



**BLUE LAGOON CORPORATE SOCIAL
RESPONSIBILITY**
Operating year 2017

BLUE LAGOON
ICELAND

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Corporate social responsibility is a major component of the Blue Lagoon's operations

Since its establishment, the company has focused on corporate social responsibility, approaching the issue in accordance with changes in the company and in society.

The main tasks of corporate social responsibility include occupational health and safety, environmental and quality issues, sustainability and responsible business.

Philanthropy is also a key factor of the company's csr initiatives. This can be seen in Blue Lagoon's support for youth sports, culture, health, and wellbeing in the local communities.

Our corporate social responsibility policy

In our work, we focus on creating an **environment** where everyone can enjoy themselves, and the safety of our colleagues and visitors is a key priority. **Nature** is not an inexhaustible resource, and 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.

In 2018, our goal is to establish a multidisciplinary CSR team within the company, helping our entire organization understand and embrace our principal CSR initiatives. We also plan to issue a CSR report for the first time ever.

01 / UN Global Compact – Focus areas

The report is prepared following the **UN Global Compact model** and is based on the United Nations Corporate Social Responsibility Standards.

The report contains information about our projects, priorities and objectives.

The main objective is to make corporate social responsibility an active part of our daily operations as well as part of our policy-making projects. Blue Lagoon is also a member of Festa – the Icelandic Centre for Corporate Social Responsibility.



UN Global Compact focus areas



**Employment security
and safety**



**Environment
and quality**



Sustainability



**Responsible
business**

The Blue Lagoon values



Our attitude toward corporate social responsibility is articulated **in the core values that the employees of Blue Lagoon created in 2013** and follow each and every day.

These values reflect and emphasis on **caring, respect and happiness**.

We are committed to having a positive impact on the society to which we belong, both locally and globally. In this project, there are no borders.

The key to success in the field of CSR lies in the cooperative, mutually beneficial working relationship between the company and its employees.

Through education and joint ventures, employees are encouraged to be active participants in projects relating to CSR.

Our stakeholders



02 / Responsible tourism

Blue Lagoon is one of **250 companies that signed a declaration on responsible tourism** at the University of Reykjavík on 10 January 2017 in the presence of the President of Iceland, Gudna Th. Jóhannesson, who is the patron of the project.

Responsible tourism

Festa, the Centre for Corporate Social Responsibility, and the Icelandic Tourism Cluster are in charge of the project in co-operation with the Icelandic Tourist Board, SAF, Promote Iceland, Tourism Task Force, regional marketing agencies, Reykjavík Complete (Höfuðborgarstofa) and Safetravel. Blue Lagoon is one of the sponsors of the project.

The responsible tourism project aims to motivate companies to agree on clear, simple actions regarding tourism and its impact on the cultural, ecological, and environmental fabric of Iceland.

1. Take good care of and respect nature
2. Ensure the safety of our guests and treat them with respect
3. Respect employee rights
4. Have a positive effect on the local community



A positive effect on the local community

For years, Blue Lagoon has supported **sports and youth projects in the Reykjanes area** and environmental affairs in local communities.

Blue Lagoon is the largest employer in Grindavík and is **one of the largest workplaces in Reykjanes**.

The company has had a positive economic impact—particularly in recent years—and strives to **procure goods and services from partners in nearby communities**, thus fostering shared prosperity and a robust commercial infrastructure.

All fish served at Blue Lagoon’s two fine dining establishments—Lava Restaurant and Moss Restaurant—comes from Stakkavík in Grindavík. The fish is sourced fresh daily, and the company engages in responsible fishing.



02 / Responsible tourism

Human Resources

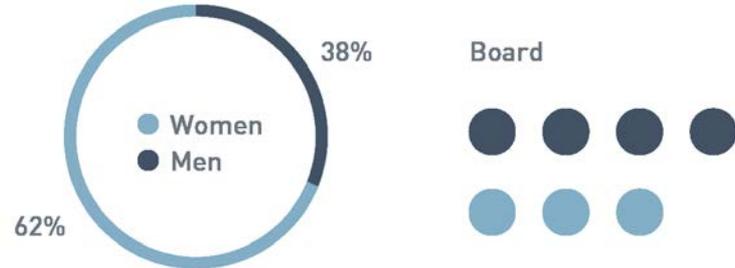
Equality and diversity in employee policies

Occupational health and safety and the rights of employees and contractors at Blue Lagoon are first class.

Blue Lagoon employees can choose their trade union, and contractors who work for Blue Lagoon sign a declaration that their employees work according to Icelandic collective wage agreements.

