Origo

Environmental Statement

2019

Origo hf

Borgartún 37, 105 Reykjavík

kt: 530292-2079

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Statement by the CEO

Origo is an environmentally conscious company, committed to addressing its environmental responsibilities. We are dedicated to minimising the environmental impact of our operations by reducing emission, conserving natural resources and optimising the use of sustainable energy and materials.

Origo hf. has in place environmental policy to ensure environmental concerns are upheld in daily work. The principal objective is to ensure the Group contributes to sustainable development.

The company has initiated full renewal of the environmental policy to be concluded in the year 2020 with more clear measurable objectives and KPI´S.

An Environmental Committee is in place with the role of facilitating the education of personnel with the aim of boosting environmental awareness and facilitating for project that are aimed for Origo to contribute more to sustainable developments.

At Origo our focus has been on gaining an overview of the environmental impact of our activities, and the company has launched numerous projects designed to reduce our environmental impact. We have invested in electric scooters for journeys around town during workings hours, introduced a transport policy for employees, supported forestry, initiated campaigns to improve waste sorting and reduce food waste, cut down on printing and reduced single-use plastic.

For the first time now Origo is finalizing comprehensive Environmental report in cooperation with Klappir Green Solutions and in accordance with Greenhouse Gas Protocol(GHG Protocol) and ESG regulations from NASDAQ.

Origo has now for the first time offset the Carbon footprint of the company for the year 2019, through The Icelandic Carbon Fund(ICF) – Kolviður.

For the past years we have worked on various projects in our operation to reduce emission, both with environmental transport policy, waste sorting, reduce food waste, cut down on printing and reducing single- use plastic.

It is of vital importance to have now solid data foundations regarding environmental impact of Origo. We will in 2020 introduce new environmental policy with more measurable objectives and KPI´S.

28/02/2020

Finnur Oddsson

CEO, Origo hf.

Environmental Assessment Report

Lead verifier: Dr. Jón Ágúst Þorsteinsson

Verifier: Dr. Laura Mazzola

Technical data expert: Höskuldur Arason

This report is to verify that I have completed on 25/02/2020 an assessment of the quality of the data presented in this statement. Origo uses Klappir EnviroMaster, as an environmental management system, to collect environmental data both automatically and manually. The software cloud platform used by Origo covers fuel, heating, electricity, waste generation (disposed and recovered), paper and water management of the company offices and car fleet.

Environmental management: All data received by the EnviroMaster is collected as securely as the technology allows from the origin of data. The greenhouse gas emissions emitted from all accounted assets is calculated in tCO2e and aggregated into one overall environmental statement. The steady stream of data is received and output for the continuous calculations.

I hereby confirm, with my signature, that the data provided by Origo and its suppliers for the company's Environmental Statement, for the period from 1 January to 31 December 2019, has been reviewed and assessed through the Klappir platform to the best of my knowledge.

Reykjavik, 25th of February 2020,

Dr. Jón Ágúst Þorsteinsson

CEO, Klappir Green Solutions

Organizational Boundaries

The “Operational Control” methodology has been chosen to report on this company´s emissions. 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 operation covered by the emission inventory are:

- Origo's headquarters
- Offices
- Vehicles owned and/or operated by Origo

The Swedish branch is not included in this statement.

Operational Boundaries

Included in Origo´s operational boundaries for Scope 1 and Scope 2 emissions are the following business units: Origo's headquarters and vehicles owned and/or operated by Origo. The operations included in Scope 3 emissions are: Waste and international flights with Icelandair.

Base Year

Origo´s base year is 2018.

