

Sustainability Policy

Klappir Green Solutions hf



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Article 1. Introduction

This sustainability policy outlines the company's commitments and intentions across environmental, social, and governance areas, emphasizing the impact of operations, supply chains, and workforce behavior. It highlights current initiatives and future plans to reduce emissions, promote responsible resource use, and support partners in adopting effective sustainability management tools.

Article 2. Environment

Klappir is committed to environmental responsibility and actively strives to enhance its environmental performance across all operations. Although Klappir's activities are not subject to mandatory regulation under Iceland's Environmental Act No. 55/2012, the company voluntarily embraces its principles. By proactively aligning with the Act's environmental accountability standards, Klappir demonstrates leadership in sustainable business practices. This commitment reflects the company's broader mission to minimize environmental impact, support climate goals, and promote responsible resource use. Klappir continuously seeks innovative ways to reduce emissions, improve efficiency, and integrate environmental considerations into product development, operations, and partnerships throughout its growing digital sustainability ecosystem.

This commitment includes:

- Foster a culture of environmentally responsible practices in day-to-day work.
- Continuously seek new ways to further reduce emission from Business travel and Commuting as much as possible.
- Continue using our waste management system, as it remains important despite the fact that emissions from waste are currently low and not considered material.
- Reduce our per-employee carbon footprint, with a focus on minimizing emissions.
- Reduce use of resources.
- Prioritize the use of clean and renewable energy sources to power our operations.
- Engage employees and contractors in ongoing environmental improvements and refinements.

Article 3. Social

3.1. Own workforce

Klappir is committed to fostering an inclusive and healthy workplace for all employees and contractors. We adhere to Icelandic labor laws, including the Act on Equal Status and Rights Irrespective of Gender (No. 150/2020), ensuring fair wages and equal opportunities. We support lifelong learning, flexible work arrangements, union rights, and protections against discrimination and harassment. We promote initiatives to physical, social and mental health and align with the UN Convention on the Rights of Persons with Disabilities. These efforts reflect Klappir's commitment to social responsibility and sustainable workforce development.

This commitment includes:

- Comply with Icelandic law on gender equality in the labor market: Act no. 150/2020 on Equal Status and Equal Rights Irrespective of Gender.
- Ensure comparable wages are paid for the same or equivalent jobs, with no unexplained gender pay gap.

- Ensure employees equal opportunities for promotion, vocational training, and lifelong learning.
- Enable employee work-life balance with flexibility to accommodate family responsibilities.
- Protect the right to unionize and collectively bargain and ensure that these rights are not restricted or interfered with, even in regions with legal limitations.
- Maintain a harassment-free workplace.
- Comply with Act no. 85 (June 25, 2018) on equal treatment regardless of race and ethnic origin.
- Support reasonable accommodations for disabilities, aligning with the UN Convention on the Rights of Persons with Disabilities (CRPD).
- Promote health risk evaluation and reactions, health-checks, healthy food choice at the workplace, pleasant work environment and workload monitoring.
- Follow rules on ensuring the utmost security in the handling and storage of personal data about employees and contractors.
- Work with contractors who comply with Klappir's code of conduct, ensuring transparency, corrective action, and continuous improvement.

3.2. Workers in the Value chain

Klappir adheres to international human rights frameworks, including the UN Guiding Principles on Business and Human Rights and the UN Global Compact.

Klappir is committed to work against modern slavery, forced labor, and human trafficking in Klappir's supply chain. Klappir will work on engaging suppliers proactively on these issues. Klappir upholds child labor laws in line with Icelandic legislation and international conventions (UN Convention on the Rights of the Child and ILO Convention 138).

Article 4. Governance

Governance is a cornerstone of Klappir's corporate philosophy, reflecting our unwavering commitment to integrity, transparency, accountability, and sustainability in every facet of our operations. This Policy outlines our structured approach to ensuring responsible management practices across our entire organization and value chain. It encompasses our due diligence processes, risk management practices, incentive structures, and the design and oversight of products and services. Through rigorous adherence to this policy, Klappir fosters a culture of ethical conduct and strategic oversight, empowering the organization to deliver long-term value for its stakeholders while meeting the highest standards of compliance, sustainability, and performance.

