

ÚTGERÐARFÉLAG
REYKJAVÍKUR HF.

ANNUAL AND ESG REPORT 2020

Respectful knowledge of
the ocean's resources





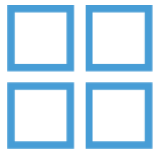
TABLE OF CONTENTS

Year in Review 2020	3
• 2020 Highlights	4
• Chairman’s Statement	6
• CEO Statement	7
The Group	8
• Strategy and Global Trends	9
• Operations	11
• Investments	13
• Innovation	16
Financial Performance Overview	17
• Income Statement	18
• Balance Sheet	19
• Cashflow	21
• Consolidated Financial Statements 2020 (separate PDF file)	
Investors	22
• Corporate Governance	23
• Shareholder Information	24
• Risk Management	25
Environment, Social and Governance Report	26
Disclaimer	41

ÚTGERÐARFÉLAG
REYKJAVÍKUR HF.

YEAR IN REVIEW
2020





2020 HIGHLIGHTS

Revenue

EUR 31.8 million

(vs EUR 38.3 million in 2019)

Profit before tax

EUR 6.5 million

(vs EUR 31.8 million in 2019)

Book value of TAC

EUR 81.6 million

(vs EUR 81.6 million in 2019)

Equity ratio

56.9%

(vs 54.2% in 2019)



Ú.R. is an original signatory to the Social Environment Policy established by Fisheries Iceland in 2020, based on the UN Sustainable Development Goals.



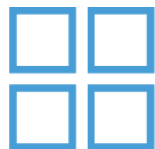
Ú.R. was in 12th place amongst “Iceland’s Strongest Companies in 2020” awarded by Creditinfo.



Ú.R. was in 8th place in the list of companies awarded “Excellent in Iceland in 2020” by Viðskiptablaðið and Keldan.



Ú.R. is holder of Marine Stewardship Council (MSC) and Iceland Responsible Fisheries certifications in sustainable fishing.



2020 HIGHLIGHTS

Revenues and COVID-19

With the onset of COVID-19, Útgerðarfélag Reykjavíkur hf (Ú.R.) immediately implemented rigid processes to ensure health and safety for its employees and seafood products for its customers.

Demand reduced significantly in the hospitality sector. To counter this impact, Ú.R. shifted the catch to species that had market demand. Due to the impact from COVID-19, total revenues were lower in 2020 at EUR 31.8m versus EUR 38.3m in 2019.

Ú.R. continues to focus on growth markets with higher margins by working closely with key partners such as Icelandic Japan kk.

Partial Sale of Arctic Prime Fisheries (APF)

In October 2013, Ú.R. became an investor in APF, a fisheries company in Greenland. APF has two vessels and operates the four Arctic Prime Production processing plants, which service over 180 local fishing boats. The main objectives were to secure seafood quota across the North Atlantic for key species and to build up the seafood expertise in Greenland with a positive impact on their communities.

To further strengthen APF, Ú.R. sold a portion of its shareholding to Brim in return for a direct investment through loans of EUR 85m. Ú.R. Group's shareholding decreased from 33% to 16.5%.

Issuance of promissory notes

Ú.R. issued a private placement of promissory notes in August 2020. Arctica Finance was the administrator of the offering. The objectives were to diversify its liquidity funding and reduce concentration risk. In total, bids for ISK 4bn were received from 15 parties. Ú.R. accepted bids for ISK 2.52bn at an average interest rate of 3.82% with a three-month and six-month rollover. A large portion of the financing was for the repayment of the short-term liabilities related to the Glitnir court case of EUR 22.6m.

The rollover in November 2020 was successful with an average interest rate of 3.54%. As at year-end 2021, promissory notes outstanding totaled EUR 17.8m.

Purchase of vessel

At the end of the first half of 2020, Ú.R. repurchased the Guðmundur í Nesi vessel from Greenland for a total of USD 26m.

Ú.R. Innovation

Ú.R. founded ÚR Innovation in October 2020. as part of its overall sustainability strategy. The investment objective is to create new solutions in marine biotechnology and for future company growth.

ÚR Innovation bought a 25% share in the company Zym Ice, which produces the nutritional supplement Unbroken® RTR. With this investment, Ú.R. is taking the first step towards the utilization of marine biotechnology to maximize the value of marine products. Zym Ice is an Icelandic company that operates a factory in Norway and two sales offices in the Unites States and Europe.

Annual and ESG Report

Ú.R. is proud to issue its first Annual and Environment, Social and Governance Report to be made publicly available.



CHAIRMAN’S STATEMENT

Útgerðarfélag Reykjavíkur is one of the largest seafood groups in Iceland based on quota allocation with our strategic investments in Brim, Arctic Prime Fisheries and ÚR Innovation.

Our motto is “Respectful knowledge of the ocean’s resources”. Our values are transparency, trust, respect, common sense, long-term thinking, and proactive risk management. Ú.R. also values the leadership and actions by its stakeholders and Icelandic society, taking this into consideration in overall decision-making.

Our commitment to create sustainable value is demonstrated by being an original signatory of the Social Environment Policy established by Fisheries Iceland in 2020 and the issuance of our first Annual and ESG Report.

External environment

2020 has been a challenging year with the onset of COVID-19. Even with these headwinds, I am proud of the work done by our employees to proactively find solutions for ensuring top health and safety, as well as adapting the business to adjust for the drop in demand from the hospitality sector. Even though revenues decreased by EUR 6.5m to EUR 31.8m in 2020, we are confident of the long-term growth outlook in the seafood sector.

Strategy

Ú.R.’s strategy is aligned to the long-term trend of increased international demand for wild seafood. This is done through our own operations and investments in Brim, APF and APP.

In line with our strategy, we created ÚR Innovation ehf as a platform for new solutions and sustainable growth in marine biotechnology. Our first investment was in Unbroken® RTR, a revolutionary nutritional supplement based on years of research and development. The specialty of the product is its 100% natural composition, which is made from salmon cuts. The main markets are in the field of sports, health and nutrition.

Outlook

We expect that COVID-19 will continue to have an impact on the hospitality sector well into 2021. With this, we continue to focus on sales of frozen products to Asia and to get closer to the end consumer, while ensuring health and safety throughout the business.

Our employees

On behalf of the Board of directors, I would especially like to thank our employees in these challenging times for their dedication to the business, to each other and to our customers.

Magnús Helgi Árnason
Chairman



CEO'S STATEMENT

COVID-19 presented the biggest challenge for Ú.R. in 2020. From the outset, we focused on two clear objectives. Firstly, on ensuring the health and safety of our employees and extra hygiene in seafood catch and processing. Secondly, with the drop in demand from the hospitality sector and increase in supermarkets, we re-adjusted the catch on key species to meet the change in market demand.

Financial performance

Our 2020 financial performance was resilient despite the pandemic. All catch that was landed had been immediately sold when brought onshore. A large portion of the operational cost structure is variable, and we were able to scale down these costs in line with reduced sales.

Whilst revenues dropped by 16.7% to EUR 31.8m, we maintained good profitability and further strengthened the equity ratio from 54.2% in 2019 to 56.9% in 2020.

For the first time, we issued promissory notes to diversify our liquidity and currency risk. The interest rate environment was favorable and with the three-month rollover in November 2020, the amount totaled EUR 17.8m with an average interest rate of 3.54%. The proceeds were used to pay down the outstanding

liability related to the Glitnir court case of EUR 22.6m.

Ú.R. has no outstanding court cases at this time.

We created a new subsidiary “ÚR Innovation” to focus on innovation and sustainability in the seafood sector. The first investment in Unbroken® RTR not only supports these objectives, but it also brings us closer to the end consumer with its B2C model in direct marketing and online sales to 25 countries.

Sustainability

We are proud to be one of the original signatories of the Social Environment Policy established by Fisheries Iceland in 2020. This policy will help guide Iceland to protect the ocean, the environment and contribution to our local communities. It also shows our leadership in the global seafood sector.

We are also proud to issue our first Annual and ESG report for our 2020 results. This report will be made publicly available as we wish to be transparent to all our stakeholders in how we conduct our business. We value the leadership and actions by our stakeholders and take this into consideration in overall decision-making relating to strategy and execution.

For this report, we conducted a survey with all our stakeholders to obtain their input on the importance of the different materiality aspects for conducting our business:

- Protect our oceans and improve our climate
- Improve our health
- Empower our people
- Strengthen our communities

We received a very good response rate of 58 completed surveys from 202 individuals representing 88 stakeholders. These stakeholders include, but are not limited to suppliers, financial institutions, trade unions, regulatory agencies, industry associations and our clients. This report helps give our stakeholders a more holistic view of our business.

We also prepared the report in an easy A4 format with mostly white background, for ease of printing with minimal environmental impact.

(continued...)



CEO’S STATEMENT

Future opportunities

We are optimistic for the medium and long-term opportunities for Ú.R. and our strategic investments. We are recognized for our world class sustainability framework in wild seafood. There is the opportunity for deepening understanding and sales towards the end consumer, in profitable and growing markets.