Environmental Highlights

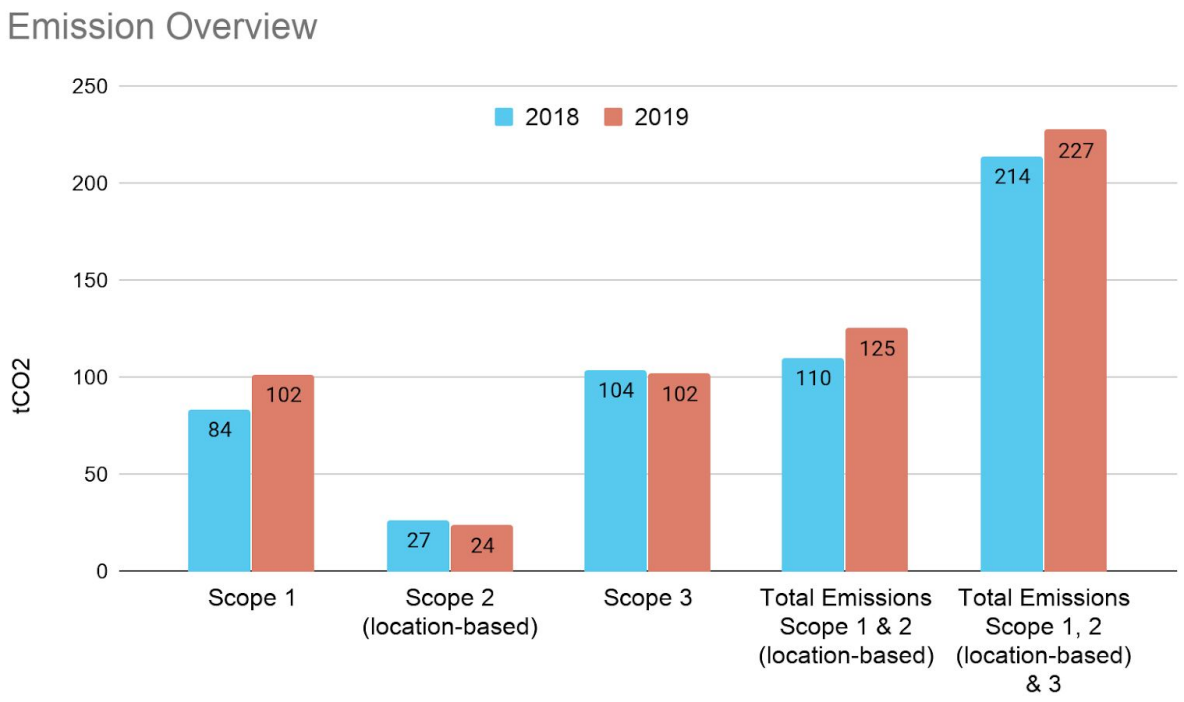

Figure 1: Emission breakdown in tons of CO2 equivalent by scope 1, 2 and 3 and total emission including or not scope 3.

Highlights Total Emissions

Figure 1 shows emissions generated within Origo's operational boundaries categorized according to their scope for the years 2018 and 2019. Scope 1 emissions increased by 22% from 2018 to 2019. Scope 2 emissions decreased by 11%. Scope emissions location-based and market-based are equal in this case, as it will be discussed below. Scope 3 emission remained approximately constant. Because Scope 1 emissions, which are generated for Origo by its car fleet, are 4 times higher than Scope 2 emissions, associated with electricity and hot water consumption at Origo's headquarters and branches, overall Total Emission of scope 1 and 2 increased by 14%. Total Emission including scope 1, 2 and 3 also increased in 2019 but by a lower extent.

Scope 1. Direct Emissions

Scope 1 emissions account for the direct emissions generated by a company. Origo's direct emissions include only emissions due to fuel used in operating the company's car fleet. The bar chart below shows information on Origo's oil consumption in 2018-2019 by fuel type as published in the Environmental Statement of 2019.

