

**Report on The BANK of Greenland's  
CSR in 2013**

A stylized blue bird logo, resembling a puffin, is positioned on the right side of the page. The bird is facing right and has a white circular eye. The text 'Pakkussineq' is written in a blue, italicized font across the bird's body.

***Pakkussineq***

## Table of Contents

Foreword .....	3
1. Policies and strategies for CSR.....	4
2. Activities and objectives in 2013 .....	6
Social and voluntary involvement .....	6
Improved access to consultancy services and borrowing facilities .....	7
Financial Insight .....	8
Customers.....	9
Employees .....	10
Work environment and safety.....	11
Climate / environment .....	11
UN Global Compact – related subjects.....	12
3. What did the bank get out of it...?.....	13

## Foreword

The BANK of Greenland's obligation to work with its corporate social responsibility is based on the impact of its size in the community, its significance for the economy of Greenland, and, not least of all, the impact made by our employees in their contributions above and beyond their usual tasks. And these employees exemplify the bank's core values: decency, competency, commitment and room for diversity.

**The BANK of Greenland's fundamental corporate social responsibility** is to manage its banking business in such a manner as to ensure a balance between stability and growth in the society of which it is part. We will maintain our efforts to contribute to creating sustainable growth while, at the same time, avoid putting economic stability at risk.

By joining the UN Global Compact in the spring of 2013, The BANK of Greenland has also demonstrated its willingness to support the UN's ten principles touching on human rights, labour, the environment and anti-corruption. We will implement these principles internally in our own practices. Furthermore, the bank will contribute voluntary initiatives to foster the UN's objective of sustainable development.

Apart from reporting on the bank's progress in adhering to the UN Global Compact and its ten principles, this report has also been written cf. the Danish Executive Order on accounting clauses 135 and 135a.

Nuuk, 19 February 2014

Martin Kviesgaard  
Managing Director

## 1. Policies and strategies for CSR

The Board of Directors at The BANK of Greenland has adopted strategies and policies for the bank's CSR.

The overriding objective of the bank's CSR work is to contribute to meeting social challenges in order to create sustainable growth in Greenland. Our social responsibility is based on our vision to be "The best company in Greenland" based on our existing values of Commitment, Room for Diversity, Decency and Competency, our corporate culture, our desire to employ our core skills to make a difference and on the bank's reputation as a trustworthy and stable credit institution.

Our commercial goals are to improve the bank's reputation, increase our customers' approval and loyalty as well as to increase our employees' satisfaction thus ensuring long-term, satisfactory financial returns.

The stakeholders' analysis shown below was developed in the preliminary policy-making work. Taken together with the bank's strategic objectives, it forms the basis of the bank's three focus areas where it concentrates its social input:

