Iceland's largest energy and utility company, based on turnover.

EBITDA stands for earnings before interest, taxes, depreciation and amortisation. EBIT stands for earnings before interest and taxes.

Revenue, Expenses, EBITDA and EBIT



Then and now



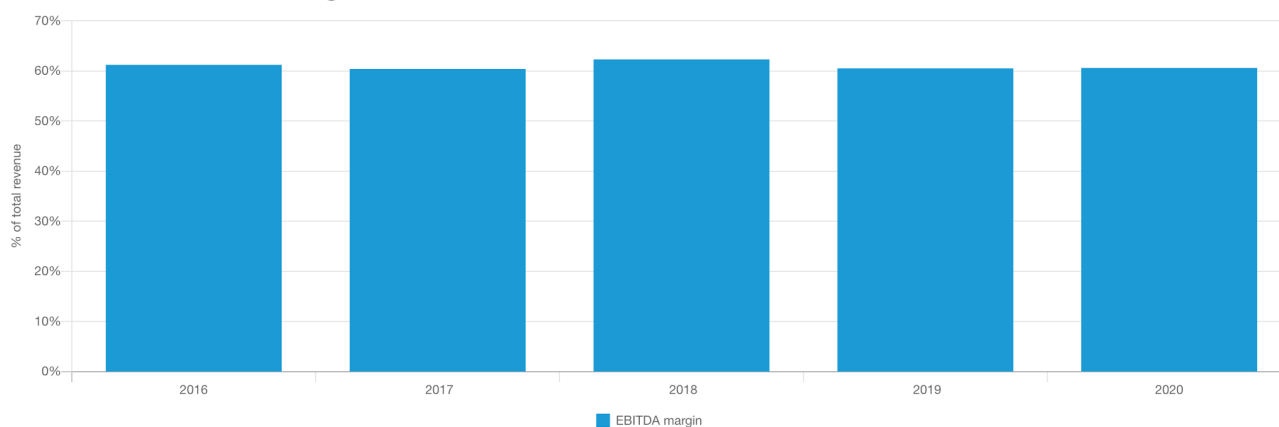
Staff house at Nesjavellir

The Nesjavellir Geothermal Power Plant was commissioned in 1990 and some in-place manpower was expected to be needed to operate it. A staff house was built for this purpose. Technological and operational advancements made it redundant. The building was sold and the buyers expanded where they now operate a luxurious hotel.

EBITDA Margin

Reykjavik Energy Group's operational margin has been stable and sound over the past years. The operational margin must, among other things, support investments by the Group's subsidiaries and servicing of loans. Operations require substantial investments to be able to maintain the utility systems and power plants, tend to new customers, and meet increased demands placed on operations. Here the margin is shown as a percentage of total revenue.

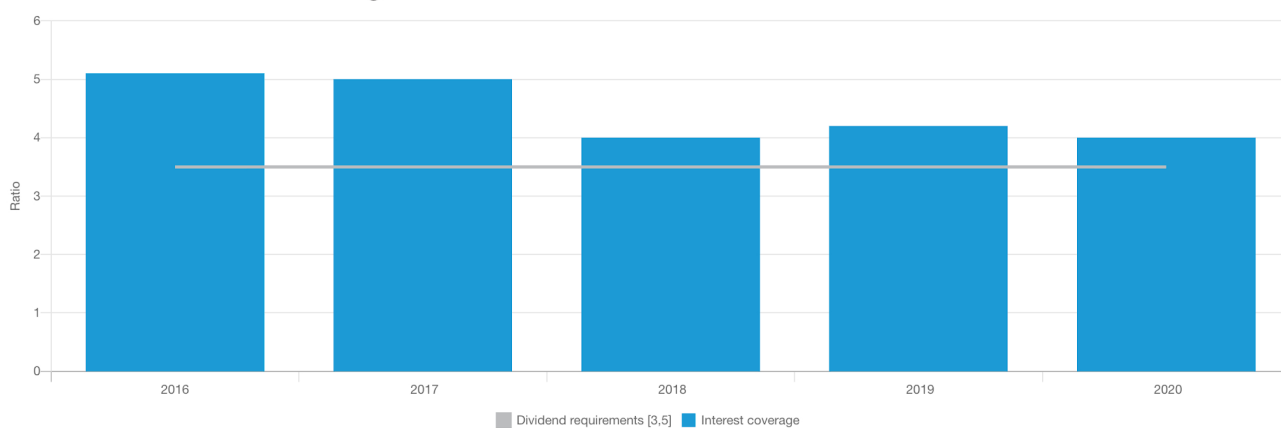
EBITDA margin



| Interest Coverage

Interest coverage is a performance indicator that demonstrates how capable the company is of honouring its interest expense obligations. The Group's owners have stipulated as conditions for dividends to be paid to them, that cash from operations, plus interest income, shall be at least 3.5 times higher than interest expenses. Reykjavik Energy Group fell short of that target in the immediate aftermath of the financial crisis, but has exceeded it from 2010 and onwards.

