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SUSTAINABILITY REPORT

22



BLUE LAGOON
ICELAND

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Key Figures for 2022

Investment in the development of infrastructure proved beneficial despite unpredictable circumstances, resulting in significant operational improvements

The year 2022 proved to be a significant turning point in Blue Lagoon's operations. At the beginning of the year, restrictions of gatherings of 20 people were still in place due to the COVID-19 pandemic. These restrictions were further tightened to only 10 people in mid-January, causing the company to mostly suspend operations. Restrictions were eased in mid-February and by February 25 all gathering restrictions were finally lifted.

The company has experienced a significant increase in the number of employees over the last year, reaching an average of 589 positions, compared to 396 in the previous year. This serves as a testament to the remarkable turnaround that took place in the company's operations. During the height of the pandemic, when gathering restrictions reached their peak and operations were scaled back, Blue Lagoon maintained a team of around 120 individuals. Amidst the challenges presented by COVID-19, the company was reminded of the crucial role human resources play in ensuring the continuity of operations, which reinforced Blue Lagoons' commitment to educating and supporting its staff in any way possible. Last February, Blue Lagoon was awarded the prestigious Education Award of the Federation of Icelandic Industries, a recognition that serves as a source of motivation for Blue Lagoon to continue its exceptional work.

During a year of great uncertainty, the company utilized its financial strength to reinforce infrastructure development. This decision has proved its worth as the operational efficiency has increased significantly. Refinements in experiential areas and a smoother visitor flow have improved guest satisfaction. Moreover, the company's revenue per employee has reached an all-time high, while the NPS score—a key metric measuring guest satisfaction—has seen notable improvement.

Focusing on sustainability is essential for a company's success. It not only results in increased efficiency, but also enhances organizational structure and aligns financial, social, and environmental goals. In line with this commitment, a new guiding principle, Wellbeing for People and Planet, was introduced this year.

A new organizational chart was implemented during the year to reinforce and enrich the company's long-term priorities in terms of future development and brand emphasis.

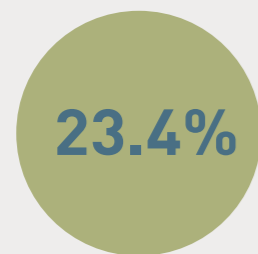
In 2022, preparation began for the company's registration to Nasdaq Iceland's Main List. However, the decision to proceed will depend on the progress of preparatory work and the prevailing market conditions.



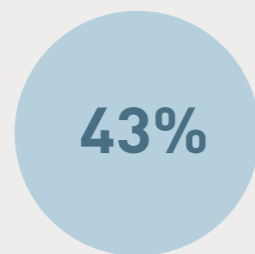
Positive turnaround and a strong financial standing

Despite restrictions on gatherings and the limited number of visitors to the country in the first half of the year, Blue Lagoon operations experienced a positive turnaround, securing the company a robust financial standing.

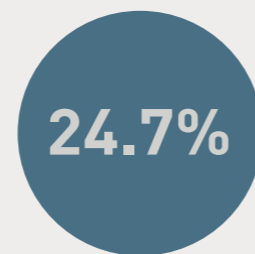
EBITDA



Equity ratio



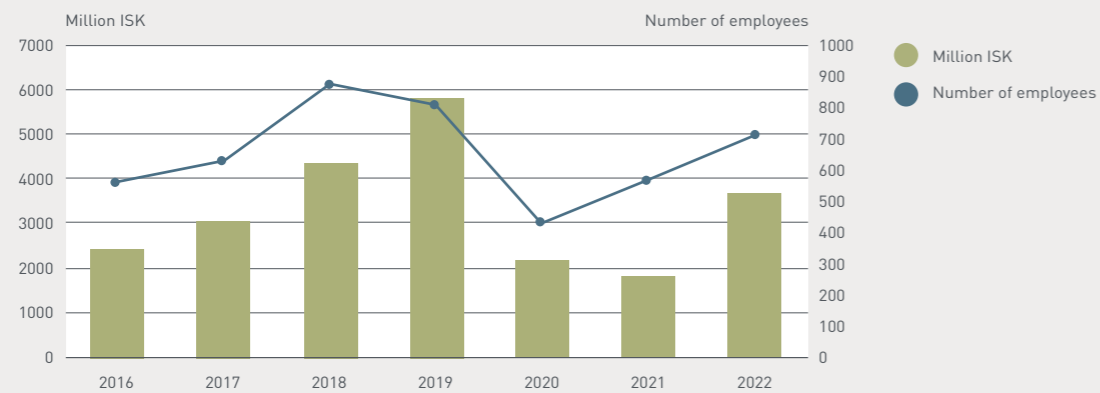
Return on equity



Contributing to economic growth

In 2022, the company's taxes and fees paid to state and local authorities totaled ISK 3.7 billion. This amount is more than four times the annual government funding allocated to nature conservation and developing infrastructure of tourist attractions across the country.

Tax footprint



Main focus areas 2023

Sustainability and environmental issues will remain focal points in accordance with the UN Sustainable Development Goals

The company's unwavering commitment towards providing an exceptional guest experience, promoting a positive company culture, increasing operational efficiency, and achieving continuous company growth has remained a top priority. The values internalized within the company's operational framework—We care, We respect, We bring joy, We create memories and the latest addition, We inspire—have served

as a guiding principle for Blue Lagoon for many years and will continue to do so. Blue Lagoon has actively focused on supporting and engaging with the United Nations Sustainable Development Goals. The company has chosen to direct special attention to goals no. 3, 7, 9, 12, and 13, addressing the areas of health and wellbeing, clean energy, innovation, responsible consumption and production, and climate action.



Key points	Definition	Long term goals 2020-2024
Guest experience	To offer customers unique products, services, and experiences.	To continuously increase customer satisfaction and strengthen the brand locally and globally.
Company growth	Growth is characterized by sustainable value creation.	The turnover of 2023 to exceed that of 2019.
Company culture	Shared vision and responsibility to establish a highly sought-after workplace where each member contributes to exceptional hospitality.	A team-oriented company culture. A goal of 90% NPS score for staff by 2024.
Operational efficiency	Outstanding operational results, sustainable development, and continuous improvements.	Efficient and rapid adjustments in accordance with the company's guiding principle.

Blue Lagoon focuses on supporting all United Nations Sustainable Development Goals, placing a special emphasis on the following:



Letter from Our Chairman



Úlfar Steindórsson
Chairman of the
Board

Dear shareholders.

2022 turned out to be a year of remarkable positive turnaround for Blue Lagoon. At the start of the year, operations were still highly impacted by the COVID-19 pandemic as restrictions on gatherings were limited to only 20 people. As the pandemic persisted, restrictions were further tightened to only 10 people before they were finally lifted entirely by the end of February. Consequently, the company saw a significant operational improvement and managed to achieve a robust financial standing by the end of 2022.

Revenue increased by 132% and reached EUR 112 million. The company's EBITDA amounted to EUR 26 million and grew by EUR 24 million annually. The net earnings for the year amounted to EUR 13 million and increased by EUR 18 million after a company's net loss of EUR 5 million in 2021. Blue Lagoons' equity position is

strong, and the equity ratio according to the financial statements at the end of 2022 amounted to just about 43%.

As before, Blue Lagoon continues to contribute significantly to government revenue through taxes and official fees. In the last year, the company's tax contribution amounted to ISK 3.7 billion. That is roughly four times the amount that the authorities allocate annually for infrastructure development and conservation at tourist destinations throughout the country. This truly is noteworthy.

The decision to utilize the company's financial resources to invest in the development of infrastructure proved beneficial despite unpredictable circumstances. Refinements in experiential areas and the smoother visitor flow have led to increased guest satisfaction, as indicated by an improved NPS score.

As before, Blue Lagoon places significant emphasis on sustainability and environmental matters and is at the forefront in this regard. Particularly, efforts are aligned with the United Nations Sustainable Development Goals that focus on health and wellbeing, clean energy, innovation, responsible consumption and production, and climate action.

Therefore, it was particularly pleasant when the Prime Minister's Office and the local authorities of Skeiða- and Gnúpverjahreppur municipality granted permission to Íslenskar heilsulindir ehf., a Blue Lagoon subsidiary, to initiate an ambitious construction project in Þjórsárdalur valley. The effort aligns with the company's emphasis on unique design, quality of service, operational sustainability, and environmental awareness. The first groundbreaking took place last autumn. With this project, along with the development of Highland Base in Kerlingarfjöll, significant strides have been taken in advancing sustainable tourism across the country, where wellbeing and nature-related experiences take the forefront.

Numerous earthquakes were detected on the Reykjanes Peninsula later in the summer followed by a volcanic eruption that began in August, similar to the eruption occurring the year before. Neither of the eruptions posed a threat to the nearby community nor did they disrupt Blue Lagoon operations. While further seismic activity or volcanic eruptions cannot be ruled out, scientific analysis suggests that such events will not pose a risk to the local community or our operations.

As revealed during our board meeting last November, work had commenced towards listing Blue Lagoon Ltd. on the market. While we anticipated that the company would be ready for listing in the spring of 2023, we emphasized that this projection was heavily dependent on market conditions and other factors.

The preparation has proceeded according to plan, but after much consideration we have decided to delay the listing until the autumn due to several factors. One of the

reasons was the need to obtain the most current insights from our summer operations, the season everyone knows produces our strongest revenue. We wish to showcase tangible results rather than mere expectations. Another crucial factor is that market conditions are not favorable at the moment, as is evident to all.

During our November meeting, we discussed the potential sale of around 25% of the major shareholders' shares. However, after engaging in conversation with the shareholders, we have gathered that this approach is not agreeable to them. In fact, we are delighted to learn that many of them are looking to increase their holdings in Blue Lagoon Ltd. instead of offloading them. Moving forward, it is our intention to increase the ownership stake in the company during the listing. We will seek guidance from the largest shareholders in this decision-making process and hold a dedicated shareholder meeting to secure approval for this expansion.

The allure of Iceland as a destination, led in large part by the internationally renowned Blue Lagoon, is experiencing a surge in popularity. It is projected that air travel to and from Iceland will witness a substantial rise in the years to come. These promising indicators leave no room but for optimism as we plan for the future. Our company's booking figures further affirm this positive forecast.

The management team would like to express their appreciation to the employees for their hard work, even in demanding circumstances. We also extend our gratitude to the members of the board for their pleasant collaboration.

Thank you.

Letter from Our CEO



Grímur Sæmundsen
CEO

Dear shareholders.

Blue Lagoons' decision to invest in infrastructure development during uncertain times, amidst a global pandemic, proved highly beneficial. Infrastructure investment has resulted in improved efficiency, ultimately positioning the company ideally to welcome guests as the recovery began last spring. Blue Lagoon operations have particularly focused on four key components: guest experience, corporate culture, operational efficiency, and company growth. The company's emphasis on sustainability further contributes to its success—whether viewed from a financial, societal, or environmental perspective. To enhance these key aspects, a new guiding principle, Wellbeing for People and Planet, was introduced this year.

Last year, the company celebrated its 30th anniversary. This was commemorated by emphasizing and particularly highlighting the unique human capital that the company possesses through the campaign "Our People". For 30 years, the Blue Lagoon has benefited from the skills, presence, and innovation of dedicated and creative individuals. This year's CSR report is adorned with images from the campaign.

Last February, Blue Lagoon was awarded the prestigious Education Award of the Federation of Icelandic Industries, a recognition given to companies that have consistently excelled in educational and training matters. We are extremely proud of these awards, which are the result of a professional and ambitious approach to education and the positive workplace culture that exists within the company.

In the past year, Blue Lagoon demonstrated its significant value to the community through an economic contribution equivalent to ISK 13.5 billion, accounting for 86% of its turnover. The company upheld its commitment to local procurement by securing goods and services from suppliers and contractors worth around ISK 6.5 billion, with 72% of these transactions with Icelandic suppliers and contractors. This resulted in a re-investment of ISK 4.7 billion back into the Icelandic economy, with an additional 23% of transactions conducted with Suðurnes region suppliers and contractors. Blue Lagoon continues to make a significant positive impact on the Icelandic economy and local community.

Blue Lagoon is committed to supporting its local community in a meaningful way. Through intentional business decisions, the company directs its purchases and partnerships to suppliers and partners in the Reykjanes region. Additionally, Blue Lagoon provides direct financial support to a range of projects, with a particular emphasis on those related to sports and youth activities. The company also offers numerous grants for health, cultural, and environmental initiatives. In 2022, the total community support provided by Blue Lagoon amounted to approximately ISK 215 million.

Blue Lagoon skincare products have received prestigious awards and recognition abroad in the previous year for their exceptional performance and environmental responsibility. Their plastic packaging have decreased by 77% since 2019.

The skincare range's expansion into foreign markets will persist, with a focus on promoting the beloved Silica Mud Mask as well as the BL+ line, which has enjoyed significant popularity since its initial release.

The company is focused on developing health-related tourism nationwide with a special emphasis on bathing experiences.

Utilizing their expertise, Blue Lagoon has aided in the creation of bathing facilities in the north, south, and east through their subsidiary, Íslenskar heilsulindir ehf. Furthermore, a new destination in Kerlingarfjöll is set to launch in July, while plans for developments in Þjórsárdalur valley are underway. As always, the one-of-a-kind Blue Lagoon in Svartsengi will continue to stand out due to its unique geothermal seawater and ecosystem. The active ingredients, origin, and health benefits of this location simply cannot be matched.

I would like to take this opportunity to thank all Blue Lagoon employees for their exceptional performance in the past year. Amidst the current, flourishing state of Icelandic tourism, we recognize the crucial role played by our exceptional staff in overcoming industry challenges and satisfying customers.

Thank you.

Awards

Sustainability and acknowledgements—an incentive for continued excellence.

In all its endeavors, Blue Lagoon aspires to pave the way and serve as inspiration to others. The numerous awards and acknowledgements the company has received in recent years serve as a great incentive for continued good work. Blue Lagoons' pioneering initiatives have redefined the landscape of sustainable and responsible tourism.

FKA Equality Scale

Blue Lagoon was awarded the prestigious Gold Medal of FKA Equality Scale on October 12, 2022. The award is given to companies and institutions that prioritize gender diversity and equality in the workplace, in particular those aiming to attain a gender-balanced management team.

The FKA Equality Scale aims to address the gender disparities evident in the top-tier leadership positions within the Icelandic business sphere. Specifically, FKA seeks to achieve a 40/60 gender balance ratio in executive boards by the year 2027. This ambitious goal will undoubtedly foster an environment of equality in Icelandic companies, thereby establishing them as a worldwide model of gender inclusivity.

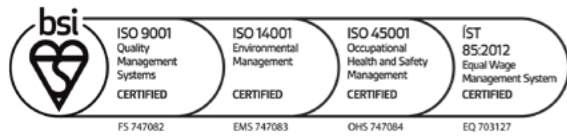
Educational Company of 2023

On February 14, 2023, Blue Lagoon was named the Educational Company of the Year 2023 by the Federation of Icelandic Industries. Each year, the accolade is bestowed upon a selected company that excels in educational matters. The recipient is selected by a distinguished jury from a pool of several nominations.



Certifications

A leading force within the Icelandic tourism industry.



Certified management system

In 2022, our management system was re-certified according to the strictest and most respected international management standards: ISO9001 in terms of quality management, ISO14001 in terms of environmental management and ISO45001 in terms of the company's health and safety management.

ÍST85: Equal pay management system

In 2018, Blue Lagoon received certification for the company's equal pay management system, in accordance with ÍST85: 2012 from BSI in Iceland. By meeting the requirements of this standard, the company further ensures gender pay equality in the workplace and that everyone receives the same pay, terms and rights for the same or equivalent jobs, regardless of gender, race or other arbitrary criteria.

Vakinn: Icelandic certification of companies in the tourist industry

Blue Lagoon has been certified by Vakinn since 2014 for its thermal baths and operation of the Lava Restaurant and Café. The Icelandic Tourist Board has been in charge of these certifications from the beginning, but has now allocated audits to accredited certification bodies. In 2019, the company was certified by BSI in Iceland and the certification was extended with a Gold Standard in environmental matters: five-star superior certification for the Retreat Hotel and four-star superior certification for the Silica Hotel. These certifications confirm the excellent service and facilities which Blue Lagoon has to offer.

Blue flag: International certification of the safety and hygiene of beaches

Blue Lagoon has maintained the Blue Flag since its introduction when Landvernd (the Icelandic Environment Association) first adopted it in Iceland in 2002. The audits are now carried out by an independent certification body, Tún ehf. Blue Lagoon received certification in 2021, as in previous years. The symbolic Blue Flag is one of the world's best-known recognitions for beaches, marinas and sustainable tourism. In order to receive the Blue Flag, a number of strict environmental, educational, safety, and accessibility standards must be met and maintained. In 2023, the company will celebrate 20 years of Blue Flag certification.



JAFNLAUNAVOTTUN
2022 - 2025



Corporate Governance

Blue Lagoon's Board of directors commits to implementing and maintaining exceptional governance practices.

By clearly outlining the responsibilities of managers, the board makes it easier for each of them to fulfil their duties. This ensures that shareholders and other stakeholders are protected while also strengthening the company's infrastructure and competitiveness. This adherence to good governance is enforced through legal

frameworks including law no. 2/1995 on limited companies, as well as the company's articles of association and board of directors' rules of procedure.

Two sub-committees of the board operate within Blue Lagoon: committee on auditing and committee on remuneration.





Board of Directors

Úlfar Steindórsson
Chairman of the Board



Executive Committee

Grímur Sæmundsen
Chief Executive Officer



Ágústa Johnson
Board director



Ragnar Guðmundsson
Board director



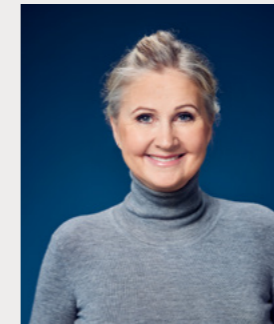
**Sigríður Margrét
Oddsdóttir**
Board director



Steinar Helgason
Board director



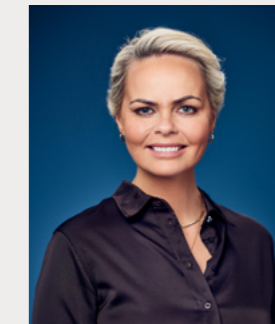
Ása Brynjólfsdóttir
Research & Develop-
ment



Helga Árnadóttir
Sales, Marketing
& Development



Helgi Júlíusson
Finance



Sigrún Halldórsdóttir
People and culture



Anna G. Sverrisdóttir
Alternate board
director



Júlíus Þorfinnsson
Alternate board
director



Sigurður Long
IT & Digital
Development



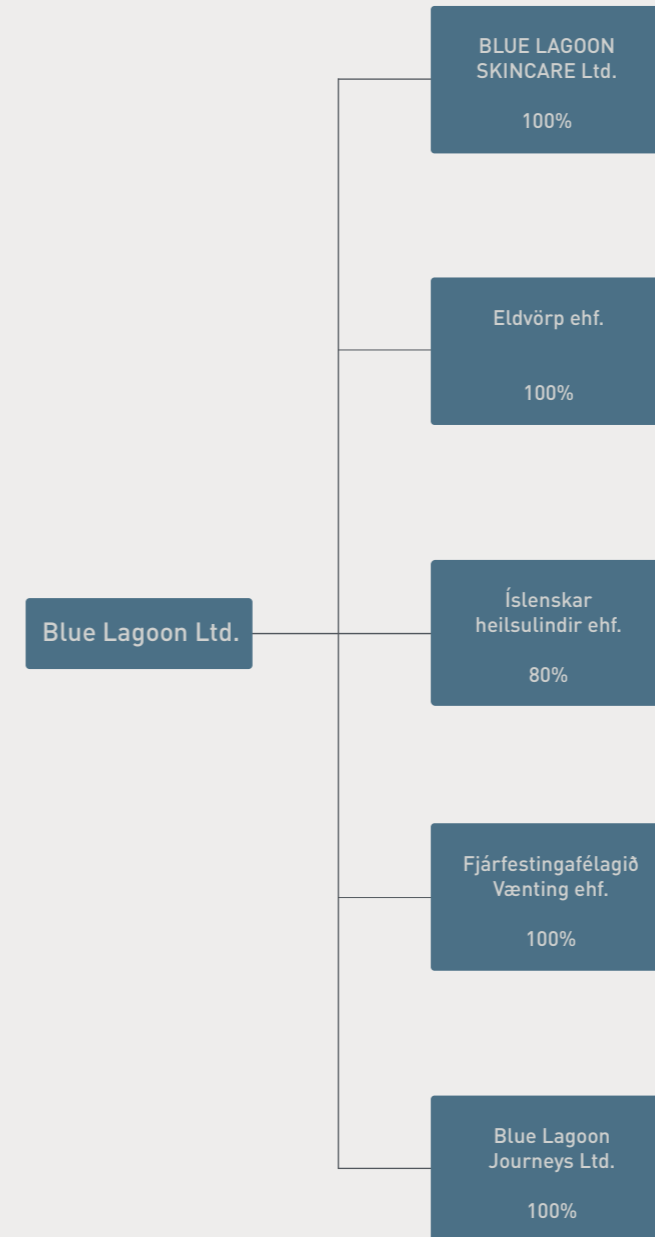
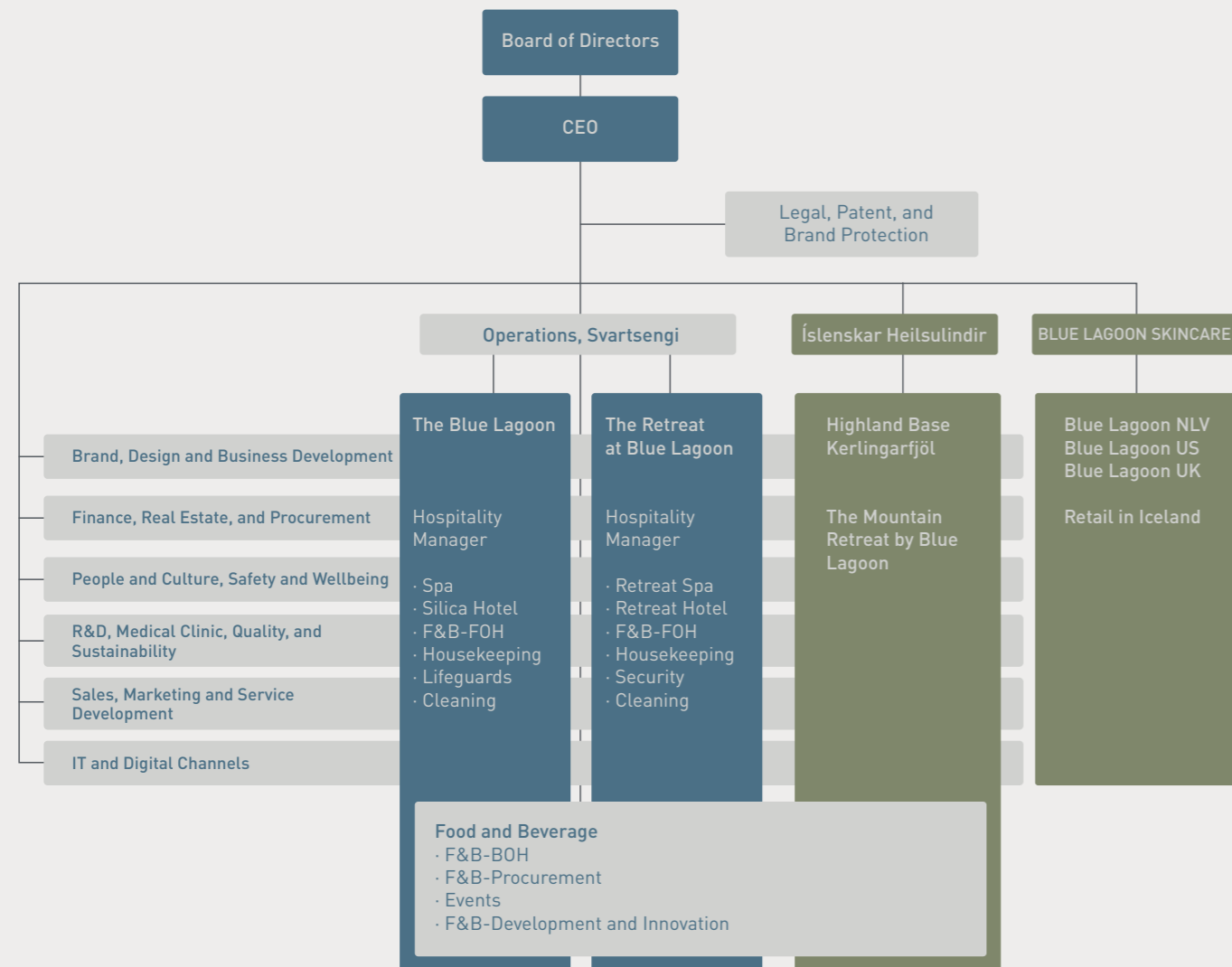
Sigurður Þorsteinsson
Branding



Garðar Gíslason
Attorney-at-law

Organizational chart

The company's new organizational chart was introduced in 2022 to emphasize the distinctiveness of each business unit and enhance service quality. The chart also facilitates the growth of business units that are not located in Svartsengi. A new support division—Brand, design, and innovation—has also been introduced and BLUE LAGOON SKINCARE is now run as an independent company.



Stakes in subsidiary companies as of March 1, 2023

Eldvörp ehf. is the owner of buildings and structures at Blue Lagoon facilities. These are rented to Blue Lagoon, which is responsible for operating and maintaining them. Meanwhile, Íslenskar heilsulindir ehf. invests in and operates the bathing facilities. BLUE LAGOON SKINCARE ehf. handles the development and production of skincare products for Blue Lagoon. Blue Lagoon Journeys ehf. is a holding company, Vænting ehf. is an investment company. In February, Blue Lagoon acquired a 20% stake in Íslenskar heilsulindir ehf., bringing the total ownership to 80%.

Blue Lagoon Values

Blue Lagoon operates according to five values that collectively aim to create a unique experience for guests and an inspiring corporate culture for staff.



Unique memories
Every day we create unforgettable memories for our guests from all over the world to take home with them.



Joy
We rejoice together and we make our guests happy. We have fun together at work and outside of it.



Inspiration
Guided by principles of creativity, teamwork and innovation, we always go a step further in encouraging each other and serving our guests as best we can.



Respect
We respect the environment and the uniqueness of nature. We respect each other and the various cultural worlds of guests and staff alike.



Care
The wellbeing and safety of guests and staff are paramount. We care about each other and strive to create a safe and healthy workplace.

Guiding Principle and Policies

A new guiding principle for Blue Lagoon was introduced last year. It solidifies the company's strategy for a sustainable future for all.

Sustainability is a central pillar of Blue Lagoon's strategy. It contributes to increased efficiency, organizational enhancements, goal attainment, and thus the overall success of the company across financial, social, and environmental realms. Through ongoing development, the company aims for a sustainable future that benefits both people and nature. To enhance these key aspects, internally and externally, a new guiding principle was introduced this year: *Wellbeing for People and Planet*.

Our guiding principle

*Wellbeing for
People and Planet*

The Blue Lagoon endeavors to set policies in certain areas. Policies are accompanied by annual target setting to ensure that the company systematically implements the set goals towards its vision for the future.

The following policies can be found in the appendix:

- The main policy of Blue Lagoon
- Quality policy
- Health and safety policy
- Environmental policy
- CSR policy
- HR policy
- Equality plan
- Equal pay policy
- Policy against harassment, bullying and abuse in the workplace



Market Expansion

Blue Lagoon continued its journey to advance wellness-related tourism in Iceland.

Blue Lagoon has placed special focus on nurturing wellness-oriented tourism throughout Iceland, particularly emphasizing bathing experiences. Leveraging the collective expertise within the Blue Lagoon community, the company is actively contributing to the establishment of bathing facilities, for example in the Northern and Eastern regions of the country.

Recently, the company initiated an ambitious project in Kerlingarfjöll known as Highland Base, and a substantial construction endeavor is underway in Þjórsárdalur valley. As scheduled, Highland Base in Kerlingarfjöll is set to open on July 1, 2023. The groundbreaking for the Mountain Retreat in Þjórsárdalur took place on November 3, 2022.

The development of Blue Lagoon in these delicate natural settings is driven by the principles of distinctive design, quality service, operational sustainability, and

environmental consciousness. Throughout this development, ensuring convenient visitor access to these regions is a priority, all while upholding the uniqueness of the surrounding nature and history. Collaborative efforts with the local community, government, and pertinent institutions are of utmost significance for a project of this nature, and Blue Lagoon highly values and acknowledges this cooperation.

Each bathing facility within the Blue Lagoon family possesses its own distinctiveness. The Blue Lagoon in Svartsengi, however, will always remain the crown jewel, as its geothermal seawater and ecosystem are unique on a global scale. The prestigious National Geographic Magazine named the Blue Lagoon's seawater as one of 25 Wonders of the World in 2012. The extraordinary blend of active ingredients, unique origin, and therapeutic qualities of the lagoon's water truly sets it apart.