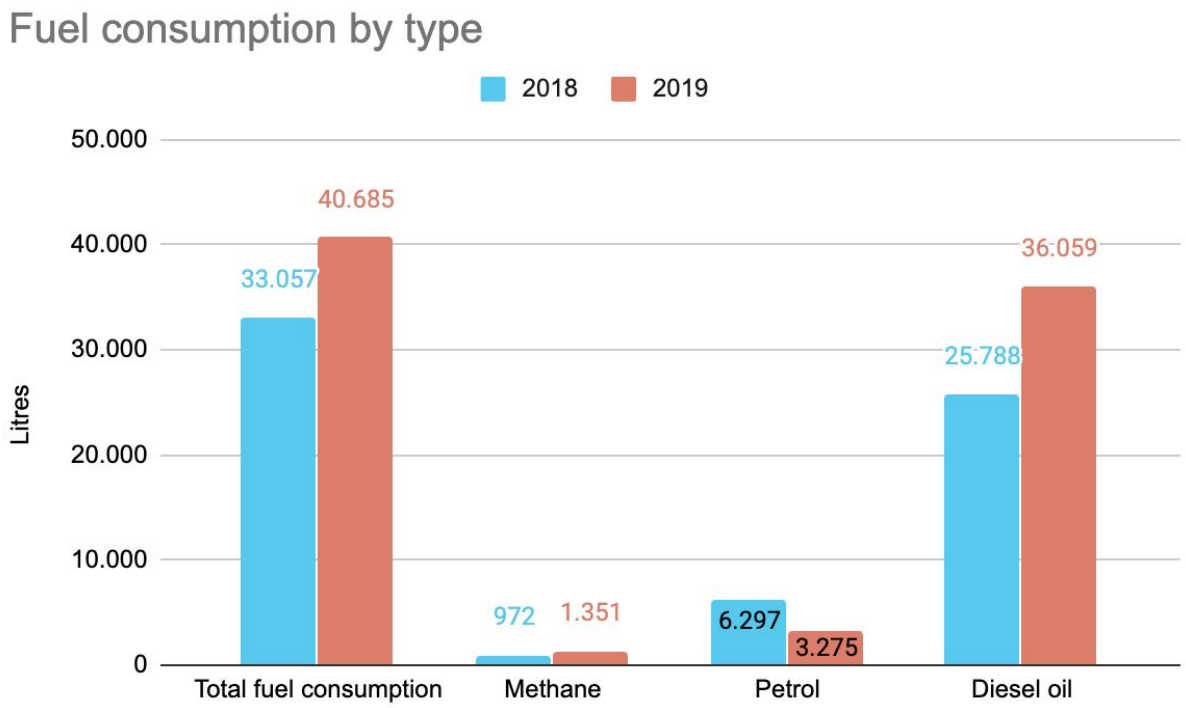

Figure 2. Fuel consumed in litres by Origo's car fleet in 2018 and 2019 divided by fuel type

Highlights Scope 1

As mentioned above, scope 1 emissions increased by 22% from 2018 to 2019. Such an increase is explained by looking at fuel consumption. While petrol usage has decreased by about 3.000 litres, diesel usage has grown by more than 10.000 litres. Methane use has slightly raised but represents only 3% of fuel used. It should be noticed that, of the three fuel types, diesel oil has the highest emission of CO2 equivalent per litre.

Scope 2. Indirect emissions from hot water for heating and electricity

Indirect emissions from the company's operation include emissions due to the consumption of hot water and electricity. As figure 1 shows, Origo's scope 2 emissions have decreased from 26,6 tCO2e in 2018 to 23,8 tCO2e in 2019. Figure 3 indicates that such decrease is given to a reduction of the energy consumed from hot water, while the electricity consumption remained approximately constant.

Highlights Scope 2

While we are reporting the location-based value of scope 2 emissions, this is equal to the market-based value of scope 2. The equivalence of the two for Origo's case is due to the fact that all Origo's hot water and electricity providers have certificates of origin of 100% renewable energy for 2018, as can be seen in:
https://orkustofnun.is/yfirflokkur/raforkunotandinn/uppruni-raforku/uppruni-raforku-2018/
Had Origo chosen not certified energy suppliers, its scope 2 environmental footprint would be determined by the market composition for 2018, which corresponds to 11% of renewable, 55% of fossil fuel and 34% of nuclear. Such an energy mix would give rise to a much higher environmental footprint under scope 2.
The certificate of origin for 2019 will be released in the summer of 2020, but it is expected that the energy providers certified in 2018 will be confirmed in 2019.

Figure 3 also includes the energy produced in the operation of its car fleet divided into fossil fuel and biofuel, allowing to put energy produced by different sources on the same footing.