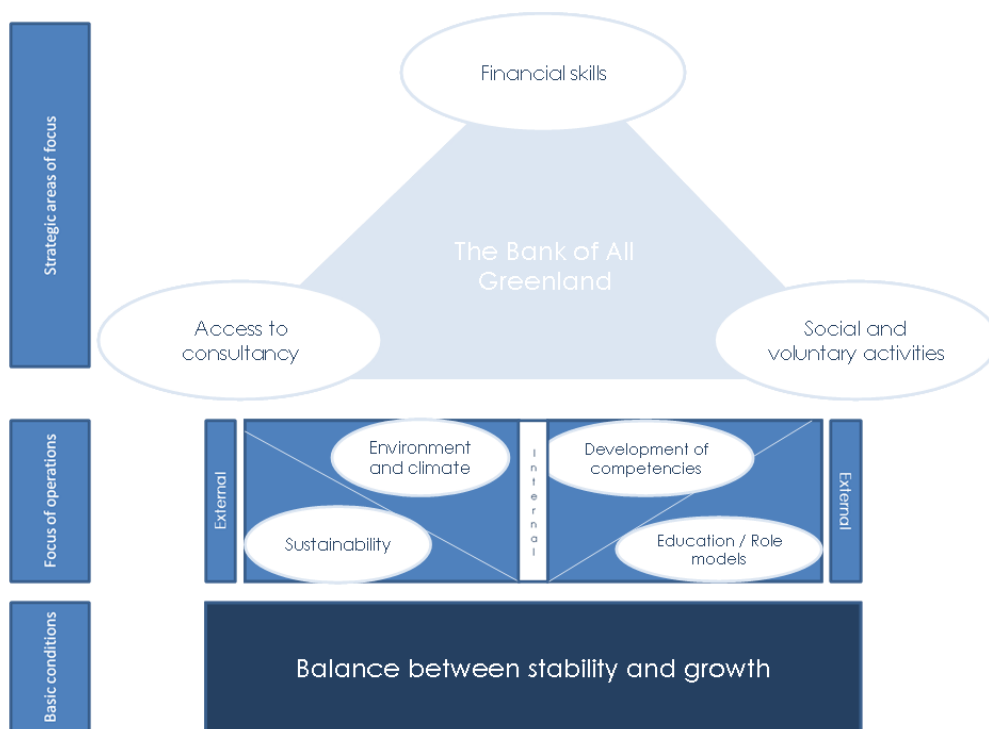


Figure 1 CSR Policies and Strategies

- **Financial skills** of the population, to help more households achieve an opportunity for better private finances
- **Access to consultancy and lending facilities** – also outside of the bank's traditional market.
- To encourage the bank's employees to contribute their time to **social and voluntary activities**

In general, the bank is truly *The Bank of All Greenland* which has also been the key phrase for many of the activities held since the adoption of this policy. The figure below shows the bank's policy of social responsibility. You can also read more about the bank's policy on its website [www.banken.gl](http://www.banken.gl).

Interdisciplinary task forces have been set up across the bank for each of the three strategic focus areas.

Apart from these three strategic focus areas, we will maintain operational focus on sustainability, environment and climate, development of skills as well as training of the bank's employees. These are not areas handled by the task forces, but rather they will be incorporated into the bank's daily operations. The overriding responsibility for the bank's CSR is the job of the Chief Administrative Officer, see figure 2. He keeps the Managing Director updated on progress.



Figure 2 Organisation of CSR

Implementation of this strategy has been ongoing, primarily within the bank, but there have also been external activities. Implementation has been the responsibility of an overall steering group consisting of the Chief Administrative Officer, the main parties responsible for the task forces as well as the HR Manager, communication staff and one further representative from the staff.

In March 2013 The BANK of Greenland joined the UN Global Compact, the UN program for corporate and organizations' CSR. The program encompasses ten principles that members are obliged to comply with. The principles touch on human rights, labor, anti-corruption and the environment. Each year, members shall write an annual report on their progress in their efforts to respect and comply with the ten principles. The BANK of Greenland's first report will be made in March 2014.

Prior to joining the UN Global Compact, The BANK of Greenland conducted a gap analysis in order to determine where the bank stood in relation to the ten principles. The analysis showed that, with focused efforts on specific areas, The BANK of Greenland would be able to achieve compliance with the ten principles. The main areas are:

- policies on human rights
- anti-corruption policies

- responsible supply chain management
- procurement policies
- environmental policies and objectives

Since joining the UN Global Compact, several initiatives have been launched in 2013. These are aimed at anti-corruption and labour rights, while the policies on human rights and environment are expected to be drawn up in 2014. Subsequent to their initiation, we will report on their implementation and results.

## 2. Activities and objectives in 2013

In the following section, we will be focusing on initiatives, progress and objectives within strategic focus areas (social and voluntary involvement, access to consultancy services and financing loans plus financial insight), customers, employees, work environment and safety, climate / environment and any other areas that are relevant for our work under the UN Global Compact.

### Social and voluntary involvement

*"Our employees must be given the opportunity to work for volunteer organizations and projects during their work hours and within precisely defined limits. We wish to foster our employees' involvement and to create the proper framework for motivating our employees to work for a better society. At the same time, the bank itself must actively participate in particular CSR projects. (Excerpt from The BANK of Greenland's policy on CSR.)*

The task force involved in social and voluntary involvement has written a policy for volunteer work as well as a set of guidelines for social and voluntary involvement. The BANK of Greenland's policy on volunteer work is based on the view that the bank's voluntary and social involvement is an investment in the future of Greenland.