To achieve this objective, we continue to attract, retain and invest in the right talent.

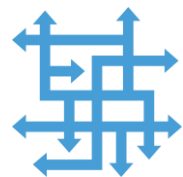
On this note, I would like to thank our employees, their families and all of our stakeholders for their support and commitment in the last year.

Runólfur Viðar Guðmundsson
CEO

ÚTGERÐARFÉLAG REYKJAVÍKUR HF.

THE GROUP





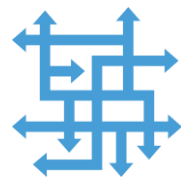
STRATEGY AND GLOBAL TRENDS

Ú.R. has built up a solid business with sustainable profitability in a core Icelandic sector: Seafood. The long-term outlook is for strong growth due to increased international demand for wild seafood.

Based on quota allocation, and strategic investments and co-operation agreements with Brim, Arctic Fisheries Production and ÚR Innovation, Ú.R. is one of the largest seafood groups in Iceland today.

The company continuously strives to meet the contemporary requirements for efficiency in operations, quality raw material and exemplary equipment for fishing crew. Additionally, sustainability and the quality of its employees are of prime importance to all its operations.





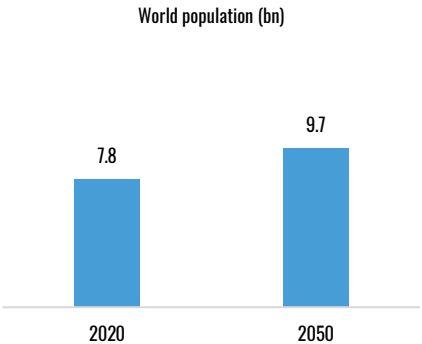
STRATEGY AND GLOBAL TRENDS

The outlook is for strong growth in the seafood sector due to increased international demand for wild seafood. Ú.R.'s strategy is aligned to leverage these long-term trends.

Growing global population

With the growth in population along with rising incomes in developing countries, there is a change in overall diet such as eating more protein and meat. This is driving up global food demand.

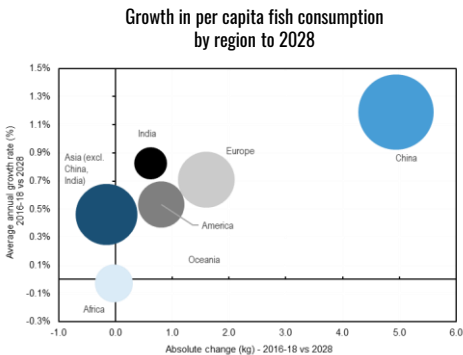
Source: HBR



Increasing consumption of seafood

Overall per capita consumption is expected to increase in all continents except Africa where consumption is expected to remain static.

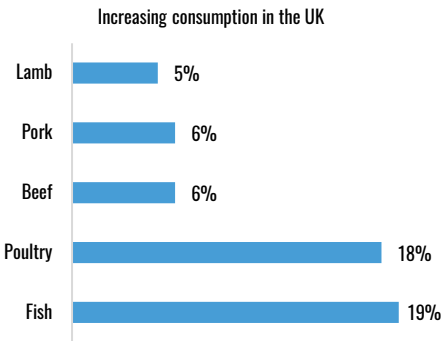
Source: FAO Fish Outlook



Fish as a healthy choice for nutrition

Governments are encouraging people to eat more seafood as a part of a healthy diet, driven by the WHO. Consumers are becoming more selective in their food choices with a focus on health, seen as in this example from the UK.

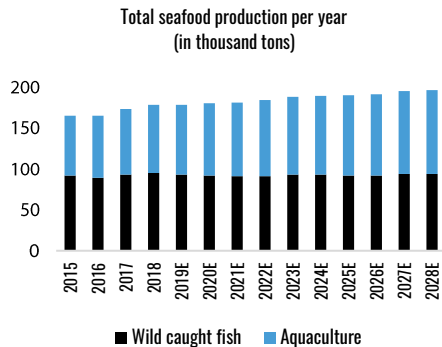
Source: Seafood.org



Limited wild caught fish creates increased demand

With overall increased demand of seafood and limited wild caught fish, coupled with high quality and focus on sustainability, the Icelandic seafood sector and Ú.R. are well positioned to continue to play a major role in this market.

Source: FAO





OPERATIONS

Ú.R. manages one of the most modern fishing fleets in Iceland and conservation of the environment has always been among the highest priorities because Iceland is a country that depends highly on natural resources and their sustainable management. The company is aware of the dangers that overfishing poses to the environment as well as the economy.

Ú.R. is thereby committed to the sustainable and responsible harvesting of Icelandic fisheries and seek to be in harmony with the environment. The company is a stakeholder in the ISF (Iceland Sustainable Fisheries) which is a signatory affiliate with the Marine Stewardship Council. The MSC is a voluntary certificate program that upholds the strictest international standards ensuring sustainable fish stocks, minimized environmental impact and effective management for fisheries around the world.

With dangers of climate change and consequences it can have on the ecosystem, being environmentally friendly is good for the climate and business. Ú.R. therefore seeks to minimize its CO₂ footprint to the fullest extent in the supply chain.

Guðmundur í Nesi RE-13 was bought back from Arctic Prime Fisheries in 2020.



Guðmundur í Nesi RE-13
EU approval nr A327
Built: Norway 2000
2.464 gross tonnage
Captains: Stefán Sigurðsson, Ávar Jóhannsson





OPERATIONS

The Total Allowable Catch, TAC, is calculated and enforced in accordance with the Directorate of Fisheries guidelines which are supplemented with research from the Marine Research Institute of Iceland. This allows for carefully measured fish stocks that will reduce any possibility of overfishing.

In 2019, Ú.R. had an opportunity to sell its ship to APF in Greenland to help maximize their quota allocation, which has since been bought back. With this, they also traded the Ú.R. allocated quota for that year which is reflected in both the Income Statement and Balance Sheet.

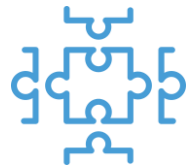
Book value of catch quotas (in EUR)	2020	2019
Book value at beginning of year	81.557.200	101.734.767
Sold during the year	0	(20.177.567)
Book value at year-end	81.557.200	81.557.200

Ú.R. allocated catch quotas for fishing vessels for the fishing year 2020/2021 based on gutted fish:

	Catch share in % 2020/2021	TAC in tonnes 2020/2021	Catch limit in cod value equivalent tonnes	Uncaught catch limit for cod value tonnes
Cod	0,300%	607.181	607.181	485.934
Haddock	1,504%	531.306	483.488	0
Saithe	4,188%	2.566.156	1.616.678	2.742.158
Redfish / golden redfish	11,697%	3.808.033	2.703.703	1.995.744
Deep sea redfish	18,311%	2.147.418	1.739.409	1.790.770
Ling	2,265%	76.043	44.105	701
Cusk	3,784%	46.094	16.133	2.376
Monkfish	0,090%	388	613	613
Greenland halibut	20,000%	2.312.448	4.879.265	6.605.944
Wolffish	1,842%	137.576	75.667	83.884
Spotted wolffish	3,853%	10.312	7.631	3.068
Blue ling	5,121%	15.756	8.981	1.825
Silver smelt	38,598%	3.190.610	1.212.432	1.218.767
Ocean perch	30,837%	199.751	63.920	80.195
European plaice	3,482%	213.496	207.091	33.354
Lemon sole	3,777%	35.315	46.616	9.699
American plaice	0,525%	69	14	14
Witch flounder	0,176%	1.307	797	797
Common dab	0,119%	244	61	61,0
Deepwater shrimp	6,282%	305.680	351.532	399.601
Snæfellsness shrimp	6,282%	0	0	0
Mackerel	3,387%	1.388.638	277.728	277.728
		17.693.821	14.343.046	15.733.233

Ú.R. allocated catch quotas for fishing vessels outside Icelandic territorial waters during the fishing year 2020/2021

Cod in Norwegian jurisdiction	16,864%	546.779	546.779	546.779
Cod in Russian jurisdiction	16,864%	683.473	683.473	683.473
		1.230.252	1.230.252	1.230.252
Total authorizations		18.824.073	15.573.298	16.963.485



INVESTMENTS

BRIM

In May 2018, Ú.R. (previously known as Brim) had the unique opportunity for a takeover bid of HB Grandi, now known as Brim. Since then, two key asset sales were made to Brim: Ögurvík and Icelandic Asia.