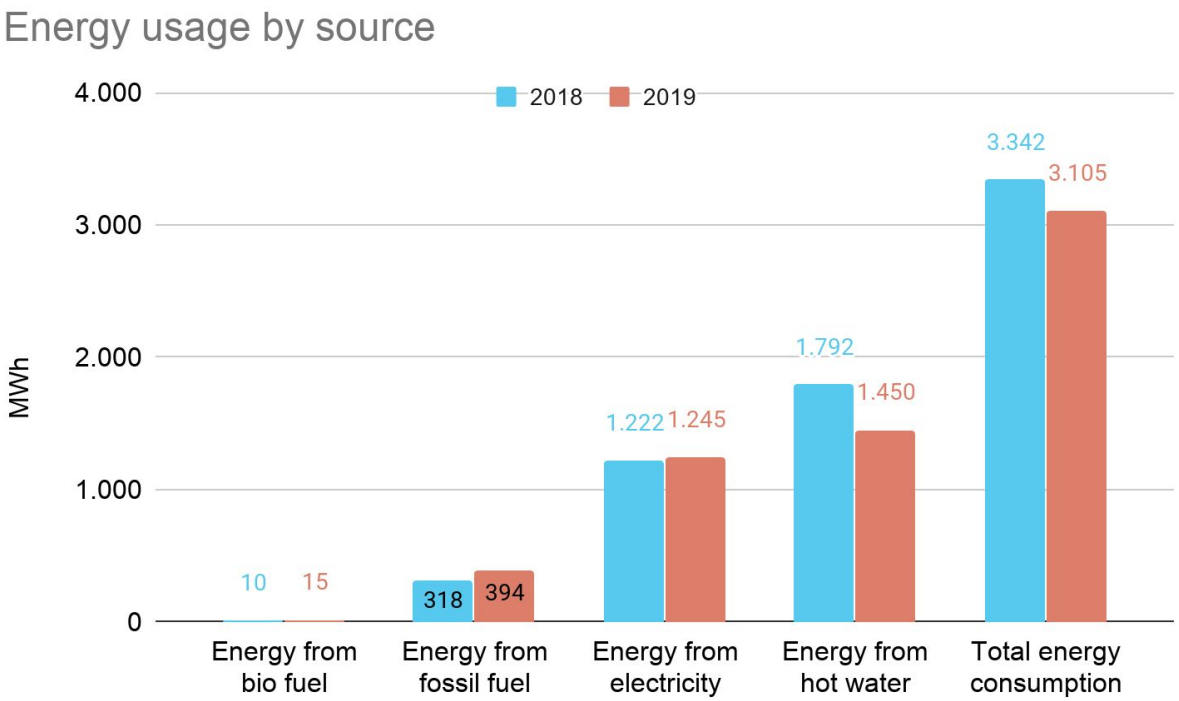

Figure 3. Energy consumed by Origo's assets in megaWatt-hours by energy source.

It is important to notice that about 67 MWh of electricity and 152 MWh of hot water from 2019 were estimated to account for missings readings. In the following report, the estimations will be replaced by the actual missing electricity and hot water readings, and energy usage and associated scope 2 emissions recalculated for 2019.

Scope 3. Indirect emissions from the value chain

In this report Origo's indirect emissions from its value chain include international flights and waste generated at Origo's operating units. Figure 4 shows the breakdown into these two categories and their changes between 2018 and 2019. Overall scope 3 emissions have slightly decreased from 2018 to 2019. The reduction by 9 tons of CO2e generated by waste, a reduction of 27% compared to 2018, was almost entirely compensated by a 7 tons of CO2e increase in emissions from business trips.

Highlights Scope 3

It is interesting to notice that 29% of waste generated at Origo's premises (about 35,8 tons) is mixed municipal waste whose final destination is landfill. This waste category is one with the highest environmental footprint (above 0,5 kg of CO2e for each kg of mixed municipal waste disposed). Origo threw away 69 kgs of mixed municipal waste per employee in 2019. At the same time, it also destined 14,8 tons of organic matter to composting, which is the option with the least environmental footprint for this waste category. Also, Origo's recycling rate increased from 59,9% to 66,5%.

