



Hagar hf.
Sustainability Statement

2023

Hagar hf.
Holtavegur 10, 104 Reykjavík
Reg. 6702032120

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Statement by the CEO

Hagar's sustainability statement for the year 2023 reflects the ESG guidelines issued by Nasdaq Iceland and Nasdaq Nordic in 2019. These guidelines are based on recommendations made in 2015 by the United Nations, the Sustainable Stock Exchange Initiative, and the World Federation of Exchange. Reference is also made to the GRI Standard (Global Reporting Initiative, GRI100-400) and the Ten Reporting Principles of the UN Global Compact, additionally the S & G reporting is in accordance with the new European Sustainability Reporting Standards (ESRS).

Hagar uses the Klappir Sustainability Platform to ensure the traceability, transparency, and efficiency in data collection and processing and dissemination of environmental information.

The CEO hereby confirms the company's sustainability statement.

Hagar's Sustainability Statement is electronically signed.

For Hagar hf.



Finnur Oddson, CEO

22-04-2024

Assessment Statement

Klappir Green Solutions hf. (Klappir) has assisted Hagar hf. (Hagar), with its sustainability statement. The sustainability statement contains information on environment, social and governance matters at Hagar.

Responsibility of the board of directors and CEO for the sustainability statement

The board of directors and CEO are responsible for reporting non-financial information, including information on environmental, social and governance matters, in accordance with Article 66 d of Act no. 3/2006 (Icelandic companies).

Confirmation by Klappir

We have planned and conducted our work in accordance with the principles of the Greenhouse Gas Protocol standards: Relevance, Accuracy, Completeness, Consistency and Transparency.

By signing below, I hereby confirm that the data provided by Hagar and its suppliers for the company's sustainability statement has been reviewed and assessed by Klappir's sustainability specialists. Information relating to social and governance matters was not reviewed by Klappir.

Klappir is not responsible and bears no liability for any investment decisions made by any party based on the information presented in this statement.

Klappir Green Solutions hf.

Hagar's Sustainability Statement is electronically signed by Klappir Green Solutions hf.

For Klappir Green Solutions hf.

Jón Ágúst Þorsteinsson

Jón Ágúst Þorsteinsson, CEO

22-04-2024

Statement

Operational Parameters

Operational Parameters	Unit	2022	2023
Net revenue (from financial statement)	ISK m	161,992	173,270
Total assets (balance sheet)	ISK m	72,007.0	77,214.0
Number of employees (from financial statement)	FTEs	1,454.0	1,501.0
Total space for own operation	m ²	111,567	
Total space for own operation	m ³		

GhG emission intensity	Unit	2022	2023
GHG emissions per megawatt-hour consumed	kgCO ₂ e/MWh	19,233.1	18,780.2
GHG emissions per full-time equivalent (FTEe) employee	kgCO ₂ e/FTEs	845,399	807,104
GHG emissions per assets	kgCO ₂ e/ISK	17,070.7	15,689.7
GhG emissions per unit of revenue	kgCO ₂ e/ISK	7,588.1	6,991.8
GHG emissions per unit of space (m ²)	kgCO ₂ e/m ²	11,017.7	
GhG emissions per unit of space (m ³)	kgCO ₂ e/m ³		

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

Energy intensity	Unit	2022	2023
Energy per full-time equivalent (FTEe) employee	kWh/FTEs	43,955.3	42,976.4
Energy per unit of revenue	kWh/ISK m	394.5	372.3
Energy per square meter	kWh/m ²	572.8	
Energy per cubic meter	kWh/m ³		

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

Waste intensity	Unit	2022	2023
Total waste per full-time equivalent (FTEe) employee	kg/FTEs	3,746.8	3,917.6
Total waste per unit of revenue	kg/ISK m	33.6	33.9

Emissions

Greenhouse Gas Emissions	Unit	2022	2023
Scope 1	tCO ₂ e	3,149.4	3,432.9
Percentage of Scope 1 GHG emissions from regulated trading schemes	%		
Scope 2 (location-based)	tCO ₂ e	577.5	581.2
Scope 2 (market-based) [1]	tCO ₂ e		14,477.4
Total Scope 1 and 2 (location based)	tCO ₂ e	3,727.0	4,014.1
Scope 3	tCO ₂ e	1,225,483	1,207,449
Total Scope 1,2&3 emissions (market-based)	tCO ₂ e		1,225,355
Total Scope 1,2&3 emissions (location-based)	tCO ₂ e	1,229,210	1,211,463