Collaborators and Media

Blue Lagoon continues to support the development of tourism in Iceland and the promotion of Iceland as a destination.

Blue Lagoon is a member of the following organizations: **Festa**—Center for Sustainability; **Vakinn**—Official Quality and Environmental Certification for Icelandic Tourism; **SAF**—The Icelandic Travel Industry Association; **SA**—SA Confederation of Icelandic Enterprise; **Ferðaklasinn**—Icelandic Tourism; **Iceland Luxury**; **Meet in Reykjavik**; **Íslandsstofa**—Business Iceland; **Heilsulindarsamtök Íslands**—The Icelandic Spa Association.

By being part of these organizations, Blue Lagoon aims to contribute to the overall development of tourism in Iceland, enhance its operational environment, and promote Iceland as a year-round and wellness-focused destination.



Media

In 2022, Blue Lagoon garnered substantial attention across both international print and online media, accumulating a noteworthy total of 370 mentions

Blue Lagoon hosted significantly more media personnel in 2022 compared to the two preceding years, when closures, travel restrictions, and other limitations due to the global pandemic were in effect. Blue Lagoon and its business units were discussed in a total of 370 articles across various print and online media outlets worldwide throughout the year. The Blue Lagoon itself was highlighted most frequently, appearing 331 times. The company's sustainability and related issues garnered increasing attention and were the content of 28 different articles. BLUE LAGOON SKINCARE was featured in 109 mentions. The company's hotels received

a total of 206 mentions, and Blue Lagoon's restaurants were discussed 148 times. Lastly, the celebration of Blue Lagoon's 30th anniversary received coverage in 26 publications globally.

As before, the social media strategies of Blue Lagoon and its subsidiary companies aim to support the image of the businesses by highlighting various services and activities through appealing visuals and compelling copy. The tone of the content adapts to the nature of each platform, yet maintaining consistency in wording and presentation that aligns with each business unit's unique identity.

Blue Lagoon and its respective subsidiaries are active on the following social networks:



Blue Lagoon

02

Nicholas Grinyer

Senior Host

Blue Lagoon Spa



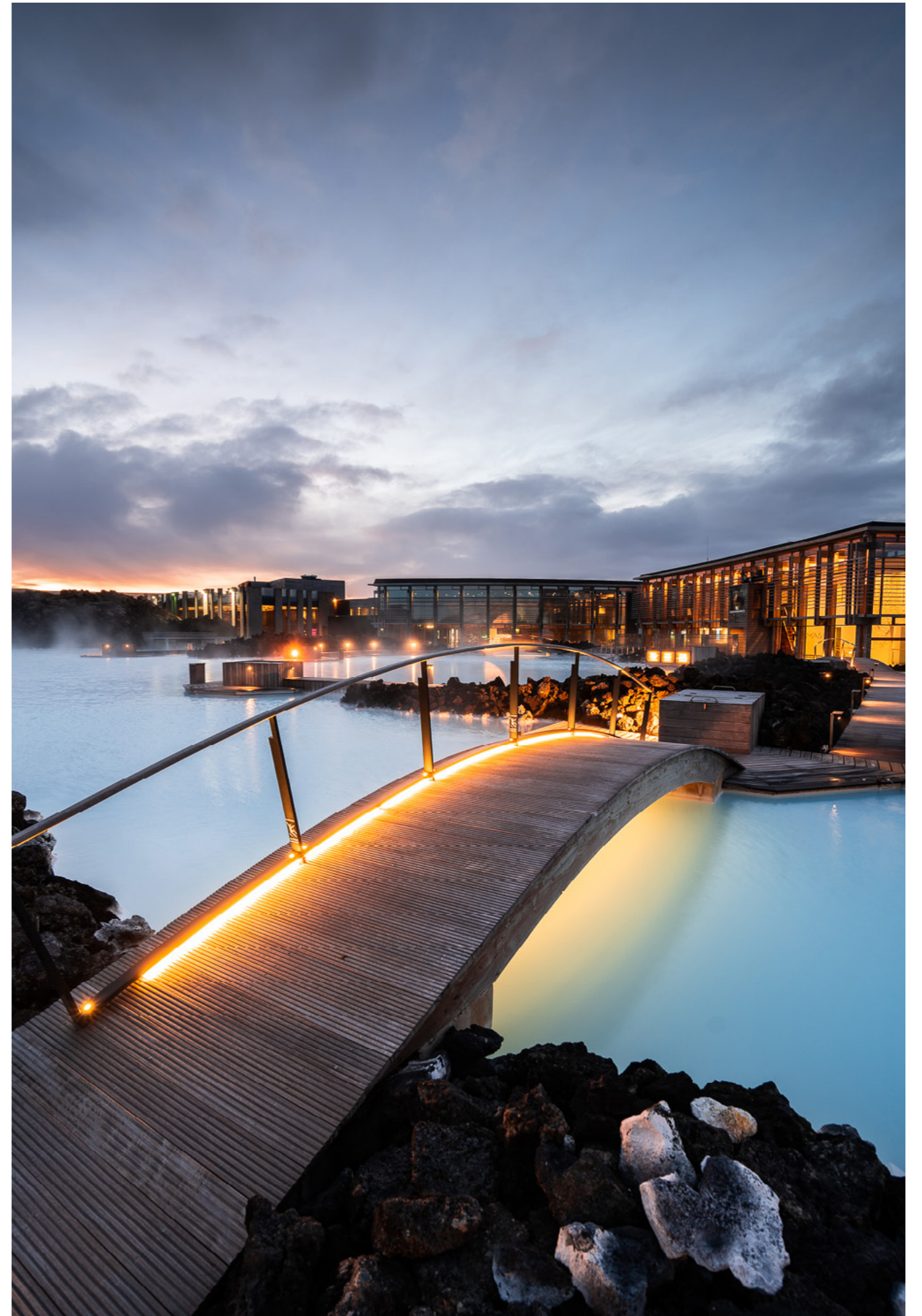
Blue Lagoon Family

BLUE LAGOON
ICELAND

BLUE LAGOON SKINCARE

The Retreat
BLUE LAGOON ICELAND

HIGHLAND BASE
KERLINGARFJÖLL



Blue Lagoon Spa

In the previous year, new services were introduced to enhance and elevate the experience for our diverse guest range.

Storytelling

The storytelling sessions offered at the Blue Lagoon continue to gain momentum in popularity. Our guests have the opportunity to engage with professional Greeters (hosts) who share captivating stories about the distinctive history and origins of Blue Lagoon. Positive feedback indicates that guests find value in and appreciate the engaging narratives.

A designated Quiet Zone

The size of the Blue Lagoon provides an opportunity to meet the different needs of guests. The destination's uniqueness inspires visitors to capture moments on camera. However, it is equally essential to cater to those seeking an experience of the utmost serenity and tranquility during their visit. Therefore, in 2022, a decision was made to establish a designated Quiet Zone within the lagoon. This area provides an environment of complete calmness, where visitors are kindly asked to maintain a hushed atmosphere and refrain from photography. This innovative addition has been well-received, as it does not significantly impact the overall spaciousness of the lagoon area.

Midnight opening, float, and sound healing

During the year, visitors were invited to experience the unique Icelandic summer nights. A midnight opening held around the summer solstice in June was well-received. In addition to the enchanting summer nights, guests enjoyed a moment of silence together with sound healing sessions. Additionally, midnight float treatments were offered under the guidance of Unnur Valdís Kristjánsdóttir, entrepreneur and a pioneer in float treatments in Iceland.

Self-service gains popularity

Guests' self-service options upon arrival have been particularly well-received. In 2022, approximately 83% of all Blue Lagoon visitors used the self-service option.

June 2022

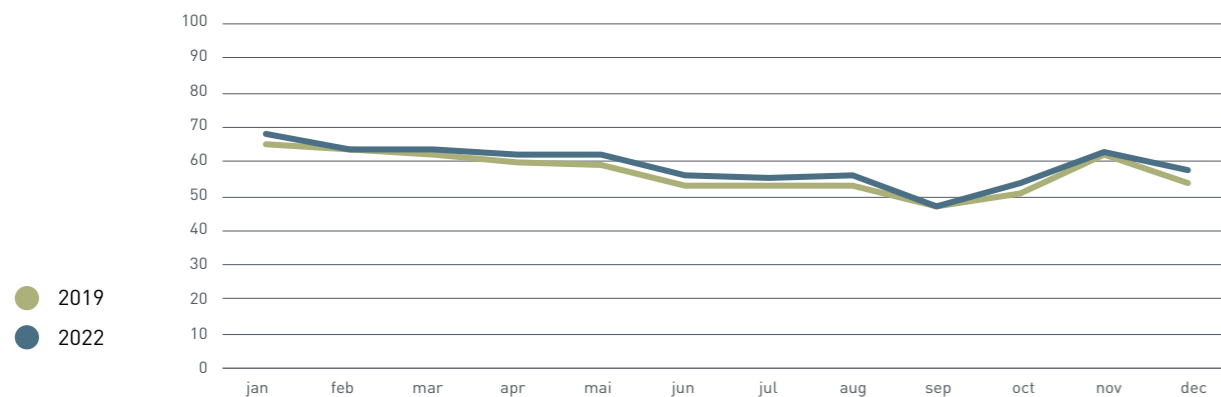
"A Most Beautiful Experience."

December 2022

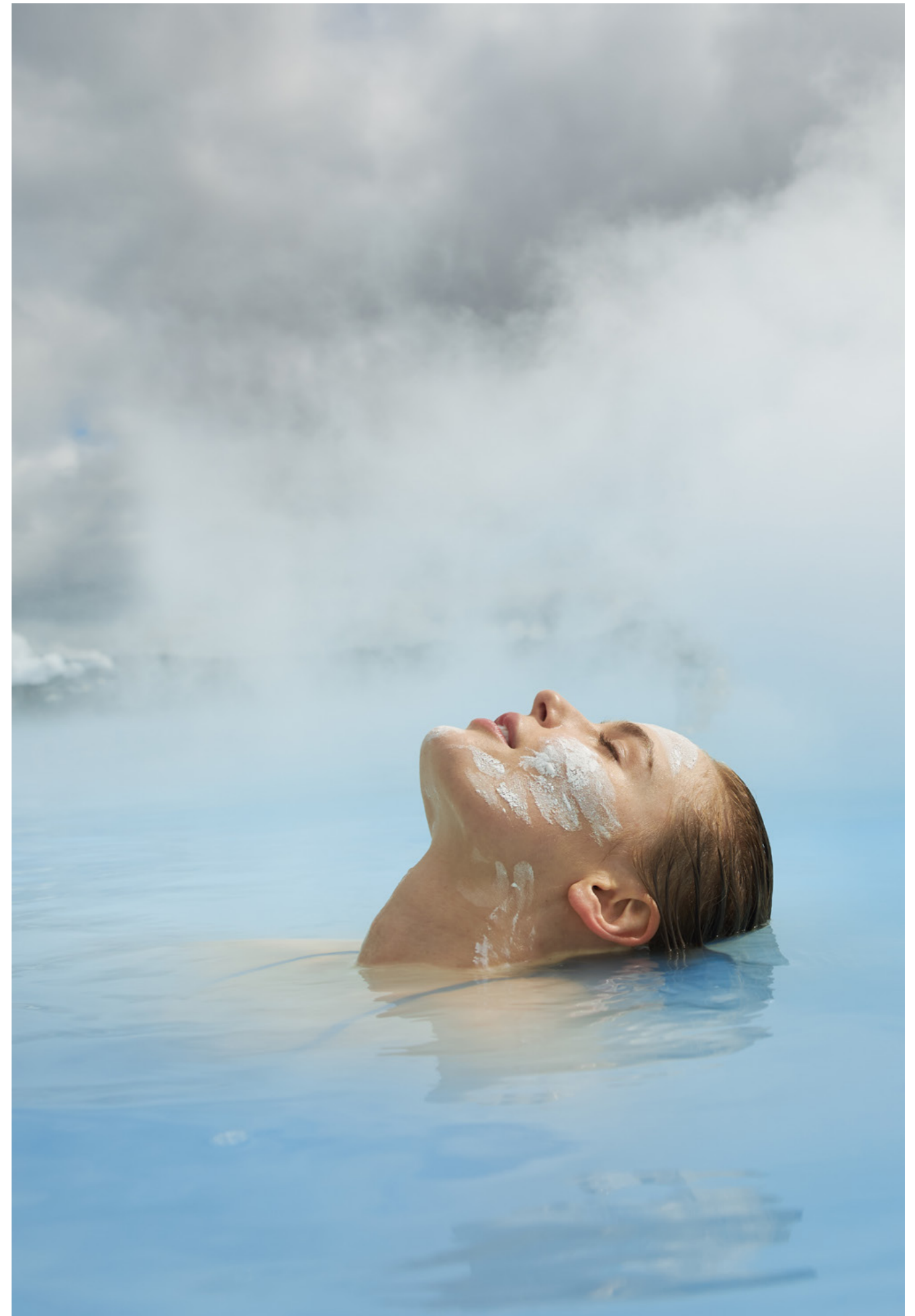
"The BEST way to start an Icelandic adventure!"

Reviews on Tripadvisor

Blue Lagoon SPA NPS* score



*Net Promoter Score is a measurement indicating customer satisfaction based on the following question: "How likely are you to recommend X to friends and family?"



Silica Hotel

What was originally conceived as a skincare medical clinic is now an exceptionally popular hotel, almost fully booked throughout the year.

In a class of its own

The Silica Hotel is a unique hotel, where guests enjoy, among other things, access to a private lagoon surrounded by moss-clad lava. The hotel has enjoyed enormous popularity and is almost fully booked all year round. At the same time, the level of service is high, and the atmosphere is warm.

Originally, the hotel was established as a spa offering only treatments for psoriasis. In 2016, the facilities were transformed from being solely operated as a treatment spa to Silica Hotel, open to public bookings.

Last year, the hotel rooms' décor was enhanced to add warmth. At the same time,

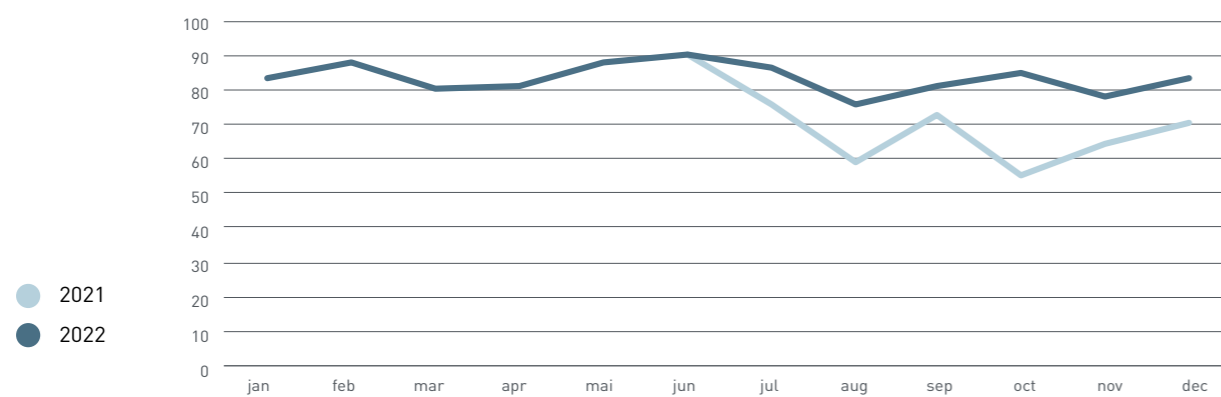
the level of service has been raised and a greater emphasis placed on specific Icelandic experiences. This, along with improved practical digital solutions, has received great enthusiasm and the hotel's NPS score remains in a class of its own.

June 2022

„A magical, raw, silent spot - made fabulously comfortable by the excellent Silica Hotel. The room was outstanding, with a private view of the lava fields and mountains.“

Review on Tripadvisor

Silica Hotel's NPS score since measurements began in 2021



Culinary Experiences

Premium Icelandic ingredients, outstanding service, and unique surroundings are the hallmark of our restaurants.

Blue Lagoon operates three restaurants at Svartsengi, as well as a café. An emphasis on fresh, locally sourced, and high-quality ingredients has been the hallmark of the establishments for a long time, as well as professional service in a unique environment. In addition, the common kitchen facility prepares breakfast for the two hotels, Silica and the Retreat, as well as breakfast,

lunch, and dinner for the staff canteen. Other catering, such as those related to the rental of meeting rooms, is also executed by the same kitchen. Emphasis on flexibility and synergy in operations has yielded excellent results without compromising quality.



Lava Restaurant

The refurbishment of the restaurant has been well-received.

During the gathering restrictions of 2022, significant improvements were made to Lava Restaurant. After a complete renovation of the venue's restaurant in 2021, work began on creating dedicated spaces for smaller groups. The Lava Lounge area, situated on the restaurant's balcony, was opened in the summer of 2022 with a fresh aesthetic and new furnishings. At the same time, smaller meeting rooms, catering both smaller groups and meetings, were opened for bookings. Finally, the Thorbjorn Hall meeting room underwent updates in both its appearance and facilities. These developments significantly expanded service options for larger groups, a change that has

been favorably embraced due to the already exceptional quality of existing facilities and service levels.

October 2022

"This was as close to a perfect meal as I've ever had. Love the modern, clean, sophisticated, casual ambiance."

Review on Tripadvisor

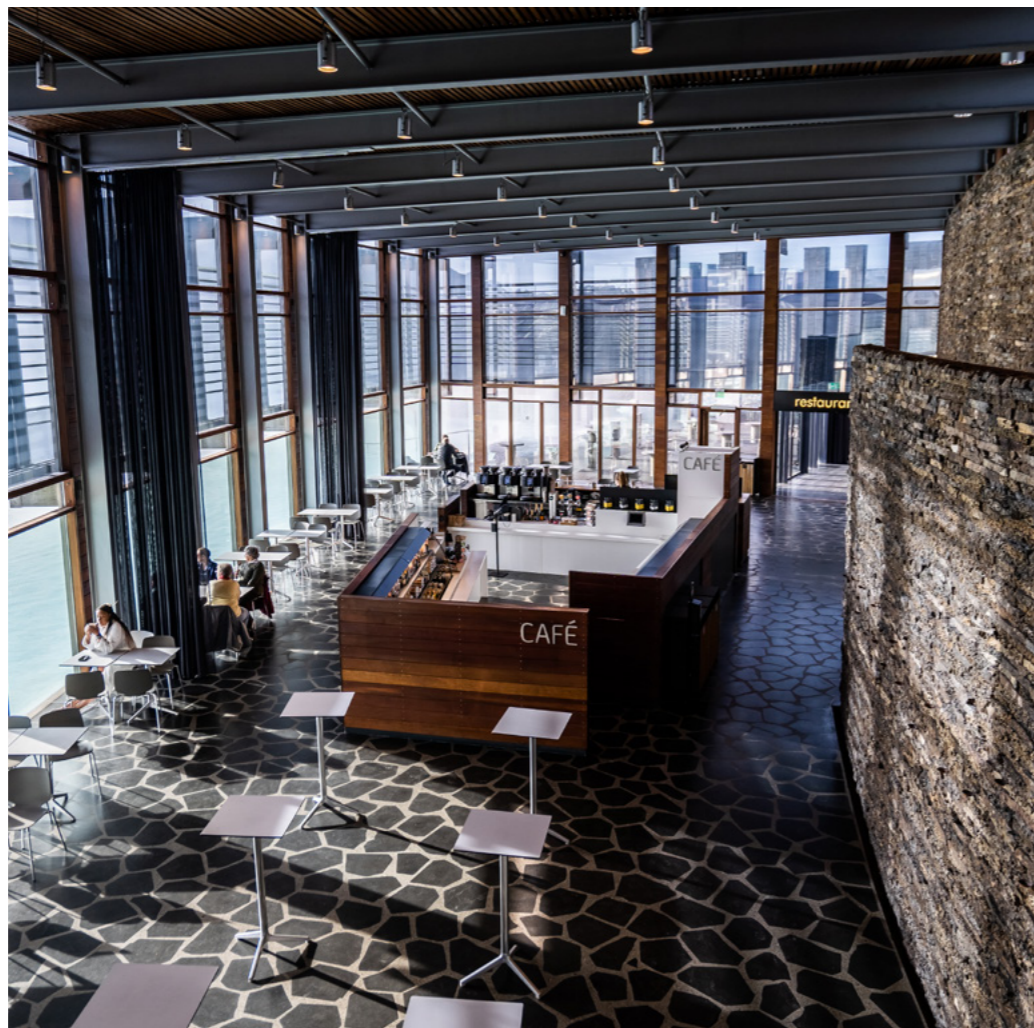


Blue Café

Quality, premium ingredients and dishes prepared from scratch are the hallmarks of Blue Café.

Blue Café serves a variety of light dishes to Blue Lagoon's guests. An emphasis is placed on fresh, quality ingredients, with all dishes prepared daily in the cold kitchen.

Blue Café also manages the ever-popular Blue Lagoon Bar, serving guests refreshments in the lagoon itself.



Blue Lagoon Medical Clinic

Blue Lagoon's psoriasis treatment is tailored to individual needs as approved by Icelandic health authorities.

In the Blue Lagoon Medical Clinic, treatments for psoriasis patients are offered based on the unique healing power of the geothermal seawater.

Psoriasis is a chronic skin disease that affects the lives of millions of people all over the world. The symptoms of the disease can be a source of discomfort, or even pain, and can therefore have a significant impact on the patient's quality of life. Psoriasis treatment at Blue Lagoon offers a holistic approach with an emphasis on promoting general health and wellbeing. The treatment plan is tailored to the needs of every individual and includes bathing in Blue Lagoon's mineral-rich water, UVB

light therapy, and the use of Blue Lagoon Iceland skincare products. Clinical studies have confirmed that the lagoon's unique water can alleviate the symptoms of psoriasis, by reducing inflammation and improving the texture of the skin, among other things.

The treatment is approved by Icelandic health authorities and is provided under the supervision of a dermatologist and a nurse. At the Medical Clinic, the focus is on offering excellent medical services based on sustainable use of the unique natural resource that is the geothermal seawater, with the aim of improving the quality of life of psoriasis patients.



The Retreat

03

The Retreat Hotel

The highly acclaimed universe of the Retreat Hotel features exceptional design, interior visuals, and service experience for guests in unique natural surroundings.

The Retreat Hotel focuses on providing exceptional services and experiences in a unique environment where all facilities are at the peak of excellence. The hotel features a total of 60 suites and two restaurants. Hotel guests also have access to the Retreat Spa, and some suites have access to a private lagoon.

To ensure a level of quality service following the lifting of all restrictions after COVID-19, the availability of rooms was limited for a significant part of the year.

The Retreat is constantly looking for new and interesting ways to integrate Icelandic characteristics and experiences into the guests' visit to the hotel. Part of that was to adapt the catering in the hotel's entrance hall more to Icelandic customs and culture. This novelty has been met with great

satisfaction and enthusiasm among guests, as they are generally curious about Icelandic culture, including the cuisine.

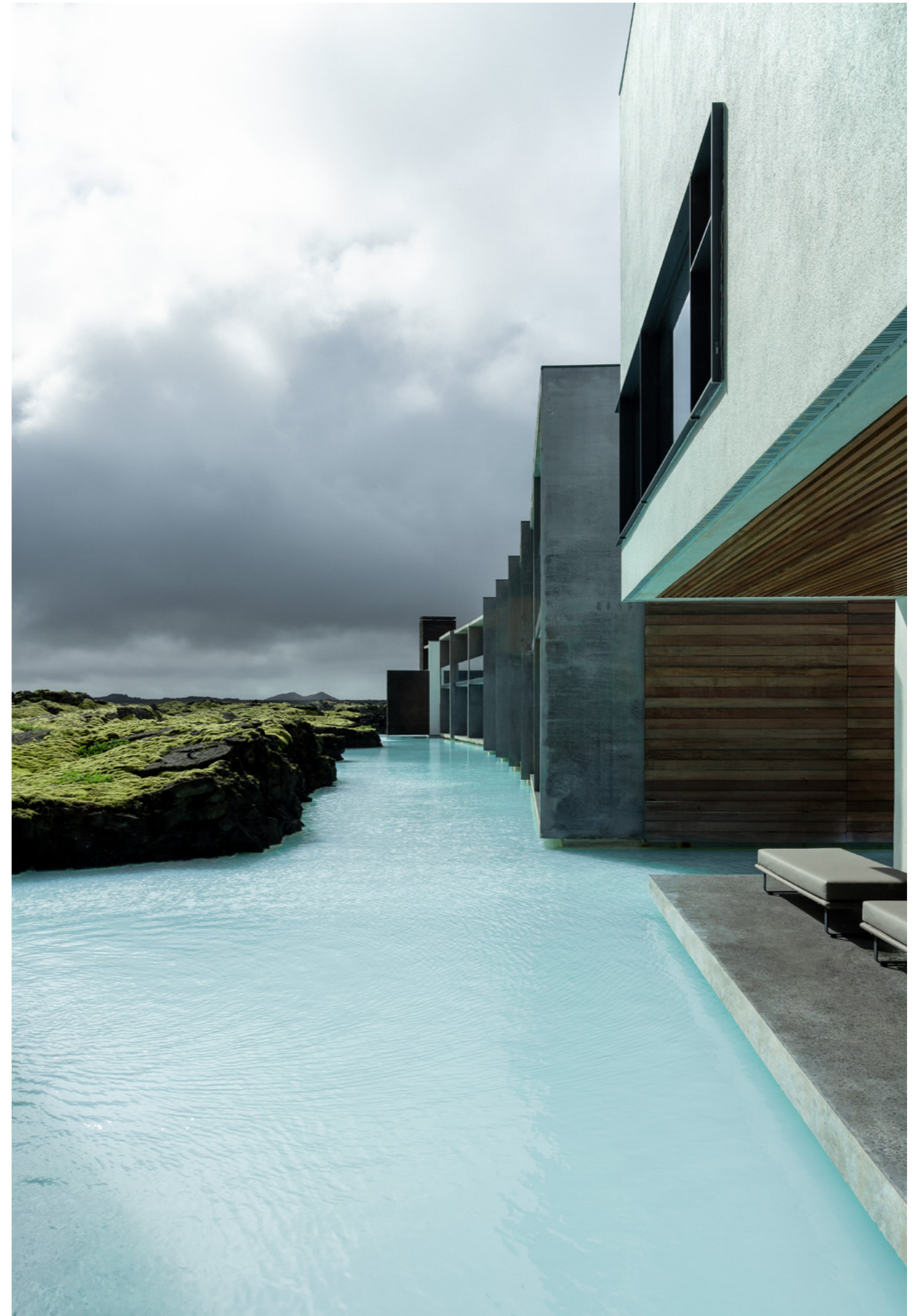
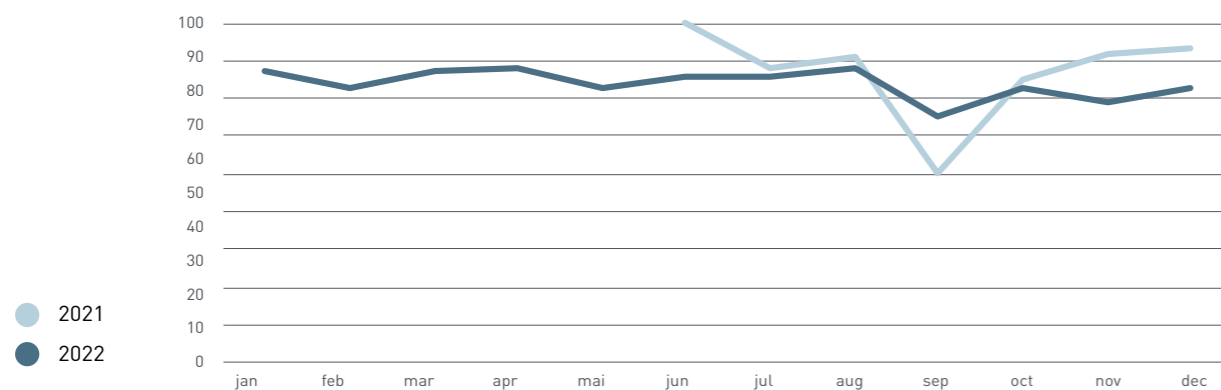
In December, there were only accommodation packages of two or more nights available at the Retreat to ensure the best guest experience and service level. This change was generally well-received, and it will thus be continued in the new year.

Mars 2022

„Wish I could give The Retreat 10 stars! Unbelievable, amazing and probably one of the best hotels I have ever stayed in ... and I have stayed in many!“

Review on Tripadvisor

Retreat Hotel's NPS score since measurements began in 2021



The Retreat Spa

The unique realm of the Retreat Spa takes you to a unique setting of refined facilities and world-class spaces of wellness and tranquility.

The Retreat Spa offers unique world-class experiences. The entire area aims to connect the unique environment and the characteristics of the geothermal seawater in an unforgettable way. Guests can enjoy their stay in a variety of ways in different relaxation areas, steam baths, and special saunas open exclusively to day guests of the Retreat Spa and guests of the Retreat Hotel.