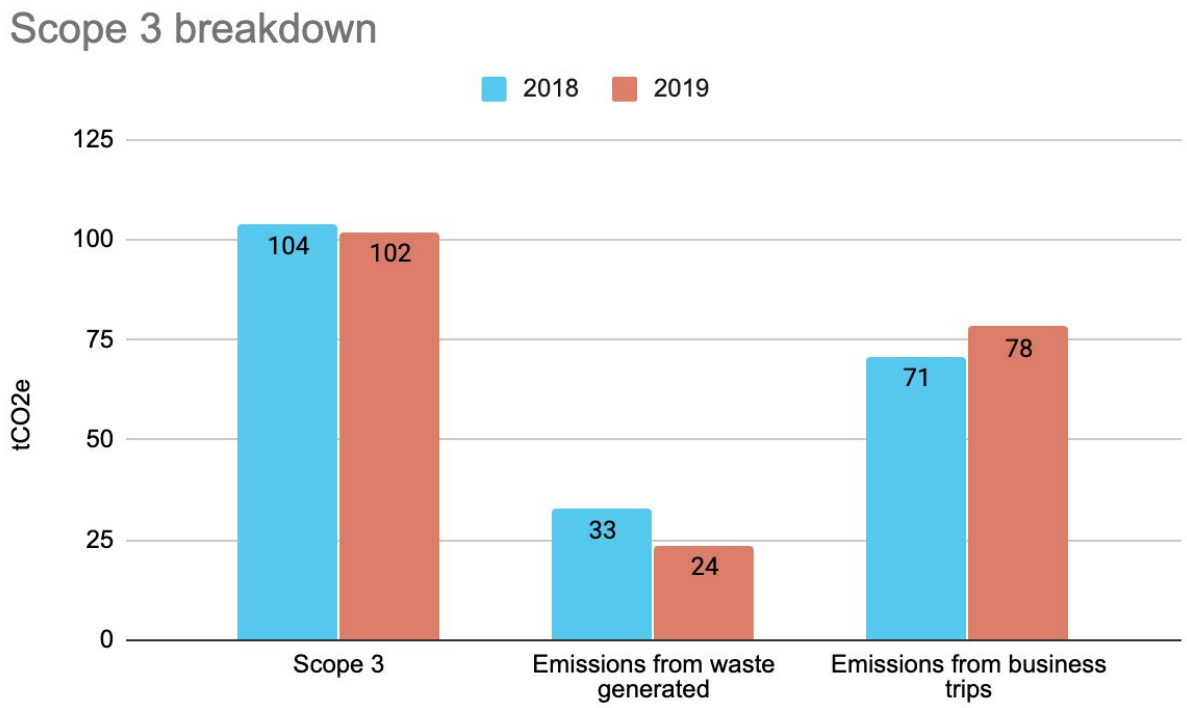

Figure 4. Scope 3 emissions breakdown in tons of CO2 equivalent.

While in this report scope 3 emissions only include waste and business trips, Origo plans to begin accounting for its indirect emission from the transportation of goods and services, which includes emissions generated by air, sea and road transport.

Emissions Intensity

To investigate whether changes in emissions are a result of expansion or contraction of business operations, we look into emission intensities. Figure 5 and 6 display two emission intensities: GHG emissions per megawatt-hour consumed and GHG emissions per unit of revenue, respectively. Both measures indicate that Origo's emission intensity increased from 2018 to 2019. As shown in figure 3, the total energy consumed at Origo's decreased from 3.342 MWh to 3.105 MWh. Total revenues also decreased from 15,7 to 14,9 billion ISK. However, total emissions increased, giving rise overall to a bigger environmental footprint for each megawatt-hour consumed and for each unit of revenue.