Interest coverage

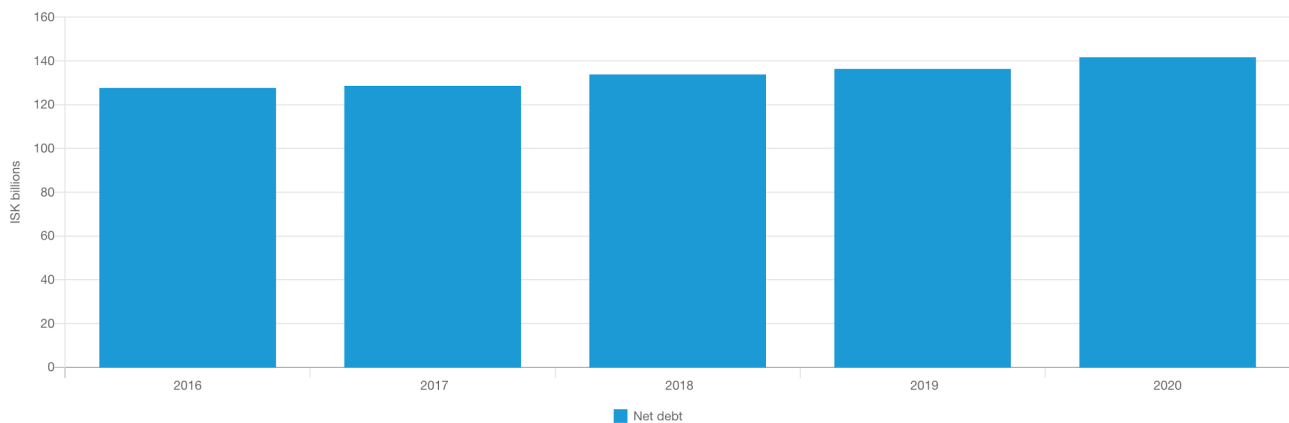


Net Debt

Net debt is interest-bearing debt excluding interest-bearing assets.

The heaviest debt load was at the end of 2009. At that time, net debt amounted to ISK 226.4 billion. By year end 2020, net debt had been reduced by ISK 85 billion. Increased investments in recent years have primarily been financed by issuance of ISK denominated bonds. That decreases currency risk, but indexation affects the principle amount of these financial obligations.

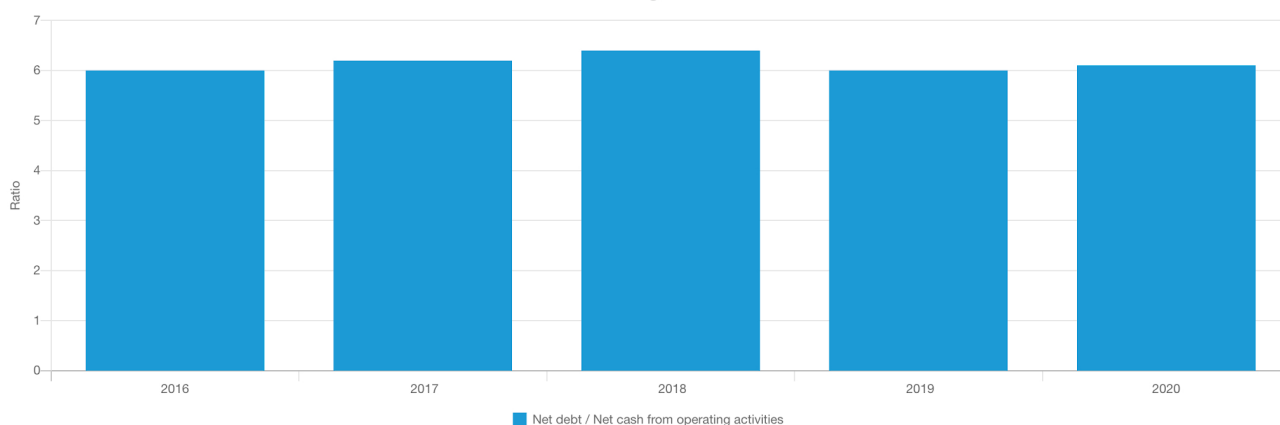
Net debt



Net Debt / Net Cash from Operating Activities

This performance indicator shows the ratio between net debt and cash at hand, at the end of the year. The indicator shows how many years it would take for the company to pay net debt with cash at hand, if it were only used to reduce debt. This metric is stable in Reykjavik Energy Group's finances.

Net debt / Net cash from operating activities

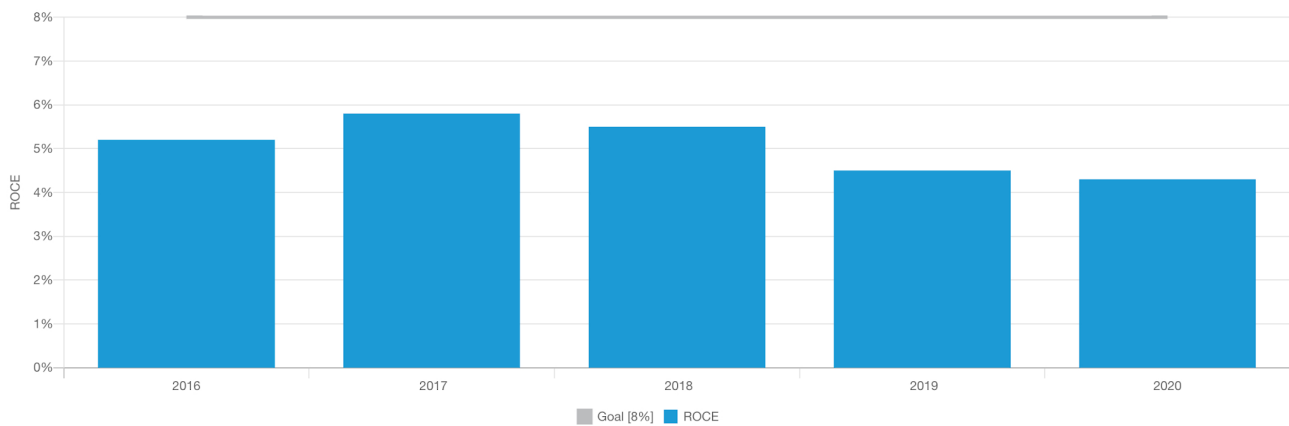


ROCE

Reykjavik Energy Group's Ownership Policy dictates implementation of yardsticks that display returns on the capital employed by owners (ROCE). At minimum, it should exceed the cost of borrowing, plus a reasonable risk premium.

In October 2018, the Board of Directors of Reykjavik Energy Group approved a policy on ROCE, which was ratified at an owners' meeting in November 2018.