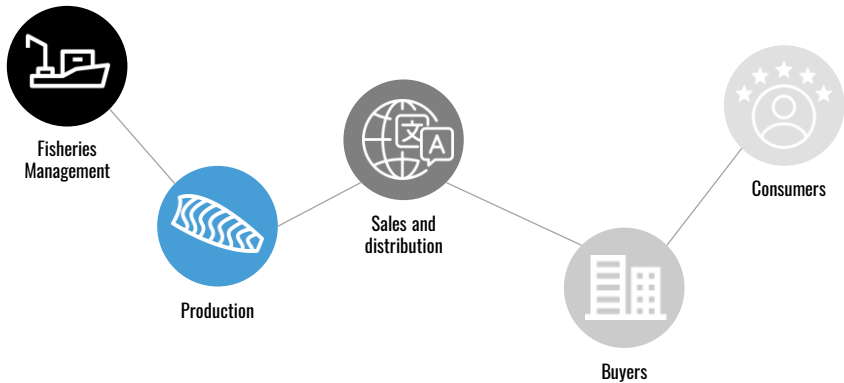
As at 31 December 2020, Ú.R. held 33.92% shares in Brim through direct ownership and 10.05% through RE-13 with a total book value of EUR 198.7m. Brim 2020 allocated profit to Ú.R. totaled EUR 12.9m, up by 9.9% from 2019 with a return on investment of 5.3%.

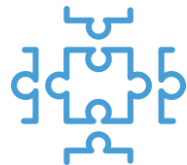
For more information, go to www.brim.is/brim/english/brim/investor-relations/

In Euros	2020	2019
Consolidated Brim earnings to Ú.R.	12.911.790	11.749.468
Book value of Brim shareholding as at year end 31 December	198.746.570	234.729.566
Book value of Brim indirect shareholding through RE-13 as at 31 December	42.656.602	37.755.185
Return on total investment	5.3%	4.3%



Deeper Vertical Chain for North Atlantic Seafood





INVESTMENTS

ARCTIC PRIME FISHERIES (APF)

In October 2013, Ú.R. became an investor in APF, a fisheries company in Greenland. APF has two vessels and operates the four Arctic Prime Production processing plants owned by Ú.R, which service over 180 local fishing boats. The main objectives were to secure seafood quota across the North Atlantic for key species and to build up the seafood expertise in Greenland with a positive impact on their communities.

Since then, Ú.R. actively supports APF with training programs and exchanges for the employees, which has helped to raise overall knowledge.

To further strengthen APF, Ú.R. sold a portion of its shareholding to Brim in return for a direct investment through loans of EUR 85m. Ú.R. Group’s shareholding decreased from 33% to 16.5%.

Ú.R. actively supports APF with training programs and exchanges for the employees, which has helped to raise overall knowledge.

Ú.R. also has related party claims to APF for a total of EUR 26m as at 31 December 2020.

The quota system in Greenland is based on a grandfather rights system (hefðarréttur). This is the quota allocated to APF:

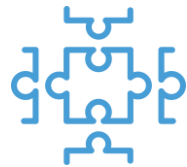
- Cod: 10.000 tons
- Mackerel: 10.000 to 12.000 tons
- Halibut: 800 tons
- Redfish: 800 tons
- Herring: 5.000 tons



Ilivileq - GR-2-201 (2020)



Tasermiut GR-1-103 (1988)



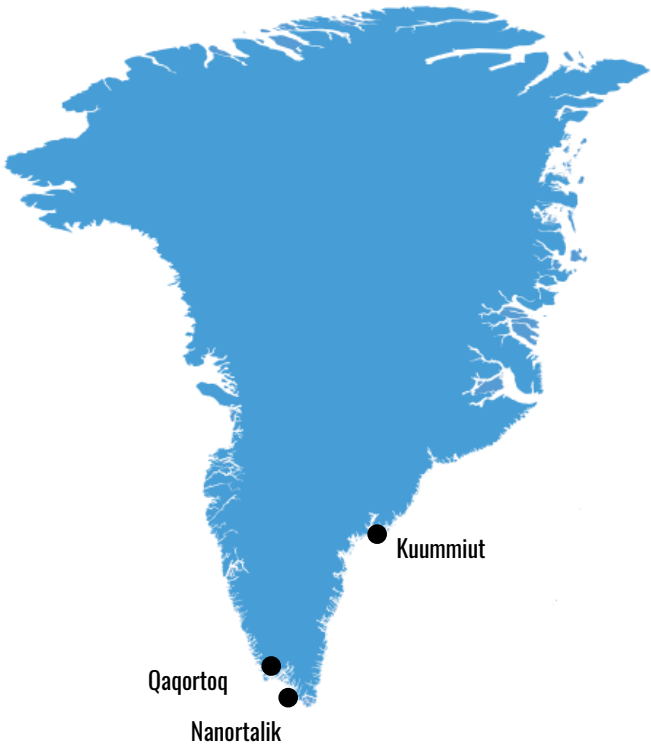
INVESTMENTS

ARCTIC PRIME PRODUCTION (APP)

Ú.R. has 100% ownership in APP with three fish processing plants in Greenland since 2013.

This is a real estate investment and Arctic Prime Fisheries operates the processing plants.

As at 31 December 2020, nominal value was DKK 34.5m and book value was EUR 0. Revenues totaled EUR 413k for 2020.





INNOVATION

ÚR Innovation

During the year, Ú.R. established the subsidiary ÚR Innovation hf. The purpose of the company is for making investments in innovation and product development, with a focus on sustainability.

The first investment made in 2020 was a 25% share in the associated company Zym Ice, specializing in the product of food supplements from salmon fish protein known as Unbroken® Real Time Recovery. Zym Ice is an Icelandic company that operates a factory in Norway and two sales offices in the Unites States and Europe. The investment strengthens Zym Ice's position and accelerates the development and distribution of the company's products on the international market. The purchase price was paid in cash.

Unbroken® RTR is a revolutionary nutritional supplement based on years of research and development. Consumers have purchased from 25 countries in Europe and North America. The main markets are in the field of sports, health and nutrition. The specialty of the product is its 100% natural composition, which is made from salmon cuts. Its use greatly accelerates the absorption of nutrients in the muscles and strengthens the immune system. Unbroken® RTR is certified as a safe product (GRAS) by the US Food and Drug Administration (FDA) and the rules of the International Anti-Doping Agency (WADA) are followed in its production.

With this investment, Ú.R. is taking the first step towards the utilization of marine biotechnology to maximize the value of marine products.



ÚTGERÐARFÉLAG
REYKJAVÍKUR HF.

FINANCIAL
PERFORMANCE
OVERVIEW





INCOME STATEMENT

Amounts in EUR	2020	2019
Operating revenue	31.851.289	38.366.509
Cost of goods solds	(26.274.768)	(31.511.293)
Gross margin	5.576.521	6.855.216
Other income and capital gains	2.823.972	24.296.230
Other operating expenses	(936.864)	(1.910.388)
Depreciation of fixed assets	(1.297.624)	(481.271)
Operating profit	6.166.005	28.759.787
Impact of subsidiaries and affiliates	11.370.264	10.546.581
Net finance costs	(11.848.555)	(4.826.133)
Impact of court case	0	(22.559.886)
Profit before taxes	5.678.714	11.920.349
Income tax expense	785.788	(46.583)
Profit from continuing operations	6.473.502	11.873.766
Sold business units	0	19.960.881
Profit for the year	6.473.502	31.834.647

Business focus:

- Gain access to quota and key species to maximize revenues and margins.
- Focus on efficient operations for both Ú.R. and its invested companies. High variable costs that are directly linked to revenues and pricing fluctuations ensures the business is flexible to absorb any reduction in production.
- Leverage opportunities for vessel utilization where best allocated between Iceland and Greenland.
- For longer-term profitability, Ú.R. continues to focus on innovation and higher margins in profitable, growing markets.

Financial highlights:

- COVID-19 has a negative impact on the sales price and short-term profitability. Demand reduced significantly in the hospitality sector. To counter this impact, Ú.R. shifted the catch to species that had market demand. With this approach, there was minimal impact with consistent year-on-year revenues and PBT.
- As costs are highly variable, with reduction in line with reduced sales.
- In net finance costs, there was a EUR 3.7m loss on the sale of shares in Kristján Guðmundsson ehf due to FX translation differences, although the shares were sold for the same amount purchased in Icelandic krona. In addition, Ú.R. reversed accrued interest charges totaling EUR 3.7m to APF, which were written off.



BALANCE SHEET: ASSETS

Amounts in EUR	31.12.2020	31.12.2019
Fixed assets		
Fishing rights	81.557.200	81.557.200
Property, plant and equipment	27.285.736	5.647.626
Holdings in subsidiaries and affiliates	242.538.845	254.606.041
Holdings in other companies	1.439.575	1.420.881
Bonds and other long-term assets	26.018.577	51.144.864
	378.839.933	394.376.612
Current assets		
Inventories	1.450.575	1.473.590
Trade receivables	204.105	2.739.377
Related party receivables	22.302.905	3.277.134
Other short-term receivables	2.506.104	1.436.365
Bond and other I-t assets due in the next year	13.827.313	24.680.997
Cash	9.579.587	9.039.405
	49.870.589	42.646.868
Total assets	428.710.522	437.023.480

Business focus:

- Maintain strong working capital and liquidity, especially to cover monthly cyclical movements. Business cyclicity is stable throughout the year with fishing all year round and sales of frozen products.
- Close relationships with customers for sales and receivables management.
- Mix of revenues generated by investments in key companies, Brim and APF.

