



# Sustainability Report

2019

## Reginn

Reginn is a dynamic and progressive real estate company that takes pride in being a sought-after partner and employer. The Company aims to be a leader in the development and management of real estate, as well as to promote community welfare, improved quality of life and a pleasing environment for occupants. Real estate operations and planning have a significant impact on the environment and the quality of life of the occupants, as tens of thousands of people spend time in Reginn's properties daily, either at play or work. With strategic actions in the management of real estate, investments, planning, new construction and cooperation with tenants, Reginn can play a major role in shaping people's environment and improving their daily lives.

In 2019, Reginn established a sustainability policy that addresses environmental, social and economic sustainability. With continuous improvement as a guiding principle, the Company has set goals in this area. Success in sustainability will be measured based on specific targets and employees, customers and investors will be informed of these targets and the Company's progress in meeting them. In investments and real estate operations, success is measured over the long term. It is the Company's belief that the focus on sustainability reduces the risks in the Company's operations and strengthens long-term financial results.

Emphasis is placed on integrating the United Nations' Sustainable Development Goals into the Company's operations. The Company emphasises six goals that day-to-day operations affect the most: Good health and well-being, climate action, gender equality, sustainable cities and communities, sustainable energy and responsible consumption.



This report outlines the main aspects of environmental, social and economic sustainability. Energy consumption, waste and water use are specified for six properties managed by Reginn. These properties are Smáralind, Egilshöll, Höfðatorg, Áslandsskóli and the kindergartens Tjarnarvellir and Hörðuvellir.

For other properties, the Company does not handle day-to-day management which instead is handled by the tenants. In total, these properties account for 33.5% of the Company's portfolio by area. Information for these properties has been compiled for 2019 and is published here. Other social and governance information apply to the Group as a whole. See further details in the relevant table.

## Environmental sustainability

In recent years, Reginn has placed greater emphasis on environmental issues and sustainability in its operations. The Company has undertaken various actions and projects with the aim of reducing negative environmental impacts and increasing environmental awareness. During the year, the Company took its first steps towards environmental certification of its real estate, in accordance with international requirements on environmental issues, risk management and operations. The Company also wishes to support its customers on their green journey by offering green leases and has laid the foundation for that work.

In order to promote environmental sustainability, the Company has set itself the target of reducing greenhouse gas emissions from its operations and construction. Natural resources should also be utilized responsibly and ways sought to reduce their use, as well as maximize the ratio of renewable energy. The use of products that are harmful to the environment should be minimized and emphasis placed on reducing the amount of waste and increasing sorting.

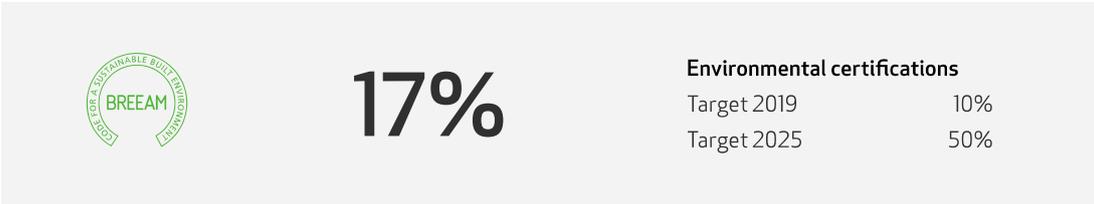
# Environmental actions

Detailed analysis has been performed of the factors that have the most environmental impact in the management of the Company's properties. With the aim of reducing negative environmental impacts, various measures have been taken to reduce energy use, including lighting control, making energy monitoring more efficient and purchasing electric vehicles. Increased emphasis has also been placed on waste sorting, purchasing environmentally certified cleaning products and recycling building materials.

Alongside many smaller projects, the Company set out on three major projects during the year: BREEAM In-Use Eco-certification of Smáralind, a C40 competition for the planning and design of buildings based on climate-related principles, and the development and implementation of smart waste. Reginn's involvement in these projects was not only of a commercial nature, but was also intended to provide the Company with experience and knowledge in the design and management of environmentally friendly buildings.