ROCE

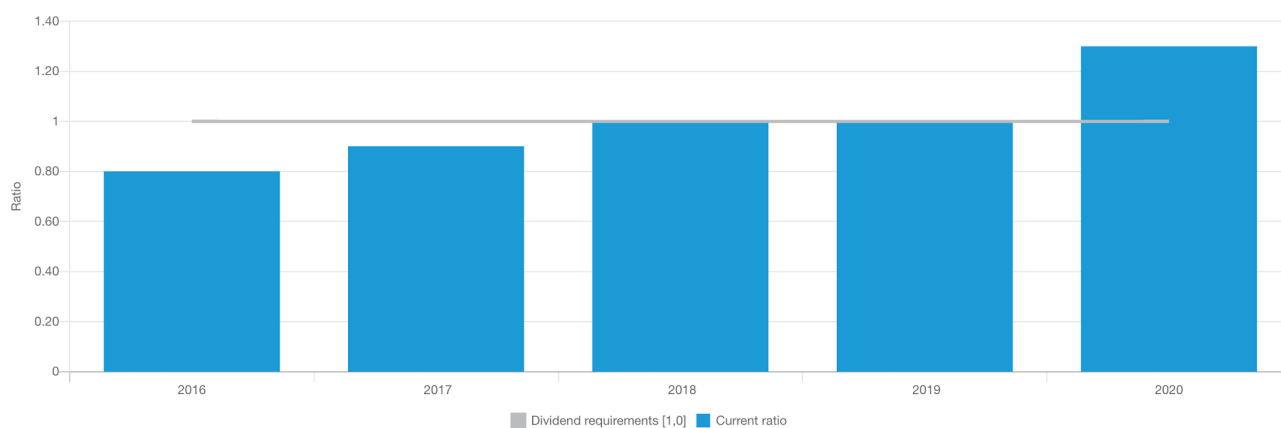


| Current Ratio

One of Reykjavik Energy Group's conditions for dividends to be paid, is to have a current ratio no lower than 1. This means that the Group must have sufficient cash on hand to meet obligations for the next 12 months.

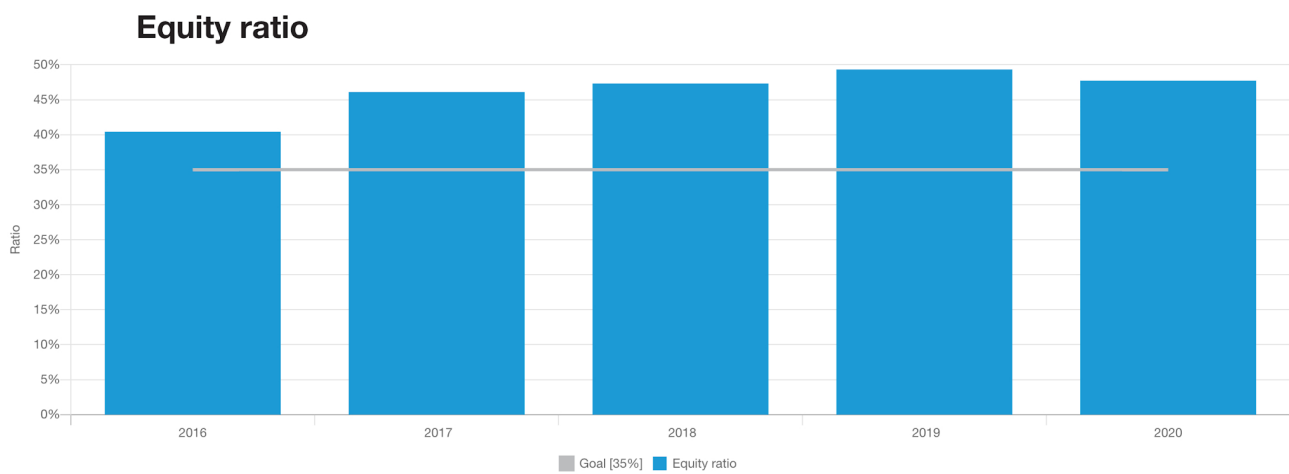
In late 2020, Reykjavik Energy Group secured a favourable refinancing to retire subordinated owners' loans, dating back to the financial crisis. The final payments of those loans were made in the first quarter of 2021. This explains the unusually strong current ratio at the end of 2020.

Current ratio



| Equity Ratio

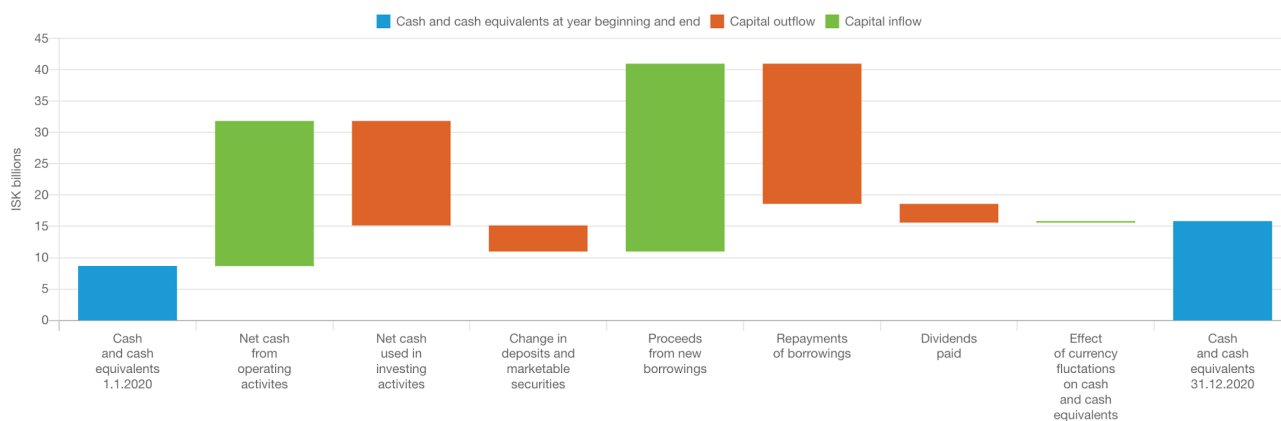
The equity ratio indicates how much debt a company has compared to its assets. Total assets of Reykjavik Energy Group were valued at ISK 394.2 billion at the end of 2020. Reykjavik Energy Group's objective is to ensure that the equity ratio does not go below 35%, and the long term target is 40%.