In line with other units within the Retreat, the availability of private changing rooms at the Retreat Spa was limited following the post-pandemic opening to ensure a high level of service as well as the unique guest experience.

To cater even better to day guests, they were invited to buy breakfast along with a stay at the Retreat Spa. This has proven extremely popular with visitors, especial-

ly those who have arrived straight from a flight early in the morning. The unique treatment called Blue Lagoon Signature In-Water Massage always maintains its uniqueness and immense popularity.

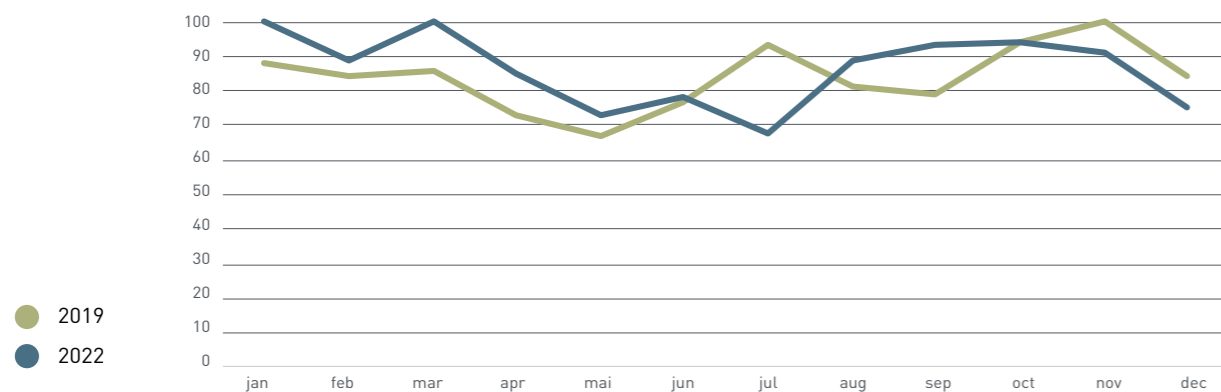
The Retreat Spa has steadily increased the number of options available regarding spa treatments and this has been done to meet the high demand.

October 2022

"A completely magical day. We enjoyed the private lagoon, had floating massages and participated in the ritual."

Reviews on Tripadvisor

Retreat Spa's NPS score



Moss Restaurant

For the second year running, Moss Restaurant retained its classification as “Michelin Recommended” in the world’s most prestigious restaurant guide.

Moss Restaurant reopened like other business units of Blue Lagoon when the gathering restrictions were lifted at the end of February 2022. However, it was decided to close on Mondays and Tuesdays to ensure the quality of service.

A special cause for celebration was that, for the second year in a row, Moss Restaurant retained the designation “Michelin Recommended” in the world’s most prestigious guide for restaurants, the Michelin Guide.

Moss Restaurant held special events for true gourmets several times during the year, specifically those within the “Guest Chef & Wine Pairing Series”, where esteemed international master chefs came together with carefully chosen wines. Among the distinguished guests who came to manage such events were the Michelin-starred chef Ollie Dabbous from Hide restaurant in London and John Schwartz, CEO of Amuse Bouche Winery. These events were always sold out, as the number of seats

was limited to ensure the best possible experience for diners.

Special wine tastings were also held in the unique Moss Restaurant wine cellar. Located in a lava cave beneath ground level, its walls are adorned with the shades of volcanic rock which flowed in an eruption in 1226. Now the walls house more than 5000 bottles of excellent wines from all over the world. These tastings are very popular as the environment is unique—just like the wines it stores.

January 2022

“As always, seafood is a highlight to our trip as it’s always fresh and excellently prepared and at The Moss this is taken a step further with inspired taste combinations and beautiful presentation. What an enjoyable evening!”

Review on Tripadvisor

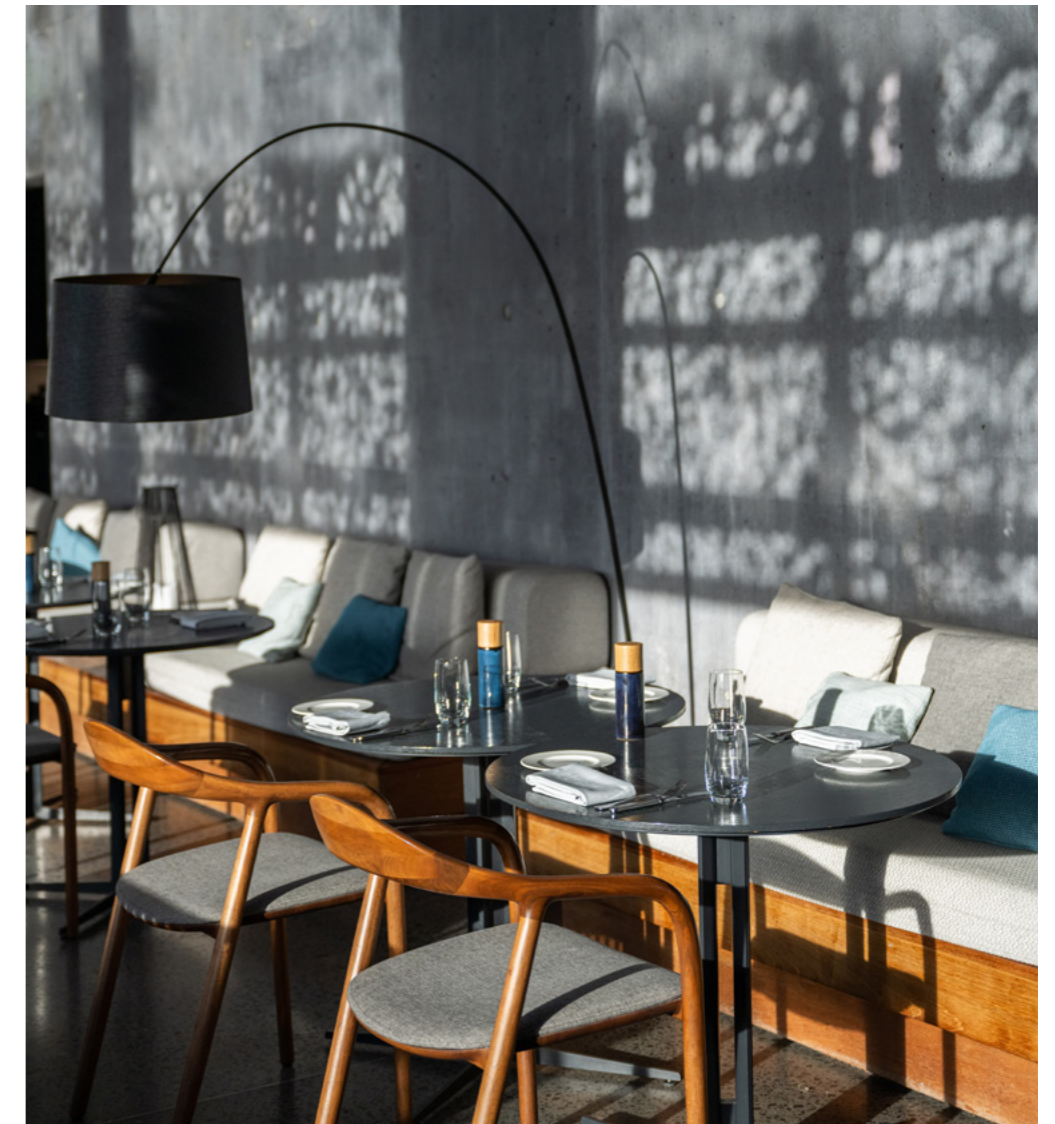


Spa Restaurant

The restaurant offers a unique culinary experience through fresh and healthy dishes.

Within the Retreat Spa, the Spa Restaurant caters to guests with a range of wholesome and nourishing dishes. Guests can also enjoy light refreshments in a specially designated lagoon. The restaurant’s kitchen also serves breakfast to guests of the Retreat Hotel as well as refreshments in the Retreat Lounge.

The menu was expanded during the year, placing an emphasis on enhancing the unique dining experience of hotel guests, especially on Mondays and Tuesdays, when Moss restaurant is closed.



Blue Lagoon Skincare

04

Ása Brynjólfssdóttir

Director of Research and Development

R&D, Medical Clinic, Quality, and Sustainability



The Company

The healing powers of the unique geothermal seawater are reflected in the company's skincare products.

7
stores

3
product lines

28
products

BLUE LAGOON SKINCARE ehf. is a subsidiary of Bláa Lónið hf. The company develops and markets skincare products under the brand name Blue Lagoon Iceland, which is owned by the parent company. These products are based on the geothermal seawater of the Blue Lagoon and its bioactive components. Effectiveness, science, and sustainability are guiding principles in the development and production.

The healing power of the Blue Lagoon first became apparent to people when curious locals began bathing in the enchanting waters. Bathing in the warm geothermal waters brought comfort and had beneficial effects on the skin. The lagoon quickly became the subject of research by numerous scientists. Studies revealed that the lagoon possesses healing properties, and its ecosystem is unique in the world. The water of the Blue Lagoon is listed by National Geographic as one of the Wonders of the World due to the unique properties of its geothermal seawater. The seawater is rich in bioactive substances; minerals, silica, and microalgae, which strengthen and protect the skin. The geothermal seawater and the bioactive substances found within it are the key ingredients in Blue Lagoon Iceland skincare products.

Last year, the company's name was changed from Bláa Lónið Heilsuvörur ehf. to BLUE LAGOON SKINCARE ehf. The company handles the sales and distribution of Blue Lagoon Iceland skincare products both in the domestic market and to its foreign subsidiaries; Blue Lagoon USA Ltd. and Blue Lagoon NL B.V. The new arrangement will significantly increase the company's operations.

Blue Lagoon's Skincare Products

Extraordinary convergence of nature and science, resulting in sustainable bioactive skincare.

Blue Lagoon Iceland skincare products hold a unique position in the market due to their ingredients and the numerous awards they have earned.

Silica Mud Mask

The Silica Mud Mask has long been recognized for the white silica, which inspired the first product, the Silica Mud Mask, launched in 1995. It has been the Blue Lagoon's most popular skincare product since its inception. The mask is both naturally effective, offering unique benefits as research has shown it evens out and strengthens the skin's texture. The silica mask is an important part of the experience for those visiting the Blue Lagoon and has inspired the development of the Blue Lagoon Iceland skincare products, all of which are based on the mineral-rich water of the Blue Lagoon.

Three skincare lines have been launched: BL+, SPA, and DERMA. These product lines are based on the unique source of the mineral-rich water of the Blue Lagoon and its bioactive components; minerals and microalgae.

BL+

The BL+ product line is based on BL+ COMPLEX, a new and revolutionary ing-

redient that leverages the Blue Lagoon's patents on microalgae and silica. BL+ combats skin aging and improves its health. Science, efficacy, and sustainability are the guiding principles in the development of these products. The skincare line was first launched in 2021, the result of 30 years of research into the bioactivity and healing powers of the Blue Lagoon. The product line contains potent formulas based on revolutionary biotechnology and pioneering techniques in sustainable production.

BL+ The Serum, the first product in the BL+ skincare line, was immediately well-received and was selected as one of the "The 2021 ELLE Green Beauty Stars." Following this, three products were added to the line, all of which have received deserved attention. Notably, BL+ Eye Serum was awarded by Allure; Best of Beauty 2022 in the Clean Beauty category, as well as receiving the New Beauty Magazine award as the "Best Eye Product for Puffiness".

Spa product line

The product line is based on the nourishing and strengthening properties of the Blue Lagoon's geothermal seawater. It features facial masks, hair products, and bathing products. It was developed to enhance the bathing experience of Blue Lagoon visitors.



The most popular products in this line are the four facial masks, which highlight the water and its ingredients. Additionally, the bath salts, made from pure mineral-rich geothermal waters sourced from over 2000 m depth, have been popular for nourishing baths or use in salt scrubs.

DERMA

The DERMA treatment line from is specially developed for sensitive skin and those suffering from recurring skin conditions, such as dryness and irritation. The treatment products are protective, preventive, and fragrance-free. They have been successfully used in the Blue Lagoon’s Medical Spa since its inception. The Medical Spa offers an accredited and natural psoriasis treatment under the supervision of a dermatologist and a nurse.

Bioactive ingredients

In the Research and Development center of the Blue Lagoon, located in Svartsengi, a unique processing facility has been established where the production of Blue Lagoon ingredients takes place. The ingredients are derived from the geothermal seawater of the Blue Lagoon and its bioactive components, including salts, silica, and microalgae. Emphasis is placed on environmentally friendly and sustainable processing methods. For instance, microalgae are cultivated using eco-friendly technology where they are fed on geothermal gas rich in carbon dioxide, which emerges with the geothermal waters. In this way, the microalgae capture carbon dioxide that would otherwise be released into the

atmosphere. This approach helps reduce the carbon footprint, aligning with the company’s goal to minimize its environmental impact. The production is quality certified, ISO 22716 (GMP).

The key ingredients are certified COSMOS Approved, with ECOCERT Greenlife as the auditor. The COSMOS Approved certification is an important recognition for the company’s unique ingredients and processing methods.

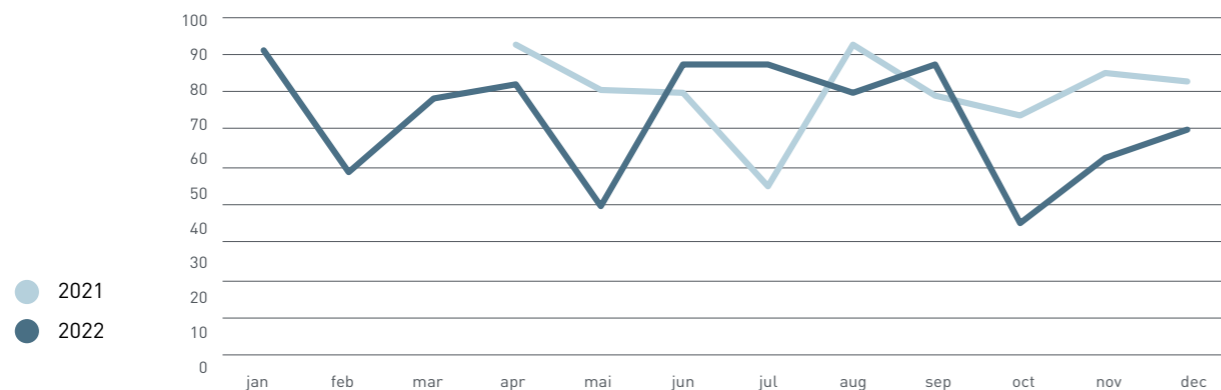
The ingredients have been registered under the following trademarks: BLUE LAGOON SEAWATER, BLUE LAGOON SILICA, BLUE LAGOON MINERAL SALTS, BLUE LAGOON MICROALGAE, and BL+ COMPLEX.

Eco-friendly packaging

In accordance with the company’s environmental policy, the packaging of its skincare products is designed to be 100% recyclable and to minimize plastic use. All paper is FSC certified, the glass is Miron glass which protects the quality and functionality of the product for a longer time, thereby preventing waste. The aluminum in the packaging can be recycled. In designing the packaging, materials are chosen carefully to maximize quality and minimize environmental impact.

The year 2022 was a year of transformation in terms of packaging, with the introduction of new, more environmentally friendly packaging for the skincare products. With this, we have managed to reduce plastic use by 81% since 2019.

NPS score from international online sales of the Blue Lagoon’s skincare products. Tracking started in April 2021.



Markets

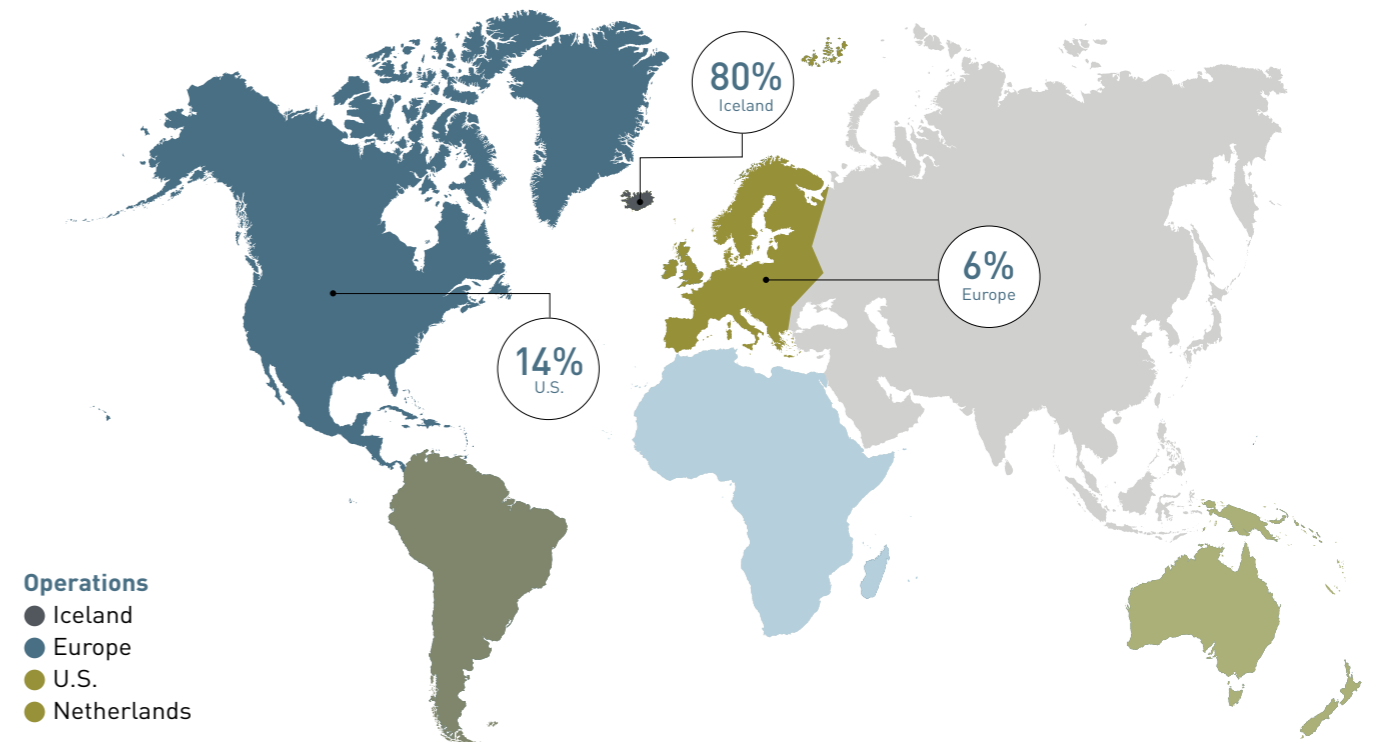
The expansion of operations in the United States and the notable success of the BL+ Eye Serum in the US market are particularly pleasing.

Blue Lagoon Iceland skincare products are sold worldwide. Blue Lagoon USA Ltd. in the United States handles sales and distribution in America, while Blue Lagoon NL B.V. in the Netherlands takes care of sales and distribution in Europe and other parts of the world. Blue Lagoon Skincare UK Ltd. was established this year and will take over sales and distribution in the UK by late 2023.

Iceland skincare products within the U.S. market and launching the BL+ skincare line. Through expanded distribution, increased visibility, and partnerships with expert teams, Blue Lagoon Iceland’s skincare offerings have significantly solidified their market position. A highlight is the BL+ Eye Serum, which has become an exceptionally popular product and the top seller of Blue Lagoon Iceland skincare in the U.S. market. In 2023, efforts will continue to build on this success in the U.S. while also strengthening the brand’s robust home market presence.

A considerable focus has been placed on enhancing the presence of Blue Lagoon

Sales distribution 2022



Stores

The stores are designed and furnished with the aim of connecting to the origin of the products in the Blue Lagoon water.



Laugavegur 15



Svartsengi



Keflavik airport



Kringlan

Seven stores are operated in Iceland under the Blue Lagoon Iceland brand. There are four stores in Svartsengi: at the Blue Lagoon, in the Retreat Hotel, in the Retreat Spa, and at the Silica Hotel. Two stores are in Reykjavík: in Kringlan and at Laugavegur 15. Additionally, there is one store in the departure hall of Keflavík Airport.

The emphasis in the company's retail locations is on offering Blue Lagoon Iceland skincare products. These stores are thoughtfully designed and decorated to foster a welcoming environment. The selection of lighting and colors in the stores is intended to visually link customers to the natural source of the skincare products—the waters of the Blue Lagoon, highlighting its distinctive surroundings and the scientific research that supports it.

Additionally, the company extends its reach through online storefronts available in Iceland, Europe, and the United States. Customers can explore and purchase Blue Lagoon skincare products online by visiting skincare.bluelagoon.com

Sustainable Utilization of Multiple Energy Streams

The geothermal ecocycle

BLUE LAGOON SKINCARE plays a key role in the sustainable utilization of multiple energy flows from the nearby HS Orka geothermal power plant. The company first uses geothermal seawater to produce silica for skincare products, and then the excess liquid is utilized to produce salt and microalgae. The salt is formed by boiling the liquid with excess steam from the geothermal plant. Both bath salts and flake salts are produced, with the latter

being utilized in cooking. The microalgae are cultivated in the liquid under LED lighting, powered by the green energy of the geothermal plant, and are nourished by natural carbon dioxide released from the boreholes of the geothermal seawater. All other excess liquid is used in the bathing lagoons, from where it is channeled into a spillway and then back down into the earth's layers, thus completing its cycle.

Carbon offsetting

The transportation of Blue Lagoon's products from warehouses to customers is carbon offset

The cultivation and protection of forests are key elements in preserving the natural balance between the earth and human ecosystems. Forests absorb CO2 from the atmosphere, thereby creating cleaner air and promoting biological diversity. For this reason, Blue Lagoon encourages afforestation and aims to offset the carbon footprint of the company. In 2021, BLUE LAGOON SKINCARE partnered with Pachama, a company specializing in reforestation and specific carbon offset projects.

The goal is clear: more trees, less pollution. The carbon emissions from product transportation are offset by calculating the carbon output of each product based on its weight and mode of transportation. These calculations are based on recognized methods and assumptions. The calculated emissions are then offset through Pachama, where the costs contribute to the cultivation and protection of forests.



Certifications



Certified management system

Blue Lagoon and BLUE LAGOON SKINCARE adhere to the same management system, which is certified according to the management standards ISO 9001 for quality management, ISO 14001 for environmental management, and ISO 45001 for occupational health and safety management. They also share the same pay system through the service agreement of the companies, which is certified according to the equal pay standard ÍST 85:2012. With this management system, the staff ensures the quality of production and products, enhances employee safety, and protects the environment. The management system benefits employees, increases transparency, and encourages the participation of everyone to continuously improve and offer environmentally friendly skincare products.



COSMOS APPROVED

COSMOS APPROVED ingredients

In 2020, the Blue Lagoon ingredients, which originate from the geothermal seawater of the Blue Lagoon and play a key role in Blue Lagoon Iceland skincare products, were certified as COSMOS Approved. The certifying body is ECOCERT Greenlife. BLUE LAGOON SKINCARE places strong emphasis on offering the highest quality skincare products that meet consumer demands for environmentally friendly products. The COSMOS Approved certification is an important recognition for the company's unique ingredients and processing methods.



COSMOS NATURAL certified skincare products

COSMOS (COSMetic Organic and natural Standard) is a cosmetic standard with a strong emphasis on environmental protection in the manufacturing processes of cosmetic products. It covers everything from responsible resource use, to the use of environmentally friendly packaging and cleaning agents, while ensuring the highest quality of ingredients in cosmetics with the welfare of consumers and nature in mind. The standard also makes stringent demands on the choice of environmentally friendly packaging and the importance of reducing their waste. The skincare products BL+ The Serum, BL+ Eye Serum, and Hand Cream are certified COSMOS NATURAL by ECOCERT Greenlife.



Good manufacturing practices

In 2020, BLUE LAGOON SKINCARE received quality certification for the manufacturing of cosmetic products (ISO 22716 Cosmetics – Good Manufacturing Practices GMP) from British Standards International in Iceland for its ingredient production, which takes place at the Blue Lagoon Research and Development Center in Svartsengi. The standard outlines good manufacturing practices for cosmetics that ensure quality in production, control, traceability, and distribution of the products. The standard reflects the company's commitment to its customers to always ensure the quality and safety of its skincare products. The production is audited annually.

Awards and Recognitions

The BL+ skincare range has enjoyed remarkable success since its debut in spring 2021.



BL+ Eye Serum was awarded the title of best eye product for combating fatigue and inflammation by New Beauty Magazine in 2022. It also secured the Best of Beauty accolade from Allure. Following this, at the start of 2023, the product garnered further recognition from Good Housekeeping, winning the award for the best eye product effective against dark circles, fatigue, and inflammation.



BL+ The Serum was honored with the Elle Green Beauty Star 2021. It also received the Sustainable Innovation Awards from Good Housekeeping.



BL+The Cream was awarded the best skincare product of 2022 by Refinery29.



Research and Development

A strong research focus has been a hallmark of Blue Lagoon's operations from the very beginning.

The Blue Lagoon operations serve as a unique example of harnessing geothermal resources for various purposes, aiming to enhance quality of life. Whether focusing on medical treatments, wellness tourism, or the creation of distinctive skincare products, the company's activities are rooted in sustainability.

Since its establishment, the Blue Lagoon has maintained a strong commitment to rigorous research. The numerous scientific articles published in peer-reviewed journals and the company's proprietary patents serve as evidence of this dedication. Collaborating with both domestic and international scientists, the Blue Lagoon fosters fruitful partnerships within the academic community for research and development endeavors. From the beginning, the company has conducted studies on the lagoon's resources and accumulated knowledge for the betterment of society. Examples of research include investigations into the lagoon's ecosystem, the beneficial effects of bathing for individuals with psoriasis, and the bioactive ingredients.



The Blue Lagoon holds three patents, covering the use of microalgae (in the United States and Europe) and silica (in Europe) in cosmetics and pharmaceuticals. These patents acknowledge the innovative development efforts of the Blue Lagoon and the uniqueness of its products. They also detail research findings that demonstrate the efficacy of microalgae and silica sourced from the lagoon, with studies conducted by Blue Lagoon scientists in collaboration with an international research institute.

Moreover, over 20 peer-reviewed scientific papers and numerous academic studies (including master's and doctoral theses) have been published, with the Blue Lagoon as a central focus.

Scientific research has played a key role in the company's success from the beginning and is the basis for all new skincare developments. They are the reason we collaborate with a diverse team of scientists.

Published articles

2011 >

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Human Resources

05

Rósa Björk Svavarsdóttir

Head Waiter

Catering



Our Team

Blue Lagoon is at the forefront of innovation in the fields of service design, experience, and product development.

The workforce at Blue Lagoon is truly exceptional. Comprised of individuals of 40 different nationalities, our team is characterized by its forward-thinking and creative approach. Together, our staff shares a common goal: to create unforgettable experiences for our guests and one another.

Driven by a passion for innovation and sustainability, our team is dedicated to harnessing the natural resources around us to design experiences and products that nourish both the body and the soul of our guests. We continuously strive to evolve and cultivate the Blue Lagoon environment in harmony with nature and society, ensuring that every guest's stay is nothing short of memorable.

For three decades, Blue Lagoon has thrived thanks to the presence and ingenuity of our proactive and creative individuals, who leverage the power of nature to craft

experiences and products that enrich the wellbeing of our guests.

Today, Blue Lagoon leads the way in innovative service design, immersive experiences, and product development, all thanks to the pioneering efforts of our dedicated team. We take immense pride in our workforce, their passion, and the remarkable work culture fostered within our organization.

In May, Blue Lagoon launched a campaign allowing guests and others to connect with the individuals behind the scenes, gaining insights into their roles with warmth and discovering their personal stories, interests, and how they apply their strengths in their work. For example, highlighting the roles of hosts, research and development executives, product managers, operations managers, social media managers, nurses, and reception managers at the Retreat Hotel.



Key Figures

The employees of Blue Lagoon are its most valuable resource, forming the foundation of providing a great guest experience.

At the beginning of the year, adjustments to Blue Lagoon's operations were still necessary due to the restrictions imposed by government authorities in response to the COVID-19 pandemic. Following the easing of all restrictions in February, significant efforts were initiated to find a balance in operations, particularly concerning staffing needs. Around mid-year, the pace of staff expansion began to slow down, and the number of employees has remained relatively stable since then.

As the pandemic neared its end in early March, all staff were invited to workshops with the aim of aligning objectives. The objective was to revisit the year's key priorities and introduce the new internal value, We Inspire, alongside existing ones. Concurrently, the company introduced its new guiding principle, Wellbeing for People and Planet. During these workshops, employees were encouraged to propose actions, training materials, and projects aimed at integrating the new value and guiding principle into the company's culture.

The 30th anniversary of the company was celebrated with festivities and refreshments for employees and by showcasing the unique workforce the company possesses through the campaign "Our People."

In early October, Blue Lagoon's support departments relocated to a new office space at Urriðaholt 2-4 in Garðabær. With these relocations, the efficiency of support services increased, allowing for closer collaboration to continue fostering the company's ongoing growth and success. Simultaneously, the facilities in Svartsengi were better utilized to further enhance value creation.