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

GHG removal	Unit	2022	2023
Total GHG removals from own operations	tCO ₂ e		
Total GHG removals in the upstream and downstream value chain	tCO ₂ e		
Reversals	tCO ₂ e		

GHG mitigation	Unit	2022	2023
<i>Carbon credits cancelled in the reporting year</i>			
Total amount of carbon credits outside value chain that are verified against recognised quality standards and cancelled [2]	tCO ₂ e		
Share from removal projects	%		
Share from reduction projects	%		
Share from projects within the EU	%		
Share of carbon credits that qualify as corresponding adjustments	%		
<i>Carbon credits planned to be cancelled in the future</i>			
Total amount of carbon credits outside value chain planned to be cancelled in future	tCO ₂ e		

Scope 1 - Details	Unit	2022	2023
Total Scope 1 emissions	tCO ₂ e	3,149.4	3,432.9
Stationary fuel combustion	tCO ₂ e	8.2	6.1
Mobile fuel combustion	tCO ₂ e	822.4	843.6
Fugitive emissions [3]	tCO ₂ e	2,318.8	2,583.2
Industrial processes	tCO ₂ e		

Scope 2 - Details	Unit	2022	2023
Total Scope 2 emissions	tCO ₂ e	577.5	581.2
Electricity	tCO ₂ e	293.1	286.4
Heating	tCO ₂ e	284.4	294.8
Cooling	tCO ₂ e		
Steam	tCO ₂ e		

Scope 3 - Upstream emissions	Unit	2022	2023
<i>Category 1: Purchased goods and services</i>			
Total emissions [4]	tCO ₂ e	484,785	501,240
Production-related procurement	tCO ₂ e		
Non-production-related procurement	tCO ₂ e		
<i>Category 2: Capital goods</i>			
Total emissions	tCO ₂ e		
Facilities emissions	tCO ₂ e		
Vehicle emissions	tCO ₂ e		
Machinery emissions	tCO ₂ e		
<i>Category 3: Fuel- and energy-related activities</i>			
Total emissions	tCO ₂ e	309.6	338.4
Purchased fuel emission	tCO ₂ e	186.6	207.8
Purchased electricity emissions	tCO ₂ e	1.0	1.0
Transmission and distribution (T&D) losses	tCO ₂ e	122.0	129.7
Generation of purchased electricity that is sold to end users	tCO ₂ e		
<i>Category 4: Upstream transportation and distribution</i>			
Total emissions [5]	tCO ₂ e	10,069.9	8,790.3
Air transportation	tCO ₂ e	4,391.6	2,911.0
Marine transportation	tCO ₂ e	4,012.0	4,138.4
On land emissions (trucks)	tCO ₂ e	1,666.3	1,740.9
Rail transportation	tCO ₂ e		
Storage of purchased goods	tCO ₂ e		
<i>Category 5: Waste generated in operations</i>			
Total emissions	tCO ₂ e	855.8	689.2
Transport, disposal and treatment of waste	tCO ₂ e	855.6	689.2
Wastewater treatment	tCO ₂ e		
<i>Category 6: Business travel</i>			
Total emissions [6]	tCO ₂ e	25.9	35.5
Air travel	tCO ₂ e	25.9	35.5
Rail travel	tCO ₂ e		
Bus travel	tCO ₂ e		
Car travel	tCO ₂ e		
Marine travel	tCO ₂ e		
Hotel nights emissions	tCO ₂ e		
<i>Category 7: Employee commute</i>			
Total emissions	tCO ₂ e		
Travel by flights emissions	tCO ₂ e		
Travel by train emissions	tCO ₂ e		
Public transportation emissions	tCO ₂ e		
Automobile travel	tCO ₂ e		
Marine travel	tCO ₂ e		
Remote working	tCO ₂ e		
<i>Category 8: Upstream leased assets</i>			
Total emissions	tCO ₂ e		
Mobile fuel combustion	tCO ₂ e		
Stationary fuel combustion	tCO ₂ e		
Electricity	tCO ₂ e		
Heating	tCO ₂ e		
Fugitive emissions	tCO ₂ e		