Gender equality is an important part of Blue Lagoon Human Resources Policy, and the company has implemented a gender equality plan and is working towards equal pay certification.

The company employs a **diverse group of employees**, creating a powerful and valuable human resource. Equal gender ratios are found amongst the company's management, with around 2/3 of employees being women. In the company's management, 3 out of 7 board members are women.



Benefits, health and social life

The company pays close attention to its employee's well-being

Employees are encouraged to take care of their health. They have free access to gyms in the greater Reykjavík area, Grindavík, and Reykjanesbær.

Employees' social lives are dynamic, and hiking is a permanent fixture in the employee winter schedule. In the spring of 2017, hiking trips through the surrounding area were offered twice a week. The hiking schedule reached its finale with a longer hike in Landmannalaugar.

In recent years, employee participation in the Reykjavík Marathon has increased significantly. Blue Lagoon covers the participation fee and makes a charitable contribution if employees are running to support a good cause.



Supporting employees

The company operates employee shuttle buses to and from the greater Reykjavík area and Reykjanesbær.

Blue Lagoon has built a new apartment complex—designed to house employees—in Grindavík.

Training at Blue Lagoon aims to promote the abilities and skills of employees so that they can grow both professionally and personally.

We promote and support the professional development of our employees by continuously investing in employee education and training.



Education for employees – Foundation for success

On the job training
Buddy system



We Respect
Cultural awareness

Train the Trainers
Supervisor training

We Bring Joy
Trainee seminar

First Aid

Response to threatening behaviors



Safety training and practical exercises

The Unforgettable Host
Leadership training

HACCP
Quality standards in kitchens

We Create Memories
Service seminar

First Aid, in-water rescue, and swimming tests for lifeguards



Hygiene and treatment of cleaning materials

02 / Responsible tourism

Safety

Safety first

The safety of visitors, employees and partners is a key component of Blue Lagoon policy and operations. The main emphasis is placed on **precautionary measures to prevent accidents**. The sharing and spread of vital information is also a key component of Blue Lagoon's safety initiatives.

This is achieved through ongoing employee training and education in the fields of safety and security. For guests, safety and security guidelines are communicated through the Blue Lagoon website and on signage in the Blue Lagoon experience areas. Ultimately, the combination of employee knowledge and guest awareness nurtures a company and community culture where **safety and security are paramount**.

The company also provides employees with **safe transport** to and from work by offering shuttle buses from Reykjanesbær and the greater Reykjavík area.

First-aid training is a fundamental part of the employee induction process. Likewise, safety-related meetings are held regularly, as are practical safety exercises in cooperation with first responders in the area, including the Grindavík fire department, police department, and the city's volunteer rescue team, Þorbjörn.

Employees responsible for surveillance / safety are given special training, and are visible to visitors.



Focus on training

First Aid

Practical exercises

Safety course

First Aid, in-water rescue and swimming tests for lifeguards

Response to threatening behaviors

Education and training in the use of fire extinguishing equipment



02 / Responsible tourism

Health

Good health is the foundation of job satisfaction

Promoting employee health **increases wellbeing and job satisfaction.**

A contract was signed with Vinnuvernd for the services of a company doctor for employees.

The health grant was increased, enabling employees to take part in a diverse array of fitness programs. Similarly, the choice of fitness centers was expanded so that everyone has access, regardless of where they live.

October 2017 was dedicated to health. Throughout the months, there were lectures, yoga, meditation, education, state-of-health surveys, vaccinations, and a healthier diet for employees.

A cycling group was established within the company during the year. One of the objectives of the group was to participate in the 2018 WOW Cyclothon.



03 / Society without waste

Environmental policies and objectives were launched in 2016 and 2017 with the aim of **greatly improving environmental awareness and reducing the environmental impact** of the Blue Lagoon's operations.

03 / Society without waste

Environmental affairs

Minimising environmental impacts

In 2016, an environmental manager was appointed and numerous projects were implemented to minimize the company's environmental impact.

Efforts are being made to reduce each guest's energy and water consumption and increase the proportion of recycled waste through decreased waste creation and increased sorting.



The main focus in environmental affairs



Systematically reduce waste production and increase **the proportion of recycled waste**.



Setting up new recycling bins and labelling so that employees and guests can improve waste sorting.



Reduce food waste in the employee canteen with an awareness campaign.



Reduction in paper use with electronic document solutions and environmentally friendly and multi-purpose bags at Blue Lagoon stores.



Increased sorting of organic waste in the employee canteen by improving facilities, motivation, education and clear labelling.



Reduction in use of electricity by choosing LED lighting instead of incandescent or halogen bulbs and differentiating the use of energy-intensive equipment to minimise their energy needs.