The management of the bank has provided the task force for voluntary and social efforts with a number of hours equivalent to 1% of all man-hours, which the working group has distributed to seven different pools including projects generated by CSR Greenland, organizational work, participation in major events as well as a mentor program for young students.

The primary areas that will be allotted hours are: social and voluntary involvement for children and young people, education, the elderly, the environment and culture. Moreover, participation in CSR Greenland will also be registered. This area and its initiatives relate to the principles aimed at supporting and respecting human rights within the bank's sphere of influence.

### Activities where CSR hours have been applied

A total of 16 employees participated in the 2013 Saligaatsoq spring cleaning of a major natural area in Nuuk and Sisimiut. Once again, lots of rubbish was collected.

In 2013, The BANK of Greenland again chose to be the main sponsor for Maaji Nuan - successor to the Make May Healthy project - and several employees volunteered to help out at the event. The bank's employees have also contributed their time at various sports events – primarily for children and young people.

Some of the bank's employees have also volunteered to help the Red Cross in Greenland and the Night Owls (an organization whose main purpose is to be out and about among youngsters and by responsible action help prevent violence, vandalism, thoughtlessness and crime). One employee trains first aid instructors and also teaches psychological first aid.

Four employees have participated in a CSR course in 2013.

At the bank's branch offices, the allotted hours have been spent on visits to schools and training financial insight.

In 2013, the bank had one employee acting as mentor for students at Ilisimatusarfik (Greenland's university). Hours have also been spent on advising entrepreneurs.

A number of hours have been allotted to project management and development of a computer game designed to increase financial insight for the oldest students at the public schools. (See more in the section on financial insight.)

CSR hours have also been allotted to several of the bank's young advisors enabling them to visit schools and other educational facilities in order to teach financial insight.

Under the auspices of CSR Greenland, the level of activity in 2013 has been higher than in 2012, a fact demonstrated by the number of hours allotted.

Six employees participated in the national collection to raise money for Nilliasa for Nanu Children, a project designed to focus on children who have been subjected to or witnessed violence at home.

The long-term objective is to allot 1% of the bank's total number of employee hours. With 113 employees, we arrive at a total of 2174 hours. The goal for 2014 will remain at the same level as 2013 equivalent to 50% of the allotted hours; this would be 1068 hours divided among the individual activities. Our focus will be to ensure that the actual hours spent are registered and to increase our level of activity.

The objective for 2013 was to spend 1068 hours. The result for 2013 showed a utilization of 67% of the annual objective (as compared with 24% in 2012 and 28% in 2011) or 714 hours. In 2013, more than 40 employees performed voluntary and social work during their working hours (30 in 2012 and 34 in 2011). There is a general increase in activity, the result of increased awareness of the value of contributing amongst the bank's staff.

### **Improved access to consultancy services and borrowing facilities**

*"We will increase our **customers' access** to the bank's **consultancy services and borrowing facilities** outside our primary market (the major towns). Our goal is to increase the availability of our know-how on finances and borrowing facilities in order to improve financial opportunities for the population of Greenland."*  
(Excerpt from The BANK of Greenland's CSR policy.)

On 6 December 2011, The BANK of Greenland opened a cash-free local branch – Appaaraq – in Aasiaat. The decision to do so was made from a commercial perspective. Moreover, this initiative provides the

inhabitants of Aasiaat with better access to consultancy services and borrowing facilities. To begin with, this branch was open one week a month. It was an experiment where its impact and earnings would be evaluated in order to determine whether to open a permanent cash-free branch. As early as the spring of 2013, the bank decided to open permanently in Aasiaat, a decision that was made on the basis of the experience gleaned from the cash-free branch and of the input from several stakeholders. The branch opened for full-time service in November 2013.