Throughout the year, managers reviewed various quality aspects. Human resources processes were examined and updated in line with changing priorities following COVID-19. The frequency of performance reviews was raised, ensuring that each employee now engages with their manager more frequently to talk about performance and objectives. This initiative aims to foster a sense of psychological safety within the workplace. Moreover, there was an increased focus on presence-based discussions, utilizing the Bradford Scale to assess the necessity for these conversations. Prioritizing the wellbeing and health of employees is paramount, underscoring the importance of providing support when required. Workplace support can have significant and positive effects when challenges arise.

Efforts were made to enhance the utilization of the recruitment system, making the recruitment process and onboarding of new hires more automated and efficient, while ensuring that the onboarding and integration of new hires into the workforce are more successful. A Mentorship program was also implemented to support professional training of new employees. GÁT lists were created for the first 90 days of employment to provide new employees with the training and infor-

mation needed to perform their new roles at Blue Lagoon. Foundational training for mentors was offered regularly throughout the year to provide them with information on their role, the process, and on-the-job training.

Blue Lagoon took significant steps in its digital journey. POWER BI software was built and implemented to better analyze and utilize workforce data to support employees and the company's performance. The system, along with workplace survey results, provides insight into how workload affects employees and whether the actions taken yield results.

Connections between HR systems were improved to facilitate better information flow between systems. Improved information flow between systems increases processing speed by reducing manual labor and, thus, the error rate.

Efforts were made to better utilize the My-TimePlan work scheduling system to increase its efficiency. The system enables managers to estimate workforce needs ahead of time to ensure proper staffing levels. Preparation for the implementation of a shift scheduling system was also underway, allowing shift workers to choose a shift schedule that suits them each time.

Diversity and Equality

Blue Lagoon celebrates diversity and equality and continuously works to prevent any form of discrimination.

In the company's recruitment process, efforts are made to balance gender ratios while also striving to hire the most qualified individuals each time. During the year, Blue Lagoon received an award from the Equality Scale by FKA, (Icelandic Association of Businesswomen), which is awarded to companies working to balance gender ratios in their top management layers. Blue Lagoon is an international workplace with staff members from 40 different nationalities. Diversity enhances the guests' experience as employees are encouraged to bring fresh ideas that support the operation. Efforts are always made to utilize the talents of the staff as best as possible, and the company values this diversity as immense assets. Blue Lagoon was one of the first large companies in Iceland to receive equal pay certification according to the equal pay standard ÍST 85, first obtaining this certification in 2018. Strong emphasis is placed on ensuring consistency across

the company and that equal pay is provided for the same or equally valuable jobs regardless of gender, race, or other unjustified criteria.

The company went through its fifth audit of the equal pay system at the end of the year and passed with flying colors, without any deviations or comments. The result of the wage analysis was that the gender pay gap at Blue Lagoon is 0.6% in favor of men. The explanatory ratio was 96.2%, which strongly indicates that the variables used for pay decisions accurately explain actual wage formation in the company. Information about the equal pay certification and Blue Lagoon's equal pay system is presented to the company's employees in online education and induction training for new employees. Managers have access to a managerial handbook on equal pay certification and the company's equal pay system in the Blue Lagoon Academy.



Training and Education

Blue Lagoon prioritizes ongoing education for all employees to further their professional development.

Blue Lagoon stands out as a leader in Iceland for its commitment to employee training, education, and career advancement. Training and development are always aligned with the company's objectives, values, and purpose. In 2022, there was an increased focus on identifying training needs. Surveys, workshops, focus groups, and meetings between representatives in the company's interdisciplinary education council were conducted regularly throughout the year, and the results of this analysis shaped the agenda and priorities in educational content. Blue Lagoon has been committed to meeting the needs of different groups within the company with the goal that all staff have opportunities for career development. At the end of the year, a multicultural advisory council was established, which staff could choose to participate in. Blue Lagoon emphasizes that all employees seek some form of continuing education to enhance their performance at work. Additionally, increased continuing education positively impacts job satisfaction and contributes to lower staff turnover.

In a survey conducted among all the company's employees during the year, it was revealed that 70% of the staff felt encouraged by their superiors to pursue career development. 1,837 participations in on-site training provided by the company were recorded for the year. The company continued to employ mixed methods for delivering educational content, including in-person training and digital learning. Most of the education took place in classroom settings, but recordings of most of the individual presentations were offered for those who could not attend in person.

Over the year, more than 220 diverse courses, lectures, and workshops were held under the Blue Lagoon Academy. Noteworthy

events included a staff day involving all employees and workshops with the executive management.

Following the staff day, a series of diverse presentations and workshops were organized in alignment with the new guiding light, Wellbeing for People and Planet. In workshops titled Wellbeing for Planet, employees had the opportunity to learn about the company's environmental initiatives and contribute to shaping new ideas. Also, there was a focus on exploring staff suggestions on how to enhance health and well-being at work. Various educational lectures were also offered in line with the new guiding light and values, including LGBTQ+ education, training against violence and harassment, education on stress manifestations and coping mechanisms, as well as information on healthy lifestyles and nutrition, among others.

The new guiding light and new values became a standard part of the induction training for all new employees, in addition to the new staff training aimed at frontline workers becoming more comprehensive; all frontline staff now complete in-person training in areas such as service, product knowledge, and cultural literacy, in addition to traditional on-site training and other classroom instruction. A cross-disciplinary group of digital leaders received special training in the company's digital journey, completing 12 courses in digital skills. Throughout the year, foreign lecturers and experts were invited to deliver specialized courses and advice on expertise in areas like sales, hotel services, and leadership skills. Emphasis was also placed on the continuous leadership training of managers to further support and enhance the company's leaders, along with courses aligned with succession planning.

Throughout the year, Blue Lagoon offered coaching and general educational counseling during work hours to empower employees in their career development. Employees had the opportunity to attend work-related courses at the Open University of Reykjavik free of charge. Many staff members took advantage of complimentary Icelandic language courses at a company of their choosing. Between Christmas and New Year's, employees also had the option to enroll their children in technology courses. Blue Lagoon aims to continue offering new and exciting options in education and career development, thereby promoting increased job satisfaction in line with the new guiding light, Wellbeing for People and Planet.

Blue Lagoon was named "Educational Company of the Year 2023" on Business Day, February 14, by the Confederation of Icelandic Enterprise. The award is given to companies that excel in education and training. The Confederation's justification for the award included: "Blue Lagoon demonstrates through its educational plan, benchmarks, and measurements that the results of its educational efforts are significant and positive. Participation is excellent, with a variety of educational methods available, including courses, online courses, education through educational videos, and the Blue Lagoon Academy, in addition to courses offered by external educational providers."

220
courses



Safety and Health

The safety and wellbeing of guests and staff are always a top priority.

The safety and well-being of guests and staff at Blue Lagoon are always paramount in the company's operations. Therefore, a risk-based approach is encouraged in all aspects to create a safe workplace and a healthy working environment. The company continually strives to cultivate a culture where safety is the absolute priority without compromises.

Understanding the unique environment of the Blue Lagoon and the potential hazards associated with it is crucial. To maintain comprehensive oversight and the best possible understanding of the conditions, Blue Lagoon conducts an extensive risk assessment for both guests' presence and staff members. Appropriate monitoring measures are implemented to minimize the risk of incidents, and these measures are clearly communicated within the company and to guests. These actions are reflected in the design and layout of the experience areas, staff training, safety regulations, and information provided to guests.



A specialized incident reporting system exists within the company, accessible to all employees. This system collects data on hazardous situations, near-miss incidents, and deviations from standard and normal processes. All incident reports are monitored, their causes analyzed, and corrective actions are taken subsequently to prevent or minimize the chances of recurrence.

To ensure effective emergency responses, it is crucial that emergency plans are regularly updated to reflect operational changes and that they are accessible and implemented in such a way that staff knowledge of them is guaranteed. Centralized response is ensured through systematic supervision and 24-hour monitoring, where safety is an integral part of the daily operations of all units. During the opening hours of the Blue Lagoon's bathing facilities, a team of well-trained security guards is responsible for overseeing the safety of the lagoon's guests.

Health and safety at work

Mental and physical health is the foundation of quality of life and wellbeing. In line with Blue Lagoon's new guiding light, Wellbeing for People and Planet, the company has expanded the options available to staff for building and maintaining good health.

Among the benefits offered to staff are access to gyms without charge, consultations with the company's psychologist and doctor, health screenings, and flu vaccinations.

By ensuring that the Blue Lagoon's employees have healthy and safe working conditions, the company boosts job satisfaction, which in turn reflects in a positive experience for guests. All workspaces are designed with the safety and health of staff in mind, and through active dialogue with employees, continuous efforts are made to improve their working environment. Additionally, the cafeteria is designed to create a comfortable and relaxed atmosphere, while always offering a variety of nutritious meals.

Accidents

The primary cause of accidents at Blue Lagoon in 2022, involving both guests and staff, relates to injuries sustained on slippery surfaces, such as those wet or icy. Given the constantly changing environment, particularly with Iceland's weather conditions, the company remains vigilant about this specific risk and takes measures whenever necessary to reduce the chances of such accidents recurring.

Unforeseen circumstances

The early months of the year continued to be marked by the pandemic, along with seismic activities and weather warnings. The lifting of pandemic restrictions at the end of February left valuable lessons,



leading Blue Lagoon to adopt new practices regarding personal disease protective measures within the company.

Seismic activities persisted in the Reykjanes peninsula for part of the year, creating uncertainty for guests and staff. Emergency plans were reviewed, and staff were educated and assigned appropriate roles in evacuation plans, which were then practiced. There was good collaboration with authorities, response teams, and local stakeholders during periods of uncertainty and following the onset of a volcanic eruption in early August. Efforts were made to keep staff and guests well-informed about the situation.

At the end of the year, practical drills were conducted to practice responses to evacuation due to a volcanic eruption, as well as search and rescue in the lagoon. 140 employees participated with positive outcomes and significant learnings.

The year's end was characterized by stormy weather, presenting operational challenges.

Sustainability

06



Blue Lagoon's Journey Towards Sustainability

Ever since the first lagoon formed in Svartsengi, it became evident that careful attention had to be given to environmental issues.

It has always been clear, ever since the formation of the first lagoon in Svartsengi, that careful attention must be paid to environmental matters and preservation of the area's unique natural character. At that time, people found inspiration in a long-standing Icelandic principle regarding pragmatism. This ideal concludes that every available resource must be harnessed for societal benefit, leaving no room for waste. For this reason, the excess water was not viewed as a problem to be solved, but an opportunity to seize.

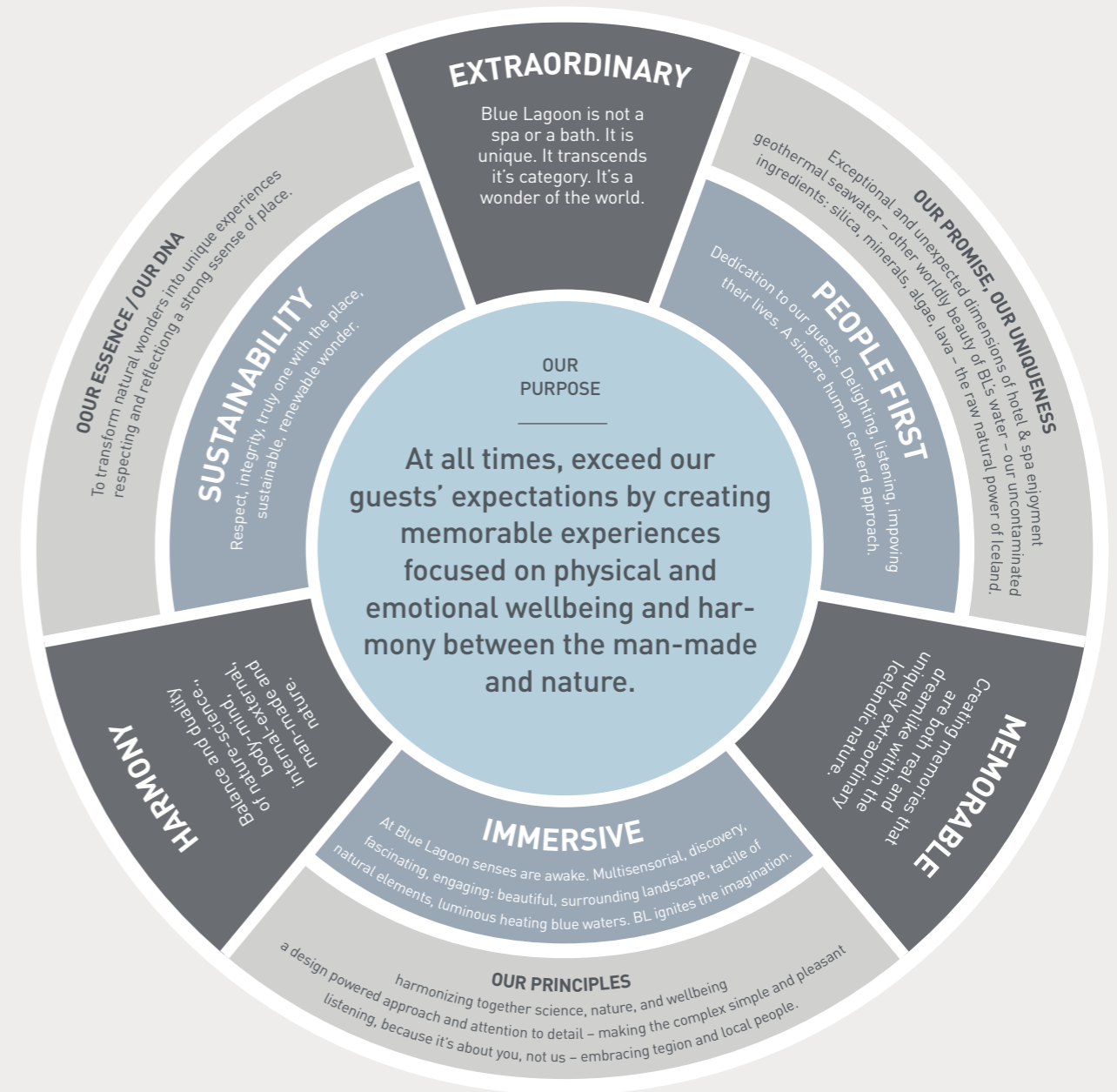
Ever since, Blue Lagoon has adhered to this vision throughout all its operations, including the development of experiential areas, services, and products. Blue Lagoon also belongs to the Resource Park, which is a cluster of companies on the Reykjanes

peninsula that harness the geothermal energy surplus from the HS Orka power plant in their operations and share a collective commitment to building a sustainable society.

Throughout its history, Blue Lagoon has adapted to the policies and trends related to sustainability and is on a journey towards advancing the company's sustainability efforts by minimizing its environmental footprint while also generating social and economic benefits for the local community. This journey is an ongoing process, as the company continually seeks innovative approaches to achieve a better balance between economic, social, and environmental factors. Additionally, it aims to fulfil the needs of its stakeholders through collaborative efforts and unity.

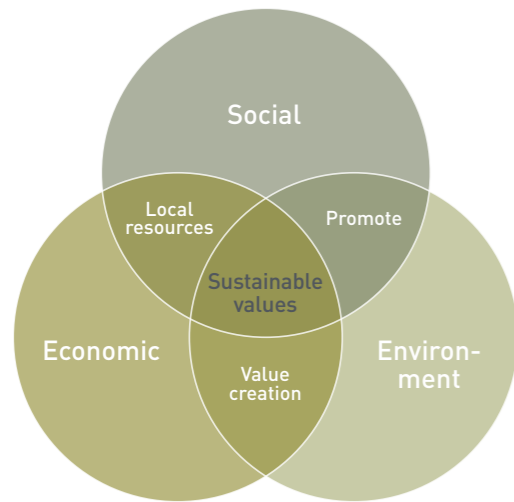


Wellbeing for People and Planet
The guiding principle of Blue Lagoon can be described like so:



Social Responsibility

Blue Lagoon's social responsibility contributes to the sustainability of the business and the environment for the future.



Blue Lagoon places great emphasis on corporate social responsibility (CSR) and has, over time, implemented a number of projects to integrate social and environmental considerations into its operations. These projects include initiatives such as the further utilization of geothermal seawater, nature preservation, destination development, education and training, gender equality, and active involvement in significant social projects. These endeavors reinforce social foundations and ensure positive societal growth, alongside the growth of Blue Lagoon.

The CSR of the Blue Lagoon reflects the company's commitment to environmental protection, social support, and ethical business practices; a commitment that benefits not only the stakeholders of the company but also contributes to the future sustainability of both the business and the environment.

Reference standard ISO 26000

The guidelines of the ISO 26000 standard are an important criterion. This standard provides comprehensive guidance to companies, helping them evaluate their current status and chart a path for future enhancements and heightened social responsibility. Blue Lagoon utilized the ISO 26000 guidelines as a foundation for revamping its management system, anticipates promoting social responsibility across all its business divisions through the insights and recommendations laid out in Chapter 7 of the ISO 26000 guideline.

CSR Committee

Since 2019, a multidisciplinary group has been working within Blue Lagoon, dedicated to managing corporate social responsibility (CSR) matters. The committee's primary objective is to embed CSR principles throughout all segments of the company, while also working towards enhancing the company's performance in societal and environmental domains. The CSR strategy, topics, and objectives undergo annual review and refinement, with the committee convening on a weekly basis. The continual



Goals in social responsibility

Goals in 2022	Results in 2022	Goals in 2022	Long-term goals
Initiate a new process for social responsibility projects	On hold due to organizational changes	Review the process and begin implementation	Social responsibility projects fully aligned with the company's priorities
Greater employee involvement in community projects	New courses on sustainability and surveys among stakeholders	Introduce more sustainability projects among employees	Social responsibility is an integral part of Blue Lagoon's culture
Conduct in-depth stakeholder analysis	Active engagement with over 740 feedbacks	Review and inform stakeholders	Effective communication with all major stakeholders
Initiate the adoption of ISO 26000	On hold due to project prioritization changes	Review terms and work on implementation	Blue Lagoon's management system follows ISO 26000 guidelines
Publish a sustainability report incorporating the global UN SDGs	Enhancements for the 2022 sustainability report with new GRI standards	Ensure the report aligns with new regulations	Accessible report explaining Blue Lagoon's social responsibility and sustainability
Link the company's goals to UN SDGs	Contribution to SDGs defined	Use UN SDGs management tools to assess impact	Fully implement UN SDGs in all company activities
Conduct impact assessment for B-Corp, a globally recognized social responsibility assessment tool	Complete impact assessment and initiate the B-Corp process	Finalize the process and secure B-Corp certification	Be a certified B-Corp company

aspiration of the CSR Committee is to bring Blue Lagoon closer to sustainable practices.

In 2022, the CSR Committee conducted an evaluation of Blue Lagoon's social and environmental impact utilizing the B Impact Assessment tool. This online application, available free of charge, enables companies to assess and enhance their performance in five key areas: governance, workforce, community, customers, and the environment. Additionally, the company actively engaged with its primary stakeholders, gathering their feedback and incorporate their perspectives into the development of this year's sustainability report.

The Ten Fundamental Principles of the UN Global Compact

Since 2018, Blue Lagoon has been guided by the Global Compact initiative of the United Nations in shaping its policies, establishing goals, and implementing procedures, especially regarding corporate social responsibility. Companies have a significant role in ensuring human rights in the workplace, environmental conservation, and combating corruption. Blue Lagoon is firmly dedicated to fulfilling this role.

The adherence to these principles is evident in the table provided on the following page.

Human Rights

Blue Lagoon strictly adheres to robust Icelandic labor legislation, placing a strong emphasis on human rights. The company's commitment to respecting both people and the environment is paramount in all its projects, aligning with its guiding principle of Wellbeing for People and Planet. Blue Lagoon conducts its operations in strict accordance with the Act on Equal Status and Equal Rights of the Genders no. 86/2018.

Furthermore, the company focuses on providing all its employees with a safe work environment, free from any form of violence, gender-based harassment, sexual harassment, and bullying. Blue Lagoon ensures that all its staff members have equal opportunities for career development and can enjoy various benefits, including educational and training opportunities, transportation assistance, fitness allowances, and access to reasonably priced meals.

The ten principles of UN Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Make sure that they are not complicit in human rights abuses.

The fundamental policy of Blue Lagoon serves as the ethical foundation for the company's operation and management practices. It encompasses the essence of the five policy components that address environmental concerns, health and safety, human resources, quality, and corporate social responsibility of businesses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: The elimination of all forms of forced and compulsory labour.

Principle 5: The effective abolition of child labour.

Principle 6: The elimination of discrimination in respect of employment and occupation.

Blue Lagoon consistently prioritizes its employees. In the company's human resources policy, emphasis is placed on caring for health and wellbeing, equality, fair recruitment practices, professional training and development, and fostering a strong team culture based on Blue Lagoon's values.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

A world without waste is the common goal of Blue Lagoon and the Resource Park it belongs to. In the company's environmental policy, three focus areas related to environmental responsibility are defined: sustainable, carbon-neutral, and plastic-free experience.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The social responsibility policy of Blue Lagoon aims to ensure ethical operational standards, compliance with legal requirements, and adherence to international norms. The company evaluates its performance based on the social, economic, and environmental impacts of its operations, both locally and globally.



UN's Sustainable Development Goals

Blue Lagoon contributes to the United Nations' ambitious sustainability goals.

The United Nations' Sustainable Development Goals (SDGs) were approved by the representatives of all UN member states in September 2015. The goals are diverse and ambitious and require the participation and cooperation of different stakeholders. Blue Lagoon does its part to support the goals.

Blue Lagoons' responsibility and emphasis towards the SDGs

The contribution of Blue Lagoon staff is important in shaping and developing the company's journey towards sustainability. Their opinions laid the foundation for the prioritization of the specific sustainability goals that Blue Lagoon intends to emphasize during its journey. Although all the goals are undoubtedly of global importance, the five goals below were prioritized by the company staff and special emphasis will therefore be placed on them in the coming years.

Training for all Blue Lagoon employees to raise awareness about the UN goals

This educational initiative is part of the strategy introduced at Blue Lagoon in 2020 when the UN Sustainable Development Goals were presented to the staff online, and they were subsequently asked to rank them based on their personal assessments of which were most relevant to Blue Lagoon's activities.

The objective for 2022 was to determine which five global SDGs were of the greatest significance to the company and aligned with its capabilities. In 2023, the Blue Lagoon aims to evaluate the results and disseminate them in line with the prioritized objectives.



Sustainable Development Goals	Description	Focus
SDG 3 Good health and wellbeing	Ensure healthy lives and promote wellbeing for all, at all ages	3.8
SDG 7 Affordable and clean energy	Ensure access to affordable, reliable, sustainable and modern energy for all	7.2, 7.3
SDG 9 Industry, innovation, and infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.2, 9.3, 9.4, 9.5
SDG 12 Responsible consumption and production	Ensure sustainable consumption and production pattern	12.1, 12.2, 12.3, 12.4, 12.5, 12.6, 12.7, 12.8
SDG 13 Climate action	Take urgent action to combat climate change and its impacts	13.1, 13.2, 13.3



Blue Lagoon's Contribution to UN's Sustainable Development Goals



Wellbeing for People and Planet

Our core business aims to promote the improved health and wellbeing of our guests and customers. Part of our business is offering treatments for those with psoriasis. Our skincare products are the result of more than 30 years of research and development, and one of the company's skincare lines, DERMA, is intended for those who are struggling with skin problems.

At Blue Lagoon, we have implemented safety measures for both our staff and guests, but we also support a variety of health and welfare projects to raise awareness of the issue.



Energy

We use 100% renewable energy from HS Orka's geothermal plant. Many projects have been launched in recent years to improve energy efficiency in equipment and buildings. We aim to increasingly draw attention to the responsible use of energy resources worldwide.



Sustainable Operation

Our operations are based on the ecological cycle of the geothermal seawater in the Reykjanes Peninsula. We actively participate in initiatives in the Reykjanes UNESCO Global Geopark to improve sustainable infrastructure and support activities in our local environment. We promote development and technological advancements to create value for the region.



Circular Economy

We support the implementation of responsible standards for production and consumption. Whenever possible, we source from the local community, and we buy materials that can easily be reused or recycled. In this way, we try to minimize waste and the generation of waste. We work closely with other parties in the region to promote sustainability and the protection of natural resources.



Climate Action

At Blue Lagoon, we measure our carbon emissions and work systematically to reduce and offset our carbon footprint. We support and promote sustainable transport and work to raise awareness about climate change—both inside and outside the company.

Stakeholder Analysis

Blue Lagoon focuses on increasing public and stakeholder awareness about sustainability.

Stakeholder analysis

Blue Lagoon prioritizes communications and actions that promote sustainable development in cooperation with major stakeholders. In order to maintain growth and fulfill the company's social responsibility, it is necessary to actively inform about the company's environmental impact and deliver that information to stakeholders. As a responsible leader in its field, the company encourages constant dialogue to gain insight into its operations and relationships, to increase trust, share knowledge and build a better future for all.

Blue Lagoon Stakeholders

In 2021, a reassessment of the Blue Lagoon's main stakeholders took place, in accordance with the Global Reporting Initiative (GRI) and ISO 26000 guideline. Blue Lagoon focuses on maintaining good relations with its main stakeholders and at the same time on increasing the public's awareness of sustainability and promoting increased communication and actions aimed at sustainable development.

In the years 2022-2023, a survey was conducted among the company's stakeholders to obtain detailed information on a variety of issues related to the company's environmental impact. The information that was collected enabled Blue Lagoon to collect data that was subsequently presented in the company's corporate sustainability report. Feedback was collected from each stakeholder group via a questionnaire submitted anonymously, to respect both freedom of expression and privacy. The questionnaire was sent out in both Icelandic and English.

Definition of stakeholder:

Stakeholders are individuals or groups that have an interest that is affected or could be affected by the organization's activities. (GRI)





Survey among stakeholders

In 2022, for the first time, Blue Lagoon conducted surveys among stakeholders to collect quantitative and qualitative information with a questionnaire that was sent out to the various groups of the company's stakeholders. The groups were chosen based on their interests and their impact on the company's operations. The purpose was to draw attention to and improve the sustainability of the company's operations in accordance with the guiding principle, Wellbeing for People and Planet, by calling for both positive and negative reactions. The surveys were very successful with more than 740 responses received.

Results

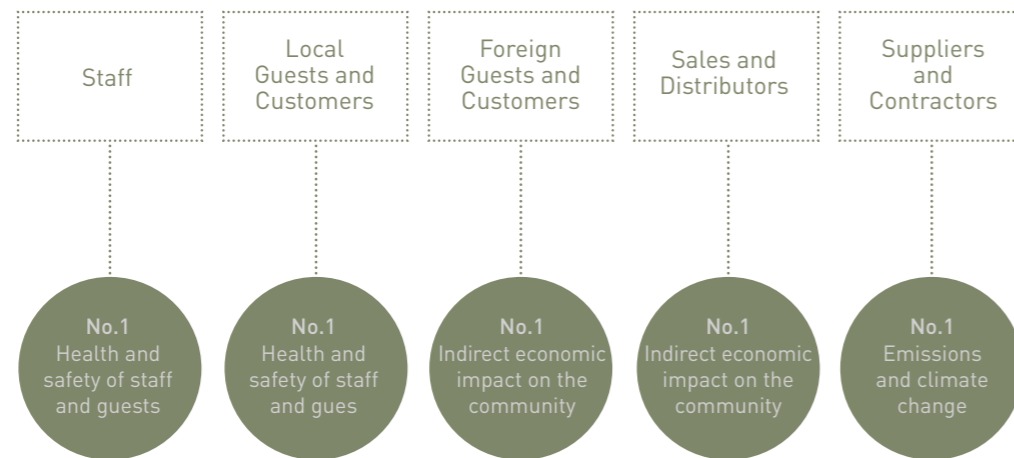
In these surveys, stakeholders received a list of relevant issues concerning the company's environmental impact. They were asked to evaluate, on the one hand, the importance of each issue and, on the other hand, to indicate which issues they considered most important in economic, environmental, and social terms.

Stakeholders recognized the following list of issues as important, with an average score of over 4 (on a scale of 1 to 6).

740
answers received

Economic Issues	Environmental Issues	Social Issues
<ul style="list-style-type: none"> · Economic and financial performance · Indirect economic impact that Blue Lagoon could have on the local community · Anti-corruption and anti-competitive measures · Taxation · Acquisition and utilization of resources · Business with the local community 	<ul style="list-style-type: none"> · Energy efficiency · Water consumption · Impact on biodiversity · Emissions and climate change · Recycling of waste · Reduction of single-use plastics 	<ul style="list-style-type: none"> · Employment and corporate culture · Health and safety of staff and guests · Training and education · Diversity and equal opportunities · Human rights · Support to the local community · Freedom of association and collective wage bargaining · Child slavery and forced labor · Equality

Ranking of issues according to stakeholders.