Timed mixer taps have **decreased water consumption**.

In 2018, emphasis will continue to be placed on the **reduction of plastic use and the recycling of plastic waste.**

Increased focus on waste sorting

For many years Blue Lagoon has sorted **organic waste** from general waste. This material is then blended with tree pulp and composted, creating fertile soil.

Other waste categories are **cardboard, mixed paper, plastic, timber and metal**.

Environmental management is constantly evolving. New ways of improving **Blue Lagoon's environmental footprint** are constantly being investigated. Great emphasis is placed on improved and increased data collection. Enhanced qualitative and quantitative data, in turn, gives us a clearer, more complete overview of our performance in environmental affairs.



Operation within the Reykjanes UNESCO Global Geopark



Blue Lagoon is located on the Reykjanes Peninsula, which has been designated a **UNESCO Global Geopark**. The area contains globally unique geological formations.

Respect for nature has been a foundational principle of Blue Lagoon's ongoing evolution. Special care has been taken to minimize the disruption to the environment, and all Blue Lagoon architecture was designed **to harmonize with the landscape**.

Blue Lagoon has paid for the creation of paths around its facilities to ensure that guests can experience the area's unique nature without causing harm. The moss and lava are particularly fragile.

Entities wishing to operate at Blue Lagoon are given clear rules of conduct aimed at **protecting the delicate, vulnerable ecosystem**.

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Blue Flag

The Blue Flag was raised at Blue Lagoon for the 15th time in June 2017.

The Blue Flag is an international certification by the Foundation for Environmental Education (FEE) that a beach, marina, or sustainable boating tourism operator meets its stringent standards. [Wikipedia]

The main objective of the Blue Flag project is to improve environmental management, sanitation, water quality, and access to information about local services and accident prevention.

A key aspiration of the Blue Flag project is the promotion of ecological awareness. This is accomplished through lively education and engaging information concerning the environment and the vulnerable areas at Blue Flag locations.



03 / Society without waste

Climate issues

A synchronized effort in climate issues

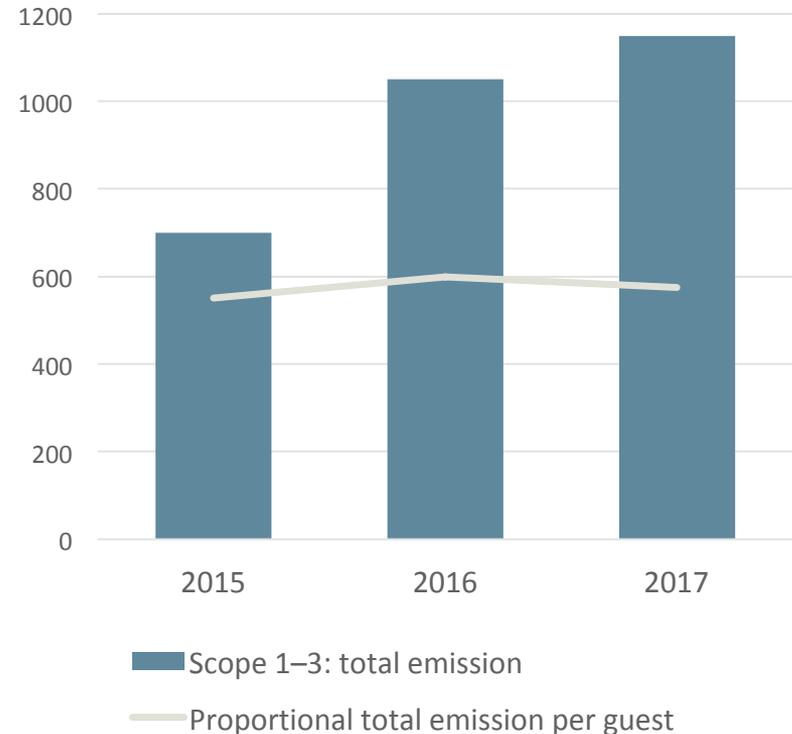
In 2015, Blue Lagoon and 103 other companies signed a [joint declaration for action on climate change](#) in collaboration with Festa and the City of Reykjavík.

The goal of the declaration is to create a concerted effort among Icelandic companies to reduce greenhouse gas emissions and minimize negative environmental impacts through targeted measures.

Following the signing, Blue Lagoon compiled an overview of the company's greenhouse gas emissions. Using this data, the company developed [a comprehensive program to reduce the Blue Lagoon carbon footprint](#).