Financial highlights:

- Ú.R repurchased its trawler, Guðmundur í Nesi, from APF for a total of EUR 22m, financed through the reduction of bond holdings.
- Ú.R. created the ÚR Innovation subsidiary with a corresponding investment of EUR 1m.
- Related party receivables increased from EUR 3.3m to EUR 22m due in 2021. This relates to the sale of shares in Kristján Guðmundsson ehf., an indirect shareholder of Ú.R.. Through this sale, Guðmundur Kristjánsson became a 100% shareholder in Ú.R.



BALANCE SHEET: EQUITY AND LIABILITIES

Amounts in EUR	31.12.2020	31.12.2019
Equity		
Share capital	5.128.322	5.128.322
Share premium account	107.235.415	107.235.415
Statutory reserve fund	1.282.083	1.282.083
Translation differences	2.429.173	173.773
Restricted capital account	22.422.951	15.727.238
Unallocated own shares	105.328.957	107.117.545
Equity	243.826.911	236.664.386
Long-term liabilities and obligations		
Liabilities to financial institutions	131.825.000	139.125.000
Income tax liability	25.694.180	26.905.203
	157.519.180	166.030.203
Short-term liabilities		
Promissory notes	17.808.680	0
Trade payables	868.022	1.396.379
Next year's installments on long-term debt	7.300.000	6.875.000
Unpaid calculated taxes	206.776	0
Liabilities to related companies	100.503	1.578.954
Liability due to court case	0	22.559.886
Other current liabilities	1.080.450	1.918.672
	27.364.431	34.328.891
Total liabilities	184.883.611	200.359.094
Total equity and liabilities	428.710.522	437.023.480

Business focus:

- Maintain a strong equity ratio at over 50%. Focus is on reinvesting profits for business growth – both organic and for acquisition.
- A new dividend policy was approved in 2020 to pay 50% of net profit to shareholders, subject to meeting Ú.R.'s loan facilities conditions.
- All credit facilities are provided by Landsbankinn and denominated in Euros.
- In 2020, Ú.R. issued promissory notes in Icelandic krona for the first time as the market had favorable interest rate conditions. The purpose is to diversify liquidity and currency risk..

Financial highlights:

- Ú.R. paid down its banking facilities by EUR 7.3m.
- With the EUR 17.8m funding raised through the promissory notes, this contributed to the repayment of the liabilities related to the Glitnir court case of EUR 22.6m.
- Ú.R. has no outstanding court cases.



CASHFLOW

Amounts in EUR	2020	2019
Operating activities		
Operation profit	6.166.005	28.759.787
Depreciation and amortisation	1.297.624	481.271
Gain on disposal of property, plant and equipment	12.951	(22.078.673)
Working capital generated from operations	7.476.580	7.162.385
Inventories, decrease (increase)	23.015	2.647.277
Change in operating assets and liabilities	(21.342.634)	(2.775.746)
Cash from operations without interest and taxes	(13.843.039)	7.033.916
Interest and dividends paid	47.664	1.343.172
Interest paid	(4.641.460)	(7.952.387)
Exchange rate difference, received (paid)	84.414	743.798
Income tax paid	0	(2.069.224)
Net cash generated by operating activities	(18.352.421)	(900.725)
Financing activities		
(Purchased), sold catch quotas	0	(11.998.235)
Proceeds from disposal (purchase) of fixed assets	(11.713)	(1.713.470)
New bonds	(5.383.257)	(15.443.652)
Bond repayments	13.041.946	16.407.979
Net shares sold (purchased)	(18.694)	0
Dividends from affiliates	3.313.537	4.007.126
Net shares sold (purchased) in subsidiaries	2.439.914	5.662.079
Increase / (decrease) in claims from related companies	(965.843)	2.495.604
	12.415.890	(582.570)

Amounts in EUR	2020	2019
Financing activities		
Dividends paid	(2.169.869)	0
Repayments of long-term debt	(6.875.000)	(166.834.798)
New long-term debt	0	146.000.000
New promissory notes	16.992.250	0
Reduction of debt to related companies	(1.470.668)	(72.079)
	6.476.713	(20.906.877)
(Decrease) increase in cash	540.182	(22.390.172)
Cash at the beginning of the year	9.039.405	31.429.577
Cash at the end of the year	9.575.578	9.039.405

Business focus:

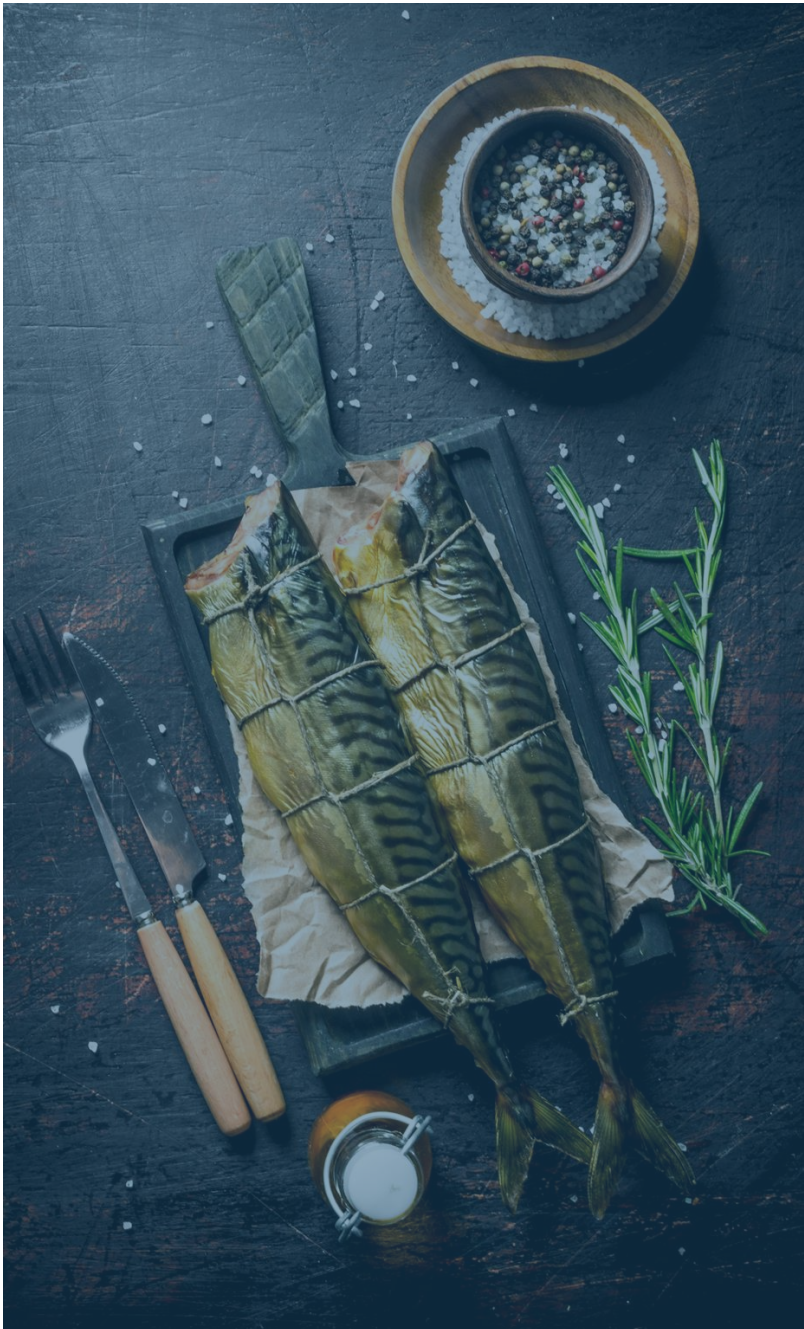
- Generate profit for reinvestment into the company to finance the operations. A new dividend policy was approved in 2020 to pay 50% of net profit
- Ú.R. strives to maintain a minimum of EUR 7m in cash liquidity.

Financial highlights:

- Ú.R. issued promissory notes totaling an equivalent of EUR 17m.
- Ú.R. paid down EUR 7m of its credit facilities with Landsbankinn.
- Maximum dividends proposed total EUR 3.2m for payment in 2021.

ÚTGERÐARFÉLAG REYKJAVÍKUR HF.

INVESTORS





CORPORATE GOVERNANCE



Magnús Helgi Árnason
Chairman of the Board
since November 2019



Agnes Guðmundsóttir
Joined the Board
in April 2016



Rebekka Guðmundsóttir
Joined the Board
in April 2016



Runólfur Viðar Guðmundsson
Chief Executive Officer
since September 2018

Ú.R. is a limited liability company operating under Act No. 2/1995 respecting Public Limited Companies. Under its Articles of Association, the Company is governed by shareholders’ meetings, the Board of Directors and the Chief Executive Officer.