Cash Flow

In the income statement and balance sheet of each company contain many calculated figures, intended to give a clear picture of its operations during a specific period and financial position at the end of it. However, the cash flow statement provides a clearer view of the real cash flow, and which factors have an impact on the company's cash position in the period. Cash at hand, at the beginning of 2020, is on the left, and the year end position to the right.

Cash flow



Credit Rating

Credit rating is important for companies that do business with international financial institutions and are publicly traded. The purpose of the rating is to give creditors an objective assessment of a company's financial standing and future prospects. The credit rating of Reykjavik Energy Group, and other Icelandic companies, can never surpass the sovereign rating of Iceland. The owners' guarantee on Reykjavik Energy Group's loans have a positive impact on its credit rating. Reykjavik Energy Group is currently rated by three agencies: Moody's, Fitch Ratings, and Reitun, an Icelandic rating company.

	Moody's	Fitch Ratings	Reitun
Long-Term Issuer	Ba1	BB+	i.AA3
Outlook	Stable	Stable	Positive
Validation	March 2018	April 2020	July 2018

Then and now



Bucket truck

The older bucket truck – or rather a ladder truck – is a Russian GAZ model and was in the service of Reykjavik Electric in the years around 1960. The latter is a Mercedes Benz and one of the smaller bucket trucks that serve the street-lamp team of ON Power.

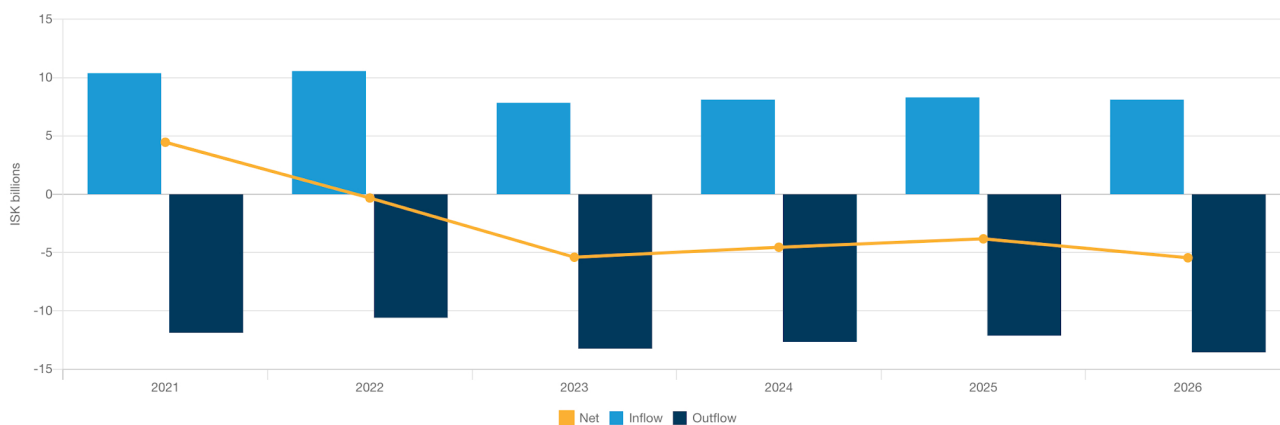
Credit: RE and ON Power's collection.

Risk Management

Currency risk

Reykjavik Energy Group's currency risk is mainly due to borrowing in foreign currencies and foreign revenues from Reykjavik Energy Group's subsidiary, ON Power, due to electric sales in USD. Reykjavik Energy Group's Risk Policy includes limits on possible currency imbalance in the income statement and the balance sheet. Forward contracts are used to reduce the risk from unfavourable exchange rate fluctuations. The graph shows the estimated cash flows of foreign currencies for the next few years.

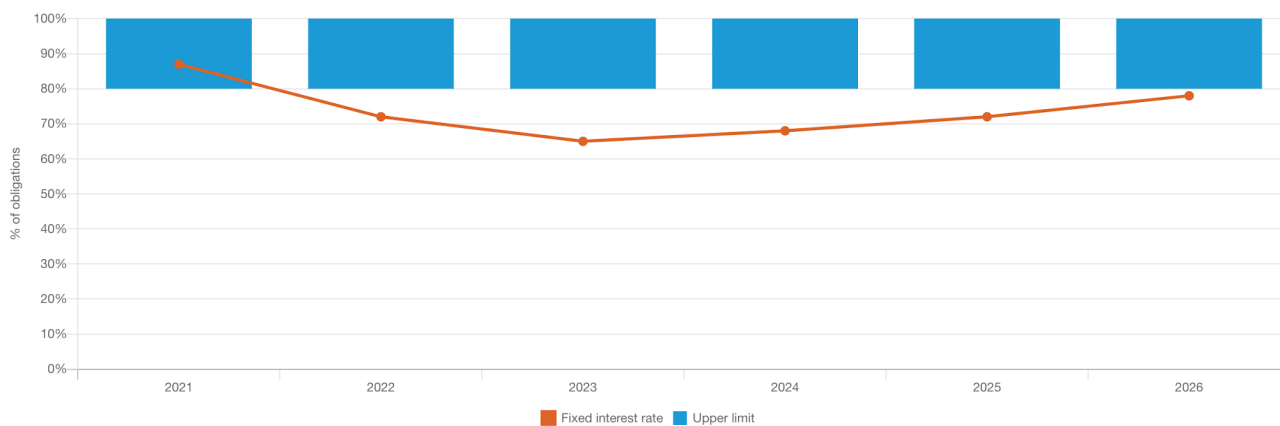
Estimated currency flow



Interest rate risk

Higher interest rates pose a risk for Reykjavik Energy Group's operations and balance sheet. This risk has been mitigated in the past few years by fixing interest rates with interest rate swaps. The columns show to what degree the overall liabilities for each year have fixed rates. Reykjavik Energy Group's risk of higher interest is now insubstantial.