In 2016 and 2017, greenhouse gas emissions increased. This was due to two factors: the construction of a new resort and an escalation in the number of visitors. Nonetheless, total per-guest emissions decreased during the last two years. One of Blue Lagoon's goals for 2018 is to reduce per-guest emissions to **0.85 kg CO₂ or less**.

Estimated greenhouse gas emissions from Blue Lagoon operations (tonnes)



Respect for resources

Iceland is rich in environmentally friendly energy sources.

Powena ehf.—a leader in the field of resource management—has designed a unique, robust solution for energy control and distribution. The system gives engineers granular supervision of Blue Lagoon's energy consumption.

With improved control, we get a clear, detailed picture of power usage and performance indicators.

The system enhances utilization of energy resources and provides information about where preventive maintenance can help conserve energy.

The system is also an important tool for programmatically reducing CO2 emissions.



Transport

The bulk of Blue Lagoon's greenhouse gas emissions are due to employee travel to and from work.

The company offers its employees **free shuttle services to and from Blue Lagoon**. Roughly 36% of employees make use of this service one or more times a week.

In 2018, Blue Lagoon is **aiming for a 20% reduction in CO2 emissions** caused by employee commuting. This will be accomplished through in-house marketing initiatives designed to encourage employees to make use of buses and ride sharing.

In addition, the facilities for employees to charge electric cars have been improved.



04 / Sustainable operations

Complete utilisation of resources

'Society without waste' is Blue Lagoon's motto in environmental matters.

Within the Reykjanes UNESCO Global Geopark, there is the "Auðlindagarður", a resource encompassing a cluster of companies that utilize two or more resource streams from HS Orka's geothermal power plant at Svartsengi.

Blue Lagoon is the first company within the resource park to **use all resource streams from the geothermal power plant**. It is also the first company to use resource streams other than hot and cold water and electricity.



Cold water



Hot water



Electricity

CO₂

Carbon dioxide

—
Algae production



Steam

—
Salt production



Geothermal
seawater

—
Health and wellness

Blue Lagoon processes the active ingredients—silica, algae, and minerals—from geothermal seawater. **The processing methods are sustainable and eco-friendly.**

Biotechnology

During the past 20 years, Blue Lagoon has developed groundbreaking, innovative ways of **cultivating algae**. The algae are grown in controlled conditions under light-emitting devices at the Blue Lagoon Research & Development Center.

An important step was taken in 2012 when Blue Lagoon began using **CO₂-rich geothermal gas**—a byproduct of energy production at HS Orka's geothermal plant—to feed the algae.

Transforming the exhaust from a geothermal plant into high-value products, as is done here on an industrial scale, is a **globally unique solution**.



Patents

Blue Lagoon has been issued patents in Europe and the United States on cosmetics and medicines using this unique species of blue-green algae.

The patents include recognition of the development work and the originality and inventiveness of the products.

The patents describe the results of experiments conducted by Blue Lagoon scientists in collaboration with foreign laboratories. These experiments confirm the efficacy of the lagoon's blue-green algae.



ISO:9001

Blue Lagoon's raw materials processing is certified according to the International Management Standard ISO 9001:2015.

The goal in 2017 was to obtain ISO certification for the production of Blue Lagoon skin care products as well as the active substances from geothermal seawater.

Blue Lagoon raw material production was certified in November, 2017.

With this certification, Blue Lagoon **ensures effective quality control over the full scope of its product manufacturing processes**—from the resource to the customer.



05 / Responsible business

Responsible operations

Blue Lagoon has received the Vakinn award for tourism and for its catering services.

Vakinn has two primary aims: to **promote quality, safety, and environmental awareness in tourism** through guidance and support; to promote corporate social responsibility within the industry.

Blue Lagoon has been certified by Vakinn since 2015.



Responsible investments

The growth of Icelandic tourism and sustainability is also shaped by expanding the range of options for tourists nationwide. **Blue Lagoon possesses valuable expertise in health tourism services based on renewable geothermal resources.**

In recent years, Blue Lagoon has invested in projects based on these assets.

Managers and owners want to use the knowledge acquired within the company over the past few decades to contribute to further development of Icelandic tourism throughout the country. The knowledge and experience of Blue Lagoon's architects and designers are also valuable in these projects.



06 / Community projects

Support for community projects is an **important component** of Blue Lagoon's operations.

Blue Lagoon's approach to community projects reflects one of the core values created by the company's employees:



we care about our society and the environment

06 / Community projects

Human value projects

Free psoriasis treatments subsidized by Blue Lagoon

The largest Blue Lagoon community project is the free provision of Blue Lagoon's psoriasis treatments to health-insured patients. These treatments are funded solely by Blue Lagoon at no cost to the Icelandic health authorities.