Scope 3 - Downstream emissions	Unit	2022	2023
<i>Category 9: Downstream transportation and distribution</i>			
Total emissions	tCO ₂ e		
Air transportation	tCO ₂ e		
Ground transportation	tCO ₂ e		
Marine transportation	tCO ₂ e		
Storage of sold products in warehouses and distribution centers	tCO ₂ e		
Storage of sold products in retail facilities	tCO ₂ e		
<i>Category 10: Processing of sold products</i>			
Total emissions	tCO ₂ e		
<i>Category 11: Use of sold products</i>			
Total emissions [7]	tCO ₂ e	729,437	696,355
Direct use-phase emissions	tCO ₂ e	729,437	696,355
Indirect use-phase emissions	tCO ₂ e		
<i>Category 12: End-of-life treatment of sold products</i>			
Total emissions	tCO ₂ e		
<i>Category 13: Downstream leased assets</i>			
Total emissions	tCO ₂ e		
Mobile fuel combustion	tCO ₂ e		
Stationary fuel combustion	tCO ₂ e		
Electricity	tCO ₂ e		
Heating	tCO ₂ e		
Fugitive emissions	tCO ₂ e		
<i>Category 14: Franchises</i>			
Total emission	tCO ₂ e		
<i>Category 15: Investments</i>			
Total emissions	tCO ₂ e		
Listed equity and bonds	tCO ₂ e		
Business loans and unlisted equity	tCO ₂ e		
Project finance	tCO ₂ e		
Commercial real estate	tCO ₂ e		
Mortgages	tCO ₂ e		
Motor vehicle loans	tCO ₂ e		

Emission Sources

Energy consumption	Unit	2022	2023
Total energy consumption	kWh	63,911,045	64,507,496
Fossil fuels	kWh	3,318,809	3,396,988
Bio fuels	kWh		
Electricity	kWh	28,458,972	27,804,852
Heating	kWh	32,133,263	33,305,657
Cooling	kWh		
Steam	kWh		
Direct energy consumption	kWh	3,318,809	3,396,988
Indirect energy consumption	kWh	60,592,235	61,110,508

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

Location based energy mix	Unit	2022	2023
Total energy consumption	kWh	63,911,045	64,507,496
Fossil fuel	%	5.2%	5.3%
Renewables	%	94.8%	94.7%
Nuclear	%	0.0%	0.0%
Unknown	%	0.0%	0.0%

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

Fuel consumption	Unit	2022	2023
Total fuel consumption	kg	277,823	284,286
Biomethane	kg		
Petrol	kg	57,115	61,577
DM fuel	kg		
Natural gas	kg		
Diesel	kg	220,708	222,706

Fugitive emissions	Unit	2022	2023
Total fugitive emissions	kg	4,437	2,109
Carbon dioxide (CO2)	kg	3,673	1,232
Methane (CH4)	kg		
Nitrous oxide (N2O)	kg		
Sulfur hexafluoride (SF6)	kg		
Nitrogen trifluoride (NF3)	kg		
F-gases	kg	764.0	904.0
Ammonium	kg		

Water consumption	Unit	2022	2023
Total water consumption	m ³	893,641	872,645
Cold water [8]	m ³	339,619	298,410
Hot water [9]	m ³	554,022	574,235
Reused water (if applicable)	m ³		
Reclaimed water (if applicable)	m ³		

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

Location based electricity mix	Unit	2022	2023
Total electricity consumption	kWh	28,458,972	27,804,852
Fossil fuels	%	0.0%	0.0%
Renewables	%	100.0%	100.0%
Nuclear	%	0.0%	0.0%

Upstream transportation and distribution	Unit	2022	2023
Total transportation and distribution	tonne	77,355.2	81,005.5
Aviation emissions	tonne	1,457.7	1,302.2
Marine emissions	tonne	44,159.7	46,559.5
Ground transportation	tonne	31,737.8	33,143.8

Waste treatment	Unit	2022	2023
Total waste generation	kg	5,447,837	5,880,259
Sorted waste	kg	3,743,087	4,348,475
Unsorted waste	kg	1,704,750	1,531,644
Recycled waste	kg	3,780,341	4,477,546
Disposed waste	kg	1,667,487	1,402,573
Percentage of waste sorted	%	68.7%	74.0%
Percentage of waste recycled	%	69.4%	76.1%

Business travel	Unit	2022	2023
Total distance travelled	km	120,892	161,054
Air travel	km	120,892	161,054
Travel by train emissions	km		
Bus travel	km		
Car travel	km		
Marine travel	km		

Hotel nights	Unit	2022	2023
Total overnight stays	no.		