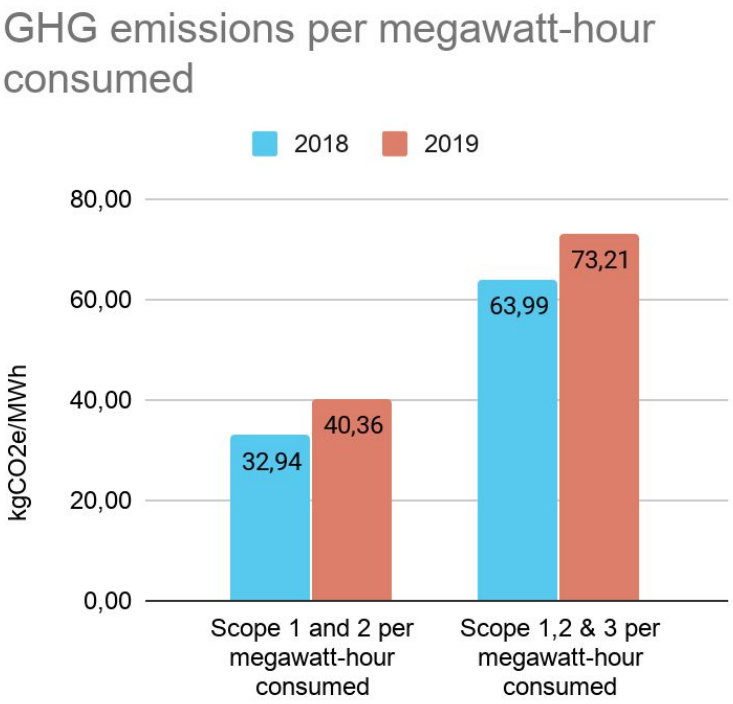

Figure 5: Emission intensities calculated as total emissions divided by total energy consumed.

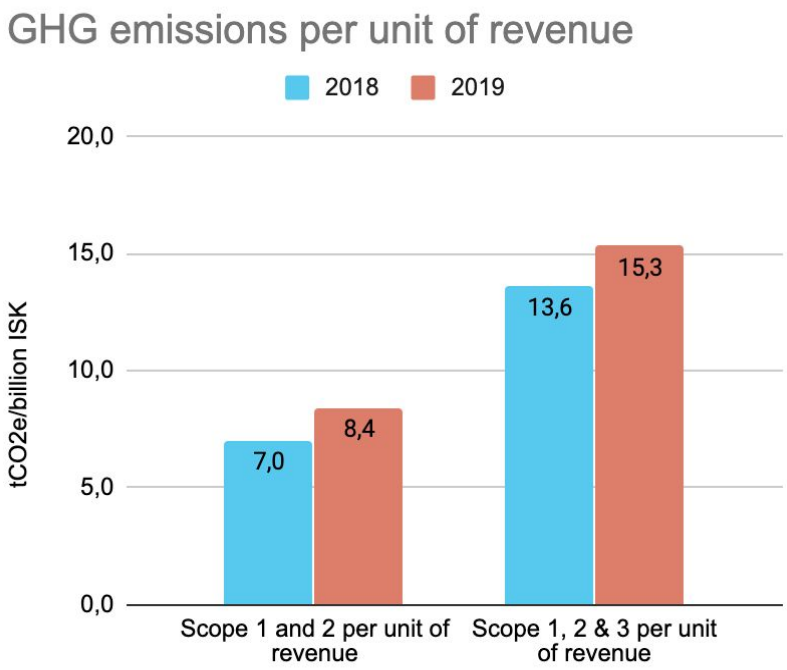

Figure 6: Emission intensities calculated as total emissions divided by total revenue.

Environmental Accounting

Operational Parameters

Operational Parameters	Unit	2018	2019
Total revenue	billion ISK	15,7	14,9
Equity	billion ISK	8,2	6,8
Number of full time equivalent employee	FTEs	567	519
Total space for own operation	m²	-	11.751
Total space for own operation	m³	-	-

Environmental

Greenhouse Gas Emissions	Unit	2018	2019
Scope 1	tCO2e	83,5	101,5
Scope 2 (location-based)	tCO2e	26,6	23,8
Scope 2 (market-based)	tCO2e	26,6	23,8
Scope 3	tCO2e	103,8	102,0
Total Emissions Scope 1 & 2 (location-based)	tCO2e	110,1	125,3
Emissions neutralized by carbon offset projects	tCO2e	-	227,3
Net operational carbon emissions Scope 1 & 2	tCO2e	110,1	-102,0
Total Emissions Scope 1, 2 (location-based) & 3	tCO2e	213,9	227,3
Total emissions neutralized by carbon offset projects	tCO2e	-	227,3
Net operational carbon emissions	tCO2e	213,9	0

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

Emissions Intensity Scope 1,2 (location-based)	Unit	2018	2019
GhG emissions per megawatt-hour consumed	kgCO2e/MWh	32,94	40,36
GhG emissions per full-time equivalent (FTEe) employee	tCO2e/FTEs	0,19	0,24
GhG emissions per unit of revenue	tCO2e/billion ISK	7,0	8,4
GhG emissions per unit of equity	tCO2e/billion ISK	13,4	18,4
GhG emissions per unit of space (m²)	kgCO2e/m²	-	10,66
GhG emissions per unit of space (m³)	kgCO2e/m³	-	-
E2|UNGC: P7, P8|GRI 305-4 |SDG: 13|SASB: General Issue / GHG Emissions, Energy Management			