The Company’s Articles of Associations make up the framework for the Corporate Governance practices for Ú.R.. Reference is also made to the Icelandic Guidelines on Corporate Governance are published by the Iceland Chamber of Commerce, SA Business Iceland and Nasdaq Iceland.

Board of Directors

At the Annual General Meeting of the Company, three members are elected to the Board of Directors.

The Board of Directors holds the supreme authority between shareholders meetings and promotes the development and long-term performance of the Group and the supervision of its operations. Together with the CEO, they formulate the strategy, policies, and set goals and risk parameters for the organization.

The Board is responsible for the recruitment and dismissal of the CEO. The Rules of Procedure for the Board of Directors and are supplementary to the Articles of Association.

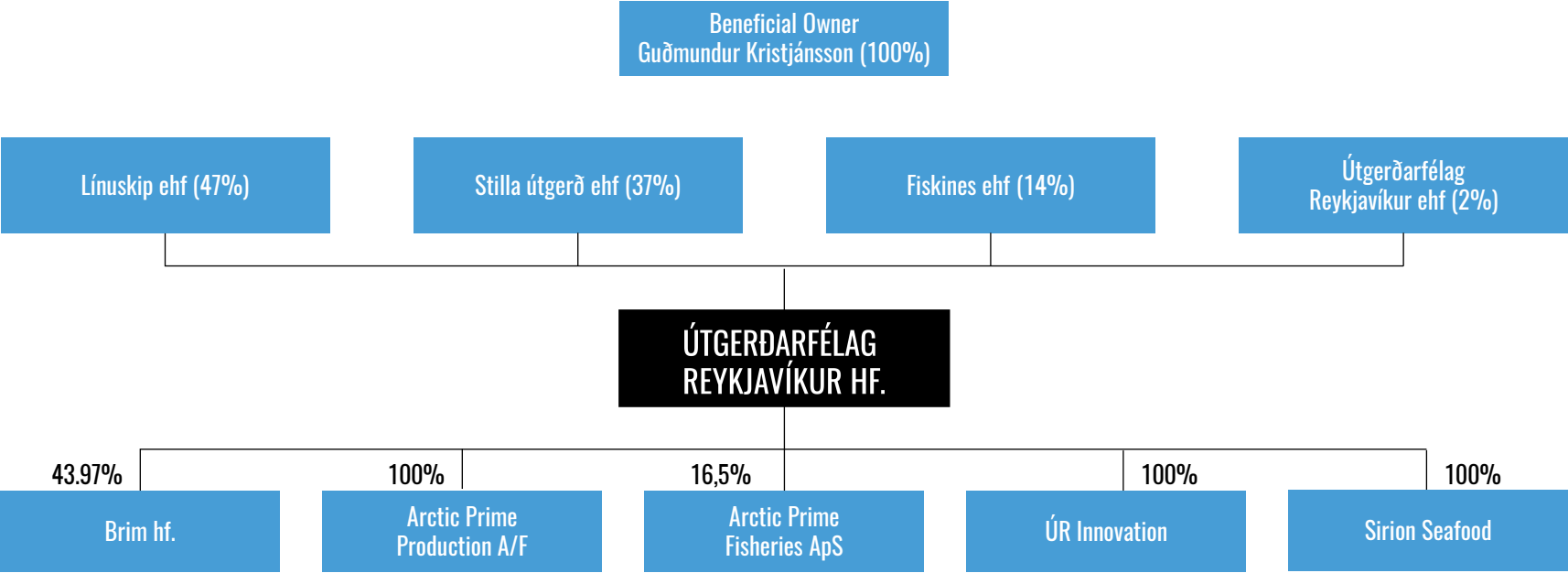
Chief Executive Officer

The CEO carries out the day-to-day operations of the Company and must, in this respect, follow the policies and instructions laid down by the Board and abide by laws and regulations. The CEO must at all times conduct his work with integrity and takes account of the Company’s interests.



SHAREHOLDER INFORMATION

Guðmundur Kristjánsson is now 100% beneficial owner of Ú.R. as per the investment structure seen below¹.



1. Shareholder information updated as of 29 March 2021



RISK MANAGEMENT

Ú.R.'s business activities are exposed to a variety of risk factors related to its operations and financials. Effective risk management is important to minimize the risk of material misstatements and for the business to perform.

The following description of risk factors is not complete and is not listed in any order of priority.

Fishing rights

The core assets on Ú.R.'s balance sheet is fishing rights. To avoid concentration of risk in both supply and demand, Ú.R. holds a diverse portfolio of quota of fish species. As well, it has invested in Brim and APF to secure fishing rights in the North Atlantic.

Credit risk

Ú.R.'s credit risk mainly related to accounts receivables from customers that would not be able to pay for goods sold. To minimize this, Ú.R. takes credit risk insurance to cover receivables for third-party customers or when not in place, to require pre-payments.

Liquidity risk

Historically, Ú.R. has controlled liquidity risk by maintaining access to appropriate loan facilities with its main lender. Cash flow is monitored on a daily basis, with set buffers for its operational needs. To diversify the risk concentration with its lender, Ú.R. issued promissory notes for the first time in 2020.

Currency risk

Ú.R.'s reporting currency is the Euro. Its long-term debt is in Euros. Sales are in major currencies, including the Euro, the US dollar, Yen and the British Pound. Operational costs are split between employee costs in Icelandic krona and oil in US dollars. Its credit lines are in Euros. To naturally hedge the employee costs, the new promissory notes were issued in Icelandic krona.

Accidents and incidents

The fisheries sector is one of the highest risk-sectors. Fishing methods, vessels and equipment have improved dramatically over time. Ú.R. places high emphasis to ensure top health and

safety of its employees, with special emphasis on the operations of its vessels and crew.

COVID-19

Since early 2020, COVID-19 is one of the highest risk factors for Ú.R., both for its personnel and its seafood sold around the world. Ú.R. has implemented strict operating procedures at all levels of the company with clear separation of teams and tasks, as well as top hygiene standards for disinfection to avoid any spread of COVID-19.

Insurance

Ú.R. has appropriate insurance policies in place, which provides insurance cover against products and property damage, certain delays, general liability and environment liability in accordance with normal practice within the industry.

ÚTGERÐARFÉLAG
REYKJAVÍKUR HF.

ENVIRONMENT,
SOCIAL AND
GOVERNANCE
REPORT





OUR AREAS OF FOCUS

Ú.R.'s motto is respectful knowledge of the ocean's resources. The vision is to honor the modern demand for profitable management. The company values of initiative, reliability and respect are reflected in Ú.R.'s responsible and sustainable utilization of the ocean's resources.

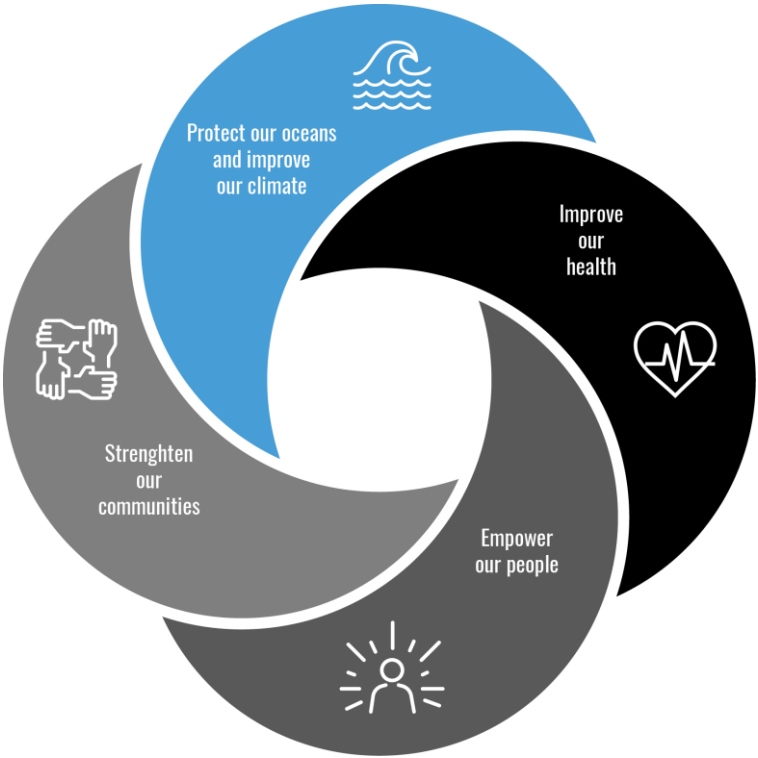
The dynamic team of highly competent staff drives the steady flow of progress and improvements. With the focus on dependability, Ú.R. takes care to adhere to its own high standards and does so by maintaining a close and strong relationship with customers and staff. Respect for and knowledge of the ecosystem, fishery resources and environment are at the core of all the company's operations.