Employee commuting	Unit	2022	2023
Total distance travelled	km		
Air transportation	km		
Rail transportation	km		
Bus transportation	km		
Travel by car emissions	km		
Marine transportation	km		
On foot / Bicycle	km		

Remote working	Unit	2022	2023
Total remote working days	no.		

Downstream transportation and distribution	Unit	2022	2023
Total transportation and distribution	tonne		
Air transportation	tonne		
Marine transportation	tonne		
Ground transportation	tonne		

Downstream storage of products	Unit	2022	2023
Total stored product	tonne		
Storage of products in warehouses	tonne		
Storage of product in retail facilities	tonne		

Investment survey data quality	Unit	2022	2023
Total portfolio	Ø data quality		
Listed equity and bonds	Ø data quality		
Business loans and unlisted equity	Ø data quality		
Project finance	Ø data quality		
Commercial real estate	Ø data quality		
Mortgages	Ø data quality		
Motor vehicle loans	Ø data quality		

Investment asset classes	Unit	2022	2023
Listed equity and bonds	%		
Business loans and unlisted equity	%		
Project finance	%		
Commercial real estate	%		
Mortgages	%		
Motor vehicle loans	%		

Paper management	Unit	2022	2023
Total weight of printed papers	kg	0	0
Total amount of printed paper	pages		
of which color print	pages		
of which black/white print	pages		
Duplex	pages		
Color print	%		
Black/white print	%		

Environmental management

Environmental management	Unit	2022	2023
Does your company follow a formal Environmental Policy? [10]	yes/no	Yes	Yes
Does your company follow specific waste, water, energy, and/or recycling policies? [11]	yes/no	Yes	Yes
Does your company use a recognized energy management system?	yes/no	No	No

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

Climate oversight	Unit	2022	2023
Does your Senior Management manage climate-related risks?	yes/no	No	Yes
Does your Board of Directors oversee climate-related risk?	yes/no	No	Yes

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

Climate risk mitigation	Unit	2022	2023
Total annual investment in climate-related infrastructure, resilience, and product development [12]	ISK m	733.2	

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

Social

S1-6: Characteristics of the undertaking's employees	Unit	2022	2023
<i>Total number of employees, by gender</i>			
Male [13]	Headcount		1,500
Female	Headcount		1,114
Other	Headcount		0
Non reported	Headcount		0
Total	Headcount		2,614
<i>Number of permanent employees, by gender</i>			
Male	Headcount		1,500
Female	Headcount		1,113
Other	Headcount		0
Non reported	Headcount		0
Total	Headcount		2,613
<i>Number of temporary employees, by gender</i>			
Male	Headcount		0
Female	Headcount		1
Other	Headcount		0
Non reported	Headcount		0
Total	Headcount		1
<i>Number of non-guaranteed hours employees, by gender</i>			
Male	Headcount		0
Female	Headcount		0
Other	Headcount		0
Non reported	Headcount		0
Total	Headcount		0
<i>Employee turnover</i>			
Total number of employees who left the organization [14]	Headcount		1,051
Total employee turnover rate	%		40.0%

S1-7: Characteristics of non-employees in the undertaking's own workforce	Unit	2022	2023
Total non-employees in workforce	Headcount		

S1-8: Collective bargaining coverage and social dialogue	Unit	2022	2023
The percentage of total employees covered by collective bargaining agreements	%		99.6%
The global percentage of employees covered by workers' representatives	%		78.0%

S1-9: Diversity metrics	Unit	2022	2023
<i>Top management gender diversity</i>			
Male	Headcount		29
Female	Headcount		15
Other	Headcount		0
Non reported	Headcount		0
Male	%		66.0%
Female	%		34.0%
Other	%		0.0%
Non reported	%		0.0%
<i>Employee age distribution</i>			
<30 years old	%		67.0%
30-50 years old	%		23.0%
>50 years old	%		10.0%