Emissions Intensity Scope 1,2 (location-based) & 3	Unit	2018	2019
GhG emissions per megawatt-hour consumed	kgCO2e/MWh	63,99	73,21
GhG emissions per full-time equivalent (FTEe) employee	tCO2e/FTEs	0,38	0,44
GhG emissions per unit of revenue	tCO2e/billion ISK	13,61	15,31
GhG emissions per unit of equity	tCO2e/billion ISK	26,11	33,33
GhG emissions per unit of space (m²)	kgCO2e/m²	-	19,34
GhG emissions per unit of space (m³)	kgCO2e/m³	-	-
E2|UNGC: P7, P8|GRI 305-4 |SDG: 13|SASB: General Issue / GHG Emissions, Energy Management			

Energy Usage	Unit	2018	2019
Total energy consumption	kWh	3.342.370	3.104.602
Of which energy from bio fuel	kWh	10.123	14.810
Of which energy from fossil fuel	kWh	318.021	394.094
Of which energy from electricity	kWh	1.222.115	1.245.392
Of which energy from hot water	kWh	1.792.111	1.450.306
Of which energy from heating	kWh	-	-
E3|UNGC: P7, P8|GRI 302-1, 302-2|SDG: 12|SASB: General Issue / Energy Management			

Energy Intensity	Unit	2018	2019
Energy per full-time equivalent (FTEe) employee	kWh/FTEs	5.895	5.982
Energy per unit of revenue	kWh/billion ISK	212.619	209.064
Energy per square meter	kWh/m²	-	264
Energy per cubic meter	kWh/m³	-	-
E4|UNGC: P7, P8|GRI 302-3|SDG: 12|SASB: General Issue / Energy Management			

Energy Mix	Unit	2018	2019
Fossil Fuel	%	9,50%	12,70%
Nuclear Energy	%	-	-
Renewable Energy	%	90,50%	87,30%
E5|GRI 302-1|SDG: 7|SASB: General Issue / Energy Management			

Water Usage	Unit	2018	2019
Total water consumption	m³	60.363	61.037
Cold water	m³	29.465	36.032
Hot water for heating	m³	30.899	25.005
Recycled water (if applicable)	m³	-	-
Reclaimed water (if applicable)	m³	-	-
E6|GRI: 303-5|SDG: 6|SASB: General Issue / Water & Wastewater Management			

Environmental Operations	Unit	2018	2019
Does your company follow a formal Environmental Policy?	yes/no	Yes	Yes
Does your company follow specific waste, water, energy, and/or recycling policies?	yes/no	-	Yes
Does your company use a recognized energy management system?	yes/no	-	No
E7|GRI: 103-2|SASB: General Issue / Waste & Hazardous Materials Management			

Climate Oversight / Board	Unit	2018	2019
Does your Board of Directors oversee and/or manage climate-related risk?	yes/no	-	No
E8|GRI: 102-19, 102-20, 102-29, 102-30, 102-31|SASB: General Issue / Business Model Resilience, Systematic Risk Management|TCFD: Governance (Disclosure A)			

Climate Oversight / Management	Unit	2018	2019
Does your Senior Management Team oversee and/or manage climate-related risks?	yes/no	-	No
E9|GRI: 102-19, 102-20, 102-29, 102-30, 102-31|SASB: General Issue / Business Model Resilience, Systematic Risk Management|TCFD: Governance (Disclosure B)			

Climate Oversight / Management	Unit	2018	2019
Total annual investment in climate-related infrastructure, resilience, and product development	billion ISK	-	0
E10|UNGC: P9|SASB: General Issue / Physical Impacts of Climate Change, Business Model Resilience|TCFD: Strategy (Disclosure A)			

Waste Management	Unit	2018	2019
Total waste generated	kg	155.185	123.411
Of which sorted waste	kg	115.640	82.771
Of which unsorted waste	kg	39.545	40.640
Recycled/recovery	kg	92.999	82.044
Landfill/disposal	kg	45.086	41.366
Percentage of sorted waste	%	74,50%	67,10%
Percentage of recycled waste	%	59,90%	66,50%