The most important issues according to stakeholders:

1. Health and safety of staff and visitors
2. Indirect economic impact on society
3. Emissions and climate change
4. Equal competition and anti-corruption
5. Reduce the use of single-use plastics
6. Trade with the local community
7. Economic performance
8. Human rights
9. Impact on biological diversity
10. Recycling of waste

Knowledge and assessment of stakeholders on the sustainability and operations of Blue Lagoon

Overall, the results of the survey showed that the stakeholders are very familiar (more than 95% on average) with sustainability as a concept (e.g., corporate social responsibility, social issues (ESG), sustainable development, carbon neutrality). For those who said they were less familiar with these aspects, the company provided a brief introduction of the topic to provide a better understanding of the following survey questions.

It was also stated that all business partners consider the activities of Blue Lagoon as sustainable in relation to the concept of sustainability, or on average more than 4 out of 5.

Stakeholders	Know the concept of "sustainability"	Rate Blue Lagoon as sustainable (on a scale of 1-5)
Employees	100%	4.3
Local guests and customers	89%	3.8
Foreign guests and customers	96%	4.4
Sales and distributors	92%	3.7
Suppliers and contractors	100%	4.3

Continuous Improvement

The Blue Lagoon is constantly looking for ways to improve. Through the survey, the company received a lot of practical suggestions, great ideas, points worth looking at, and general topics of discussion:



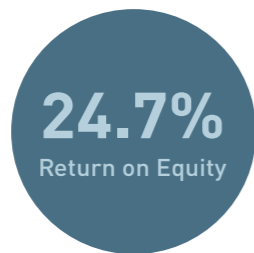
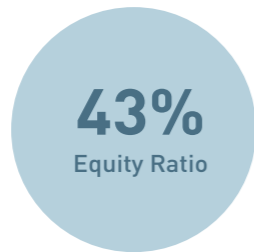
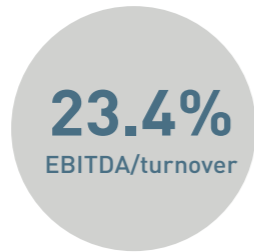
To name but a few

Economic Impact

07

Economic Impact

Blue Lagoon places a focus on conducting transactions that generate shared value among its stakeholders



The influence of COVID-19 on Blue Lagoon's operations continued to be significant in 2022. The company's operations at its facilities encountered significant limitations, including closures and capacity restrictions, from the beginning of the year until spring. Nevertheless, as the year progressed, the company's operations started to approach a more typical state. Despite these challenges, there was a positive shift in Blue Lagoon's performance compared to the previous year, and the company's financial position remains robust.

In 2022, the company's total tax contribution amounted to ISK 3.7 billion, covering all taxes and payments made to the national and local authorities. The rise in employee work years compared to the previous year also mirrors the substantial operational improvement that occurred during the year. The average number of annual labor unit in 2022 reached 589, compared to 396 in the preceding year.

Blue Lagoon prioritizes engaging in transactions that foster shared value among stakeholders, especially within the local community. This approach brings various benefits. By sourcing fresh produce from nearby partners, quality assurance is maintained while also contributing to local development and safer product access. Furthermore, it reduces greenhouse gas emissions due to shorter transportation distances and minimized packaging, all of which collectively enable the provision of environmentally friendly, high-quality goods from the local community, benefiting everyone involved.

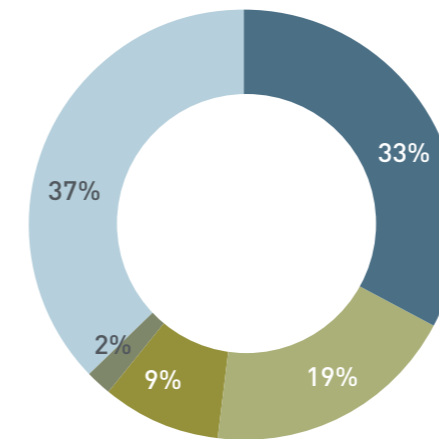
Shared value

Blue Lagoon creates shared value for the community, and its economic impact is substantial, whether viewed from a national perspective or, in particular, the local community. Last year, the company's economic contribution amounted to 86% of its revenue, equivalent to ISK 13.5 billion.

Financial statements

The financial statements for the year 2022 of Blue Lagoon Ltd. have been audited. To review the file in Icelandic, follow this link: [Blue Lagoon's Social Responsibility Report 2022](#)

Economic value



- 53% to employees
- 19% wage-related expenses
- 9% to the government
- 0% to shareholders
- 2% to the community
- 37% to suppliers and contractors

Turnover

€111.571.122

EBITDA

€26.077.891

Return after taxes

€13.480.483

Equity

€74.260.814

Cash

€30.817.934

Procurement and Sustainability

When selecting suppliers and contractors, we focus on cost-effective and environmentally friendly business relationships within the local community.

Blue Lagoon advocates for responsible and sustainable procurement practices. When choosing suppliers and contractors, we focus on creating economically viable and environmentally friendly business relationships within the local community. The company has established a procurement policy with a strong emphasis on sustainability and has clear procurement guidelines to follow. Within the organization, a procurement team convenes regularly to assess the policy, rules, and cost-effectiveness in procurement. Additionally, the team conducts an annual evaluation of suppliers and contractors based on the following criteria:

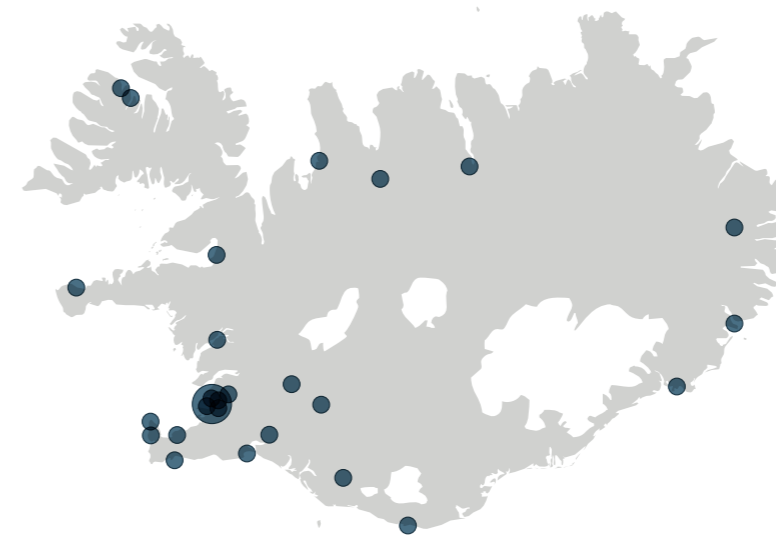
- Importance for Operations
- Number and severity of deviations
- Cost
- Quality of products/services
- Delivery time
- Safety and health
- Environment
- Image

The evaluation provides a rating for each supplier or contractor, determining whether continued business relations with them are maintained. If the evaluation yields a lower rating, efforts are made to improve the situation with the respective party.

The positive impacts of Blue Lagoon's operations are substantial, whether considering the broader community or the local community specifically. Blue Lagoon, for example, procured goods and services from suppliers and contractors for approximately ISK 6.5 billion last year. Around 72% of these transactions involved Icelandic suppliers and contractors, contributing ISK 4.68 billion back into the Icelandic economy. Moreover, over 97% of these transactions were with Icelandic suppliers and contractors within an 80 km radius of Blue Lagoon's operations in Svartsengi, including 22.5% within the Southwestern region.

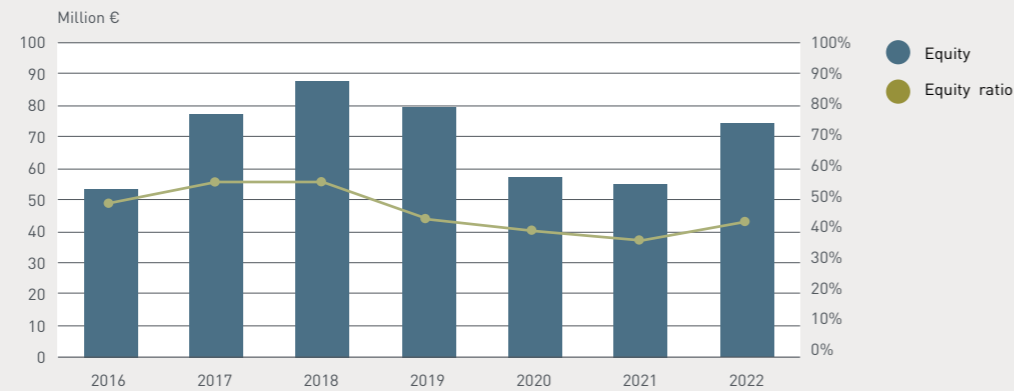
In 2022, the objective was to boost trade within the Southwestern region of Iceland, aiming for over 25% of domestic transactions to occur in this area. While the goal was not fully met, the percentage did increase compared to the previous year, which stood at 19% in 2021.

Location of Blue Lagoon's main suppliers and contractors in Iceland:

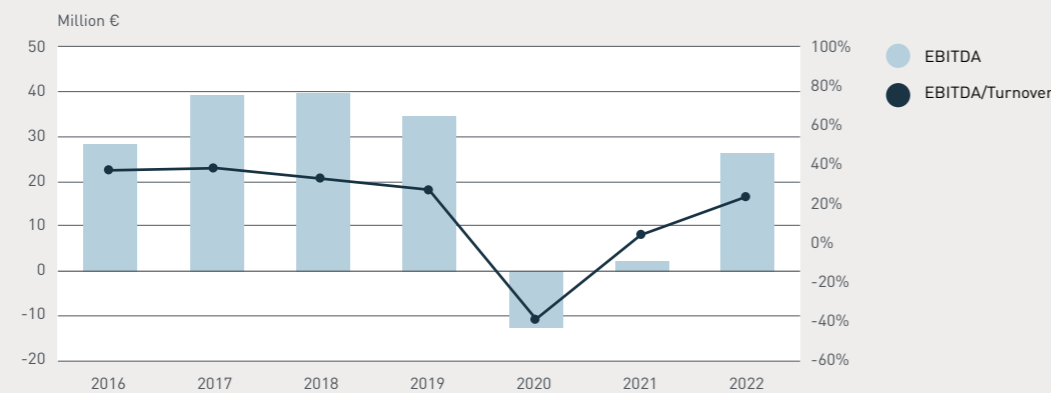


Blue Lagoon consistently monitors its procurement, with a focus on increasing transactions within Iceland, particularly within an 80 km radius of its operations, notably within the Southwestern region. This approach ensures that the local community benefits from the company's sustained growth and enhances inventory reliability and service specialization for the future. By prioritizing local trade, Blue Lagoon also reduces carbon emissions related to product transportation, shortens delivery times, and simplifies inventory management.

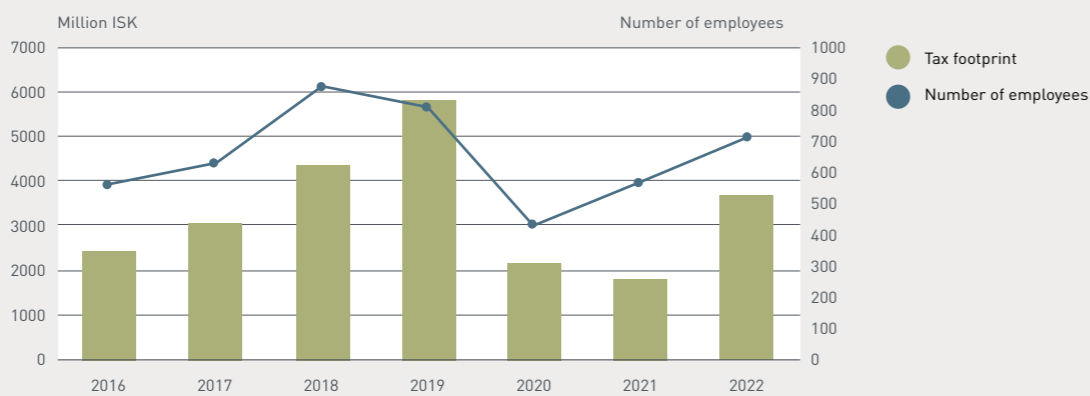
Equity



EBITDA



Tax footprint



Environmental Impact

08



Environmental Impact

Blue Lagoon's environmental goals are outlined in the company's environmental policy and sustainability objectives.

The sustainable utilization of resources and environmental preservation, aimed at safeguarding the quality of life for future generations, aligns seamlessly with Blue Lagoon's commitment to value creation and sustainable development. The direct connection between humans and nature has become an increasingly rare experience in our daily lives. Blue Lagoon nurtures these connections by offering distinctive experiences in the form of services in Iceland and skincare products worldwide.

Goals and Initiatives for Environmental Matters

Blue Lagoon's environmental goals are reflected in the company's environmental policy and sustainability objectives. Particular attention is placed on reducing the company's environmental impact in terms of greenhouse gas emissions, plastic usage, and enhancing sustainability in its operations.

From its inception, Blue Lagoon has placed a significant focus on maximizing the utilization of renewable resources while minimizing its environmental impact. One prime example is the sustainable management of geothermal resources, which benefits both society and nature. This guiding principle has been ingrained in the company's DNA, shaping its product development and future goals.

Environmental impacts are assessed and monitored closely, emphasizing the importance of environmental management within the company's framework to minimize its footprint on both local and global scales. The environmental management system is regularly updated and adheres to ISO 14001 standards, certified by BSI in Iceland.



Results

In 2022, several environmental improvement projects were undertaken to maintain the environmental management system and minimize the environmental impact of the company.

The main achievements during the year were:

- Construction of a new office building in the capital area resulted in reduced commute times for employees and a decrease in the company's leased vehicles. This led to a decrease in fossil fuel purchases, which will have a more significant impact in 2023, as the move to a new office took place during the fall of 2022.
- The company's annual celebration was held in Brighton, United Kingdom, and both flights and hotel stays were made carbon-neutral through tree planting. A carbon-neutral transportation method was chosen between the airport and the hotel. This serves as a clear example of how it's possible to travel and explore the world with minimal environmental impact.
- A total of 122,000 trees were planted in the Þjórsárdalur forest, with the aim of offsetting emissions and supporting the operation of the Mountain Baths when they open in 2025. The forest will grow in tandem with the company's operations, providing certified carbon credits.
- The waste classification was expanded to include the following items: fish waste, cooking oil, broken iron, and glass.
- The recycling rate for waste increased by 20% between years and reached 57% in 2022.
- The company's sustainability in product procurement was enhanced by adopting a more conscious approach to the use of Blue Lagoon Skincare products, including salt, hand soap, and hand sanitizer.
- New refillable aluminum shower dispensers were introduced in the Spa and hotel showers, replacing plastic bottles.
- Monitoring of procurement within the local community was improved to enable continuous tracking and oversight of their development.
- New environmentally friendly packaging for skincare products reduced the accumulation of plastic waste among consumers.
- Blue Lagoon's sustainability was assessed using the "Benefit Impact Assessment" framework provided by B Corp.

Some projects could not be completed during the year as planned due to changes in operations and updated focus areas within environmental improvements. These tasks will be carried over to the next fiscal year, if they are still deemed important to the Company.

Priorities for 2023

Towards carbon neutrality

- Develop a strategy outlining when and how the company will discontinue fossil fuel procurement.
- Expand the planting of carbon-offsetting forests.
- Apply for a Science-Based Target for Blue Lagoon.
- Publish and promote ethical and procurement guidelines for the company's suppliers and partners

Towards a circular economy

- Continue to reduce the generation of waste and increase recycling
- Implement and introduce plastic-free initiatives within the company
- Offer skincare refills
- Mitigate food waste within the operation

Towards sustainability

- Increase the proportion of purchases from the local community, especially within the Suðurnes region
- Continue to reduce single-use plastic in the guest experience
- Provide more information about the sustainability of the company
- Get B Corp certified

These priorities will be monitored throughout the year, and success will be evaluated based on established environmental goals in 2023.

Sustainable to the Core

Sustainability has been at the heart of Blue Lagoon since the beginning.

Sustainable operation

The first lagoon was formed during the construction of the HS Orka geothermal plant in 1976 due to wastewater from the plant and the high silica content in the water. When the wastewater cooled in the lava, silica deposits began to form in the water, gradually filling up the cracks in the lava and creating the lagoon. Curious Icelanders started bathing in the lagoon, and soon many stories circulated about the positive effects of the geothermal seawater on the skin, especially for people with psoriasis. The driving force behind the creation of the Blue Lagoon was Grímur Sæmundsen, a medical doctor, who dedicated extensive research to understanding the properties of geothermal seawater and its impact on the skin. He initially established a skincare clinic and eventually, in 1992, founded the globally renowned spa, the Blue Lagoon. Consequently, sustainability has been an intrinsic part of the Blue Lagoon's identity from its inception. The company's unwavering commitment revolves around maximizing the utilization of geothermal resources from the Earth's depths, replenished by nearby geothermal facilities, thereby generating value evident in the exceptional guest experience and product production. This ethos permeates the design of guest experiences, products, and structures, always developed in harmony with the surrounding environment.

Seawater ecosystem

Geothermal Seawater Sustainability. The origin of the Blue Lagoon can be traced to geothermal seawater sourced from depths of approximately 2,000 meters beneath the surface of the surrounding lava field. This geothermal seawater is composed of roughly two-thirds seawater and one-third freshwater and is approximately 240°C upon retrieval. Rich in minerals and uniquely composed, geothermal seawater possesses

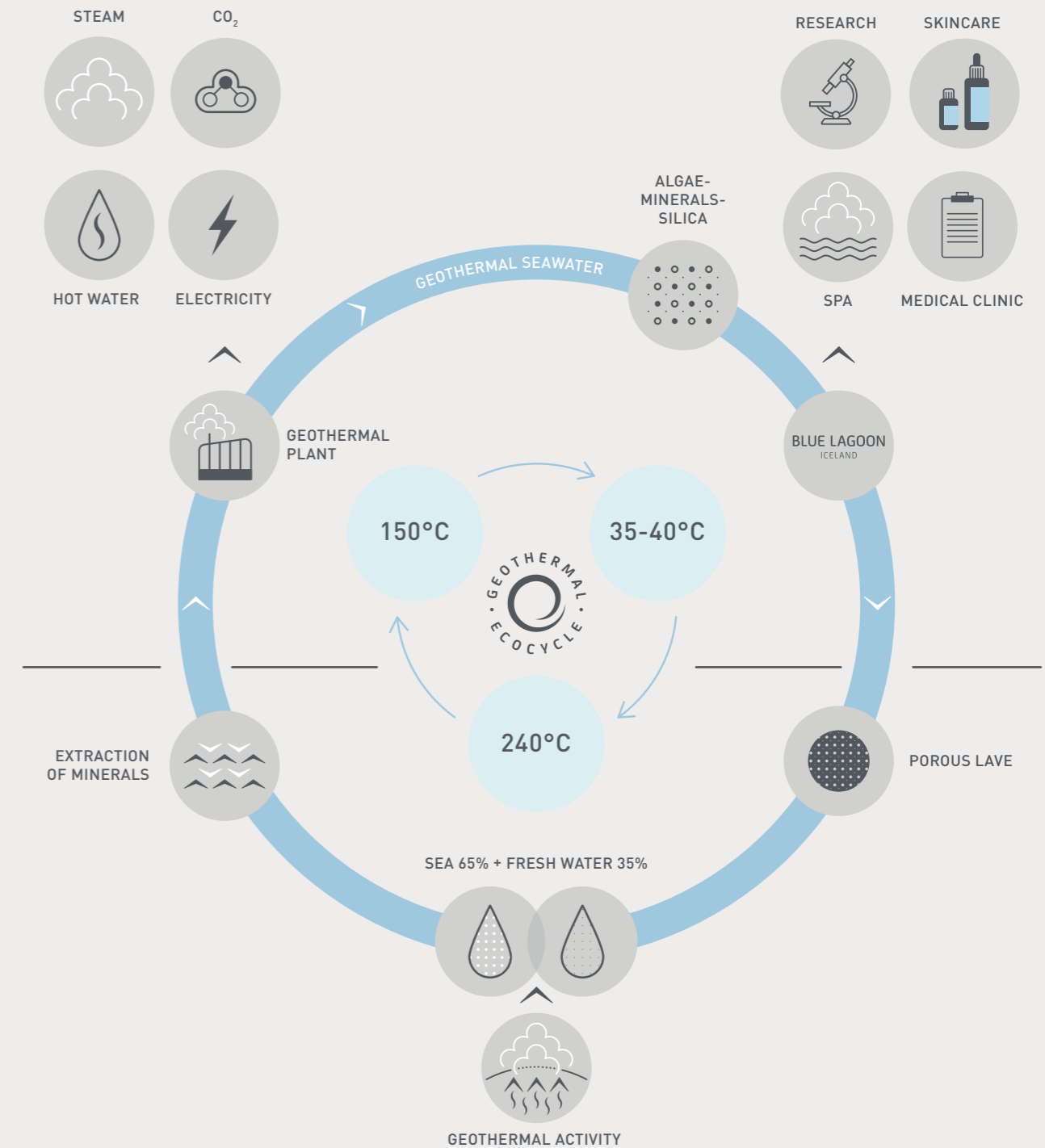
distinctive properties. For example, the precipitation of silica in the geothermal seawater imparts the lagoon's globally renowned blue color. This liquid also fosters a unique ecosystem where blue-green algae thrive under ideal conditions.

Years of scientific research into these algae, their interaction with silica, and the properties of geothermal seawater have revealed their remarkable therapeutic potential. This pertains to the treatment of psoriasis and their effectiveness in combating skin aging

Natural resources

Geothermal seawater is a renewable resource harnessed by the company, after being used to generate green energy for the local community. Ultimately, it is returned to the Earth's depths, completing the cycle. Steam from the geothermal plant is utilized to produce sea salt from the geothermal seawater, while carbon dioxide from the plant is employed to nourish the unique blue-green algae, which have been isolated within the lagoon's distinctive ecosystem and cultivated at the company's Research and Development Center. Although the geothermal plant generates green energy, natural carbon dioxide is continuously released from the boreholes they collect, and a portion of it is utilized in cultivating the algae. The Blue Lagoon's blue-green algae are extraordinary and were unknown until the formation of the first lagoon. Suddenly, ideal growth conditions emerged, which are quite unusual for algae. The high temperature, salinity, and silica content of the geothermal seawater create a perfect environment for these particular algae. Today, these remarkable organisms are cultivated in the company's geothermal seawater, nourished by green energy and natural carbon dioxide from the geothermal plant.

Eco Cycle of Blue Lagoon Seawater



BLUE LAGOON SKINCARE ehf. produces high-quality ingredients for the skincare line by utilizing geothermal seawater and other resources from the geothermal plant. In this way, the company contributes to the sustainable utilization of renewable resources and carbon fixation through the cultivation of microalgae. All the company's raw materials used in skincare products are COSMOS APPROVED and can be used in COSMOS NATURAL certified products.

Renewable energy

Blue Lagoon relies exclusively on renewable energy sources for both electricity and heat, primarily sourced from the nearby geothermal plant. The company prioritizes the selection of energy-efficient equipment and opts for energy-saving LED lighting whenever feasible as part of its procurement strategy. In its day-to-day operations, the company continuously explores innovative approaches to reduce emissions and minimize its environmental impact, with a particular focus on enhancing energy efficiency. Notably, electricity production in Iceland emits a mere 10 grams of carbon dioxide equivalent (CO2eq) per kilowatt-hour, the lowest in Europe and approximately 30 times lower than the European average.

The period from 2018 to 2019 witnessed an increase in energy consumption due to the introduction of new operational units, including the Retreat Hotel, the Retreat Spa, Moss Restaurant, Spa Restaurant, and a modern laundry facility and workshop in Grindavík. Nevertheless, energy consumption significantly decreased during the COVID-19 lockdowns, and the company has since made improvements in its operational conditions in 2022.

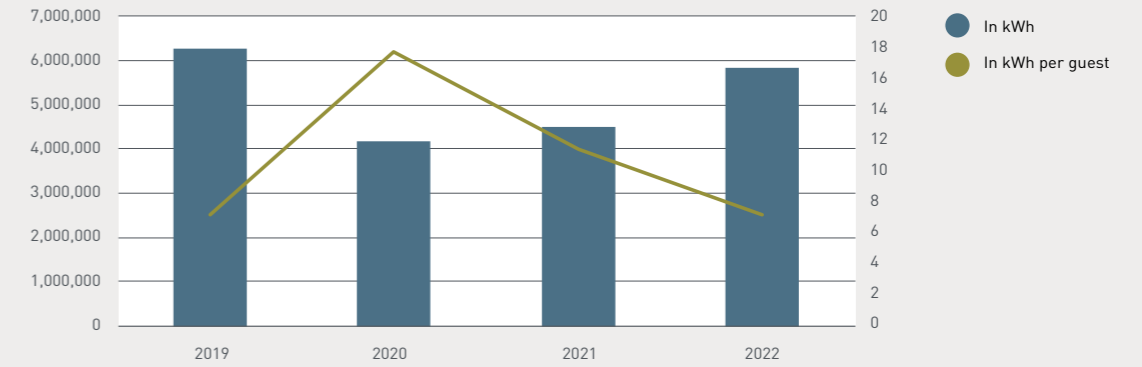
Energy consumption per guest is now more efficient, as the performance of the operational units improved in 2022 compared to 2020 and 2021. In fact, it was nearly on par with 2019 levels. In 2020, the number of guests significantly decreased, and closures were implemented due to the global pandemic, as the duration of the situation was uncertain. In 2021, operations were better managed despite closures, resulting in a reduction in unnecessary energy consumption. However, maintaining a minimum energy requirement remains essential for building and operational maintenance, even during closures. The company continually seeks new ways to maximize the efficiency of its energy streams each year by reducing waste and investing in environmentally friendly equipment.

Water consumption

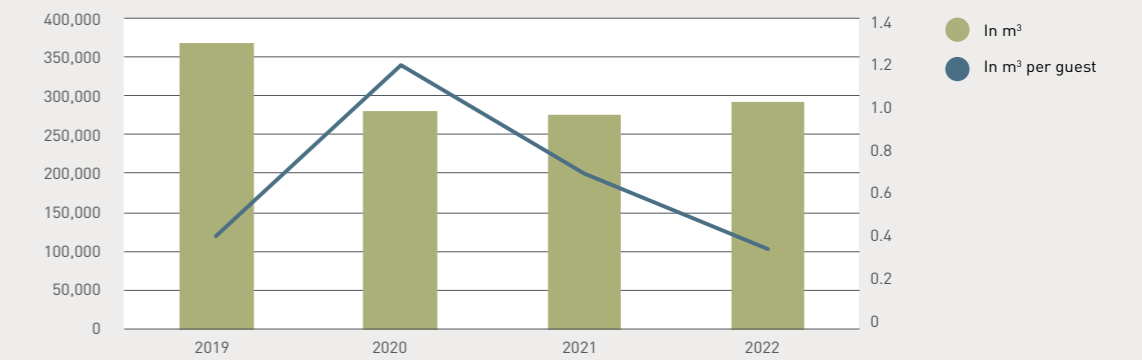
Blue Lagoon's commitment to efficient resource utilization is a defining aspect of its operations and product offerings. The company's strategy revolves around optimizing the use of geothermal seawater and other resources to provide a unique experience while preserving natural values. Despite the expansion of its operational facilities and the addition of new bathing areas, there hasn't been a significant increase in the consumption of geothermal seawater. This can be attributed to the implementation of a new pumping station in 2016, which has enhanced flow and temperature control within the lagoons. The reduction in the use of geothermal seawater and other resources is also linked to operational adjustments made during the global pandemic. Continuous operational enhancements have resulted in reduced water consumption per guest, even with an increase in the number of guests in recent years.