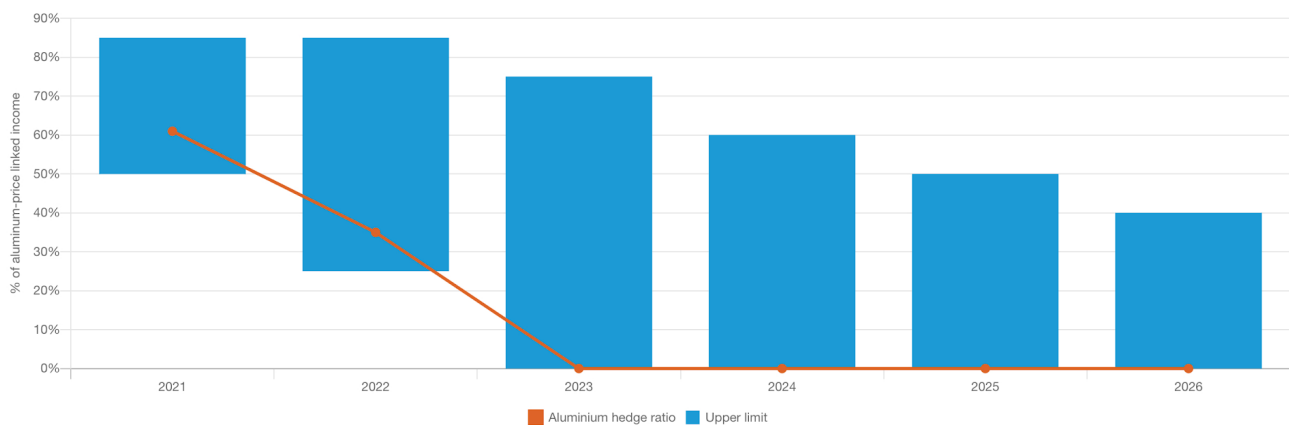
Interest rate risk



Aluminium price risk

Reykjavik Energy Group executes aluminium hedge contracts to hedge aluminium linked revenues against sharp declines in aluminium prices. Hedges are executed for a few years ahead and the graph shows to what extent revenues have been hedged. Reykjavik Energy Group's Board of Directors decides the upper and lower limit of the aluminium hedge ratio.

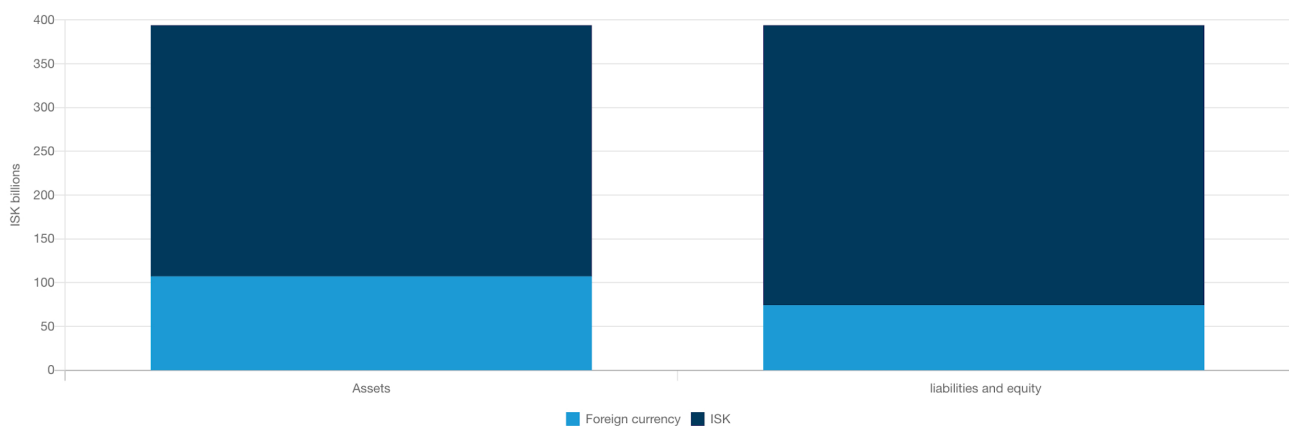
Aluminum Price Risk



Currency risk on balance sheet

Reykjavik Energy Group's foreign assets exceeded the company's foreign debt at year end 2020. The reason is that the operational currency of the Group's subsidiary, ON Power, is in USD. ON Power assets are greater than all Reykjavik Energy Group's liabilities in foreign currency.