Apart from providing better access to consultancy services and borrowing facilities in Aasiaat, the programme has also led to increased activity in Tasiilaq. The BANK of Greenland visits Tasiilaq, the largest town on the east coast, twice annually. During each visit, which lasts a week, we strive to meet as many customers interested in consultancy services as possible. The BANK of Greenland has arranged with the Municipality of Nuuk to use the municipality's video conference equipment, so that customers in Tasiilaq can contact their advisor via video in order to achieve a more personal contact. This option has not, however, been taken to particular advantage of.

Initial feedback from both initiatives has been positive, and The BANK of Greenland will continue to keep close tabs on developments.

The job of ensuring better access to consultancy services and borrowing facilities is the responsibility of The BANK of Greenland's Retail Lending Manager, who is assisted primarily by the Retail Customer Advisors and the Commercial Customer Advisors.

In 2014, activity will continue at the same high level, i.e. two annual trips to Tasiilaq. In Aasiaat, the branch will move into its own quarters during the spring and will then be able to offer ordinary banking operations. During 2014, an evaluation will be made to decide whether the bank should expand its activities outside its network of branches by visiting other towns.

At the end of 2013, the bank set up Lync (video meetings) in its commercial department. The individual advisors will, thus, now be able to hold video meetings with commercial customers along the coast without leaving their office. This arrangement creates even better access to the bank's consultancy services. If this scheme is successful, our expectation is that it will, in future, also include retail customers.

## Financial Insight

*"We will strive to create greater **financial insight** throughout Greenland in order to increase the individual's financial opportunities, thus alleviating social problems and increasing overall prosperity. (Excerpt from The BANK of Greenland's CSR policy.)*

The purpose of striving to increase the individual's financial insight is to disseminate knowledge of the entire financial sector. This job is being organized by a task force under the supervision of an employee in Nuuk.

Four levels of financial insight have been developed: 1) Teaching students financial skills at the vocational schools and institutions of higher learning, 2) Teaching pupils in the oldest classes from the primary school



3) Training of fishermen and hunters, and 4) Training of sheep farmers. With these concepts in hand, the bank's employees possess a useful tool to provide instruction at schools in the towns where the bank has a branch, for example. Trainees at companies, including KNB's (co-op) trainees in Nuuk, have also received training.

In 2013, the bank entered into an agreement with Serious Games to develop a "money game", the point of which is to increase financial (and mathematical) insight amongst the oldest pupils at the public schools. The game is being developed now and is expected to be ready for use by the start of the school year 2014/2015. It is important for The BANK of Greenland to involve significant stakeholders in the development of this game. Therefore, it is being developed in cooperation with Inerisaavik (learning development centre), the Ministry of Education, Church, Culture & Gender Equality as well as selected pupils and teachers from the schools in Nuuk.

The Bank's Commercial Department works closely in meeting and consulting with entrepreneurs. Specifically, the department helped Sermersooq Business Council to organize a series of events in which entrepreneurs also participated. In 2013, it held 123 hours of consulting for entrepreneurs. In 2013, we will spend at least 100 hours consulting with entrepreneurs.

## Customers

The BANK of Greenland is The Bank of All Greenland. Customers are offered an annual focus meeting, the purpose of which is to create a relationship of mutual trust and identify the customer's current and future wishes and requirements, and to ensure input into how the bank can improve specific areas, including the bank's role in society. The number of meetings is part of the bank's performance management. In 2012, 2120 focus meetings were held, and the number rose more than 2300 in 2013. For 2014, the goal is 2500 focus meetings. During 2013, 343 commercial customers have been visited by their advisors at the customers' premises. The goal for 2013 was 300 visits.

In 2013, CSR work was expected to show a result of index 76 in the bank's customer studies. The result was 77.5. This figure is higher than the average (71.5) for the customer barometer as measured for the entire Danish financial sector. In 2014, our goal is to maintain our excellent 77.5.

In addition to customer satisfaction studies, in 2010 and 2011, the bank invited customers in Nuuk and Sisimiut to participate in focus groups in order to receive constructive criticism about the bank's role in society. There are no specific goals for this type of meeting, since the input the bank receives is primarily qualitative.