## BREEAM – International Environmental Certification

At the end of December 2019, as part of Reginn's overall environmental policy, Smáralind became the first Icelandic building to be awarded the BREEAM In-Use Eco-Certification, receiving the rating "very good". The BREEAM eco certification system is an international standard and certification system for assessing buildings over the building's lifetime. The certification, issued by an independent body, gives an overview of the performance of Smáralind with respect to environmental issues and sustainability, as well as giving a better view of where opportunities are available for improvement. Environmental certification of real estate is part of Reginn's sustainability goals and the Company plans to obtain environmental certification for half of its portfolio by 2025.



## C40

In mid-2018, preparations began for Reginn's participation in a competition held by the City of Reykjavik and the C40 Cities Climate Leadership Group. The aim of the C40 group is to be a leader in climate action and the competition centred on the planning and design of buildings with this in mind. Reginn, Basalt Architects and Efla Consulting Engineers worked on and submitted proposals for two different lots. Their proposal for the

development of a lot at Lágmúli turned out to be the winning proposal of the competition. The proposal forms the basis for Reginn's purchase of the lot and cooperation with the City of Reykjavik on its development, with the Company being the owner of the project and the building.

#### Smart waste

In the fall of 2019, a waste sorting station equipped with smart equipment was taken into use at Hafnartorg, after work on it began in the summer months of 2018. The smart waste solution records the volume and category of waste for each tenant and thereby makes each tenant responsible for the sorting and cost of their own waste. Users also receive information on their own month-to-month progress in waste sorting, which further helps to encourage and support customers on their green journey. The plan is to further develop and implement smart waste in more of the Company's properties.

### Electric vehicle charging

Measures were taken to increase the number of electric vehicle charging stations at the Company's properties; by the end of the year there were 16 stations at Smáralind, 6 at Egilshöll and 20 at Höfðatorg. The aim is to further increase the number of electric vehicle charging stations at Reginn's properties in the coming years.

### Bicycle racks

Bicycle racks were replaced and added in Smáralind and their quality increased. Smáralind now has a capacity for 60 bicycles and there are plans to add more racks at Egilshöll and Höfðatorg.

### New building management system

Building management systems have been renewed and reviewed in Smáralind and Egilshöll. This provides better control of the main systems of the buildings, including ventilation, underfloor heating, lighting, drinking water systems, smoke extraction and snow melting. At the same time, lighting control systems were significantly improved in both buildings. Renewing these systems saves energy and makes building management more efficient.

### Waste sorting in Smáralind

Waste sorting in Smáralind was significantly increased with waste now being sorted into 9 categories instead of 5 categories previously: General waste, paper and paperboard, corrugated cardboard, plastic packaging, shrinkwrap, organic waste, bottles and cans, metals and pallets. Systematic efforts will be made in 2020 to further encourage tenants and increase the sorting rate in the building.

### Environmental management system

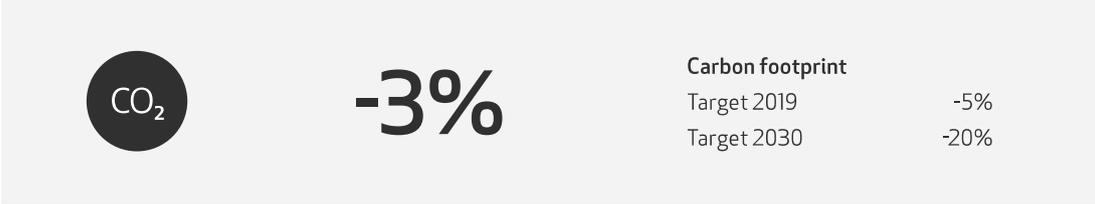
Reginn uses the EnviroMaster software solution from Klappir to keep track of information regarding electricity and water use, waste and fuel usage in the properties owned and managed by the Company. In 2019, Reginn began using an additional service from Klappir which allows for quarterly environmental reports. This makes it easier for the Company to monitor environmentally important issues, follow up on goals and inform managers and investors about progress.

## Greenhouse gas emissions

Greenhouse gases are emitted from various parts of the operation. In 2018, the Company set the target of reducing CO<sub>2</sub> emissions by 5% by the end of 2019. Actual emissions in 2019 totalled 673 tCO<sub>2</sub>e, down 3% from

the previous year. However, when looking at direct emissions from the operation of buildings, Company-owned vehicles and from the production of energy used by properties in operation, scope 1 and 2, the

emissions were tCO<sub>2</sub>e. Emissions per square meter for scope 1 and 2 were therefore 3.6 kgCO<sub>2</sub>/m<sup>2</sup> in 2019. This equates to a 6% reduction between years.