S1-12: Persons with disabilities	Unit	2022	2023
<i>The percentage of persons with disabilities amongst its employees</i>			
Male	%		
Female	%		
Other	%		
Non reported	%		
Total	%		

S1-13: Training and skills development metrics	Unit	2022	2023
<i>The percentage of employees that participated in regular performance and career development reviews</i>			
Male	%		
Female	%		
Other	%		
Non reported	%		
Total	%		
<i>The average number of training hours per employee and by gender</i>			
Male	hours		
Female	hours		
Other	hours		
Non reported	hours		
Total	hours		

S1-14: Health and safety metrics	Unit	2022	2023
The percentage of workforce covered by health and safety management system	%		
<i>Health and safety incidents</i>			
Fatalities as a result of work-related - injuries and -ill health	Count		0
Number of recordable work related accidents [15]	Count		39
Rate of recordable work related accidents	x/1.000.000		12.5
The number of cases of recordable work-related ill health	Count		
The number of days lost to work-related injuries and fatalities from work-related accidents	Count		

S1-15: Work-life balance metrics	Unit	2022	2023
The percentage of employees entitled to take family-related leave	%		100.0%
<i>The percentage of entitled employees that took family-related leave</i>			
Total	%		
Male	%		
Female	%		
Other	%		
Non reported	%		

S1-16: Remuneration metrics (pay gap and total remuneration)	Unit	2022	2023
The gender pay gap, defined as the difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees [16]	%		0.8%
The annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)	x:1		14.5

S1-17: Incidents, complaints and severe human rights impacts	Unit	2022	2023
<i>Work-related incidents of discrimination</i>			
Total number of incidents of discrimination, including harassment	Count		
The number of complaints filed through channels for people in the undertaking's own workforce to raise concerns (including grievance mechanisms) and, where applicable, to the National Contact Points for OECD Multinational Enterprises related to the matters defined in paragraph 2 of the ESRS Own workforce topical Standard, excluding those already reported as incidents of discrimination, including harassment	Count		
Total amount of fines, penalties and compensation for damages as a result of incidents and complaints related to discrimination, including harassment	ISK m		0.0
<i>Cases of severe human rights incidents</i>			
The number of severe human rights incidents connected to the undertaking's workforce	Count		0
The total amount of fines, penalties and compensation for damages related to severe human rights incidents	ISK m		0.0

Governance

Board Diversity	Unit	2022	2023
Total board seats occupied by women (as compared to men)	%	60.0%	60.0%
Committee chairs occupied by women (as compared to men)	%	100.0%	33.0%

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

Board Independence	Unit	2022	2023
Does the company prohibit CEO from serving as board chair?	yes/no	No	No
Total board seats occupied by independents	%	100%	100%

G2|GRI: 102-23, 102-22

Incentivized Pay	Unit	2022	2023
Are executives formally incentivized to perform on sustainability	yes/no	No	No

G3|GRI: 102-35

Supplier Code of Conduct	Unit	2022	2023
Are your vendors or suppliers required to follow a Code of Conduct [17]	yes/no	No	Yes
If yes, what percentage of your suppliers have formally certified their compliance with the code	%		0.0%

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

Ethics & Anti-Corruption	Unit	2022	2023
Does your company follow an Ethics and/or Anti-Corruption policy? [18]	yes/no	Yes	Yes
If yes, what percentage of your workforce has formally certified its compliance with the policy?	%	0.0%	0.0%

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

Data Privacy	Unit	2022	2023
Does your company follow a Data Privacy policy? [19]	yes/no	Yes	Yes
Has your company taken steps to comply with GDPR rules?	yes/no	Yes	Yes

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

ESG Reporting	Unit	2022	2023
Does your organization publish a sustainability report?	yes/no	Yes	Yes
Is sustainability data included in your regulatory filings?	yes/no	Yes	Yes
If Yes: does the Sustainability Report disclose environmental, social and governance matters?	yes/no	-	Yes