Waste Intensity	Unit	2018	2019
Total waste per full-time equivalent (FTEe) employee	ton/FTEs	0,3	0,2
Total waste per unit of revenue	ton/billion ISK	9,9	8,3

Business Trips	Unit	2018	2019
Emissions from business trips	tCO2e	70,9	78,3
Flights	tCO2e	70,9	78,3
Taxi	tCO2e	-	-

Commuting	Unit	2018	2019
Emissions from employee commuting	tCO2e	-	-
Does your company reimburse eco-friendly commuting?	yes/no	Yes	Yes

Cars/trucks primary energy source	Unit	2018	2019
Total fuel consumption in litres	litres	33.057	40.685
Methane	litres	972	1.351
Petrol	litres	6.297	3.275
Diesel oil	litres	25.788	36.059
Total fuel consumption in kg	kg	23.371	34.085
Methane	kg	729	979
Petrol	kg	4.722	2.456
Diesel oil	kg	21.920	30.650

Paper Management	Unit	2018	2019
Total amount of printed paper	pages	172.662	157.683
Duplex	pages	86.600	53.732
Color print	pages	94.475	58.168
Black/white print	pages	121.487	126.381

Emissions neutralized by carbon offset projects	Unit	2018	2019
Emissions offset by forestry	tCO2e	0	227,3
Total emissions offset	tCO2e	0	227,3

Asset Management	Unit	2018	2019
Number of buildings	no.	-	7
Office space	no.	-	7
Production space	no.	-	-
Number of vehicles	no.	-	30
Petrol / Diesel	no.	-	26
Electrical vehicles	no.	-	-
Other alternative fuel sources (hybrid, methane, hydrogen, etc)	no.	-	4

Carbon Taxes	Unit	2018	2019
Carbon tax, gas- and diesel oil	ISK/litre	9,45	10,4
Carbon tax, gasoline	ISK/litre	8,25	9,1
Carbon tax, fuel oil	ISK/kg	11,65	12,8
Carbon tax, crude oil, etc	ISK/kg	10,35	11,4
Total Carbon Tax (ESR)	ISK	295.647	404.816

Methodology and Notes

This report shows Origo's carbon footprint for 2019. The calculation methods, constants and the statement are based on the Greenhouse Gas (GHG) Protocol, which is a standardized methodology used to calculate company's and organization's environmental footprint, and comply with Nasdaq's ESG Reporting Guide.

1. Direct & Indirect GHG Emissions (E1)

The GHG Protocol divides emissions into three scopes to effectively set boundaries between direct and indirect emissions:

- scope 1 accounts for direct GHG emissions from a company's operations. Direct emissions occur from sources that are owned or controlled by the company. In Origo's case, scope 1 is limited to emissions from vehicles.
- scope 2 accounts for indirect GHG emissions relating to electricity consumption and heating. Emissions of this type do not occur within organizational boundaries of the company and are therefore considered to be indirect.
- scope 3 accounts for indirect GHG emissions from services provided to Origo. The factors included are emissions originating from flights and emissions from waste and vehicles removing waste from the company′s places of work.

The GHG emissions are reported in tonnes CO2 equivalents (tCO2e). CO2 equivalents is a quantity that describes, for a given mixture and amount of GHG, the amount of CO2 that would have the same global warming potential (GWP), i.e. the ability of a gas to trap heat in the atmosphere when measured over the timescale of 100 years.

2. Net operational carbon emissions

Net operational carbon emissions represents the net emissions of a company with neutralization of emissions by carbon offset projects is taken into account.

3. Emission Intensity (E2)

Emission intensity figures are based on combined Scope 1, Scope 2 (location based), and Scope 3 (business travel and waste disposal). 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). Emission intensity indicators are used to measure and compare the company's emissions relative to its operational scale.

4. Direct & Indirect Energy Consumption (E3)

The total energy consumption measures all energy consumed by the company, including fuels for the company's vehicles (Scope 1), and energy from electricity and hot water (Scope 2). The energy consumption is reported by source in kilowatt-hours (kWh).

5. Energy Intensity (E4)

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 (FTEe) employee). Energy intensity indicators are used to measure the efficiency of energy usage and compare the company's energy consumption relative to its operational scale.