In 2013, The BANK of Greenland received 19 complaints from customers – three more than in 2012, but the same number as in 2011. Of these 19 complaints, nine were accommodated either partially or completely. The bank wants its customers to understand its reasons doing what it does, e.g. a refusal to grant a loan. The bank also has an interest in dealing with all relevant complaints according to its guidelines.

## Employees

The bank's employees are its interface with the rest of the world. Thus, the employee is the one who creates and maintains our close relation with our customers.

The BANK of Greenland has adopted a policy and index for the **under-represented gender**. This policy aims to increase the number of members from the under-represented gender in the Board of Directors and other management levels. This policy has established an index for the under-represented gender and for other management functions in the bank:

1. Regardless of gender, The BANK of Greenland's employees shall experience that they all have equal career and leadership opportunities.
2. At the end of 2013, the ratio of managers was evenly divided between men and women: 50% to each. The bank's objective is to ensure that the ratio of under-represented managers shall always be at least 40%. The BANK of Greenland employs / appoints the best qualified managers regardless of gender.

The BANK of Greenland continues to focus on skill development by means of student training, further education, leader training and "on the job training". The bank considers training to be part of its employees' development and career planning as well as a way to provide the bank with the skills it needs.

The BANK of Greenland believes it is important to ensure the recruitment of trained banking staff, and in 2013, the bank's seven trainees completed their financial training course at the trade school in Nuuk. Student training is expected to increase the general level of competence in the long term. In August 2013, five trainees from The BANK of Greenland started their Academy Foundation (AF) Graduate in Business studies. In August 2014, one more group of bank trainees will be starting at the bank; we expect a group of 6-7 trainees.

In addition to financial training, the bank avails itself of a number of high level external trainers.

Employee motivation and satisfaction are measured by means of annual employee surveys, where all employees evaluate their immediate supervisor, their collaboration with others and working conditions in general. In 2012 and 2013, employee satisfaction was measured to be 79 - which is a high level and exceeds the industry average. Our goal is to maintain this high level in future.

In 2013, the bank managed to keep 99.5% of the positions in the bank filled by means of active HR efforts, development of the bank's job-search portal on the bank's web-site and by focusing on employee development. This level is a bit higher than it was in 2012.

At the end of 2013, the total number of employees at the bank was 113. The average age was slightly less than 45 and the average seniority was 9 years and 7 months. There were 78 women and 35 men employed. Of the total staff, 70 have a financial or college-level education – an increase of ten compared with the figure for 2012.

## Work environment and safety

A good work environment and safe daily surroundings mean that our employees and customers feel comfortable in the bank's offices.

In 2009 and 2010, the bank's headquarters in Nuuk was having problems with its indoor climate. The problem was mainly that several employees developed eczema that stemmed from the carpeting installed in the bank's new building. During the first half of 2011, this carpeting was replaced by wooden floors; there is now no longer permanent carpeting in the bank's offices in Nuuk.

The number of reported injuries has dropped sharply from 31 in 2010 to 5 in 2011 and 4 in 2012. In 2013, 12 injuries were reported, but they were all related to carpets. Records of sick leave in The BANK of Greenland prove to be higher in 2013 (719 days) than in 2012 (603 days) and in 2011 (1207 days).

The goal in 2013 was to reduce the number of days of sick leave to 500 days. A handful of employees have experienced lengthy periods of illness, which is the reason for the more than 110 days extra sick leave than in 2012. In 2013, The BANK of Greenland implemented a health campaign that has contributed to an increase of health and well-being. After an evaluation of this campaign, a decision has been made to continue it in 2014.

In 2012, the bank had a health and safety (H&S) risk assessment done. The H&S showed that there was a need for targeted action in 6 different areas. All areas have been addressed. A new H&S will be performed in the spring of 2015.

## Climate / environment

By means of its product development and marketing efforts, The BANK of Greenland has been able to influence our customers and employees to think more about the environment. The bank takes its responsibility for the environment seriously; one of its concrete plans has been the creation of two special environmental loans. The following is a description.