G8|UNGC: P8

Disclosure Practices	Unit	2022	2023
Does your company provide sustainability data to sustainability reporting frameworks?	yes/no	Yes	Yes
Does your company focus on specific UN Sustainable Development Goals (SDGs)?	yes/no	Yes	Yes
Does your company set targets and report progress on the UN SDGs?	yes/no	No	No

G9|UNGC: P8

External Assurance	Unit	2022	2023
Are your sustainability disclosures assured or validated by a third party?	yes/no	No	Yes

G10|UNGC: P8|GRI: 102-56

Incidents of corruption or bribery	Unit	2022	2023
Number of convictions for violation of anti-corruption and anti- bribery laws	Count	0	0
Amount of fines for violation of anti-corruption and anti- bribery laws	ISK m	0	0

Organizational and Operational Boundaries

Organizational boundaries The “Operational Control” methodology has been chosen in order to define the organizational scope of Hagar’s emission accounting. According to the "Operational Control" methodology, companies should account for 100 percent of greenhouse gas emissions from operations under their control. They should not account for greenhouse gas emissions from operations that it has no control over, even though it has a vested interest in their operations. The following companies are covered in the statement:

- Hagar hf.
- Aðföng
- Bananar
- Bónus
- Eldum Rétt
- Hagkaup
- Noron ehf.
- Olís ehf.
- Stórkaup ehf.

Operational boundaries

Scope 1

Mobile fuel consumption: Fully included
Stationary fuel combustion: Fully included
Fugitive emissions: Fully included
Industrial processes: Not applicable

Scope 2

Electricity: Fully included
Heating: Fully included
Cooling: Not applicable
Steam: Not applicable

Scope 3

Category 1: Purchased goods and services: Fully included
Category 2: Capital goods: Not included
Category 3: Fuel and energy related activities: Fully included
Category 4: Upstream transportation and distribution: Fully included
Category 5: Waste from operations: Fully included
Category 6: Business travel: Fully included
Category 7: Employee commute: Not included
Category 8: Upstream leased assets: Not applicable
Category 9: Downstream transportation and distribution: Not included
Category 10: Processing of sold products: Not applicable
Category 11: Use of sold products: Fully included
Category 12: End-of-life treatment of sold products: Not included
Category 13: Downstream leased assets: Not included
Category 14: Franchises: Not applicable
Category 15: Investments: Not included

Definitions

Carbon credits A carbon credit is a convertible and transferable instrument representing GHG emissions that have been reduced, avoided or removed through projects that are verified according to recognised quality standards. Carbon credits can be issued from projects within (sometimes referred to as insets) or outside the undertaking's value chain (sometimes referred to as offsets).

Non-verified offsetting projects Non-verified offsetting projects are defined as offsetting projects that do not generate carbon credits in accordance with the definition above.

Emission intensity Emission intensity figures are based on combined Scope 1, Scope 2 and Scope 3. Emission intensity is calculated by dividing GHG emissions by a selected operational parameter unit, and is reported as tCO₂e per unit (such as tCO₂e per revenue unit). Emission intensity indicators are used to measure and compare the company's emissions relative to its operational scale.

Direct and indirect energy consumption Total energy consumption includes all energy consumed by the company including combustion of fuels by the company (direct energy) and energy consumed through electricity and heating (indirect energy). The energy consumption is reported in kilowatt hours (kWh).

Energy intensity Energy intensity is calculated by dividing the total energy consumption by a selected operational parameter unit, and is reported as kWh per unit (such as kWh per full-time equivalent employee (FTEe)). Energy intensity indicators are used to measure the efficiency of energy usage and compare the company's energy consumption relative to its operational scale.

Waste intensity Waste intensity is calculated by dividing the total amount of waste generated by a selected operational parameter unit, and is reported as kg per unit (such as kg per full-time equivalent employee (FTEe)).

Scope 2 (location-based) Emissions in scope 2 (location-based) are indirect emissions from generation of consumed energy, where emissions from energy consumption is estimated based on the average emissions from generation onto the energy network.

Scope 2 (market-based) Market-based scope 2 emissions reflect the emissions from the electricity that a company is purchasing (often spelled out in contracts or instruments) which may be different from the electricity that is generated locally.