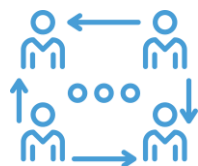
The company's wealth of knowledge and experience, strong management and talented staff in combination with fishing quotas and capital, ensure that Ú.R. is well-placed to achieve results and become one of the foremost companies in the Icelandic fishing industry.

As part of this, Ú.R. has four strategic focus areas relating to the ESG framework:

- Protect our oceans and improve our climate
- Improve our health
- Empower our people
- Strengthen our communities

Ú.R. is proud to issue its first ESG report, with focus on its approach and impact in these key areas.





STAKEHOLDER ENGAGEMENT

Ú.R. has a wide range of stakeholders, all of whom play a key part in its business with impact in the overall supply chain and society. Ú.R. values the leadership and actions by its stakeholders and take this into consideration in overall decision-making relating to strategy and execution.

Ú.R.'s objective is to ensure good and transparent communication with all stakeholders.

Materiality analysis

For this first ESG report, Ú.R. conducted a study in early March 2021 to obtain feedback from stakeholders in relation to the materiality analysis seen on the following page.

This study was done by an online survey sent to its stakeholders. A total of 58 responses were received from 202 individuals from 88 stakeholders.

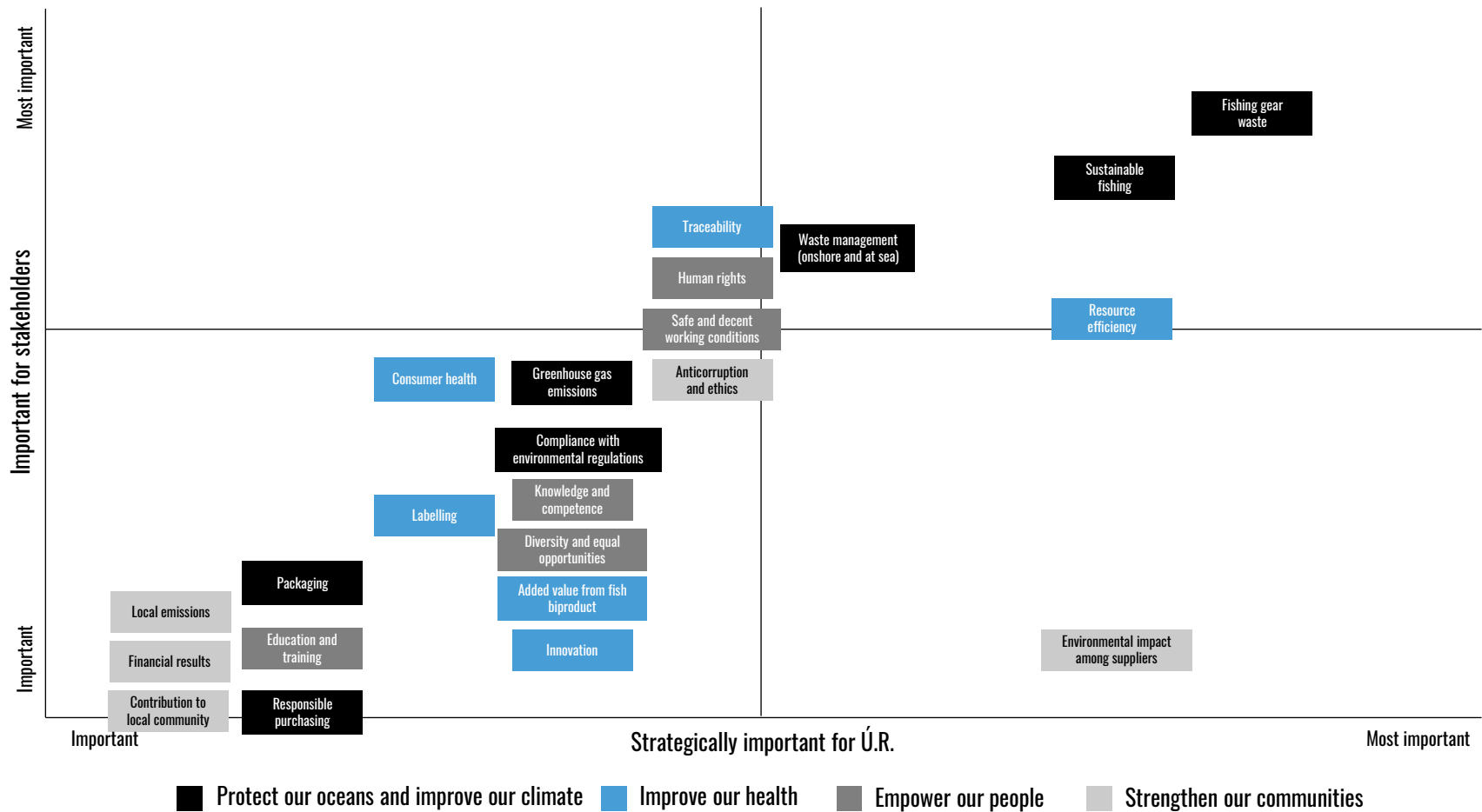
The importance attached to each item is an average taken of all responses received. The rating scale was 1 to 5, with 1 being not important at all to 5 being very important.

The conclusion shown in the chart on the following page shows that all factors are significant to the stakeholders and Ú.R. The average for each point answered had a ranking between 4 and 5.

Business Partners Suppliers Contractors Service providers Financial institutions	Internal Influences Board of Directors Management Shareholders Employees
Customer Groups International clients Domestic clients	External Influences Trade unions Government & regulatory agencies Industry associations Advocacy groups Research organizations



MATERIALITY ANALYSIS





WORKING TOWARDS UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Developments Goals (SDGs) were launched in 2015 to achieve a better and more sustainable future for all. All 193 UN nations have participated in compiling 17 specific goals. They address the global challenges including poverty, inequality, climate change, environmental degradation, peace and justice¹.

There are eight SDGs which are directly linked to Ú.R.'s strategic focus areas for greatest impact to help contribute to the UN's SDGs. Ú.R. is committed to help reach these SDGs directly through its operations, investments and together with its stakeholders.

Information on how Ú.R. contributes to these eight SDGs is found on the following page.



1. United Nations Sustainable Development Program - sdgs.un.org



WORKING TOWARDS UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



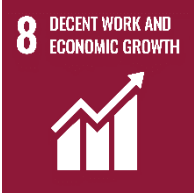
Ensuring the sustainability of fish stocks coupled with maximizing fish utilisation helps to contribute to reduce hunger. Ú.R. focuses on active participation in its own operations and together with its investments in Brim, APF and UR Innovation.



North Atlantic fish are a lean, healthy source of protein and contribute to healthy lives through mental and physical development. Ocean perch (rockfish) and flatfish (sole and flounder), core species fished by Ú.R., are ranked in the top 10 most nutritious foods¹. Ensuring sustainability and maximizing fish utilization helps contribute to good health.



Iceland leads the way to women’s equality in the workplace, which has a positive impact on improving gender equality around the world. Whilst the seafood industry is heavily dominated by men, it is Ú.R.’s priority to support women at all levels. Two of three board members are women. In 2022, Ú.R. will implement Equal Pay Certification.



The core asset to Ú.R.’s business is its people. Health and safe working conditions are the top priority, whether at sea, on land or at the office. A large portion of the employees are union members. Ú.R. ensures its fulfilment of all statutory rights of employees, equality in the workplace and honoring the collective wage agreements.



To support responsible consumption and production, Ú.R. focuses on resource efficiency by limiting unwanted by-catch, maximizing fish utilization, recyclable materials purchased and energy efficiency on sea and at shore. Recycling of fishing gear & packaging, as well as oil usage & recycling, have the biggest direct impacts from Ú.R. in the supply chain.



The greatest environmental impact of Ú.R.’s operation is fuel use. The CO₂ emissions per kilo of caught seafood is 1.2, amongst the lowest for animal protein. However, Ú.R. continuously focuses on reducing its usage with improvements in operational effectiveness. Post all fishing tours, the recycled oil is also sold as factory fuel.

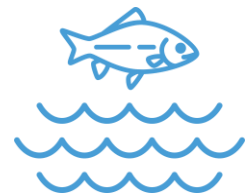


Respectful knowledge of the ocean’s resources is Ú.R.’s motto. Ú.R. actively engages on sustainability of North Atlantic seafood as a member of Responsible Fisheries Iceland and being an original signatory to its sustainability policy, government cooperation and continued innovation.



Ú.R. has a wide range of stakeholders, with whom it collaborates for shared knowledge and cooperation. These stakeholders include suppliers, buyers, authorities, associations, unions, research organisations, the Ú.R. Board of Directors and its employees. This in turn strengthens the means for implementation of sustainable development.