4.1 Supplier Engagement and Value Chain Assessments

Klappir is committed to building a sustainable, ethical, and transparent supply chain. Klappir wishes to have a positive impact on suppliers and sets clear expectations for all partners to support our environmental, social, and governance (ESG) goals. We require suppliers to minimize their environmental impact, especially emissions, waste, and energy use, and encourage transparent reporting, including Scope 3 data.

Ethical labor practices are essential: suppliers must prohibit forced or child labor, ensure fair and safe working conditions, and respect human rights. Integrity is equally critical. Suppliers must comply with Klappir Code of Conduct and all applicable laws, act with honesty, and safeguard confidential and

personal data. There is zero tolerance for corruption or unethical conduct. Klappir views supplier relationships as partnerships built on mutual responsibility and improvement. Through collaboration, innovation, and accountability, we aim to achieve lasting positive impact across our entire value chain.

Klappir conducts structured due diligence across its supply chain to gain a comprehensive view of material supplier's sustainability performance. The results are analyzed within the Klappir Platform, generating index scores and ratings that feed into an overall supplier evaluation framework. This process empowers Klappir to make informed procurement decisions, identify risks, and prioritize capacity building efforts, fostering a more resilient, transparent, and sustainable value chain aligned with ESG goals and regulatory expectations.

4.2 Governance Structure and Oversight

A strong governance structure ensures that all elements of this policy are implemented effectively, monitored regularly, and continuously improved upon.

4.2.1. Designated Compliance Officer

Klappir's designated Compliance Officer oversees governance reporting, ensures regulatory compliance, conducts internal audits, and implements key frameworks. The officer actively participates in board meetings to align oversight with strategic goals.

4.2.2. Board Oversight

Klappir Board of Directors is responsible for:

- Approving the Sustainability policy and overseeing its implementation.
- Reviewing sustainability performance results and approving disclosures.
- Monitoring Klappir risks and reviewing internal control assessments.

4.2.3. The Executive Management

Klappir's executive leadership team is responsible for:

- Ensuring governance practices are embedded into daily operations.
- Work on the company's reporting, such as Consolidated Annual Report, CoP report (UNGC), sustainability statements I&II and other reports to stakeholders.
- Engage constructively with stakeholders, suppliers, and regulators.
- The executive team leads the continuous improvement of internal systems, reflecting changes in external frameworks and internal learnings.

4.3 Stakeholder Engagement

Klappir fosters transparent dialogue with stakeholders, including:

- Employees, contractors and shareholders
- Customers and partners
- Government and regulators

Through regular surveys, forums, and collaborative initiatives, we ensure our governance policies reflect the needs and expectations of the communities we serve.

Article 5. Policy Responsibility

Stakeholder	Responsibility
Board of Management	Overall responsibility for the Sustainability Policy, ensuring alignment with Klappir's strategic goals.
Sustainability Leader	Day-to-day implementation, monitoring, and development of the Sustainability Policy, integrating sustainability into all operations. Responsible for review of policy.
Employees and contractors	All employees and managers must familiarize themselves with the Sustainability policy and follow its rules and procedures of the company on sustainability issues.

Article 6. Policy Publication and Presentation

The Policy is published on Klappir's website and in the workforce handbook.

Article 7. Policy Approval

This policy is approved by the board of directors.

Article 8. Version control

The Sustainability Policy is reviewed annually, or more frequently if necessary, to ensure it remains aligned with Klappir's goals and operational needs.

POL-001: Sustainability Policy		
Version: 01 New Pol.	Changed by: Hildur Jónsdóttir (HJ)	Date: 15.05.2025
<p>Changes made in this version 1:</p> <p>Older policies on Environment, Social and Governance issues have been combined into one Sustainability Policy. Material from older policies have been covered by this policy.</p> <p><u>Environmental Policies:</u> POL-005 Environmental Policy POL-007 Transportation Policy Waste Management (Procedure)</p> <p><u>Social Policies:</u> POL-003 Employee Policy POL-004 Privacy Policy POL-009 Health & Safety Policy POL-013 Harassment Policy and Contingency Plan POL-014 Equal Employment Opportunity Policy POL-015 Remuneration POL-020 Remote Work Policy POL-021 Recruitment Policy & Procedure P=L-022 Information Security Policy POL-026 Performance Management Policy POL-035 Supplier Policy POL-030 Employment Verification Policy POL-025 Artificial Intelligence POL-008 Human Rights Policy</p>		
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