Fugitive emissions Emissions resulting from intentional or unintentional releases, e.g., equipment leaks from joints, seals, packing, and gaskets; methane emissions from coal mines and venting; hydrofluorocarbon (HFC) emissions during the use of refrigeration and air conditioning equipment; and methane leakages from gas transport.

Purchased goods and services Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories 2 - 8

Capital goods Extraction, production, and transportation of capital goods purchased or acquired by the reporting company in the reporting year.

Fuel- and energy related activities Includes emissions related to the production of fuels and energy purchased and consumed by the reporting company in the reporting year that are not included in scope 1 or scope 2.

Upstream transportation and distribution Transportation and distribution of products purchased in the reporting year, between a company. Third party transportation and distribution services purchased by the reporting company in the reporting year, including inbound logistics, outbound logistics and third-party transportation and distribution between a company's own facilities.

Waste generated in operations Emissions from third-party disposal and treatment of waste in the reporting year.

Business travel Emissions from the transportation of employees for business related activities in the reporting year.

Employee commuting Emissions from the transportation of employees between their homes and their worksites.

Upstream leased assets Operation of assets leased by the reporting company (lessee) in the reporting year and not included in scope 1 and scope 2 – reported by lessee.

Downstream transportation and distribution Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end

consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company).

Processing of sold products Processing of intermediate products sold in the reporting year by downstream companies (e.g., manufacturers)

Use of sold products End use of goods and services sold by the reporting company in the reporting year.

End-of-life treatment of sold products Waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life.

Downstream leased assets Operation of assets owned by the reporting company (lessor) and leased to other entities in the reporting year, not included in scope 1 and scope 2 – reported by lessor.

Franchises Operation of franchises in the reporting year, not included in scope 1 and scope 2 – reported by franchisor. **I**

Investments Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in scope 1 or scope 2.

Energy management system Energy management systems such as ISO 50001.

Notes

- [1] Certificates of origin were not purchased for the year 2023.
- [2] Information on the purchase of carbon credits will be provided in the Hagar's annual and sustainability report to be published by the end of May.
- [3] The main supplier of Olís did not keep a record of fugitive emissions in 2023 and data was, therefore, unavailable. Additionally, data was not available for 1 of 33 Bonus stores.
- [4] In cases where information on the weight of products was available together with a corresponding emission factor, an average-data method was used to calculate emissions. In other cases, a spend-based method was applied. The share of emissions calculated with an average-data method is 57%.
- [5] This excludes transport from 1st tier suppliers where Hagar or subsidiaries do not pay for the transportation. An example of such transportation is when domestic suppliers themselves distribute their products to Hagar's stores.
- [6] Includes only travel by flight with Icelandair.
- [7] Includes combustion of fuel and gases sold by Olís.
- [8] The cold water consumption of certain assets has been estimated based on prior consumption data of the asset, as data was not available for the remainder of the reporting year. These estimations constitute 18.7 % of the company's cold water consumption in the current reporting year
- [9] The hot water consumption of certain assets has been estimated based on prior consumption data of the asset, as data was not available for the remainder of the reporting year. These estimations constitute 5.5 % of the company's hot water consumption in the current reporting year
- [10] See Hagar's environmental policy: https://www.hagar.is/media/xwnfb4t5/2024-03-umhverfisstefna-haga_n%C3%BDtt-%C3%BA%20lit.pdf
- [11] See contents of Hagar's environmental policy: https://www.hagar.is/media/xwnfb4t5/2024-03-umhverfisstefna-haga_n%C3%BDtt-%C3%BA%20lit.pdf
- [12] For 2023: See EU Taxonomy report in Hagar's annual report.
- [13] The information is based on the status in the audit month of equal pay certification at each subsidiary.
- [14] Includes both full-time and part-time employees.
- [15] Represents the total of recorded work related accidents.
- [16] This represents a weighted average from the results of equal pay certifications at companies within the Hagar group.

- [17] See Hagar's supplier's code of conduct: <https://www.hagar.is/media/s24dvh5/2024-02-si%C3%B0areglur-fyrir-birgja-haga.pdf>
- [18] See Hagar's code of conduct: <https://www.hagar.is/media/m2zjniqc/2022-04-07-si%C3%B0areglur-fyrir-haga.pdf>
- [19] See Hagar's data privacy policy: <https://www.hagar.is/media/hlgdx1dd/2023-03-pers%C3%B3nuverndarstefna-haga.pdf>

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Staðfesting óháðs endurskoðanda

Til stjórnenda og hagsmunaaðila Haga hf.