Blue Lagoon establishment	Electricity consumption 2022 (kWh)	Hot water consumption 2022 (m³)
R&D	290,981	9,683
Silica Hotel	286,659	31,696
Blue Lagoon & Retreat Hotel	3,667,331	242,875
Laundry facility in Grindavík	1,436,774	3,269
Warehouse in Grindavík	48,670	4,447
Workshop in Grindavík	24,277	709
Store in Laugavegur 15	23,190	-
Corporate offices inUrriðaholt	60,033	-
Total	5,837,915	292,679

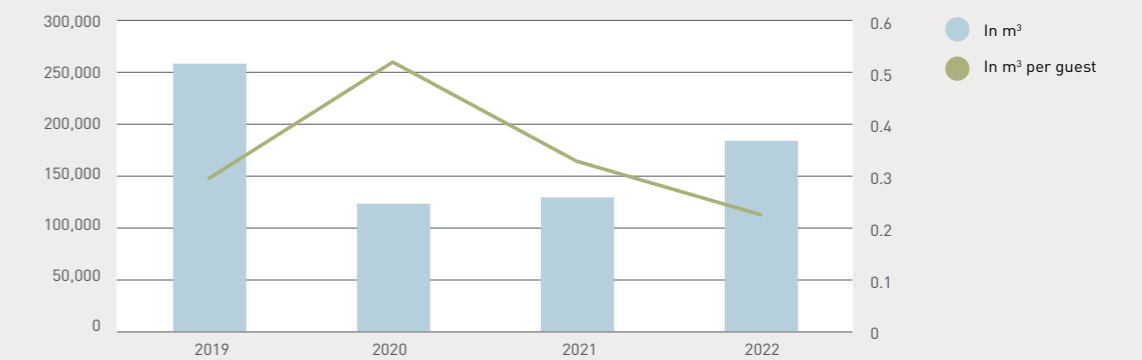
Electricity consumption



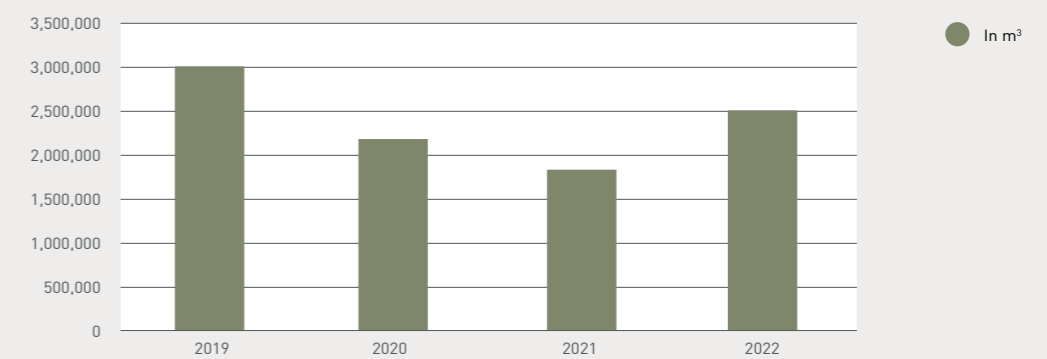
Hot water consumption



Cold water consumption



Seawater consumption



Efforts in climate-related matters

Blue Lagoon provides its customers with a carbon-neutral experience through its services and products.

Climate change and the warming of our planet pose the most significant threats and challenges in the realm of environmental issues. The responsibility to address these challenges falls upon each of us. It is only through the collaborative efforts of nations, businesses, and individuals that we can safeguard our environment for future generations. Blue Lagoon embraces this responsibility and consistently strives to set an example by offering environmentally conscious experiences with a focus on wellbeing and sustainability.

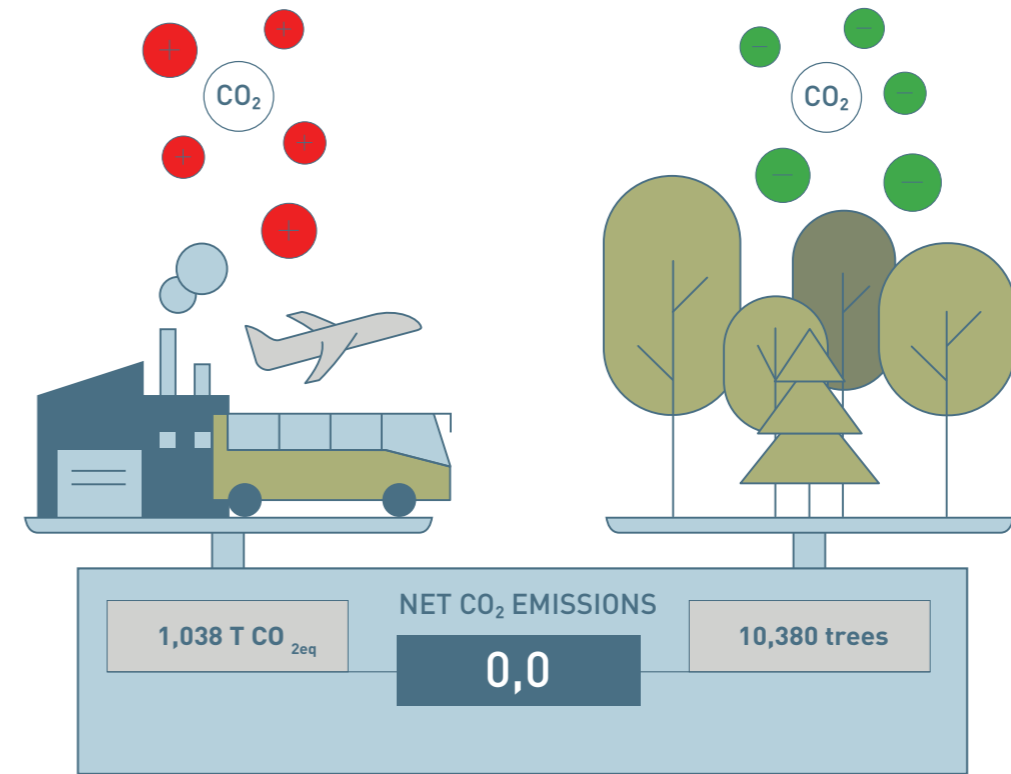
Carbon-neutral experience

Blue Lagoon offers its customers a carbon-neutral experience in the form of services and products. The company has maintained its carbon accounting since 2015 and has been in collaboration with Kolviður regarding carbon offsetting for all of Blue Lagoon's emissions since 2019. Through this collaboration, the company has contributed to the planting of 42,480 trees in four years.

Carbon offsetting for the year 2022 encompassed electricity usage, thermal energy, fuel consumption, refrigerants, gas usage, waste emissions, employee air travel, staff bus transportation, and the transportation of the company's products from overseas warehouses to the customer's doorstep.

In 2022, the total greenhouse gas emissions from Blue Lagoon amounted to 1,038 metric tons of CO₂ equivalent. Kolviður and the Icelandic Forest Service will plant 10,380 trees to offset this emissions footprint. The emissions calculations took into account all GHG (Greenhouse Gas) and radiative forcing potential according to the Fifth Assessment Report (AR5) by the IPCC. Emissions from GHG were delimited to the operational control of the company's operational units.

In spring 2022, 122,000 trees were planted in the Skriðufell area in Þjórsárdalur in cooperation with the Icelandic Forest Service. This corresponds to 46 hectares



of land and is located close to the development of the company's new recreational area in Þjórsárdalur. This new forest will sequester certified carbon credits as it grows, which will be used to offset both the construction and operation of the Mountain Baths. The Icelandic Forest Service is responsible for tree planting and oversees both maintenance and certification of the forest. They also carefully selected tree species to ensure that the forest integrates well with the local environment, supporting biodiversity of flora and fauna. The Mountain Baths in Þjórsárdalur is a new 40-room hotel and spa in the highlands of Iceland, set to open in 2025. To ensure the preservation of this unique natural area, the construction will be BREEAM certified (building sustainability) and will closely monitor carbon accounting. Additionally, infrastructure and equipment will be selected to minimize the carbon and environmental footprint of operations. Any emissions that cannot be avoided will be carbon neutralized using certified carbon credits from the new forest area in Skriðufell.

to an increase in emissions. The primary contributor to the company's emissions in 2022 was refrigerants. Despite hosting more guests, the reduction in the company's bus service and decreased rental car operations contributed to a decrease in fossil fuel usage.

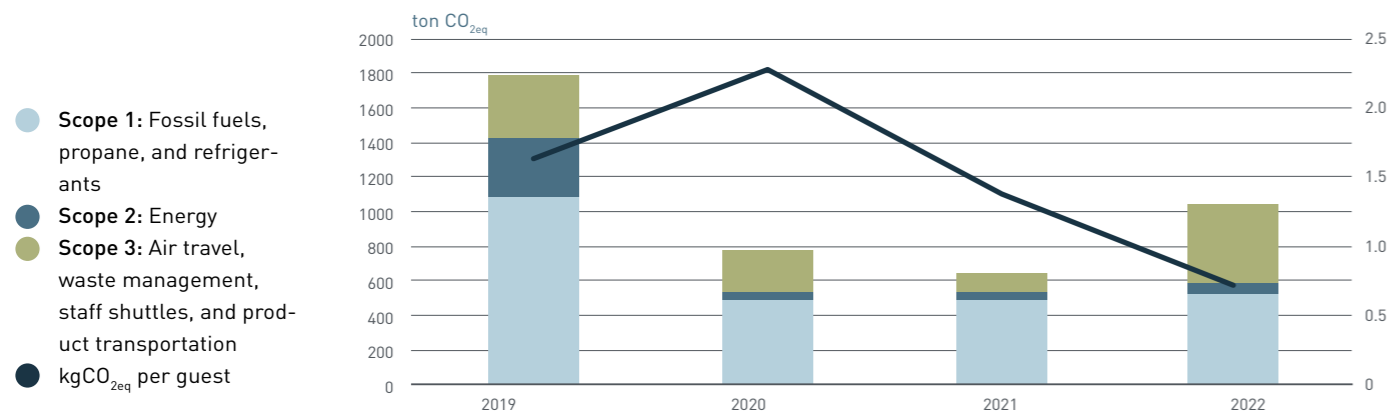
Emissions associated with energy consumption rose year by year, aligning with the increase in the number of guests in 2022. The notable emissions increase was mainly attributed to greater waste generation and the need for additional staff shuttle services to accommodate the growing number of guests. Overall, the emissions for the year closely mirrored those of 2019.

An uptick in emissions tied to air travel was observed in connection with the company's annual staff celebration, which took place in Brighton during the spring of 2022. Initially scheduled for 2020 but postponed due to the global pandemic, extensive efforts were made to minimize the environmental impact of the trip. Staff were also educated on eco-friendly travel options. All flights were carbon-offset, and carbon offsets were applied to hotel accommodations for staff and their companions. Negotiations were conducted with a bus company that provided carbon-neutral transportation between the airport and the hotel.

Our journey towards carbon neutrality

In recent years, the implementation of various sustainability projects has demonstrated successful reductions in greenhouse gas emissions. However, the introduction of new operational units in 2018 and 2019 led

Greenhouse gas emissions



Towards Circular Economy

A world without waste represents the environmental commitment of Blue Lagoon.

A world without waste is the common goal of Blue Lagoon and the Resource Park it belongs to. When we design and innovate new experiences or products, we consistently evaluate how we can make better use of these resources and their byproducts. In the operation of Blue Lagoon, we also manage various other byproducts (waste materials) diligently, sorting and segregating them for recycling or reprocessing, thereby generating additional value for both the company and the community.

Packaging solutions

All the latest product ranges from Blue Lagoon are crafted and manufactured using environmentally conscious circular packaging materials, with a preference for alternatives like cardboard, aluminum, and glass over plastic. Products in plastic packaging are only sold to deplete existing stock and are then produced in eco-friendly packaging. All paper used in packaging comes from responsible forestry and is

FSC (Forest Stewardship Council) certified. Continuous efforts are made to minimize waste in operations by reducing the volume of packaging and choosing multi-use options whenever possible. In 2022, this concept was further implemented with new multi-use packaging for skincare products in dressing rooms and hotel rooms of the company. Efforts are underway to install refill stations at Blue Lagoon's stores in Reykjavik.

Waste management

Continuous efforts are being made to improve the waste management practices within the company, with a focus on transitioning towards a circular economy. The main goal is to reduce the overall volume of waste generated while increasing recycling and upcycling efforts in our operations. The total amount of waste generated experienced fluctuations during the COVID-19 period, which is understandable considering the circumstances. However, there was

an increase in the proportion of waste that was recycled in the past year. Throughout the year, we introduced additional waste categories and sorting containers, and it was gratifying to observe a substantial year-on-year increase in recycling rates. Plastic recycling more than doubled, and the overall waste per guest in 2022 was approximately 9% lower than in 2019. Moreover, 57% of the total waste was sorted and recycled, representing a greater than 20% growth compared to previous years.

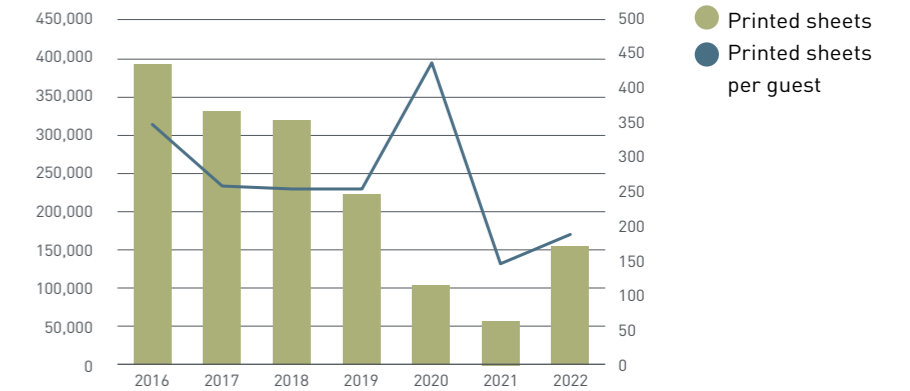
Digital channels and procedures

The company has continued its journey of investing in information technology and digital development over the years, building on a robust technological foundation. Efficiency in operations through technology utilization and the introduction of new digital solutions to enhance customer service have been a priority for Blue Lagoon. Recently, the company released a new hotel booking system and continues to strengthen and expand existing solutions, such as MyBooking and booking integrations with larger clients. This progress simplifies processes, reduces unnecessary printing and waste generation, and improves information flow.

All paper purchased by the company is either PEFC or FSC certified, ensuring responsible forestry management and sustainability. In 2022, the company printed more A4 pages than the previous year but still 30% less than in 2019. The paper printing in 2022 is estimated to be equivalent to the use of 23 trees.

The company has made a shift, offering customers exclusively paper bags and reusable bags for purchase to reduce unnecessary waste. The sales of paper bags increased in sync with the growing number of guests, while the sales of reusable bags experienced a twofold rise between years. In 2020, only 2 out of every 100 bags sold were reusable, but by 2021 and 2022, that number had surged to 13 out of every 100.

Paper usage

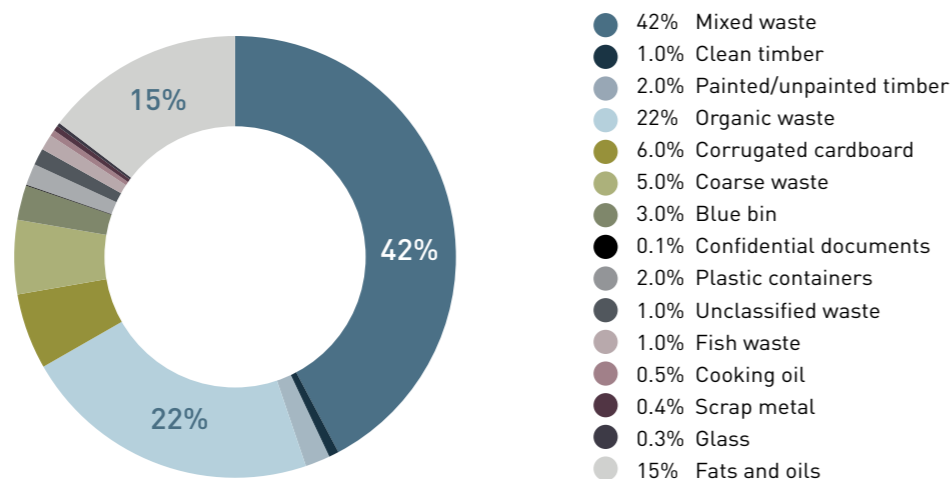


Customers are generally encouraged to bring their own bags, but our offerings are available for those who need them. Ensuring that reusable bags are both environmentally friendly and aesthetically pleasing is a top priority, and our reusable bags from the Blue Lagoon are crafted from cotton, making recycling easy once they've served their purpose.

Single-use plastic

In recent years, Blue Lagoon has undertaken a comprehensive assessment of its use of single-use plastics in guest experiences and products. During this period, the company has been dedicated to reducing its reliance on single-use plastics and is committed to entirely phasing them out from the guest experience. Blue Lagoon has managed to reduce plastic use by 81% since 2019. This accomplishment can be credited to alterations such as the availability of reusable sandals, the introduction of reusable glass containers at the Blue Lagoon, the use of reusable tote bags, the adoption of eco-friendly packaging for food and skincare products, and various other enhancement initiatives. These endeavors are aligned with the company's environmental policy and are tracked through specific objectives and projects aimed at diminishing the use of single-use plastics.

Waste Management 2022



Social impact

09

Esther Hjálmsdóttir

Nurse

Medical Clinic



Medical Clinic

Blue Lagoon's skin treatments for therapeutic purposes are a significant part of the company's operations.

The skin treatment initiatives are integrated into the history of the organization. Since 1994, the Blue Lagoon Medical Clinic has offered treatment for individuals suffering from psoriasis, which is based on the unique healing power of the geothermal seawater and the use of Blue Lagoon Iceland skin treatment products.

Psoriasis patients need a reference from a dermatologist to come in for treatment, which takes place under the supervision of a dermatologist and a nurse at the Medical Clinic.

For years, the company has offered Icelanders natural treatments for psoriasis at the Medical Clinic, free of charge to patients and free of charge to the authorities. The treatment is approved by the health authorities as an option for psoriasis patients.

Last year, Blue Lagoon treated psoriasis patients in Iceland free of charge, just like in previous years. The number of treatments during the year was close to 2,000.



Collaboration and Unity

Blue Lagoon is part of the Natural Resource Park in the Reykjanes Peninsula.

Blue Lagoon is part of the Natural Resource Park and operates within the UNESCO Reykjanes Global Geopark, thus being a part of a wide collaboration of various sustainable business units situated on the Reykjanes Peninsula. This collaboration is intended to promote the area as a destination, support the sustainable use of resources in harmony with nature, and at the same time increase knowledge, awareness, and protection of geological heritage in the area.

The organization actively participates in diverse collaborative projects promoting Iceland as a destination for health and wellbeing. These include projects in sales and promotion, sustainability and environment, and innovation. By participating in these projects, Blue Lagoon contributes to Iceland's value creation and competitiveness.



Supporting the Local Community

Blue Lagoon supports its local environment and community each year through extensive and targeted means.

In addition to directing business activities and purchases to local suppliers and partners in Reykjanes, the organization supports a variety of projects directly through financial contributions, focusing on sports and youth initiatives as well as various health, cultural, and environmental initiatives. In 2022, Blue Lagoon provided such community support totaling around ISK 215 million.

At the initiative of Blue Lagoon, work commenced in 2021 to repair and improve the facilities at the historic Reykjanesviti lighthouse, collaborating with the Restoration Association of Reykjanesviti and Reykjanesbær municipality, among others. The project has been in constant development ever since. The renovation of the old lighthouse keeper's house is in progress, where a facility will be established for visitors to the area. This facility will provide amenities for dining, events, and information, in addition

to being managed by a Blue Lagoon staff member responsible for environmental and service aspects in the area.

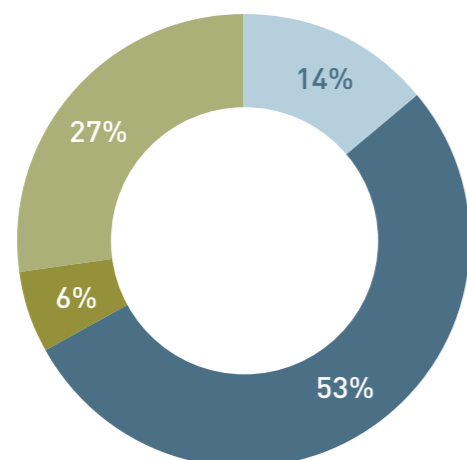


Blue Lagoon and Grindavík Golf Club signed a renewed three-year contract.

Blue Lagoon provided sports clubs in the Reykjanes region with support to enhance the youth and teenage activities of these associations.

Blue Lagoon made a donation to SPOEX, the Icelandic association for psoriasis and eczema patients, on the occasion of their 50th anniversary.

Community Projects and Financial Support by Blue Lagoon



Blue Lagoon supported the Icelandic Cancer Society's Research Fund by participating in the initiatives "Mottumars" (Moustache March) and "Bleika slaufan" (Pink Ribbon), like previous years.

Blue Lagoon Challenge, Iceland's largest mountain biking competition, took place for the 26th time in 2022.



Blue Lagoon and the Center for Design and Architecture signed a three-year contract for collaboration. Blue Lagoon is the primary sponsor of Design-March.

Methodology



About this Report

The report has been prepared and continuously improved in accordance with GRI priorities.



For over ten years, Blue Lagoon has published the company's annual report, which has contained both financial and non-financial information. Over the last four years, the annual report has been further developed and is now prepared in accordance with Global Reporting Initiative Standards (GRI), with a special emphasis on corporate social responsibility (CSR). GRI is a non-profit organization, which promotes economic sustainability and produces one of the world's best-known standards for corporate social responsibility reporting. In 2022, GRI introduced a revised edition of the GRI Universal Standards, and this report has been prepared in alignment with that version.

In preparing the report, special attention is paid to the following factors: accuracy, balance, clarity, comparability, integrity, timeline, verification.

The report is released for the calendar year 2022 (January to December) and corresponds to the company's financial statements. It encompasses Blue Lagoon and its subsidiaries. The sustainability report was issued in March 2023. For more information about the report and its contents, please reach out to the following email address: sustainability@bluelagoon.is

Blue Lagoon publishes this sustainability report in accordance with GRI standards

Last published	2023, for the 2022 operating year
Reporting period	January–December 2022
Frequency of reporting	Annually
GRI standards	In compliance

The European Union's (EU) classification system

The EU classification system is issued by the EU executive branch to define environmentally sustainable economic activities. It provides a common framework for investors and indicates which investment choices are considered supportive of carbon neutrality and the Paris Agreement on climate change. The goal of is to classify economic activities with respect to their contribution to six specified environmental objectives:

1. Mitigating climate change
2. Adaptation to climate change

3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and monitoring
6. Conservation and restoration of biodiversity and ecosystems

Blue Lagoon aligns with environmental goal number 4, 'Transition to a circular economy,' and its operations are in harmony with all other environmental objectives. In fact, Blue Lagoon serves as a distinctive model of a circular economy through the responsible utilization of renewable geothermal resources. For more details, refer to the environmental sustainability section in Chapter 9 of this report.

Categorization of economic activities in accordance with EFRAG

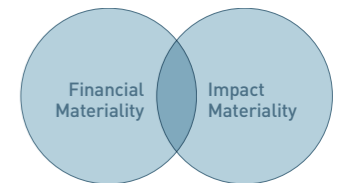
The European Financial Reporting Advisory Group (EFRAG) is a privately-run advisory entity dedicated to establishing European Sustainability Reporting Standards (ESRS) for specifying the content and substance of reports that companies are required to submit regarding environmental, social, and governance aspects. The EU will adopt these standards as a reference under the Corporate Sustainability Reporting Directive (CSRD), scheduled to come into effect in 2024.

In order to enhance the organization's comprehension and prepare for forthcoming requirements in environmental and

sustainability matters, the most recent standard issued by the committee was widely adopted across various sectors of the business world.

Dual Impact

The methodology linked with the dual impact approach combines the evaluation of both economic impacts and external effects. Through the publication of a report addressing non-financial factors in accordance with GRI standards, Blue Lagoon assesses the external ramifications of its multifaceted sustainability initiatives. Blue Lagoon aims to evaluate the impact and performance in these areas based on EFRAG guidelines to be well-prepared for forthcoming demands.



Industry	Categories	Sustainability aspects
Accommodation	Food and beverage services Lodging and hotel services	Energy composition and utilization Inbound transportation Waste and emissions Financial risk Water pollution Soil pollution Working conditions Personal safety
Recreation	Housing	Energy composition and utilization Working conditions Products and services

EFRAG business classification (ESRS SEC1)

Financial implications	External impact
Topics related to sustainability are deemed financially significant if they have economic consequences for a company, whether by posing risks or offering opportunities, or if they are likely to impact future cash flows and, consequently, affect the company's value over the short, medium, or long term	Topics or information are deemed substantial in terms of external impact when the project in question is connected to real or potential significant effects on individuals or the environment and is linked to sustainability aspects over the short, medium, or long term

Blue Lagoon's Approach

Blue Lagoon supports sustainable development, as sustainability is an integral part of the company's core values and a source of its resources.



1. Scope defined

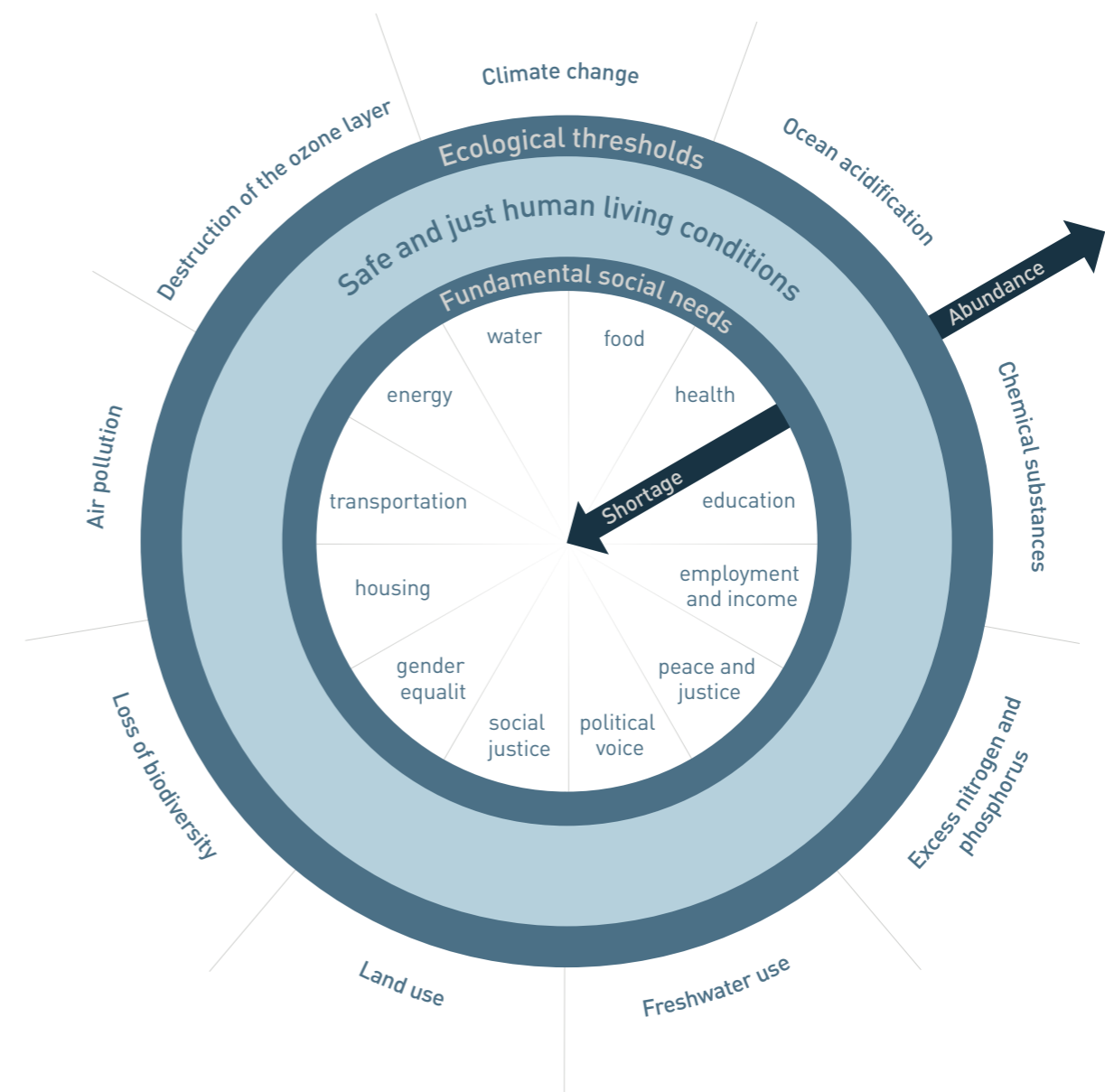
"How can Iceland become a homeland for people who revel in a place that thrives while nurturing the wellbeing and health of its inhabitants, while keeping nature at the forefront of their minds, all around the world?"

This question emerges from the pie chart on the right and is founded on societal expectations and a global sense of responsibility, considering economic and social objectives. Iceland is deeply committed to attaining sustainability both at home and on the international front. The Sustainable Development Goals (SDGs) have been integrated into governmental strategies concerning social, economic, and environmental matters, with a special focus on nurturing a peaceful and equitable society devoid of fear and violence.

Nationally, Iceland aspires to acknowledge and better serve marginalized groups within society and establish partnerships to address the substantial environmental impact that contemporary lifestyles entail. Iceland remains an influential player in the realm of climate change, aiming for carbon neutrality by 2040.

On the global stage, Iceland shares its experience and expertise in gender equality, land restoration, and the sustainable harnessing of marine and energy resources through international collaboration. The nation upholds human rights for all, gender parity, and the advancement of women.*

*Reference: sustainabledevelopment.un.org



Blue Lagoon aligns itself with Iceland's journey as the company acknowledges its role in promoting and attaining sustainable development. Right from its inception, Blue Lagoon has placed significant emphasis on corporate social responsibility, which has evolved over the years within the company and its community. Sustainability is ingrained in the company's core values and serves as a wellspring of its resources. The company is committed to making a positive impact on society, both socially and environmentally.