Currency risk on balance sheet

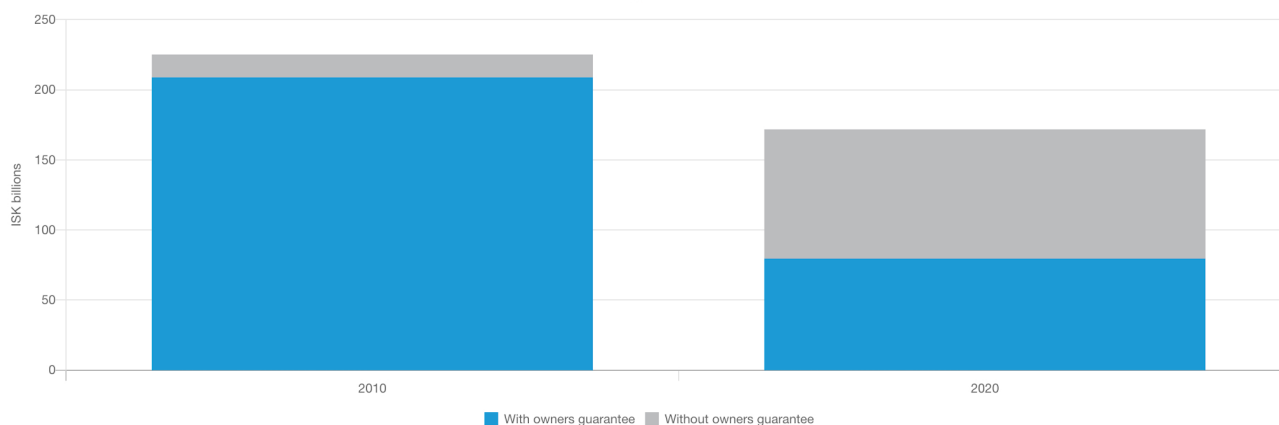


Owner Guaranteed Loans

With Reykjavík Energy Group's strengthened finances, loans for investments or refinancing, without owners' guarantees, have become more readily available to the Group. This reduces the risk from ownership to the municipalities that own Reykjavik Energy Group - the City of Reykjavík, and the municipalities of Akranes and Borgarbyggð.

From the end of 2010 to the end of 2020, the ratio of Reykjavik Energy Group's outstanding loan obligations, with owners' guarantee, has decreased from 93% to 46%, and the amount from ISK 209 billion to ISK 80 billion, which is a 61% drop.

Loans with and without owners' guarantee



United Nations Sustainable Development Goals

How OR works to promote them

In accordance with the guidelines of the United Nations and recommendations of the Icelandic government, Reykjavik Energy Group has prioritised the United Nation's Sustainable Development Goals (SDGs), and emphasises five of them in its operations.

The five SDGs were discussed in four steering committees: One with managers from the Group, two with employees from the Group, and one with external stakeholders. The last one included representatives from public institutions, large suppliers of goods and services, large customers, contractors and trade unions.

The steering committees ranked the SDGs, both with respect to where Reykjavik Energy Group could positively impact the progress of these goals, and where its operations could possibly impede them. The Board of Directors of Reykjavik Energy Group agreed that the Group's policy, that emphasis social responsibility, would take note of the conclusion of the steering committees, resulting in the focus being on these five SDGs.

Reykjavik Energy Group's Board of Directors' regular review of all mutual policy documents will use these five SDGs as a frame of reference.





5 Gender equality

Gender equality is a human rights issue that aims to value individuals on merit, which is fundamental for sustainable operations.



6 Clean water and sanitation

Acquisition and distribution of water for consumption, fire fighting and the operation of sewerage are part of Reykjavik Energy Group's core activities.



7 Affordable and clean energy

Sustainable generation and distribution of electricity and heat are part of Reykjavik Energy Group's core activities.



12 Responsible consumption and production

Responsible procurement and reduction of waste are crucial for Reykjavik Energy Group to be able to fulfil its core activities.



13 Climate action

Focused climate action is an essential part of all business activities.

Subsidiaries' prioritisation

The Boards of Directors of two of RE's subsidiaries have prioritised UN's SDGs with respect to each company's operations.

ON Power's Prioritisation

- #5 Gender Equality.
- #7 Affordable and Clean Energy.
- #9 Industry, Innovation and Infrastructure.
- #11 Sustainable Cities and Communities.
- #12 Responsible Consumption and Production.
- #13 Climate Action.

Carbfix' Prioritisation

- #3 Good Health and Well-being.
- #5 Gender Equality.
- #9 Industry, Innovation, and Infrastructure.
- #13 Climate Action.
- #17 Partnerships for the Goals.

Goal 3 | Good health and well-being

3.4 Reykjavik Energy works to promote SDG 3's Target 3.4, which is: By 2030, reduce by one

[Society | S8 Global Health & Safety](#)

[Governance | G5 Supplier Code of Conduct](#)

[Governance | G6 Ethics & Anti-Corruption](#)

3.9 Reykjavik Energy works to promote SDG 3's Target 3.9, which is: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

3.9.1 Population in urban areas exposed to outdoor air pollution levels above WHO guideline values

[Climate Issues | Electrification of Transport](#)

[Climate Issues | Innovation and Development Projects](#)

3.9.2 Mortality rate attributed to hazardous chemicals, water and soil pollution and contamination

[Environment | Water Protection and Water Management](#)

Goal 4 | Quality Education

4.1 Reykjavik Energy works to promote SDG 4's Target 4.1, which is: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes. This indicator is prioritized by the Icelandic government..

4.1.1 Percentage of children/young people at the end of each level of education achieving at least a minimum proficiency level in (a) reading and (b) mathematics. (Disaggregations: sex, location, wealth (and others where data are available))

[Society | S9 Child & Forced Labour](#)

4.4 Reykjavik Energy works to promote SDG 4's Target 4.4, which is: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. This indicator is prioritized by the Icelandic government..

4.4.1 Percentage of youth/adults with ICT skills by type of skill

[Society | S5 Temporary Worker Ratio](#)

[Society | Dissemination of Knowledge](#)

Goal 5 | Gender equality

5.1 Reykjavik Energy works to promote SDG 5's Target 5.1, which is: End all forms of discrimination against all women and girls everywhere. This indicator is prioritized by the Icelandic government..