1. BBC: The world’s most nutritious foods.



ENVIRONMENT

Sustainable fisheries

Fisheries and fish processing are still one of the main pillars of export activities in Iceland. The Icelandic Fisheries Management Act (No. 116/2006) is based on the United Nations Convention on the Law of the Sea. It is designed with sustainability of fish stocks in mind.

Each year, the total allowable catch (TAC) is set by the Ministry of Fisheries, after the Ministry has received advice from the Marine Research Institute based on a biological assessment of the stocks and forecasts for their development in the near future. The quota shares that determine each year's quotas must be registered to a fishing vessel. A vessel's annual quota for a species is equal to its quota share for that species multiplied by the TAC, after adjusting for special allocations; e.g. for regional support and coastal fisheries of small vessels. Quota shares and annual quotas are transferable and can be traded on the quota market, subject to certain restrictions. The law prescribes maximum holdings of quotas, or 12% of total quotas, by individual fishing companies, both for individual species and in the aggregate.

Ú.R. is one of the largest holders TAC quotas in Iceland. Conservation of the environment has

always been among its highest priorities because Iceland is a country that depends highly on natural resources and their sustainable management. Ú.R. is aware of the dangers that overfishing poses to the environment as well as the economy. Ú.R. is thereby committed to the sustainable and responsible harvesting of Icelandic fisheries and seek to be in harmony with the environment.

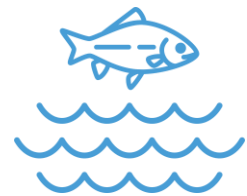
Ú.R. is a stakeholder in the ISF (Iceland Sustainable Fisheries) which is a signatory affiliate with the Marine Stewardship Council. The MSC is a voluntary certificate program that upholds the strictest international standards ensuring sustainable fish stocks, minimized environmental impact and effective management for fisheries around the world. Ú.R. holds certification from both ISF and MSC. The total percentage of quota held with MSC certification is 75%.

In October 2020, the company members of Responsible Fisheries (Samtök fyrirtækja í sjárvarútvegi or SFS) agreed on a social responsibility policy that is based on the UN Sustainable Development Goals. Ú.R. is proud to be one of the original signatories and is committed to shoulder its responsibility and promote transparency.

Traceability and quality

The Directorate of Fisheries of Iceland (Fiskistofa), on behalf of the Ministry of Fisheries, distributes the quotas and oversees the daily operation of the individually transferable quota system. The Directorate collects data on landed catch from ports of landing in real time as well as information on processing and exports of fish products done through electronic surveillance¹.

1. fiskistofa.is



ENVIRONMENT

Greenhouse gas emissions

Ú.R.'s business is purely on seafood catch. Processing and distribution are outsourced. The greatest environmental impact of Ú.R.'s operation is the fuel use, which represents 98.6% of its energy mix. All electricity purchased is renewable energy. With the improvement of trawler technology, focus on key seafood species, and operational effectiveness of the operations, fuel usage has reduced dramatically in Iceland and also at Ú.R. For this report, direct emissions are reported. Ú.R. will look to quantify indirect emissions for the next report.

All waste oil is sent for recycling to Hreinsitækni according to an agreement with the Recycling Fund. The recycled oil is then sold as factory fuel.

The CO₂ emissions per kilogram of caught seafood at Ú.R. is 1.2. This is 10 to 50 times lower than most animal-based products.

Waste management

Ú.R.'s overall objective is to minimize and sort waste throughout its operations, 84% of which was recycled in 2020. Through outsourcing, there are sorting stations for recyclable materials and general waste. Information is recorded electronically using smart scales and smart containers.

Ú.R. sells all of its catch as 100% (excluding guts) whole to processors and distributors, therefore the fish utilization is 100%.

Iceland leads globally in fish utilization, where for example there is 80% utilization of cod while the average in the North Atlantic is closer to 45%. By increasing the amount of each fish used, it becomes possible to create more value from fewer resources.¹ As a member of Fisheries Iceland and being a signatory to its social responsibility policy, Ú.R. is committed to innovation. In 2020, Ú.R. invested ISK 150m in an investment company called ÚR Innovation, which is focused on biotechnology and reduction of environmental impact.

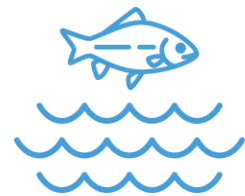
Fishing Gear Waste

In March 2021 Iceland became a member of the Global Ghost Gear Initiative (GGGI) – the world's largest cross-sectoral alliance committed to driving solutions to the problem of lost, abandoned and discarded fishing gear worldwide². All fishing gear in Iceland must have integrated AIS tracker technology recorded in real time and is assigned to each vessel. Since 2005, all fishing gear lost at sea is to be collected by either the assigned vessel or whichever vessel is in its nearby vicinity.

In 2021, Ú.R. started tracking net weight return of fishing nets after each trip with results to be published in the next ESG report. There were no mishaps during the year where fishing gear was lost at sea.

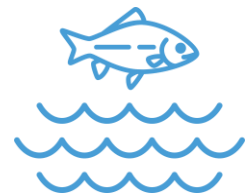
Ú.R. proactively manages the disposal of fishing gear waste. All unusable fishing nets are sent for recycling in Denmark.

1. sjavarklassin.is 2. ghostgear.org



ENVIRONMENT

Nasdaq	Description	Unit	2020	Comment
E.1	Direct and Indirect GHG Emissions			
E.1.1	GHG Emissions	mCO2e	15,821	2020 results are on direct GHG emissions only.
E.1.2	Carbon offsets	mCO2e		
E.1.3	Net operational carbon emissions	mCO2e	15,821	
E.2	Emissions Intensity Scope 1, 2 13)			
E.2.2	Emission intensity per revenues	mCO2e/EURm	527	
E.2.3	Emission intensity per quota	mCO2e/ton	1	
E.2.4	Emission intensity per total assets	mCO2e/EURm	37	
E.2.5	Emission intensity per employee	tCO2e/E	264	
E.3	Direct & Indirect Energy Consumption (E3 UNGC-P7 GRI: 302-1 SDG 12)			
E.3.1	Total energy consumption	kWh	46,342,906	2020 results are on direct energy consumption only.
E.3.1.1	Of which energy from fossil fuel	-	45,706,226	
E.3.1.2	Of which energy from electricity	-	95360	
E.3.1.3	Of which energy from hot water	-	541320	
E.4	Energy Intensity (E4 UNGC-P7, P8 GRI: 302-3 SDG 12)			
E.4.1	Energy intensity per revenues	kWh/EUR	1,544,764	
E.4.2	Energy intensity per total assets	kWh/EUR	106,294	
E.4.3	Emission intensity per quota	tCO2e/ton	1,589	
E.4.4	Energy intensity per employee	kWh/E	1	
E.5	Energy Mix (E5 UNGC-P7 GRI: 302-1 SDG 7)			
E.5.1	Oil	%	99%	2020 results are on direct energy mix only.
E.5.2	Electricity	%	1%	
E.5.3	Natural Gas	%		
E.5.4.	Renewable resources (hydro, geothermal, solar, wind)	%		
E.5.5	Carbon footprint: CO2 emissions	CO2/kg fish	1.2	



ENVIRONMENT

Nasdaq	Description	Unit	2020	Comment
E.6	Water Management (E6 UNGC-P7 GRI: 303-5 SDG 6)			
E.6.1	Total water consumption	m3	127	
E.6.2	Total amount of water reclaimed	m3	0	
E.6.a	Waste Management			
E.6.a.1	Total Waste	MT	204,115	
E.6.a.1.1	Of which waste recycled	-	171,635	
E.6.a.1.2	Of which waste not recycled		32,480	
E.6.a.2	Total waste generated per employee	MT/E	3,402	
E.6.a.3	Total waste generated per revenue	MT/EURm	6,804	
E.6.b	Fisheries specific KPI			
E.6.b.1	Total amount of fish utilization	%	100%	
E.6.b.2	Total fishing gear recycled and reused	%	100%	
E.6.b.4	Net weight return % of fishing nets	%		No fishing gear was lost at sea. Percentage to be reported in 2021.
E.7	Environmental Operations			
E.7.1	Environmental Policy approved by the Board	yes/no	no	
E.7.2.	Company follows specific waster, energy, and/or recycling policies	-	no	
E.7.2.	Company uses a recognized energy management system	-	no	
E.8	Climate Oversight / Board			
E.8.1	Board oversees and/or manages climate related risks	yes/no	yes	
E.9	Climate Oversite / Management (E9)			
E.9.1	Does your Senior Management Team oversee and/or management climate related risks?	yes/no	yes	
E.10	Climate Oversight / Management			
E.10.1	Total amount invested, annually, in climate-related infrastructure, resilience and product development	EUR	0	
	Certified Sustainable Seafood			
	Quota held with MSC certification	%	75%	



SOCIAL

Human resources

The core asset to Ú.R.'s business is its people and ultimately to their families.