Við vorum ráðin af Högum hf. til að veita álit með takmarkaðri vissu á sjálfbærnimælikvarða sem settir er fram í Sjálfbærniuppgjöri Haga fyrir árið 2023 ("skýrslan").

Verkefni okkar var framkvæmt til þess að leggja mat á:

- Umhverfis- og stjórnarháttu mælikvarða sem eru settir fram í skýrslu með vísun í UFS leiðbeningar Nasdaq 2.0 (ESG Reporting Guide 2.0)
- Félagslega mælikvarða setta fram með vísun í ESRS S 1 Own workforce.

Niðurstaða okkar er sett fram með álit með takmarkaðri vissu.

Ábyrgð stjórnenda

Stjórnendur Haga eru ábyrg fyrir söfnun, greiningu, gerð og framsetningu upplýsinganna sem settar eru fram í skýrslunni, og að tryggja að upplýsingarnar séu án verulegra annmarka, hvort sem er vegna sviksemi eða mistaka.

Óhæði og gæðaeftirlit

Við höfum uppfyllt kröfur um óhæði og önnur ákvæði siðareglna í samræmi við alþjóðlegar siðareglur (IESBA Code), sem byggðar eru á grundvallarreglum um heilindi, hlutlægni, faglega hæfni og varkárni, trúnað og faglega hegðun.

Deloitte ehf. Lýtur alþjóðlegum staðli um gæðakerfi (e. International Standard on Quality Management (ISQM) 1 og hefur í samræmi við það innleitt umfangsmikið gæðaeftirlitskerfi, þar á meðal skráðar stefnur og verkferla varðandi fylgni við óhæðis- og siðakröfur faglega staðla og viðeigandi kröfur laga og reglna.

Ábyrgð óháðs endurskoðanda

Ábyrgð okkar er að láta í ljós álit með takmarkaðri vissu á UFS mælikvarða sem settir eru fram í skýrslunni. Við höfum framkvæmt vinnu okkar í samræmi við staðalinn ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, til að afla okkur takmarkaðrar vissu um álit okkar. Í samræmi við staðalinn höfum við skipulagt og framkvæmt vinnu okkar til að afla takmarkaðrar vissu á því að skýrslan sé án verulegrar skekkju.

Staðfestingarverkefni með álit með takmarkaðri vissu (e. limited assurance) er minna að umfangi en staðfestingarverkefni með nægilegri vissu (e. reasonable assurance). Af því leiðir að staðfesting sem fæst er minni en væri í verkefni með nægilegri vissu. Með hliðsjón af mati á verulegum skekkjum, skipulögðum við og framkvæmdum vinnu okkar til að afla allra upplýsinga og skýringa sem nauðsynlegar eru til að styðja við álit okkar.

Við framkvæmdum skoðanir á gögnum, endurreikning gagna, yfirferð á aðferðum sem notaðar eru til að útbúa upplýsingarnar, sem og tókum viðtöl við þá aðila sem eru ábyrgir fyrir því að útbúa gögnin. Við tókum viðtöl við lykilaðila innan Haga, beittum fyrirspurnum varðandi verklag og aðferð við að tryggja að UFS mælikvarðar séu settir fram í samræmi við uppgefinn ramma. Við höfum lagt mat á ferla, tól, kerfi og eftirlitsþætti sem stuðst er við, við söfnun, greiningu, gerð og framsetningu upplýsinganna hjá Högum. Við framkvæmdum gagnagreiningaraðgerðir og röktum upplýsingarnar sem greint er frá í undirliggjandi gögn.

Álit

Byggt á þeim aðgerðum sem við höfum framkvæmt og þeirra gagna sem við höfum aflað, hefur ekkert komið í ljós sem bendir til nokkurs annars en að UFS mælikvarðar í Sjálfbærniuppgjöri Haga fyrir árið 2023 séu að öllu verulegu leyti í samræmi við þá ramma sem vísað er til.

Kópavogi, 23. apríl 2024

Deloitte ehf.

Birna María Sigurðardóttir

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Endurskoðandi