In 2010, the bank introduced a new environmental loan, Nutarsaaneq, designed specifically for owners of private residential properties, including townhouses and owner-occupied apartments. They can now, after an ordinary credit evaluation, borrow up to Dkr 300,000 on favorable terms. The loan can be used for energy improvements such as replacement of old boilers, better insulation, replacement of doors and windows, new roof or investment in solar energy, etc. At the end of 2013, 189 of these environmental loans had been granted, and the goal for 2013 was to grant over 200. The BANK of Greenland Bank has partnered with Nordic Investment Bank (NIB) on this product.

In November 2012, another new environmental loan was introduced - Minguik – an environmental loan granted for the purchase of new cars that are energy class A. In 2013, 31 of these loans were granted; a satisfactory result.

The BANK of Greenland Bank wishes to enter into other collaborative environmental projects with CSR Greenland businesses. Therefore, The BANK of Greenland has joined the Clean Greenland-Green

Companies project where a not insignificant number of Greenlandic companies from CSR Greenland have entered into a three-year cooperative effort with WWF (World Wildlife Fund) on a strategic environmental effort in Greenland. For several years, The BANK of Greenland has invested environmentally in construction projects, a variety of products, etc. The bank still needs to write up an overriding policy including strategy, action plans and objectives for its future environmental projects. We expect to write this policy in 2014.

The BANK of Greenland has used a calculation model from CSR Greenland to establish the bank's total CO<sub>2</sub> consumption. In 2013, The BANK of Greenland produced 145 tonnes of CO<sub>2</sub> and 146.89 tonnes in 2012. There are large regional differences in this figure between the towns with hydroelectric plants, and those without. As The BANK of Greenland is continually modernizing its branches to increase energy efficiency, we also expect annual consumption of CO<sub>2</sub> to fall. The next branch to be renovated to improve energy efficient is in Ilulissat; it will be modernized in the spring of 2014.

## UN Global Compact – related subjects

In March 2013, The BANK of Greenland became the second company in Greenland to join the UN Global Compact. A member of the UN Global Compact commits itself to work towards the goal of living up to ten universal principles in the areas of human rights, labour, the environment and anti-corruption.

Prior to joining the UN Global Compact, The BANK of Greenland conducted a gap analysis; it concluded that *“...important efforts can be made by adding areas such as human rights, anti-corruption and responsible supplier management to its existing CSR policies and strategy. At the same time, a procurement policy is needed that makes CSR related demands of suppliers.”* (Excerpt from the gap analysis, 2012)

**In 2013, the following areas have been worked on:**

### Human rights:

- The bank's guidelines for customer complaints have been updated so that commercial customers now also have direct access to complain.
- Policies and indexes for the under-represented gender have been mentioned previously in the report under “employees”. However, this area also has relevance for the Board of Directors. As at 20 March 2013, the distribution of the members of the Board elected by the general meeting on the basis of gender is 16.67% women and 83.33% men. Over the next four years, the Board's goal is a distribution where 33% of the members of the Board are female.
- An initiative has been advanced to incorporate **human rights principles** into supplier contracts in order to foster knowledge of and responsibility for maintaining UN's human rights. In 2014, the bank will get in touch with its most important suppliers to initiate an updating of its relations to its suppliers.
- The bank's website provides the **visually impaired** with the option to increase the size of its text thus making it easier to read.
- Please also see the sections on social and voluntary involvement, on financial insight, on customers and on employees.

### Labour Rights:

- The bank has a policy on **social media**. Social media are becoming more and more a place to meet people and to discuss all kinds of subjects. The bank finds it important to guide employees and to give them the requisite tools to avoid making statements about the bank and bank employees on social media. This policy will be presented to the bank's employees in the spring of 2014.
- In every employee appraisal, the employees will be asked about their language needs (Greenlandic, Danish and/or English).
- Please see the sections on employees and on work environments and safety.