2. Impact Assessment

In 2022, Blue Lagoon embarked on an extensive evaluation of its impact factors, considering the company's role within the business landscape, its operations,

products, services, and the business model of Blue Lagoon. Blue Lagoon operates in the realm of wellness and hospitality services. To gain a deeper understanding of its operations and their implications for the surrounding environment, the company's activities were analyzed according to the EFRAG classification and the specified impact factors.

The company examined existing data to assess its strategies, operations, products, processes, and value chain. To ensure a basis for comparison, previous sustainability reports were taken into consideration. The outcome was a comprehensive list of aspects that underwent further evaluation by experts and stakeholders from diverse stakeholder groups.



3. Stakeholder Engagement

Blue Lagoon caters to a diverse group of stakeholders and places significant importance on active communication with each one to collaboratively shape a shared vision and ensure the company's operations align with stakeholder expectations. This includes employees, both local and international guests, suppliers, contractors, and distributors.

A systematic six-step process was employed to categorize issues for Blue Lagoon's sustainability report:

- 01** Identification of Blue Lagoon's stakeholders through internal analysis based on ISO 26000 principles.
- 02** Segmentation of stakeholders into groups to enhance collaboration, taking into account objectives, communication channels, and other factors.

- 03** Prioritization of stakeholder groups for assessing report components.
- 04** Engagement and consultation with stakeholders to gather information on the importance and expectations related to report components.

- 05** Compilation of a list of relevant components slated for evaluation in the sustainability report.
- 06** Data collection and development of content for the community report.

4. Components of the Sustainability Report












Following discussions with stakeholders, the list of components was revised. The following represents the updated list compared to the previous one:


















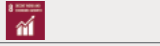



2019 - 2021	2022
Economic <ul style="list-style-type: none"> · Economic performance · Market presence · Procurement practices 	Economic factors <ul style="list-style-type: none"> · Economic and financial performance · Indirect economic impacts that Blue Lagoon could have on the local community · Corruption and anti-competitive behavior · Taxes · Resource acquisition and utilization · Local procurement
Environmental factors <ul style="list-style-type: none"> · Raw materials · Energy · Water and effluents · Emissions · Effluents and Waste · Environmental Compliance 	Environmental factors <ul style="list-style-type: none"> · Energy efficiency · Water usage · Impact on biological diversity · Emissions and climate change · Waste recycling · Reduction of single-use plastics
Social factors <ul style="list-style-type: none"> · Employment · Health and safety at work · Training and education · Diversity and equal opportunities · Equality · Local community · Health and safety of customers 	Social factors <ul style="list-style-type: none"> · Employment and corporate culture · Health and safety of staff and guests · Training and education · Diversity and equal opportunities · Human rights · Support for the local community · Freedom to participate in associations and collective bargaining · Forced labor and child trafficking













GRI Standards

This report is prepared in accordance with the requirements of GRI standards for the period from January 2022 to December 2022. GRI 1 Foundation 2021 is taken into consideration.

Main points	Reference on page	Not fulfilled	UN SDGs	Nasdaq
GRI 2 General disclosures for 2021				
2-1 About the company	Financial statements			
2-2 Scope of the operations in the report	110			
2-3 Timeframe, frequency, and contacts	110			
2-4 Restated information	110-111, 114			
2-5 External audits and certifications	Financial statements			G10.1
2-6 Activities, value chain, and other business relationships	22-23, 28-59			
2-7 Employees	128-129			S5.1, S4.1, S4.2, S4.3
2-8 Other workforce than employees	128-129			S5.2
2-9 Governance and organization chart	15-19			G2.1, G2.2
2-10 Appointment and election of management	15-19			G2.1, G2.2
2-11 Chairman of the board	15-19			
2-12 Management involvement in monitoring influence	15-19			
2-13 Managing influence to delegate accountability				
2-14 Management involvement in sustainability disclosure				
2-15 Conflict of interest		Missing data		
2-16 Disclosure of significant issues		Missing data		
2-17 Shared knowledge of management		Missing data		
2-19 Employment terms policy		Missing data		
2-20 Salary determination process		Missing data		
2-21 Annual salary comparison		Missing data		
2-22 Policy of sustainable development	8-11			
2-23 Policies and commitments	20-21, 136-144			E7.1, E7.2, S6.1, S8.1
2-24 Integration of commitments in policies	21, 136-144			
2-25 Improvement process for negative impacts		Missing data		
2-26 Procedures for seeking advice and reporting grievances	112-114			
2-27 Compliance with legal claims	16, 45			
2-28 Participation in collaborations and partnerships	22-23, financial statements			
2-29 Stakeholder engagement	80-83, 137			
2-30 Union contracts		100%		G4.1

Main points	Reference on page	Not fulfilled	UN SDGs	Nasdaq	Nasdaq
GRI 3 Management of material topics 2021					
3-1 Define importance	112-114, 137				
3-2 List of material topics	112-114				
3-3 Management of material topic	112-114				
GRI 201 Economic performance					
3-3 Material topic management	86-88				
201-1 Direct economic value generated and distributed	86-88, 124				
GRI 203 Indirect economic impacts					
3-3 Material topic management	37, 58-59, 104, 124				
203-1 Investments in infrastructure and services supported	37, 58-59, 104, 106-107, 124				
203-2 Significant indirect economic impacts		Missing data			
GRI 204 Procurement practices					
3-3 Material topic management	89				
204-1 Proportion of spending on local suppliers	89, 124-125				
GRI 205 Anti-corruption					
3-3 Material topic management	125				
205-3 Confirmed incidents of corruption and actions taken	125				
GRI 206 Anti-competitive behavior					
3-3 Material topic management	125				
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	125				
GRI 207 Tax					
3-3 Material topic management	125				
207-1 Approach to tax	125				
207-2 Tax governance, control, and risk management	125				
GRI 302 Energy					
3-3 Material topic management	96-97				
302-1 Energy consumption within the organization	96-97, 126				E3.1, E5.1
302-3 Energy intensity	96-97, 126				
302-4 Reduction of energy consumption	96-97, 126				E4.1

Main points	Reference on page	Not fulfilled	UN SDGs	Nasdaq	Nasdaq
GRI 303 Water and effluents					
3-3 Material topic management	96-97				
303-3 Water withdrawal	96-97, 127				
303-4 Water discharge	96-97, 127				
303-5 Water consumption	96-97, 127				E6.1
GRI 304 Biodiversity					
3-3 Material topic management	94-95				
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Missing data			
GRI 305 Emissions					
3-3 Material topic management	98-99				
305-1 Direct (scope 1) GHG emissions	98, 126				E1.1
305-2 Energy indirect (scope 2) GHG emissions	98, 126				E1.2
305-3 Other indirect (scope 3) GHG emissions	98, 126				E1.3
305-4 GHG emissions intensity	98, 126				E2.1, E2.2
305-5 Reduction of GHG emissions	98, 126				
GRI 306 Waste					
3-3 Material topic management	100-101				
306-1 Waste generation and significant waste-related impacts	100-101, 127				
306-3 Waste generated	100-101, 127				
GRI 401 Employment					
3-3 Material topic management	62-64				
401-1 New employee hires and employee turnover	128-129				S3.1, S3.2, S3.3
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	129				
401-3 Parental leave	131				
GRI 403 Occupational health and safety					
3-3 Material topic management	68-69				S7.1, S8.1
403-1 Occupational health and safety management system	68-69				
403-2 Hazard identification, risk assessment, and incident investigation	68-69				
403-3 Occupational health services	68-69				
403-4 Worker participation, consultation, and communication on occupational health and safety	68-69				
403-5 Worker training on occupational health and safety	132				
403-6 Promotion of worker health	130, 132				
403-8 Workers covered by an occupational health and safety management system		100%			

Main points	Reference on page	Not fulfilled	UN SDGs	Nasdaq	Nasdaq
GRI 404 Training and education					
3-3 Material topic management	66-67				
404-1 Average hours of training per year per employee	132, 133			   	
404-2 Programs for upgrading employee skills and transition assistance programs	132, 133				
GRI 405 Diversity and equal opportunity					
3-3 Material topic management	65				
405-1 Diversity of governance bodies and employees	128, 134-135			 	S4.1, S4.2, S4.3, G1.1, G1.2
405-2 Ratio of basic salary and remuneration of women to men	135			  	S2.1
GRI 406 Non-discrimination					
3-3 Management of material topic	136				S6.1
406-1 Incidents of discrimination and corrective actions taken	136			 	
GRI 407 Freedom of association and collective bargaining					
3-3 Material topic management	136				
GRI 408 Child Labor					
3-3 Material topic management	136				
GRI 409 Forced or compulsory labor					
3-3 Material topic management	136				
GRI 416 Customer health and safety					
3-3 Material topic management	68-69				



Appendix



Comparison of key performance indicators between years

KPI	Unit	2020	2021	2022
Turnover	Million ISK	5,074	7,224	15,879
Purchases from domestic suppliers and contractors (within an 80km radius from operations)	%	93.2%	94.4%	97.4%
Procurement within Suðurnes	%	31%	23.1%	22.5%
EBITDA	€000	-12,583	2,139	26,078
Equity	€000	57,200	54,541	74,261
Tax contribution	Billion ISK	2.2	1.8	3.7
Economic contribution	Billion ISK	7,374	7,512	13,546
Percentage of economic contribution	%	145%	104%	85%

Energy consumption	kWh	4,163,432	4,509,743	5,837,915
Energy consumption per guest	kWh / guest	17.71	11.4	7.15
Hot water usage	m ³	280,492	274,679	292,679
Hot water per guest	m ³ / guest	1.19	0.7	0.36
Cold water usage	m ³	122,933	129,605	184,909
Cold water per guest	m ³ / guest	0.52	0.33	0.23
Seawater usage	m ³	2,194,837	1,844,411	2,517,195
Emission GHG, scope 1	Ton CO ₂ eq	494	493	524
Emission GHG, scope 2	Ton CO ₂ eq	41	48	60
Emission GHG, scope 3	Ton CO ₂ eq	248	163	454
Total emission GHG	Ton CO ₂ eq	783	643	1,038
Emission GHG per guest	Ton CO ₂ eq / guest	2.3	1.63	0.7
Trees planted	Number	7,830	6,430	10,130
Organic waste	%	23.5%	25%	21.9%
General waste	%	68%	65%	42%

KPI	Unit	2020	2021	2022
Plastic packaging	%	0.5%	1%	1.6%
Cardboard	%	2.5%	4%	5.6%
Coarse waste	%	2.4%	3%	5.4%
Painted/unpainted timber	%	2.5%	2%	2.5%
Printed A4 sheets	Number	103,000	57,500	155,000

Employees	Number	431	567	712
Men	%	43%	42%	45%
Women	%	57%	58%	55%
Nationalities	Number	-	28	40
Average age	-	34	35	34,2
Icelanders	%	68%	72%	60%
Foreigners	%	32%	28%	40%
Age >50 (%)	%	14%	12%	11%
Age 30-50 (%)	%	45%	48%	47%
Age <30(%)	%	41%	40%	42%
Part-time	%	14%	16%	14%
Full-time	%	86%	84%	86%
Gender pay gap	%	1.70%	1.50%	0.60%
Coefficient of determination	%	94.9%	96.5%	96.2%
Number of teaching hours	Number	-	2,580	6,408
Digital education	%	-	5%	2%
On-site training and education	%	-	95%	98%
Employees absent from work due to work-related accidents	Number	24	5	14
Community projects	Million ISK	72	50	105

GHG: Greenhouse gas

Contributions to Society

Direct economic value in ISK million*	2022	2021	2020	% growth
2020-2022				
Revenue	15,879	7,224	5,074	212.96%
Operating costs**	5,066	3,171	2,872	76.42%
Wages and wage-related expenses	7,102	3,731	4,146	71.26%
Dividends to shareholders	0	0	0	
Payment VAT	1,051	421	168	650.21%
Property tax	138	129	116	19.93%
Customs fees	83	10	27	197.95%
Income tax	0	0	0	0%
Community grants	105	48	72	45.44%
Total economic contribution	13,546	7,512	7,374	83.69%
Economic benefits	-2,333	- 288	- 2,300	-201.43%
Proportion of economic contribution	85%	104%	145%	-41.30%
General waste	%	68%	65%	42%

* Average exchange rate EUR/ISK = 142.33

** w/o depreciation

The Blue Lagoon Medical Clinic

For many years, the company has offered Icelanders natural treatment for psoriasis at the Blue Lagoon Medical Clinic free of charge, and free of charge to the state. The treatment is approved by health authorities as a treatment option for psoriasis patients.

Last year, the Blue Lagoon treated psoriasis patients who are insured in Iceland free of charge, just like in previous years. The number of treatment sessions during the year was almost 1892.

Procurement Practices

The Blue Lagoon defines local suppliers as those that have legal headquarters within a 80 km* radius from the Blue Lagoon's operations in Svartsengi. A distance of 80 km is specified in B-Impact's assessment, according to their definition of "local supplier". In 2022, about 72% of the total costs to suppliers were directed to Icelandic suppliers, and of these, more than 97% of those suppliers were within 80 km of the Blue Lagoon's operations in Svartsengi. In addition, 22.5% of suppliers were located within Suðurnes.

Suppliers	Amount in 2022	%
Iceland	30,491,082	71.7%
Abroad	12,020,746	28.3%

Icelandic suppliers	Amount in 2022	%
80 km	23,631,474	97.43%
Suðurnes	785,979	22.5%

Anti-Corruption

No cases related to corruption were recorded in 2022.

Anti-Competitive Practices

No such cases were recorded in the year 2022.

Tax Footprint

The Blue Lagoon complies with the legal requirements for taxation in accordance with the Directorate of Internal Revenue's tax law compilation: <https://skattalagasafn.rsk.is/>

The CFO of the company is responsible for calculations and payments in accordance with the requirements of the tax law. The processes of the Finance Department have been defined and audited by an independent third party.

The company always follows legal requirements as stated in the company's general policy.

Environmental indicators

Electricity

Environmental aspects	Units	2019	2020	2021	2022
Electricity use	kWh	6,258,751	4,163,432	4,509,743	5,837,915
Research and Development Centre	kWh	316,095	311,699	264,566	290,981
Silica Hotel	kWh	216,435	174,928	239,080	286,659
Blue Lagoon	kWh	2,221,442	1,682,329	1,779,349	2,029,463
Retreat Hotel and Spa	kWh	1,675,763	1,341,401	1,393,007	1,637,868
Laundry & warehouse	kWh	1,829,016	653,075	830,113	1,485,444
Retail store at Laugarvegur 15	kWh	-	-	-	23,190
Urriðaholt	kWh	-	-	-	60,033
Workshop	kWh	-	-	-	24,277
Electricity use per guest	kWh/guest	7.17	17.72	11.44	7.15

Carbon Offsetting

Environmental factor	Unit	2019	2020	2021	2022	Accumulated since 2019
Planted trees	Number	17,900	7,830	6,430	10,130	42,290

Emission of Greenhouse Gases (GHG)

Environmental aspects	Units	2019	2020	2021	2022
Total GHG emissions	tonnes CO _{2eq}	1,790	783	643	1,038
Scope 1	tonnes CO _{2eq}	1,085	494	493	524
Scope 2	tonnes CO _{2eq}	341	41	47.6	60
Scope 3	tonnes CO _{2eq}	363	248	102	454
GHG per guest (Scope 1&2)	kgCO _{2eq} /guest	1.6	2.3	1.4	0.7

Emission factors from UST and DEFRA were used in the calculations in the emission accounting to take into account all GHG and the global warming potential is from the IPCC Fifth Assessment Report (AR5). GHG emissions were limited to the company's Operational control).

Water and Overflow

Environmental aspects	Units	2019	2020	2021	2022	% growth 2021-2022
Hot water use	m ³	367,143	280,492	274,679	292,679	7%
Hot water per guest	m ³ /guest	0.42	1.19	0.70	0.36	-49%
Cold water use	m ³	259,210	122,933	129,605	184,909	43%
Cold water per guest	m ³ /guest	0.30	0.52	0.33	0.23	-31%
Subterranean seawater use	m ³	3,020,081	2,194,837	1,844,411	2,517,195	36%
Laundry & warehouse	kWh	1,829,016	653,075	830,113	1,485,444	

Waste

Waste categories	2022 [Tonnes]
Mixed waste	233.7
Clean timber	4.0
Timber stained/laminated	10.0
Organic waste	121.3
Corrugated paper	30.7
Coarse waste	30.0
Blue bin	14.1
Confidential documents	0.3
Plastic packaging	8.8
Unsorted waste	6.8
Fish waste	6.4
Cooking oil	2.5
Scrap iron material 3	2.2
Glass	1.4
Fat traps	81.0
Total volume	553.2

Biodiversity

This issue is not specifically recorded. One of the projects of 2023 is to find a way to assess the impact of operations on biodiversity.

Paper	2016	2017	2018	2019	2020	2021	2022
Printed sheets	392,500	331,000	319,500	222,500	103,000	57,500	155,000
Printed sheets/1000 visitors	350	259	255	255	438	146	190

Human Resources

Key Figures	Total
Number of employees 31/12/2022	712
Number of nationalities	40
Average age of staff	34.2

	Total	Proportion
Nationality		
Icelandic	426	60%
Foreign	286	40%

Employment Ratio		
Part-time position	103	14%
Full-time position	609	86%

Recruitment		
Temporary employment	116	16%
Long-term employment	596	84%

Gender Ratio		
Men	319	45%
Women	393	55%

Residency		
Greater Reykjavík Area	293	41%
Reykjanes	401	56%
Elsewhere	18	3%

New Hires and Employee Turnover

New hires 2022	Total	Proportion
Women	225	56%
Men	178	44%
Foreigners	216	54%
Icelanders	187	46%
Age < 30	251	62%
Age between 30 and 50	130	32%
Age > 50	22	5%

Employee turnover 2022	Total	Proportion
Women	28	4.3%
Men	20	3.1%
Foreigners	13	2%
Icelanders	35	5.4%
Age < 30	28	4.3%
Age between 30 and 50	19	2.9%
Age > 50	1	0.1%
Year-over-year change for contractors and/or consultants	Numbers not available for 2022	Numbers not available for 2022

Staff Benefits

The Blue Lagoon provides its employees with a variety of benefits, including:

Staff benefits	Nature of benefits	More
Gym membership or fitness allowance	Physical exercise	All employees
The Grindavík Golf Course	Golf/physical exercise	All employees
Swimming pools in Grindavík and Reykjanesbær	Health promotion	All employees
Vök Baths Fellabær		All employees + 1 guest
Geosea Húsavík		All employees + 1 guest
Mývatn Nature Baths		All employees + 1 guest
Fontana Laugarvatn		All employees + 1 guest
Farmers Market	Discount	30% for staff
66North	Discount	30% for staff
Float cap	Discount	30% for staff
212 Veitingahús	Discount	15% for staff
Einn tveir og elda	Discount	15% for staff
Sælkerabúðin	Discount	10% for staff
Ásbjörn Ólafsson	Discount	20% for staff
Heimilisþríf	Discount	20% for staff

Various events and entertainment were held for the staff of the Blue Lagoon in 2022:

Staff benefits	Nature of benefits	More
Staff day	Teambuilding	Presentation of the new Guiding Light and the values of the company: Wellbeing for people and planet/ We inspire
Easter celebrations	Uplifting	Easter gifts, coffee cart and lighthearted fun
Training week	Training	New staff welcomed in Gróska in May
The Blue Lagoon challenge	Health promotion	Employees are encouraged to monitor their health.
Family day	Blue Lagoon Family	Family day in Grindavík for staff and families
Brighton	Entertainment tour	Annual company celebration trip, 2x trips (March and April)
Blue Lagoon's 30th anniversary	Entertainment	BL's 30th anniversary was celebrated with food trucks and entertainment in June, in the yard at the employee entrance to BL
Blátöppur hike	Health promotion	BL staff went on a hike together over Fimmvörðuháls
Health Week/Exercise Week	Health promotion	We received bicycles, treadmills and balance stands for health promotion in the offices of the support departments for 1 week. Interdepartmental exercise competition where R&D won
End of Summer Party	Entertainment tour	Sailing out to Faxaflói with staff
Planting day	Environmental awareness	Planted trees to offset the carbon footprint of the Brighton trip and increase environmental awareness
Moving to Urriðaholt	Employee	Support departments moved to Urriðaholt with appropriate organisational changes
Pink October	Cancer Awareness	Education, coffee truck and women's night, where the staff could invite guests to listen to an educational lecture from Ljósið, listen to Lay Low and then go to the Lagoon at the end of the evening
Octoberfest	Employee entertainment	2x Octoberfest for staff
Christmas beer tasting and Pub quiz in Urriðaholt	Entertainment	Pub quiz, Christmas beer tasting and Herbert Guðmundsson appeared
Pub Quiz and Hvítvínskonan at The Bridge	Entertainment	Pub Quiz and beer evening in Keflavík x2 evenings
Discount days for staff for Christmas gifts	Employee Care	Employees were given access to discounts to relieve the Christmas stress in December
BL meditation Mondays	Wellbeing	Meditation 6 Mondays before Christmas, which was streamed live on WP
Family Christmas movies	Employee Care	Christmas movie for the family of BL employees in Bíó Paradís
Employee discount days	Employee Care	Staff received an extra discount on all Blue Lagoon products in our stores December 5-8
Advent celebration and Christmas presents	Employee Care	Musicians, Christmas food, Christmas presents distributed in both Bláberið and Esja
Trips to the cinema	Employee Care	Trips to the cinema organised by the employees' association took place several times during the year
Product gifts	Employee Care	BL staff received product gifts when our new skin care products were released, BL+ cream, BL+ Retinol, as well as new recruit gifts when employees begin working at BL

List of activities	Type of activities	Details
Career Days	Talent Branding	Sponsor at Career Days, presentation of BL's work
Mottumars	Cancer Awareness	
School visits	Talent Branding	Presentation of operations and
Blue Lagoon's 30th anniversary	Entertainment	BL's 30th anniversary was celebrated with food trucks and entertainment in June, in the yard at the employee entrance to BL
Pink October	Cancer Awareness	Education, coffee truck and women's night, where the staff could invite guests to listen to an educational lecture from Ljósið, listen to Lay Low and then go to the Lagoon at the end of the evening

Maternity/paternity leave

Employees entitle to parental leave: 100% of employees

Maternity/paternity leave taken in 2022	Women	Men
Employees on maternity/paternity leave at the end of 2022	12	4
Employees who did not return to work after maternity/paternity leave in 2022	2	0
Employees who did return to work after maternity/paternity leave in 2022 but left within 2 months	0	4
Staff still at work after maternity/paternity leave 2022	7	17
Total	21	25
Employees who returned to work after maternity/paternity leave and were still on the payroll 12 months after the end of maternity/paternity leave	Data not yet available for 2022	Data not yet available for 2022
Percentage of employees who did return to work after maternity/paternity leave	77%	100%

Staff Training Regarding Occupational Health and Safety

Training material	Where	Focus	Number of employees	Number of hours
Greenfit – health and diet	Online	Healthy diet	54	1
Stress, a friend or a foe?	On-site teaching	Everything about stress and how to deal with it	15	1
First aid and rescue	On-site teaching	First aid for staff	24	18
First aid for office	On-site teaching	First aid - basic training	20	2
First aid for front-line workers	On-site teaching	First aid	112	4
Wellbeing for people	On-site teaching	Workshop for staff	28	1
Position/working at a desk	On-site teaching	Help for staff to find the right position at the desk	15	1
Lecture on bullying, harassment, and violence	On-site teaching	Against bullying, harassment and violence	34	1

Training and Continuing Education

Online	Women	Men	Hour per staff
The Blue Lagoon and social responsibility	55	16	average 12 min.
Welcome to the team - new recruits	143	99	average 20 min.
Sustainable development - goals	22	9	average 7 mins.
Personal hygiene and conduct	112	57	average 5 mins.
Responses to threatening behaviour and theft	62	22	average 13 min.
Greenfit – health and healthy diet	%	%	1

Online teaching/on-site teaching	
Online teaching	2%
On-site teaching	98%

On-site teaching - courses held in English	Women	Men	Hour per staff
Advanced customer service skills for F&B personnel	16	9	3.5
Advanced customer service skills for F&B personnel (manager edition)	5	6	3.5
Advanced selling skills for retail	27	0	7.5
Cultural Awareness	23	7	1
First aid and rescue	2	28	1
First aid office edition	19	1	4
First aid; Basic training	74	38	4
Hospitality	107	67	2
Hospitality service standards - The Retreat Academy	13	14	8
Humor works for real	37	35	1
Introduction to digital automation in work	14	6	2
Leadership - to find the tempo	7	3	3
Leading through strengths	12	7	3
Lecture about reactions against bullying, harassment and violence	28	6	1
Management training - team Retreat	21	20	18
One on one workshop	20	7	27
Purpose and activation - leadership	16	10	26
Powerautomate - digital leaders	14	6	4
Power BI - digital leaders	14	6	4
Quality of service - Massimo & partners	24	14	7.5
QUEER 101	8	2	1
Skin Care product training	90	40	1
Train the trainer	26	14	1
Uniform standards	114	46	1
We Create Memories	134	67	6.5
Welcome to the team	87	40	1
Wellbeing for people	19	9	1
Wellbeing for planet	24	11	1
Positive communication	3	22	2

Employee training total	Number of employees	Training session total	Average number of training sessions
All employees	712	6407.5	8.9

Training to increase staff skills and support career development

Name of course and main aspects of training	No. of participants
Advanced customer service skills - manager edition	11
Advanced customer service skills for F&B	25
Advanced selling skills for retail	27
Finding the tempo - leadership	10
Automation / digital robots - digital leaders	20
Greenfit health lecture in english	54
Hospitality service standards - The Retreat Academy	40
Humor works for real	72
Introduction to digital automation in work	20
Lecture about bullying harassment and violence	34
Management training w/The Retreat Academy	41
One - on one training and workshop	27
Power BI - digital leaders	20
Powerautomate - digital leaders	20
Quality of service - The Retreat Academy	38
Queer 101	10
Strength based management - leadership	19
Purpose and activation - leadership	26
Wellbeing for people	28
Wellbeing for Planet	35
Visit to the R&D Center	100
Positive communication	25

Diversity among managers and staff

Departments and units	No. of women	No. of men	% women	% men
All employees	393	319	55%	45%
Others	301	264	53%	47%
Shift leaders and project managers	23	11	68%	32%
Specialists	45	22	67%	33%
Middle managers	18	14	56%	44%
Senior management	3	4	43%	57%
Board of Directors	3	4	43%	57%

Composition of staff	Age < 30	Age 30-50	Age > 50	% Age < 30	% Age 30-50	% Age > 50
All employees	298	336	78	42%	47%	11%
Others	280	230	55	50%	41%	10%
Shift leaders and project managers	7	25	2	21%	74%	6%
Specialists	9	52	6	13%	78%	9%
Middle managers	2	25	5	6%	78%	16%
Senior management	0	25	5	0%	29%	71%
Board of Directors	0	2	5	0%	29%	71%

Composition of staff	No. of Icelanders	No. of foreigners	% Icelanders	% foreigners
All employees	426	286	60%	40%
Others	295	270	52%	48%
Shift leaders and project managers	22	12	65%	35%
Specialists	66	1	99%	1%
Middle managers	29	3	91%	9%
Senior management	7	0	100%	6%
Board of Directors	7	0	100%	0%

Ratio of Basic Wages and Benefits for Men and Women

Equal pay certification	2019	2020	2021	2022
Gender pay gap	1.47%	1.7%	1.5%	0.60%
Coefficient of determination	94.2%	94.9%	96.5%	96.20%

Equal rights

There were no recorded incidents of discrimination in 2022, nor did any action have to be taken in this regard during the year.

Freedom of Association in Trade Unions and Free Participation in Collective Wage Agreements

In Iceland, the labour market is mainly based on collective wage agreements. Freedom of association, collective wage agreements, and industrial unions are based on national laws, and the Blue Lagoon operates in full compliance with them.

Child Labour

In Iceland, there are special laws in force regarding the work of children and adolescents. In general, trade unions deal with the issue and prevent child labour from taking place.

The following are examples of rules by which an Icelandic trade union operates:

- Children under the age of 13 are not allowed to work long hours every day and in such cases can only undertake very light work such as for culture, arts and sports events.
- Children aged 13-14 are allowed to do light and safe work such as service jobs.
- Adolescents aged 15-17 are allowed to do most jobs except those that are considered dangerous or physically very difficult. They are not permitted to work with dangerous substances or machines.
- Nighttime work by children and adolescents is prohibited.
- According to the law, children and adolescents (up to 18 years of age) must have two days off per week and 12-14 hours of rest per day (14 hours for 13-14-year-old

children, 15 hours for 15-year-olds who are in compulsory education and 12 hours for adolescents aged 15 to 17).

- The work of children and adolescents must be carried out under the supervision of a person who has reached the age of 18.
- Parents have a duty to supervise their children when they enter the labour market. Children up to the age of 18 are not allowed to sign an employment contract without their parents' consent.

You can read more here: vinnueftirlitid.is

Forced Labour

In the Blue Lagoon, no one is forced to do forced labour. Everyone is free to work according to their own wishes, taking into account the available positions and the professional skills required for each position.