Blue Lagoon psoriasis treatments—**recognized by the Icelandic health authorities as a viable, effective option**—are run as a community project but managed onsite by a staff nurse and dermatologist. Blue Lagoon does not accept payments from the Icelandic government for these treatments.

Every year, treatments are also provided to foreign psoriasis patients who cover their own costs. In 2017, Blue Lagoon treated patients from 10 European countries, as well as the United States.



Other human value projects



Blue Lagoon has sponsored the **Icelandic Cancer Society** by participating in Pink Ribbon October. Each year, during October, the company selects one skin care product and repackages it in a beautiful pink design. A percentage of the sales from this product are donated to the I.C.S.



Blue Lagoon is a sponsor of **Sólheimar** who do important work that deals with environmental and human interaction. Sólheimar are pioneers in organic farming, not only here in Iceland, but also in the Nordic countries.

06 / Community projects

Culture

A wide range of cultural projects

Blue Lagoon is a sponsor of the **Icelandic Design Center**. Through this ongoing support, Blue Lagoon seeks to nurture the development of Icelandic design. The company's focus on design is emblematic of the central role that design has played in Blue Lagoon's evolution, both in terms of the customer experience and the seamless integration of the manmade and the natural.

Blue Lagoon supports the **Vigdís Finnbogadóttir Institute**—an agency providing invaluable work in the fields of linguistics and inter-cultural knowledge, awareness, and understanding. Blue Lagoon operates in an international environment and employees come from all over the world. Blue Lagoon's support for the V.F.I. thus highlights the importance of enhancing our understanding of languages and cultures across the globe.



06 / Community projects

Environmental projects

The national treasure – Reykjanes

Blue Lagoon has also provided the **Reykjanes Geopark** with special support for the development of national treasures within Reykjanes. The project consists of installing platforms at Brimketill and creating parking spaces at Reykjanesviti and Gunnuhver.

The development of **Húsatóftarvöllur, the golf course in Grindavík**, is another important community project. The aim of the development is first and foremost to strengthen Grindavík's infrastructure for both residents and tourists.



06 / Community projects

Sports and youth

Local community

For many years, Blue Lagoon has provided grants and subsidies for **sports and youth projects** in communities on the Reykjanes Peninsula, including Grindavík (the home of Blue Lagoon), Reykjanesbær, Vogar, Sandgerði, and Garður.

Likewise, the company provides an annual grant for the **Reykjanes Cultural Festival**.

Blue Lagoon--along with HS Orka hf.—also sponsors **hiking tours in the Reykjanes region**. This project serves to encourage local residents to exercise while increasing knowledge and appreciation of the area's stunning environment. The walks and hikes are all within the Reykjanes UNESCO Geopark and there are more than 700 participants each year.



Sports and youth projects

Since 2012, Blue Lagoon has supported Íþrottafélag Fatlaðra (**the Icelandic Sports Association of Disabled People**). The association's success is evident in the strong performance of Icelandic athletes at the Paralympics.

In 2017, a funding agreement was signed between Blue Lagoon and **professional golfer Ólafía Þórunn Kristinsdóttir**. The agreement lasts two years and its purpose is to provide Ólafía Þórunn with support for training and competitions.

Also in 2017, Blue Lagoon became a supporter of **Forskot**—a fund that provides assistance to promising golf enthusiasts of all skill levels, from beginners, to amateurs, to pros.

Landssamband Hestamannafélaga (**The Icelandic Horse Association**) is another entity that benefits from Blue Lagoon's extensive philanthropic initiatives.



06 / Community projects

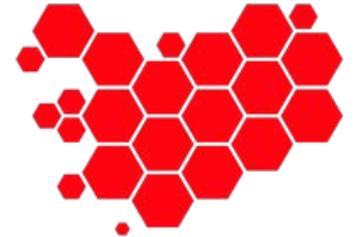
Promoting tourism

Promotion of tourism

Blue Lagoon has supported projects aimed at promoting the tourism industry.

The company is a member of the **Iceland Startup Tourism** project which encourages innovation within the industry. By supporting Startup Tourism, Blue Lagoon catalyzes creative thinking and increases quality within the travel sector, thus contributing to the positive tourist experience and sustainable tourism growth.

Blue Lagoon is a founding member of the **Icelandic Tourism Cluster**. The cluster is a collaborative forum for those working in tourism and related industries. The role of the cluster is to strengthen competitiveness and enhance the value of Icelandic tourism.



ÍSLENSKI
FERÐAKLASINN
Iceland Tourism Cluster

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