5.1.1 Whether or not legal frameworks are in place to promote equality and non-discrimination on the basis of sex

[Society | S6 Non-Discrimination](#)

[Society | S9 Child & Forced Labour](#)

[Society | S10 Human Rights](#)

- 5.2** Reykjavik Energy works to promote SDG 5's Target 5.2, which is: Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation. This indicator is prioritized by the Icelandic government..
- 5.2.2** Proportion of women and girls (aged 15-49) subjected to sexual violence by persons other than an intimate partner, since age 15
[Society | S10 Human Rights](#)
- 5.4** Reykjavik Energy works to promote SDG 5's Target 5.4, which is: Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.
- 5.4.1** Percentage of time spent on unpaid domestic and care work, by sex, age and location
[Society | S10 Human Rights](#)
- 5.5** Reykjavik Energy works to promote SDG 5's Target 5.5, which is: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. This indicator is prioritized by the Icelandic government..
- 5.5.1** Proportion of seats held by women in national parliaments and local governments
[Society | S4 Gender Diversity](#)
- 5.5.2** Proportion of women in managerial positions
[Governance | G1 Board Diversity](#)
- 5.b** Reykjavik Energy works to promote SDG 5's Target 5.b, which is: Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women.
- 5.b.1** Proportion of individuals who own a mobile telephone, by sex
[Society | S4 Gender Diversity](#)
- 5.c** Reykjavik Energy works to promote SDG 5's Target 5.c, which is: Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.
- 5.c.1** Percentage of countries with systems to track and make public allocations for gender equality and women's empowerment
[Society | S2 Gender -basedPay Ratio](#)
[Society | Dissemination of Knowledge](#)
[Governance | G3 Incentivized Pay](#)

Goal 6 | Clean water and sanitation

- 6.1** Reykjavik Energy works to promote SDG 6's Target 6.1, which is: By 2030, achieve universal and equitable access to safe and affordable drinking water for all. This indicator is prioritized by the Icelandic government..
- 6.1.1** Percentage of population using safely managed drinking water services
[Environment | Water Protection and Water Management](#)
- 6.3** Reykjavik Energy works to promote SDG 6's Target 6.3, which is: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally. This indicator is prioritized by the Icelandic government..
- 6.3.1** Percentage of wastewater safely treated, disaggregated by economic activity
[Environment | E7 Environmental Operations](#)

6.4 Reykjavik Energy works to promote SDG 6's Target 6.4, which is: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

6.4.1 Percentage change in water use efficiency over time.

[Environment | Water Protection and Water Management](#)

6.6 Reykjavik Energy works to promote SDG 6's Target 6.6, which is: By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes. This indicator is prioritized by the Icelandic government..

6.6.1 Percentage of change in fresh water ecosystem

[Environment | Restoration of Disturbed Areas](#)

6.a Reykjavik Energy works to promote SDG 6's Target 6.a, which is: By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies.

6.a.1 ODA for water and sanitation related activities and programmes

[Environment | Wastewater System Discharge](#)

Goal 7 | Affordable and clean energy

7.1 Reykjavik Energy works to promote SDG 7's Target 7.1, which is: By 2030, ensure universal access to affordable, reliable and modern energy services.

7.1.2 Percentage of population with primary reliance on clean fuels and technology

[Climate Issues | E1 Greenhouse Gas Emissions](#)

7.2 Reykjavik Energy works to promote SDG 7's Target 7.2, which is: By 2030, increase substantially the share of renewable energy in the global energy mix. This indicator is prioritized by the Icelandic government..

7.2.1 Renewable energy share in the total final energy consumption (%); or Renewable energy share in the total primary energy consumption (%)

[Climate Issues | E2 Emission Intensity](#)

[Climate Issues | E3 Energy Usage](#)

[Climate Issues | E4 Energy Intensity](#)

[Climate Issues | E5 Energy Mix](#)

[Climate Issues | Electrification of Transport](#)

[Climate Issues | Innovation and Development Projects](#)

[Environment | Responsible Management and Production at Low-Temperature Fields](#)

[Environment | Responsible Management and Production at High-Temperature Fields](#)

[Environment | Geothermal Park in Hellisheidi](#)

[Society | Dissemination of Knowledge](#)

7.a Reykjavik Energy works to promote SDG 7's Target 7.a, which is: By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

7.a.1 Mobilized amount of USD per year starting in 2020 accountable towards the USD 100 billion commitment

[Society | Dissemination of Knowledge](#)

Goal 8 | Decent work and economic growth

8.5 Reykjavik Energy works to promote SDG 8's Target 8.5, which is: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. This indicator is prioritized by the Icelandic government..

8.5.1 Average hourly earnings of female and male employees by occupations (Wages/Gender wage gap)

[Society | S2 Gender -basedPay Ratio](#)

8.8 Reykjavik Energy works to promote SDG 8's Target 8.8, which is: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

8.8.2 Number of ILO conventions ratified by type of convention

[Governance | G4 Collective Bargaining](#)

Goal 9 | Industry, innovation and infrastructure

9.4 Reykjavik Energy works to promote SDG 9's Target 9.4, which is: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

9.4.1 Carbon emission per unit of value added

[Climate Issues | E1 Greenhouse Gas Emissions](#)

[Climate Issues | E2 Emission Intensity](#)

[Climate Issues | E3 Energy Usage](#)

[Climate Issues | E4 Energy Intensity](#)

[Climate Issues | E5 Energy Mix](#)

[Climate Issues | Electrification of Transport](#)

[Climate Issues | Innovation and Development Projects](#)

[Environment | Responsible Management and Production at Low-Temperature Fields](#)

[Environment | Responsible Management and Production at High-Temperature Fields](#)

[Environment | Geothermal Park in Hellisheidi](#)

9.5 Reykjavik Energy works to promote SDG 9's Target 9.5, which is: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending. This indicator is prioritized by the Icelandic government..

9.5.1 R&D expenditure as a percentage of GDP

[Society | Dissemination of Knowledge](#)

Goal 10 | Reduced inequalities

10.1 Reykjavik Energy works to promote SDG 10's Target 10.1, which is: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average.