**Environment:** Please see the section on Climate / Environment

**Anti-corruption:**

- The bank has a **policy on gifts** that lays down the rules for the type of gifts employees may accept (and their value) and the manner in which employees must deal with services where a service can be expected in return. This policy will be presented to the bank's employees in the spring of 2014.
- A draft of an **anti-corruption policy** has been written. It is expected to be adopted during 2014, after which it will be presented formally to all the employees in the bank.

In 2014, the bank expects to initiate a more clearly described **complaint process** for employees of the bank. In addition, the bank is ready to introduce a **whistle-blower scheme** much like the ones used in Danish banks. Unfortunately, since the Greenlandic privacy and data protection legislation does not provide for such a scheme, the bank must await the results of legislators in Inatsisartut (Greenland's parliament). Another objective for 2014 is to draw up a concrete **human rights policy** for the bank. It will be presented in the same manner as the anti-corruption policy: by being presented to all employees. As previously mentioned, in 2014, an **environmental policy** containing an underlying strategy and action plan will be prepared. In this manner, the bank expects that the entire set of the bank's environmental measures will be more visible to both employees and customers.

### 3. What did the bank get out of it...?

The overriding objective for the bank's CSR work is to contribute to meeting social challenges in order to create sustainable growth in Greenland. As The Bank of All Greenland, it is important for The BANK of Greenland to contribute its core competences in order to make a difference where possible.

Upon evaluating its efforts, the bank finds that CSR work has given the bank a better image among its customers. Bank employees are loyal and are also ambassadors for the bank in their volunteer work and social involvement.

Compared to the goals set for 2014, the level of ambition remains high in the bank's relations with shareholders, employees, customers and the rest of the community.

The figure below outlines the goals and results for 2011, 2012 and 2013 as well as the objectives for 2014.

**Table 1. The BANK of Greenland's CSR reporting; results in 2011-2013 and objectives for 2014**

			2011	2012	2013	2014	
			Result	Result	Objective	Result	Objective
<b>Social and voluntary involvement</b>							
CSR Greenland	hours		59 %	36.9 %	67	120.1 %	100
CSR for branch offices	hours		8 %	8.5 %	186	26.7 %	90
CSR – organisational work	hours		9 %	2.4 %	94	57.4 %	90
CSR – major events	hours		91 %	3.4 %	51	217.0 %	150
CSR – hosting	hours		25 %	51.4 %	152	0 %	100
Miscellaneous CSR jobs	hours		36 %	63.7 %	330	104.2 %	438
Mentor scheme	hours		34 %	19.3 %	188	25.0 %	100
<b>Total hours</b>			<b>28 %</b>	<b>24.0 %</b>	<b>1068</b>	<b>66.9 %</b>	<b>1068</b>
<b>Access to consultancy services and borrowing facilities</b>							
Aasiaat	Appaaraq		Established	100 %	60 days	Opened	Completed
Tasiilaq	2 annual visits	number	Established	100 %	2	1	2
<b>Financial insight</b>							
	Teaching – school visits		Several schools visited	OK	Visits on-going	OK	Visits on-going
	Teaching – "money game"		Project started	Not completed	Project being updated	Started	Finished August
	Advising of entrepreneurs	hours		142	100	123	125
<b>Stakeholders' dialogue</b>							
Customers	Is a socially responsible company	index	73	76	76	77.5	77.5
	Total customer satisfaction retail and commercial	index	71.5	68.5	71.5	70	71.5
	Complaints	number	19	16	n/a	19	n/a
Employees	Professional and personal development	index	73.67	73.3	75	71	71/78
	Employee satisfaction	index	77	79	79	79	79
<b>Work environment and safety</b>							
	Sick leave	days	1207	602.85	500	719	500
	H&S		n/a	Completed	no H&S in 2013	n/a	no H&S in 2014
	Reported work related accidents	number	5	4	0	0 (9)	0
<b>Climate / environment</b>							
	Energy consumption in the bank		n/a	146.89 t. CO2	145 t CO2	145 t CO2	140 t CO2
	Number of environmental loans	number	68	138	200	189 / 31	300