Energy usage

Energy usage varies greatly depending on the nature of the activity in the building in question. Greenhouse gas emissions from energy production are the biggest source of emissions in the Company's operation. This includes all use of hot water, both for heating and drinking, as well as all electricity used by Reginn's properties. All consumption of fuel by Reginn-owned vehicles also accounts for part of the total energy usage.

As stated above, energy usage is monitored and deviations in the Company's energy usage are analysed. Increased information on usage enables the Company to intervene earlier in the event of anomalies, provides a better insight into energy-intensive aspects of the operation and highlights where action is needed.



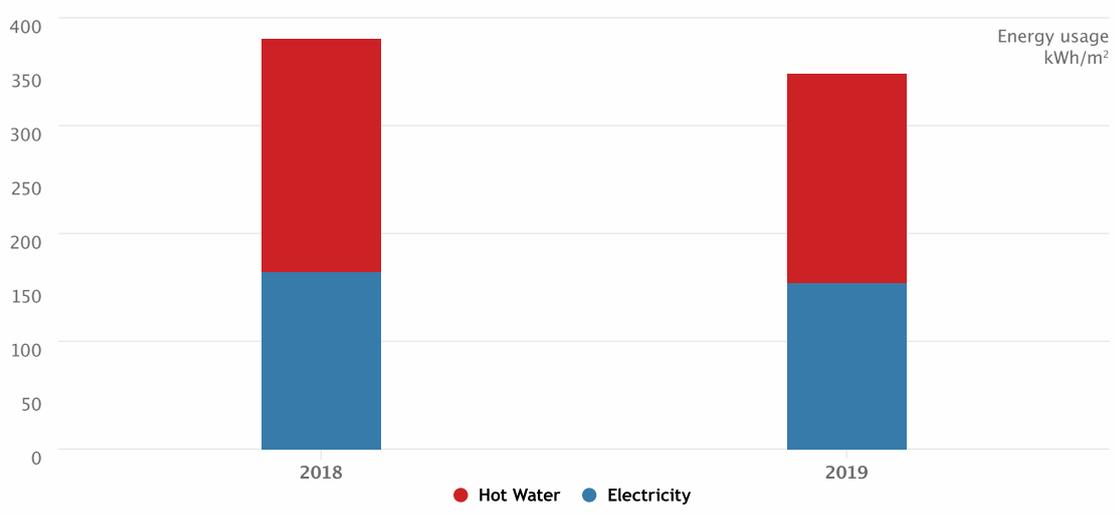
Electricity

Impressively, 99.6% of the electricity Reginn purchases for its properties comes from renewable energy sources such as geothermal energy and hydropower. In 2018, the Company set the target of reducing the electricity consumption of its properties by 5% by the end of 2025; actual reduction achieved in 2019 was 6%.



-6%

**Electricity**  
Target 2025      -5%



**Water usage**

Water use is an element that Reginn strives to control to the best of its ability through monitoring and responding to deviations. Less use means less cost and less load on water-related infrastructure. Cold water is mainly used as drinking water and for cooling building and computer systems, while hot water is used in heating, as drinking water and for snow melting. In 2018, the Company set the target of reducing the water use of its properties, specifically cold water by 2% and hot water by 5%, by the end of 2025. The actual reduction in 2019 proved to be 6% for cold water and 10% for hot water.

	-10%	<b>Hot Water</b>	<b>Target 2025</b> -5%
	-6%	<b>Cold Water</b>	<b>Target 2025</b> -2%

**Waste sorting**

Reginn's objective in the sorting of waste is to increase both the sorting of waste where the proportion of general waste is declining and to reduce the total volume of waste generated by the Company's properties, the

largest portion of which is waste generated by tenants. The Company will strive to increase tenants' awareness of the importance of sorting and of the economic and environmental benefits of increased sorting of waste.



## Social sustainability

The well-being of people and a safe and healthy environment should be ensured, with social sustainability as the guiding principle. This applies equally to the indoor and outdoor environment of the Company's properties, for the benefit of employees, tenants and visitors. At Reginn, the emphasis is on green considerations in planning and buildings, which increases the quality of life of tenants and visitors alike. Social factors will also be taken into account in planning and ways sought for increased dialogue.

In 2019, various measures were taken to ensure well-being and increase job satisfaction. A survey was carried out among employees looking at various aspects of job satisfaction, attitudes and well-being. Information meetings have also been held with employees and courses have been organised with the aim of increasing awareness. Customer service surveys were also conducted and the results were used to enhance customer collaboration and communication.