10.1.1 Growth rates of household expenditure or income per capita among the bottom 40 percent of the population and the total population

[Governance | G3 Incentivized Pay](#)

10.2 Reykjavik Energy works to promote SDG 10's Target 10.2, which is: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. This indicator is prioritized by the Icelandic government..

10.2.1 Proportion of people living below 50% of median income disaggregated by age and sex

[Society | S2 Gender -based Pay Ratio](#)

[Society | S9 Child & Forced Labour](#)

[Society | S10 Human Rights](#)

Goal 11 | Sustainable cities and communities

11.6 Reykjavik Energy works to promote SDG 11's Target 11.6, which is: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management. This indicator is prioritized by the Icelandic government..

11.6.1 Percentage of urban solid waste regularly collected and with adequate final discharge with regards to the total waste generated by the city.

[Environment | Wastewater System Discharge](#)

11.6.2 Annual mean levels of fine particulate matter (i.e. PM2.5 and PM10) in cities (population weighted)

[Climate Issues | E3 Energy Usage](#)

[Climate Issues | E4 Energy Intensity](#)

[Climate Issues | E5 Energy Mix](#)

[Climate Issues | Electrification of Transport](#)

[Climate Issues | Innovation and Development Projects](#)

[Society | Dissemination of Knowledge](#)

11.a Reykjavik Energy works to promote SDG 11's Target 11.a, which is: Support positive economic, social and environmental links between urban, per-urban and rural areas by strengthening national and regional development planning. This indicator is prioritized by the Icelandic government..

11.a.1 Cities with more than 100,000 inhabitants that implement urban and regional development plans integrating population projections and resource needs

[Environment | Water Protection and Water Management](#)

[Environment | E7 Environmental Operations](#)

[Environment | Responsible Management and Production at Low-Temperature Fields](#)

[Environment | Responsible Management and Production at High-Temperature Fields](#)

Goal 12 | Responsible consumption and production

12.2 Reykjavik Energy works to promote SDG 12's Target 12.2, which is: By 2030, achieve the sustainable management and efficient use of natural resources. This indicator is prioritized by the Icelandic government..

12.2.1 Material footprint (MF) and MF/capita

[Environment | Water Protection and Water Management](#)

[Environment | Responsible Management and Production at Low-Temperature Fields](#)

[Environment | Responsible Management and Production at High-Temperature Fields](#)

12.6 Reykjavik Energy works to promote SDG 12's Target 12.6, which is: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

12.6.1 Number of companies publishing sustainability reports

[Governance | G8 ESG Reporting](#)

12.7 Reykjavik Energy works to promote SDG 12's Target 12.7, which is: Promote public procurement practices that are sustainable, in accordance with national policies and priorities. This indicator is prioritized by the Icelandic government..

12.7.1 Number of countries implementing Sustainable Public Procurement policies and action plans

[Society | S9 Child & Forced Labour](#)

[Society | S10 Human Rights](#)

[Governance | G5 Supplier Code of Conduct](#)

Goal 13 | Climate action

13.1 Reykjavik Energy works to promote SDG 13's Target 13.1, which is: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

13.1.1 Number of deaths, missing people, injured, relocated or evacuated due to disasters per 100,000 people.

[Climate Issues | E10 Climate Risk Mitigation](#)

[Society | Dissemination of Knowledge](#)

13.2 Reykjavik Energy works to promote SDG 13's Target 13.2, which is: Integrate climate change measures into national policies, strategies and planning. This indicator is prioritized by the Icelandic government..

13.2.1 Number of countries that have formally communicated the establishment of integrated low-carbon, climate-resilient, disaster risk reduction development strategies (e.g. a national adaptation plan process, national policies and measures to promote transition to environmentally-friendly substances and technologies).

[Climate Issues | E1 Greenhouse Gas Emissions](#)

[Climate Issues | E2 Emission Intensity](#)

[Climate Issues | E3 Energy Usage](#)

[Climate Issues | E4 Energy Intensity](#)

[Climate Issues | E5 Energy Mix](#)

[Climate Issues | Electrification of Transport](#)

[Climate Issues | Innovation and Development Projects](#)

[Environment | E7 Environmental Operations](#)

[Environment | Responsible Management and Production at Low-Temperature Fields](#)

[Environment | Responsible Management and Production at High-Temperature Fields](#)

[Environment | Geothermal Park in Hellisheidi](#)

[Environment | Restoration of Disturbed Areas](#)

[Society | Dissemination of Knowledge](#)

13.3 Reykjavik Energy works to promote SDG 13's Target 13.3, which is: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

13.3.1 Number of countries that have integrated mitigation, adaptation, impact reduction and early warning into primary, secondary and tertiary curricula

[Climate Issues | E10 Climate Risk Mitigation](#)

Goal 14 | Life below water

14.1 Reykjavik Energy works to promote SDG 14's Target 14.1, which is: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution. This indicator is prioritized by the Icelandic government..

14.1.1 Nitrogen use efficiency composite indicator

[Environment | E7 Environmental Operations](#)

[Environment | Wastewater System Discharge](#)

[Environment | Use of Hazardous Chemicals](#)

Goal 15 | Life on land

15.3 Reykjavik Energy works to promote SDG 15's Target 15.3, which is: By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world. This indicator is prioritized by the Icelandic government..

15.3.1 Percentage of land that is degraded over total land area

[Climate Issues | Innovation and Development Projects](#)

[Environment | Restoration of Disturbed Areas](#)

Goal 17 | Partnerships for the goals

17.6 Reykjavik Energy works to promote SDG 17's Target 17.6, which is: Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism.

17.6.1 Access to patent information (WIPO Patent Database) and use of the international IP system

[Climate Issues | Innovation and Development Projects](#)

[Society | Dissemination of Knowledge](#)