Stakeholder analysis

1. Are you familiar with sustainability issues? (e.g. Corporate Social Responsibility (CSR), Environmental Aspects, Social Aspects and Governance (UFS), Sustainable Development, Carbon Neutrality, etc.)
2. Have you read our sustainability report for 2021? [Annual & CSR Report 2021](#)
3. In your opinion, how important are the following ENVIRONMENTAL issue categories for the operation of the Blue Lagoon?
4. Choose one environmental factor that you consider the most important of the above factors.
5. In your opinion, how important are the following SOCIAL issue categories for the operation of the Blue Lagoon?
6. Choose one social factor that you consider the most important of the above factors.
7. In your opinion, how important are the following FINANCIAL issue categories for the operation of the Blue Lagoon?
8. Choose one economic factor that you consider the most important of the above factors.
9. Have you heard of any actions that Bláa Lónið has taken in the last 3 years to create value for society?
10. How do you experience the Blue Lagoon in relation to sustainability?
11. Which actions should the Blue Lagoon focus on in the future regarding environmental and social factors?
12. Are you interested in knowing more about the social and sustainability issues of the Blue Lagoon?
13. Which means of communication do you think the Blue Lagoon should use to increase awareness of sustainability issues?

Focus areas of the Global Development Goals

3 - Good Health and Wellbeing

Promote a healthy lifestyle and well-being for everyone, from the cradle to the grave

3.8

Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality, and affordable essential medicines and vaccines for all.

7 - Sustainable Energy

Ensure everyone has access to safe and sustainable energy at an affordable price

7.2

By 2030, increase substantially the share of renewable energy in the global energy mix.

7.3

By 2030, double the global rate of improvement in energy efficiency.

9 - Innovation and Development

Build resilient infrastructure for all, promote sustainable industrialisation and foster innovation

9.2

Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

9.3

Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

9.4

By 2030, infrastructure will be strengthened and industries will be reorganised to make them sustainable, the use of resources will be more efficient, and each country will increasingly implement technology and environmentally friendly work processes according to capacity.

9.5

Scientific research will be strengthened and the technological capacity of industries will be improved in all countries, including developing countries. No later than the year 2030, innovation will be promoted and the number of jobs in research and development per million inhabitants will be increased, as well as spending on research and development in the public and private sectors will be increased.

12 - Responsible Consumption and Production

Ensure sustainable consumption and production patterns

12.1

Implement the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries.

12.2

By 2030, achieve the sustainable management and efficient use of natural resources.

12.3

By 2030, food waste in the retail market and among consumers will be reduced by half per person worldwide. Utilisation in

food production and supply chains will be improved, including at harvest.

12.4

By 2020, the treatment of substances and preparations will be more environmentally friendly at all levels, as well as the treatment of waste with such hazardous substances, in accordance with the international framework programs that have been approved. The release of substances and preparations into the atmosphere, water and soil will be significantly reduced in order to minimise harmful effects on human health and the environment.

12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.6

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

12.7

Sustainable procedures for public procurement will be encouraged in accordance with domestic policy and priority.

12.8

By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

13. Actions in Climate Issues

Take urgent action against climate change and its impact

13.1

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

13.2

Integrate climate change measures into national policies, strategies and planning

13.3

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Blue Lagoon policy

Quality | Health & Safety | Environment and Sustainability | Human Resources | Social Responsibility

The Blue Lagoon Policy is the ethical and philosophical cornerstone of the company's operational and corporate governance. It is a distillation of the five constituent policies covering the environment, health & safety, human resources, quality, and corporate social responsibility.

Encompassing every dimension of Blue Lagoon's operations, this policy provides an overview of the company's galvanizing principles as an inspirational workplace, a renowned research and medical treatment establishment, a producer of bioactive skincare, a world-class wellness destination, and a paragon of sustainability.

Environment and Sustainability

Our environment is sacred. We constantly strive to cultivate and nurture a harmonic relationship between man and nature. This aspiration is embodied in the phrase, "a society without waste," and is manifest in the sustainable, carbon-neutral, plastic-free dominion of the Blue Lagoon experience.

Health & Safety

At heart, Blue Lagoon is in the business of creating memories. While enjoyment is key, health & safety are paramount. The physical and psychological well-being of our employees, guests, and customers is at the forefront of our operations. With "safety always" vigilance, 24/7 responsiveness, and a culture of mutual caring and respect, we ensure a healthy, harmonious environment for both employees and visitors.

Human Resources

People are Blue Lagoon's most valuable resource. The company strives to create an enriching, dynamic workplace characterized by equality, innovation, care, respect, trust, and teamwork. Each employee is given opportunities to enhance their knowledge and fulfill their potential through personal and professional growth. Likewise, the company recognizes the fundamental importance of a healthy balance between work life and private life.

Quality

Blue Lagoon seeks to provide the highest quality products, services, and experiences for its customers and guests, thus creating unforgettable memories. We accomplish this goal through continuous improvement, innovation, adaptation, and robust quality assurance protocols. Our unrelenting drive for excellence constantly pushes us to exceed customer expectations as we turn weaknesses into strengths.

Corporate Social Responsibility (CSR)

In every sphere of its operations, Blue Lagoon is a model corporate citizen, fulfilling or succeeding all legal and regulatory requirements. Anchored by its five brand values—We Care, We Respect, We Bring Joy, We Inspire, and We Create Memories—the company foregrounds its fundamental concern for human rights, as well as the social, economic, and environmental impact of its business. Moreover, scientific research has been the hallmark of Blue Lagoon's philosophy since the foundation of the company. Continuously enhancing our knowledge of our natural resources, we openly share our findings. From sustainability to employee relations, to philanthropic efforts supporting local communities, to scholarly transparency, Blue

Lagoon aspires to be a lodestar in the realm of wellbeing.

Ultimately, the synthesis and interplay of our five constituent policies produces an overarching, all-encompassing ethos defined by respect for the environment, a virtuous and unified workplace, the primacy of health and safety, heightened standards of quality for services and products, and an unwavering commitment to creating unforgettable memories and being the most desired destination on the planet.

Quality policy

Honored as one of 25 Wonders of the World by National Geographic, Blue Lagoon strives for excellence in providing quality products and services to customers from all over the globe, continuously adapting to the ever-expanding market for wellbeing and an enhanced quality of life.

Continuous improvements

We listen to our customers' needs and continually improve the way we work, enriching our customers' experiences. We actively engage with our stakeholders to adapt and improve our business. We reduce waste in all our processes by increasing efficiency and productivity in a sustainable manner throughout our operation, cultivating teamwork and a strong employee culture.

Quality assurance

We maintain a high level of quality assurance with robust quality controls, preventing faults and defects in our services and products. We rely on our management system and preserve its integrity with routine reviews and updates, creating value in harmony with nature and ensuring customer confidence in Blue Lagoon's quality system.

Creating unique memories

We provide services and products that go beyond our customers' expectations,

creating memories that last a lifetime. We are all a part of this journey and the customer experience is the focal point of everything we do and say. We are a wonder of the world and we aim to provide the most desirable experiences known to man.

Health & safety policy

A safe, hygienic, and healthy environment is the foundation of creating unique, indelible memories. This policy aims to ensure safety, wellness, and a positive experience for each employee and guest. Continuously building an unyielding safety culture within the company, we are inspired and guided by our values: We care; We respect; We bring joy; We Inspire, and We create memories.

Vigilance

We encourage risk-based thinking to minimize impacts from potential hazards in our environment. Promoting a "safety always" mentality, we assess risks and integrate and maintain preventative controls through vigorous training, hygiene, maintenance, interactions, and root cause analysis.

Responsiveness

With systematic surveillance and assistance to all units, safety and security are integral components of our daily operations. Developing and maintaining a 24/7 knowledge and support center, we ensure that our emergency responses are efficient and effective. We are always ready and prepared.

A sense of caring

We are all responsible for our own safety and that of others as we seek to understand and assess the risks in our environment. Collectively building a culture of safety, respect, and caring in all areas of Blue Lagoon, we openly communicate important controls and vital information within the company and to our guests.

Environmental policy

The dynamic, sustainable relationship between man and nature is the cornerstone of Blue Lagoon's philosophy and inspired by the Resource Park's motto: a society without waste. Countless initiatives have evolved from this phrase, fostering both societal uplift and environmental balance.

Innovating

For a better tomorrow, we constantly seek higher ground, as evidenced in the following areas:

Sustainability

We respect our natural resources by using them efficiently and reducing waste in our production and service processes. Continuously seeking new ways to utilize the natural streams of geothermal energy, we enhance the customer experience and formulate new products. By protecting and researching Blue Lagoon's natural ecosystem and preserving its balance through the mediation of science, we honor the sanctity of our delicate environment and inspire our guests to do the same.

Carbon neutral

We collectively strengthen our awareness and knowledge of Blue Lagoon's unique environment and the impact we have on our surroundings. Every coordinate of the customer journey at Blue Lagoon is carbon free. We offset all CO₂ emissions, thus neutralizing our impact on climate change and giving our guests truly sustainable services, products, and experiences. Continuously seeking new ways to reduce our carbon footprint, every decision we make is informed by a mindset of uncompromising sustainability.

Plastic free

We reduce our environmental footprint by recycling and minimizing waste. We aim to provide a plastic-free experience to our customers, eliminating single-use plastics while utilizing reusable or environmentally friendly product packaging and materials. In all our endeavors, in every sphere of our operations, we strive for continuous improvement and diligently fulfill all legal requirements.

CSR policy

Corporate Social Responsibility (CSR) refers to the way in which the business regulates itself in order to ensure that all of its activities positively affect society as a whole. This CSR policy aims to guarantee that the company works ethically, foregrounding its fundamental concern for human rights as well as the social, economic, and environmental impacts of what it does as a business. The business meets or exceeds the baseline criteria established by relevant statutes or best practices.

Sustainability at our core

Sustainability echoes through every dimension of Blue Lagoon's ongoing evolution. Sustainability is manifest in respect for one another as much as it is manifest in respect for the environment. Our values are We Care, We Respect, We Bring Joy, We Inspired, We Create Memories. They are embedded in the company's culture and apply to both the Blue Lagoon staff and its guests.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility is a major component of Blue Lagoon's operations. Since its establishment, the company has embraced corporate social responsibility, approaching the issue from multiple angles according to changes in business and society. Our goal being to ensure that CSR is integrated into our core business strategy and daily operations. We support sustainability in most areas of our operations, aspiring to a cooperative, harmonic relationship with society. We aim to be a role model within the tourism industry and provide guidance to others regarding corporate social responsibility.

Employees

Blue Lagoon's staff is the company's most valuable resource. Our employees are the foundation of the unique visitor experience, and their contribution ensures the company's continued success.

All employees consider themselves unforgettable hosts and strive to provide our guests with excellent service. Staff train-

ing and education is a key factor in Blue Lagoon's success. A clear training plan gives all employees an equal opportunity to improve their skills and increase their knowledge at work.

Physical and mental health are the foundation of wellbeing. Employees are given ample opportunities to exercise regularly. In addition, the company conducts annual health checkups and vaccinations. The entire Blue Lagoon experience and related work procedures are risk-assessed with regards to safety, health, and the environment, and the appropriate controls are implemented to minimize the risk of accidents. The company has defined, documented, and practiced emergency response to major operational risks. For more information, read our Health & Safety Policy.

Blue Lagoon strives to foster an egalitarian workplace and has established a gender equality plan with the aim of assessing employees on their own merits—regardless of gender, race, creed, or other criteria. Since 2018, Blue Lagoon has been certified by the ÍST 85:2012 Equal Wage Management System, commonly known as the Equal Pay Standard. For more information, read our Human Resource Policy.

Guests

We continuously enhance our guest experience, increasing efficiency and reducing environmental impact. We aim to improve customer satisfaction by elevating the quality of our services in accordance with the needs and desires of our guests. We ensure the safety and quality of our offerings through continuous risk assessment of operations and activities. We commit to clear, transparent communications with our guests, using not only our online channels but also face-to-face engagement through the Blue Lagoon customer experience. For more information, read our Quality Policy.

Environment

Blue Lagoon operates in full compliance with Icelandic laws and regulations, and

continuously seeks new ways to reduce the local and global impact that our business has on the environment. By preserving our natural surroundings, in partnership with other companies and associations, we bring benefits to our local communities and maintain the sustainable development of Blue Lagoon. The company operates in harmony with nature and our approach focuses on utilizing our resource streams to their fullest, in a sustainable manner. Blue Lagoon is a signatory to a cooperative agreement with the Reykjanes UNESCO Global Geopark. This agreement increases sustainability and protects and maintains the Reykjanes environment. For more information, read our Environmental Policy.

Community engagement

Blue Lagoon supports the local communities of the Reykjanes Peninsula with numerous philanthropic projects focused on sports and youth clubs, as well as cultural, health, and environmental affairs. For many decades, Blue Lagoon has been conducting peer-reviewed research on the Blue Lagoon ecosystem, sustainability, and the bioactive elements of geothermal seawater.

Striving to be a leading example of sustainability, our mission is to continuously expand the knowledge of our unique natural resource and openly share it with the local and global community.

The efficacy of Blue Lagoon geothermal seawater in combination with Blue Lagoon skincare for treating psoriasis is supported by the findings of our peer-reviewed research. As a result, natural psoriasis treatments at the Blue Lagoon Medical Clinic have been endorsed by the Iceland Ministry of Health. For many years, the company has offered Icelandic residents psoriasis treatments free of charge. Also, the company trades goods and services from local suppliers, aiming to increase sustainability and ensure that the future value of the operation will be fully utilized to protect and maintain the Reykjanes environment and culture.

Human resources policy

The geothermal seawater—the origin of sustainable wellbeing at Blue Lagoon—and our people are our most valuable resources. We embrace our employee's uniqueness and their valued contribution in creating an atmosphere of wellbeing and inclusion, where everyone is appreciated and has equal opportunities to grow and fulfil their potential. Embedded in our work ethic, Blue Lagoon's values, We care, We respect, We bring joy, We inspire and We create memories, are the cornerstone of the company's culture.

A great place to work

Blue Lagoon is a world class wellness destination where every employee strives to be an unforgettable host and maximise the guest experience. Blue Lagoon is intent on creating a work environment which encourages innovation, respect, equality, care, trust, teamwork, and job satisfaction. Blue Lagoon cares about its employees and supports their health and wellbeing in multiple ways. The company is attuned to equality and any discrimination, bullying and/or harassment is not tolerated.

The right people

Blue Lagoon endeavours to hire the most qualified person for each position in conformance with the company's rigorous recruitment and onboarding process. Social skills are vital for Blue Lagoon's success and the company emphasizes employee progressiveness, teamwork, innovative and creative thinking, communication skills, a willingness to embrace change and diversity. Professional training and development Blue Lagoon emphasizes the importance of lifelong learning and the enhancement of employee knowledge, growth, and competence through intensive training and development programs.

We aim to advance employee competence and self-confidence, enabling everyone's strengths to shine. The success of our education and training protocols is assessed through professional performance management and regular employee surveys. Career development applies to all employees, and everyone has an equal opportunity for professional growth.

A strong team culture

Blue Lagoon emphasizes peer culture, diverse workforce, strong team unity, balance between work and private life, and robust leadership with a clear vision for the future. Educational culture is prevalent. We are not afraid to make mistakes as long as we learn from them. All employees must embrace the company's values, embody a good work ethic, demonstrate a reliable and professional attitude in all communications, respect their co-workers, and contribute to the formation and preservation of a strong, affirmational team spirit.

Equal pay policy

Blue Lagoon strives to ensure equality between all genders and that each employee is to be assessed on their own merits, regardless of gender, race, or other unsubstantiated criteria, so that there is no unjustified wage difference in the workplace. The purpose of the Blue Lagoon's Equal Pay Policy is to ensure that full equality is maintained between all genders at Blue Lagoon. The aim is that all genders should enjoy the same terms for the same or equal value jobs.

The Blue Lagoon's equal pay policy is an integral part of the company's remuneration policy.

Scope

The scope of the Equal Pay Policy covers all employees of Blue Lagoon.

Responsibility and role Blue Lagoon operates according to an equal pay system that covers all employees. The Executive Board is responsible for the implementation and review of the company's Equal Pay Policy and that it complies with the Act on Equal Status and Gender Equality no. 150/2020. Implementation and review Blue Lagoon undertakes to:

- Constantly improve HR practices to ensure equality for all company employees.
- Receive suggestions and complaints and use them for the development of Blue Lagoon's human resources management and equal pay criteria.
- Conduct an annual wage analysis to see

whether there are measurable gender-based differences between wages for equal work or work of equal value.

- Respond to unexplained wage deviations through continuous improvement and monitoring.
- Follow the Equal Pay Standard ÍST 85: 2012
- Confirm compliance with legal requirements pertaining to the equal pay system on an annual basis.

Wage policy

At Blue Lagoon, all job varieties are respected. The goal being that qualified employees are positioned strategically within the company, are satisfied at work and have the ambition to take on challenging tasks to continuously improve the business. Blue Lagoon complies with the laws in force in the Icelandic labor market.

Scope

The scope of the Wage Policy covers all employees of Blue Lagoon.

Responsibility and role

The Executive Board is responsible for the implementation and review of the company's Wage Policy.

Implementation

Blue Lagoon pays salaries that take into account the demands of job positions in relations to knowledge, skills and responsibility. The scope and nature of each job position affects the salary and is dependent on many factors, such as experience, knowledge, skills, responsibilities, workload, management, projects, team management, education, collaboration skills and specialization.

Wage decisions must be transparent and objective. It is important that the salaries take into account the demands that each job makes on the employee with regard to the above factors. Decisions on wage changes are made by authorizing managers in consultation with Managing Director HR, who ensures that consistency is maintained in wage payments and in line with the Blue Lagoon Equal Pay Policy.

Job descriptions must be available for all jobs, describing the main aspects of each job.

The Blue Lagoon's Wage Policy is intended to support the success of the company's operations and the overall business strategy.

Training policy

Training and education are key factors in the success of Blue Lagoon. The policy's goal is to facilitate decision-making and support the company's strategic plan as well as increase important knowledge and continue to ensure excellent quality in the company's services. Blue Lagoon's values We inspire, We create memories, We bring joy, We respect and We care and our purpose Wellbeing for people and planet are always taken into account in the company's educational activities.

Assessment

The company's learning and development emphasis is on responding to rapid changes in the business environment, increasing job satisfaction and autonomy in work, and strengthening managers who are influential in this journey. Promote knowledge and continued excellence in service and hospitality. Improve staff's knowledge of technical infrastructure and innovation when it comes to technical solutions. Publication of educational material is targeted and tailored to the needs of Blue Lagoon at any given time. Interdepartmental collaboration and cross-training are critical to maximizing success. All employees at Blue Lagoon must attend job-related training.

Implementation

Professionalism, efficiency and trust are the guiding principles in all training and education within Blue Lagoon. An educational plan is published and reviewed quarterly, but the schedule may change based on the needs at any given time. Trainings take place both in classrooms and through an online learning platform. A representative is appointed within each department who sits in the education council and is respon-

sible for course registration together with managers and encourages active lifelong learning. A multidisciplinary group of digital leaders also support digital development within the company.

Evaluation and performance

Response surveys are sent out after on-site training courses, and information sessions on the results of customer surveys are reviewed monthly. Training is routinely checked in employee surveys.

Results are used in re-evaluating published training materials and in developing new educational material.

Responsibility

Oversight and review of this policy is managed by the company's education manager.

Policy against harassment, bullying and violence

This policy and response plan are based on section e. of Article 38 of Act No. 46/1980 on Working Environment, Health and safety in Workplaces and Regulation No. 1009/2015 on bullying, sexual harassment, gender harassment and violence at work. It is the aim of Blue Lagoon that employees work in a spirit of cooperation and thus always show their colleagues courtesy and respect in communication. The response plan against bullying and other psychosocial harassment is a further implementation of that goal and applies to all activities at Blue Lagoon. Bullying and other psychosocial harassment, such as gender-based and sexual harassment and violence, will not be tolerated under any circumstances. Furthermore, the complicity of employees in such cases is not tolerated.

This policy and related response procedure applies to all employees of the Blue Lagoon Ltd., Icelandic Spa and Blue Lagoon Skincare, and those who work for the company at any time, including contractors. This policy applies to behavior in any work context including; social events, trips

organized by Blue Lagoon, training, conferences sponsored by the company and at between colleagues outside of work. It also covers incidents outside the workplace where employees or others covered by this policy show a lack of judgment due to these factors.

Blue Lagoon promotes a healthy and safe working environment where its values We care, We bring joy, We respect, We Inspire and We Create Memories are in the foreground. All employees are equally responsible in creating a positive, inspiring and constructive working environment where everyone can thrive.

Definition

Blue Lagoon's definition of bullying, sexual harassment, gender-based harassment and workplace violence is in accordance with regulation no. 1009/2015. As stated in Article 3:

Bullying: Repeated behaviour that is generally done to cause distress to the individual concerned, by belittling, insulting, hurting or threatening them or causing them fear. Differences of opinion or disagreements arising from differing interests do not fall under this definition.

Gender-based harassment: Behaviour relating to the gender of the person subjected to such behaviour that is unwanted, has the purpose or effect of violating the dignity of the individual concerned and creates circumstances that are intimidating, hostile, degrading, humiliating or offensive to the person.

Sexual harassment: Any kind of unwanted sexual behaviour with the purpose or effect of violating the dignity of the individual concerned, particularly when such behaviour leads to intimidating, hostile, degrading, humiliating or offensive situations. Sexual harassment can be verbal, symbolic and/or physical in nature.

Violence: Any form of behaviour which results in, or could result in, physical or psychological injury or suffering on the part of the victim; also the threat of such and

coercion or arbitrary deprivation of freedom.

Other inappropriate behavior: May include disrespectful behavior, lewd and lascivious behavior, or touching that is considered intimate or inappropriate.

Conduct that is not considered inappropriate: Conflicts over assignments, differences of opinion, or differences of interest are not considered inappropriate behavior, but if such conflicts escalate without intervention, they can lead to bullying, harassment, and violence in the workplace.

Positive comments and jokes are not considered harassment and/or bullying unless the behavior is unwelcome, neither reciprocal nor on an equal footing.

Furthermore, the following definitions are used:

Victim: The person who is subjected to bullying, sexual harassment, gender-based harassment or violence. Until the investigation of a case is completed, the term "alleged victim" is used.

Perpetrator: The person who uses bullying, sexual harassment, gender-based harassment or violence. Until the investigation of a case is completed, the term "alleged perpetrator" is used.

Manifesto

All complaints of bullying, sexual and gender-based harassment or violence must be investigated as soon as possible and the need for professional support for both the victim and the perpetrator must be assessed. All relevant data is stored on a locked drive.

Blue Lagoon will activate its response plan against bullying, harassment or violence no later than five working days after a complaint is received. If the complaint is verbal, the administrator must write it down and define the nature of the complaint. Management must take all complaints seriously and act according to the following procedure.

The responsibility of management

Managers are responsible for ensuring that basic principles of communication in the workplace are respected and that new staff are introduced to this policy and response plan immediately upon starting their job at Blue Lagoon. The response plan is activated if management is made aware of bullying, harassment or violence in the workplace, also if a notification or complaint is received from an employee about such or other inappropriate behavior. Management will take action against employees who violate this policy, which may result in a reprimand, a job transfer or the termination of employment with the company. Serious incidents may be prosecuted in consultation with the victim. The perpetrator will be held accountable.

Managers at Blue Lagoon are obligated to create working conditions that do not foster the risk of bullying, harassment or violence. They are responsible for enforcing this policy and response plan and ensuring that all employees are aware of it.

Managers have a duty to address issues in accordance with this response plan when they arise and seek the assistance of their supervisor or the Blue Lagoon response team.

The responsibility of employees

Employees are not allowed to bully another employee(s) or managers at the workplace, harass them and/or demonstrate violent behavior at the workplace.

An employee who believes he has been subjected to bullying, sexual harassment, gender-based harassment or violence at the workplace, or has a reasonable suspicion or knowledge of such behavior at the workplace, must inform his manager or the Blue Lagoon response team about it. The employee must also be prepared to make his case in more detail in writing. A written notice will be delivered to the alleged perpetrator to ensure transparency and clarity.

Blue Lagoon registration obligation

Blue Lagoon will record everything related to the handling of each case and keep the

employees concerned as well as the shop steward informed during the proceedings, among other things by giving them access to all information and data in the case, taking into account the law on personal protection and handling of personal data.

When Blue Lagoon considers that the case has been closed on behalf of the company, Blue Lagoon will inform the employees concerned about it. If the employees concerned wish to receive a written confirmation that the case is closed, that request must be granted, as long as such a request is received within six months from the time Blue Lagoon informed about the end of the case on its behalf.

Bullying and harassment team:

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Response

See more detail in the Response Plan.

If an employee believes that he/she has been subjected to inappropriate behavior by a colleague/s, it is important that he/she let the alleged perpetrator or perpetrators know that he/she dislikes his/her behavior towards him/her and wishes that such behavior does not happen again. If an employee does not trust himself/herself to convey such a wish to the alleged perpetrator or perpetrators, he/she should request the assistance of his/her manager. If the next manager is the alleged perpetrator, the employee should contact that person's manager or the response team.

An employee who believes they have been subjected to bullying, harassment of any kind or violence, or has a reasonable suspicion or knowledge of such behavior in the workplace, must contact their immediate supervisor or the response team at Blue Lagoon as soon as possible and report the incident.

If the their manager is the perpetrator or does not follow up on the matter, it is emphasized that the employee must turn to that person's manager or the response team.

When a manager or the response team become aware of bullying, harassment or violence, they must respond according to the response plan.

It must be ensured that the victim's working conditions during the proceedings are such that he/ she is not further exposed, receives support, and feels safe in the workplace.

Receive notifications

If an employee reports that he/she has suffered bullying, harassment or violence at work, it is important to follow the procedures in the response plan. The notification must be in writing. A copy of the notice is delivered to the alleged perpetrator(s).

Evaluation of notice

After conversing with the employee, the response team is called to a meeting to review the data and decide whether to go forward with formal or informal proceedings. In the case of minor incidents where behavior can be corrected, with appropriate support, confidential discussions or counselling, an informal procedure is chosen. If the incident is major and requires a detailed investigation, a formal procedure is chosen. Please note that informal proceedings can lead to formal proceedings. It is important to inform the victim how the case will be handled at the workplace, i.e. whether the matter goes through an informal or formal process.

Informal proceeding

The response team seeks information from both the victim and the perpetrator separately and talks to other parties if necessary. The notification must be in writing and a copy of the notification is provided to the alleged perpetrator. Both the victim and the perpetrator must be assisted by a manager or response team in solving the case, and in addition, the need for external assistance in the form of psychological assistance or counseling must be assessed. People other than those concerned within the workplace are not informed about the proceedings.

The response team must ensure that the parties directly involved in the case are supported and their safety is enhanced by ensuring that the relevant parties have no more than a minimum of communication due to their work. The response team follows up on the case by reviewing the situation after a pre-defined time period agreed upon by the response team and the victim, but it is good to aim for 2-4 weeks.

If the inappropriate behavior does not subside, or if information about the incident is revealed to be major during the investigation, the case shall be put into a formal proceeding.

Formal proceeding

If the incident is major and requires further investigation, it is a formal proceeding. See more in the Response Plan

- An impartial examination of the facts of the case is carried out. The victim, perpetrator and others who can provide information about the case are interviewed. It is important to look for information about timings and obtain data, e.g. emails, text messages or other relevant data.
- During the investigation, the person making the complaint must be kept informed of the progress of the proceeding and ensure that he/she and the alleged perpetrator(s) are informed that they do not have to continue to communicate regarding activities within the company.
- A solution will be found which, among other things, can consist of changes in the workplace, work methods or work organization. The case is then followed up and discussed with relevant parties after a certain period of time and their interactions reviewed.
- If bullying, harassment or violence is confirmed after the investigation, appropriate action must be taken to stop the behavior that has taken place.

Actions could consist of the following points:

- That the perpetrator repents his actions and submits a written apology along with a promise that this will not happen again.

- That the perpetrator will be transferred within the company.
- The perpetrator receives a written reminder.
- The perpetrator's employment is terminated.

Victims and perpetrators are offered psychological support as appropriate and necessary.

If the investigation reveals that there is no bullying, harassment or violence, the social risk assessment of the workplace must be reviewed and an improvement plan drawn up based on it, if applicable.

Follow-up

It is necessary to follow up on cases, regardless if the proceedings are informal or formal. Follow-up includes i.e.:

- Monitor the well-being and social status of the perpetrator and the victim.
- Provide appropriate support and help to the perpetrator and/or victim.
- Evaluate the success of an intervention.
- Review interventions if need be.

The follow-up aims to ensure the victim's well-being and prevent the alleged bullying, harassment or violence from reoccurring.

Accountability and review

The response team is responsible for implementing and maintaining this policy and response plan. The department managers are also responsible for ensuring that all provisions of the plan are enforced. This policy and response plan must be presented to all employees and they must be instructed where they can turn to with individual issues.

The response team supervises the correct use and revision of the plan, and it must be evaluated and revised every two years. Notes and suggestions regarding the response plan must be communicated to the relevant manager or the response team.