Ú.R.'s objective is to provide excellent working conditions, whether at sea, on land or at the office, in order to attract top talent in the seafood sector.

A large portion of the employees are union members at 73%. Ú.R. ensures its fulfilment of all statutory rights of employees, equality in the workplace and honoring the collective wage agreements.

In 2020, the average headcount was 68, down from 82 in 2019. The reduction was mainly due to the reduced demand resulting from COVID-19 and decommission of a trawler.

Equal opportunities

The seafood industry is heavily dominated by men. This is reflected in Ú.R.'s operation, where only 9.1% of the workforce is made up by women.

Ú.R.'s pay structure is at the top end of the market to attract top talent. In 2019, Ú.R. employees ranked 7th highest average salaries compared to all Icelandic companies as per Frjáls Verslun 300 Stærsta.

The average monthly salaries cost per employee are high

at EUR 17.4k since seamen receive pay in accordance with a share allotment system on the fishing catch. This is also reflected in the gender pay ratio of 0.44, since all women employed hold office positions.

It is Ú.R.'s priority to support women at all levels. At present, two of three Board Members are women. Ú.R. has the objective of implementing Equal Pay Certification by the end of 2022.

One of the Board Members, Agnes Guðmundsdóttir, is active in promoting women in the Icelandic seafood industry. She is currently the Chair of the Association of Women in the Marine Industry (Konur í sjávarútvegi).

Overall, there is a flat pay structure within Ú.R. where the CEO pay ratio is 1.7 times the average company salary.

Health and safety

The fisheries sector is one of the highest risk-sectors. Ú.R. places strong emphasis to ensure top health and safety of its employees, especially with the operations of its vessels and crew.

Ú.R. has implemented the following policies in relation to health and safety:

- Health policy: to promote that employees are protected against health hazards and health damage at work

- Occupational health and safety policy: protection plan and risk assessment of the trawler(s) and its crew, including safety representatives

All injuries and incidents are immediately recorded with a full review conducted to identify the cause and prevention going forward. For the employee, Ú.R. has a company doctor on call for accidents and rehabilitation program. In 2020, there were 0.1 incidents per employee.

Since early 2020, COVID-19 is one of the highest risk factors for Ú.R., both for its personnel and its seafood sold around the world. Ú.R. has implemented strict operating procedures at all levels of the company with clear separation of teams and tasks, as well as top hygiene standards for disinfection to avoid any spread of COVID-19.

Learning and development

Ú.R. is committed to developing the skills and knowledge of its employees. There is a wide range of skills required at various levels.

With COVID-19, Ú.R. took the opportunity to invest in more training. In 2020, there was an average of 35 hours of training per employee, which is higher than average. Training is both general and industry related, such as HACCP and total quality management.



SOCIAL

Policies

In addition to the Health and Safety policies mentioned, these are the policies that have been put in place by Ú.R.:

- Gender and equality action plan
- Personnel policy and action plan
- Crisis policy and action plan
- Privacy policy in line with GDPR
- Whistleblower policy

The Social Responsibility Policy by Fisheries Iceland, signed by Ú.R., contains the requirement to adhere to all laws relating to Human Rights, Child and Forced Labor

Ú.R. will look to an Ethics & Anti-Corruption policy in 2021. This is also a requirement of the Social Responsibility Policy with Fisheries Iceland.

Employee celebrations

Employee celebrations are an excellent way to bring together everyone at Ú.R. and also their

families. Many activities are organized over the course of the year, with the major ones being international trip organized every two years, Seaman’s Day event with families, Christmas gathers, yoga, dart competitions, bowling, golf, etc.

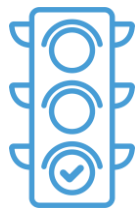
Community contributions

Ú.R. actively sponsors many competitions, sports organizations, and charities as part of its community contributions.



SOCIAL

Nasdaq	Description	Unit	2020	Comment
S.1	CEO pay ratio	Multiple	1.7	CEO salary / company average salary
S.2	Gender pay ratio	Multiple	0.44	Women salaries / men' s salaries
S.3	Employee turnover			
S.3.1	Full time employees	%	2%	
S.3.2	Part time employees	%	0	
S.3.3	Contractors	%	0	
S.4	Gender diversity			
S.4.1	Total women	%	9.1%	
S.4.2	Total men	%	90.9%	
S.5	Temporary Worker Ratio			
S.5.1	Total headcount held by part-time employees	%	--	
S.5.2	Total headcount held by contractors / consultants	%	--	
S.6.	Non-discrimination policy	yes/no	no	
S.7	Injury rate			
S.7.1	Injury rate	#accidents/E	0.1	
S.7.2	Training for employees	hours	2,121	
S.7.2	Training hours per employee	hours/E	35.4	Higher hours used for training with downtime due to COVID-19
S.8	Global health and safety policy	yes/no	yes	
S.9	Child & forced labor policy	yes/no	no	Covered in Social Responsibility Policy signed with SFS ¹
S.10	Human rights policy	yes/no	no	Covered in Social Responsibility Policy signed with SFS ¹



GOVERNANCE

Ú.R. is a limited liability company operating under Act No. 2/1995 respecting Public Limited Companies. Under its Articles of Association, the Company is governed by shareholders’ meetings, the Board of Directors and the Chief Executive Officer.

Ú.R. not only follows good governance within its own operations, but also takes an active position across its investments.

Board diversity

In Iceland, where companies have more than 50 employees, there must be at least 40% of both genders represented on their Boards.

At Ú.R., there is a total of three Board Members, of which two are occupied by women.

Collective wage agreements

73% of Ú.R. employees are unionized. Ú.R. focuses on maintain good relationships with the various unions. In addition, Ú.R. ensures its fulfilment of all statutory rights of employees, equality in the workplace and honoring the collective wage agreements.

Ethics and anti corruption





Ú.R. has zero tolerance towards corruption and holds itself and its invested companies to the highest ethical standards. In early 2021, a whistleblowing policy was put in place. Should any issues be identified, these are immediately addressed by the Board of Directors.

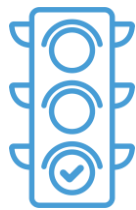
At Ú.R., all catch is fully transparent through the recording done by the Directory of Fisheries. However, with both investments in Brim and APF, the overall operations are more international in nature. Ethics are of highest priority to ensure top reputation across all stakeholders.

ESG reporting

Ú.R. is proud to issue this first ESG report. This report has been prepared internally in this first instance without external validation.

Ú.R. Values

 Transparency	 Trust
 Respect	 Common sense
 Long-term thinking	 Risk management
 Stakeholder relations	 Impact on society



GOVERNANCE

Nasdaq	Description	Unit	2020	Comment
G.1	Board diversity			
G.1.1	Total Board seats occupied by women	%	67%	
G.1.2	Committee chairs occupied by women	%	N/A	
G.2	Board independence			
G.2.1	Does company prohibit CEO from serving as Board Chair	yes/no	yes	
G.2.2	Total Board seats occupied by independents	%	33%	
G.3	Incentivized pay	yes/no	no	
G.4	Collective bargaining	%	73%	
G.5	Supplier code of conduct	yes/no	no	
G.5.1	Are vendors/suppliers required to follow a code of conduct?	yes/no	no	
G.5.2	If yes, what percentage of suppliers have formally certified their compliance with the code		0	
G.6	Ethics and anti-corruption			
G.6.1	Does your company follow an ethics and/or anti-corruption policy?	yes/no	no	To be completed in 2021
G.6.2	If yes, what percentage of your workforce has formally certified its compliance with the policy	%	0	
G.7	Data privacy			
G.7.1	Does your company follow a data privacy policy?	yes/no	yes	
G.7.2	Has your company taken steps to comply with GDPR rules?	yes/no	yes	
G.8	ESG Reporting	yes/no	yes	
G.9	Disclosure practices	yes/no	yes	
G.9.1	Sustainability data to sustainability reporting frameworks	yes/no	yes	
G.9.2	Focus on specific UN Sustainable Development Goals	yes/no	yes	
G.10	External validation and assurance	yes/no	no	

DISCLAIMER

This document has been prepared by the management team of Útgerðarfélag Reykjavíkur hf (“the Company”). This document includes business and operating data, assumptions and performance expectations of the Company’s management team based on currently available information.

By its acceptance hereof, each recipient agrees that neither it nor its agents, representatives, directors or employees will copy, reproduce or distribute to others this document, in whole or in part, at any time without prior written consent of the Company and that it will keep confidential all information contained herein and will use this document for the sole purpose of deciding whether to proceed with the proposed investment.

Furthermore, the projections presented in this document are subject to risks and uncertainties surrounding the industry the Company operates in and other factors beyond the control of the Company. The future performance of the Company may differ from what is presented here.

Accordingly, no guarantee is given as to the accuracy of forecasts, conclusions or projections contained in this document.

ÚTGERÐARFÉLAG
REYKJAVÍKUR HF.