### Human rights

Human rights are one of the fundamental pillars of society, and Reginn adheres to important fundamental values concerning human rights in all its activities. Equal opportunities and wages shall be guaranteed regardless of race, colour, gender, language, religion, beliefs, ethnicity, origin, property, lineage or other circumstances.

### Working environment

The Company has established a remuneration policy that includes the stated goal of attracting the most qualified personnel at any given time and paying them competitive wages. Factors taken into account include responsibility, performance and equality considerations. The Company's working procedures and code of ethics stipulate that employees should act with professionalism and honesty. Respect, fairness, courtesy and integrity should characterise all interaction with customers, co-workers and others with whom business is conducted.

The Company has established committees intended to prevent and address issues related to sexual harassment, violence and bullying. Employees of the Company enjoy freedom of association.

Well-being and health

Reginn places great emphasis on the well-being and health of its employees by supporting both mental and physical health. The Company provides health grants annually, it has an active employee association and offers cottages for rent to employees and their families. Reginn supports employees in their efforts to improve their health by providing health grants and having a positive attitude to health promotion and healthy living. In 2019, 88.1% of employees took advantage of the health grant. The Company also provides a vacation grant which 64.4% of employees took advantage of in 2019. The Company has a sports committee that organises various health-promoting events, such as fitness, cycling, mountain trekking and golf.

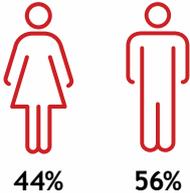
In 2019, sick days averaged 4.97 per employee and there were two accidents. Occupational risks are limited as far as possible and workers wear protective equipment. Any work-related accidents are reported to the Administration of Occupational Safety and Health. Each accident is assessed individually and every effort is made to prevent similar accidents from reoccurring by making improvements to equipment or conditions, as appropriate.

Equal pay audit

Reginn underwent an equal pay audit in 2018 and work is currently underway on an equal pay certification which is expected to be completed in 2020. The results of the equal pay audit showed that men's basic salaries in 2018 were 1.6% higher than women's basic salaries. When looking at total wages, the difference was 1.7%.

Gender ratio

In 2019, the gender distribution of employees was 36% women and 64% men. Reginn has emphasised the equalisation of gender ratios in management positions, which was 56% male and 44% female in 2019. The gender ratio on the Reginn Board of Directors in 2019 was 60% women, 40% men. There are two alternate directors, one man and one woman.



Working procedures and code of ethics

The Company's sustainability policy states that any corruption, bribery or other illegal activity will not be tolerated under any circumstances. The Company practices good business ethics in a transparent manner and in accordance with rules of procedure, thus limiting the risk of corruption, bribes and other illegal activities.

Employees and managers should never confuse their own personal interests with the interests of the Company or its customers. In accordance with the Company's sustainability policy, all suppliers and partners of the Company must read, confirm and adhere to Reginn's code of ethics. The Company therefore seeks to select suppliers who show social responsibility and practice good business ethics.

Reginn's working procedures and code of ethics apply to all activities, employees and managers of the Group. Upon hiring, employees confirm that they have read, understood and will follow the rules. Their purpose is to set out the general obligations of employees to promote honesty, fairness and integrity in business and enhance the trust of customers and the public in the Company. The rules reflect important values such as reliability, fairness and non-discrimination, which require that the Company's employees behave with integrity and discretion and they are bound by confidentiality as prescribed by law with respect to all matters which may come to their attention in the course of their work concerning customers and the Company's operations.

Reginn stores personal data in a secure manner in accordance with applicable laws and regulations on data protection. Reginn has adopted a privacy policy and security policy to ensure the security of personal data.

## Economic sustainability

Economic sustainability is the third pillar of Reginn's sustainability policy. This aspect is no less important than environmental and social sustainability when it comes to ensuring the long-term success of the Company.

The goal is to ensure that the Company has sustainable cash flow and to minimise operational risk with a focus on continuous development of the portfolio. The Company's resources should be utilised in the most efficient manner, and the Company's procedures should reflect good business ethics, sound business practices and accountability. These elements will help to solidify Reginn's operations, increase profitability and support long-term growth.

### Economic key indicators

As part of its risk strategy, Reginn has defined three key indicators that measure economic sustainability, with their development over the past 5 years shown below.

