

A modern, circular atrium with a large skylight and a sculpture of human figures in the foreground. The sculpture consists of several dark, stylized human figures standing in a line, facing away from the viewer. The background shows a multi-level building with a curved facade and a large skylight. The overall atmosphere is bright and open.

# Corporate Responsibility Report **2021**

**BANK**NORDIK

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# Introduction

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# Letter from the CEO

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Dear reader,

Since we began our journey as a financial institution in 1906, we have guided people and businesses through good times and bad and helped them evolve, adapt as well as realise their ambitions. We are very conscious of our role and responsibility in contributing to a healthy and sustainable development of the communities we serve.

It has been made abundantly clear that human activity has unequivocally contributed to the climate crisis, and therefore it is now more obvious than ever that we must all contribute to reducing GHG emissions. Being a strong financial player, we have a unique opportunity to contribute to the transition to a sustainable society by helping our customers choose sustainable solutions that will contribute to reducing emissions.

We offer a range of green solutions that make it financially attractive for our customers to make green choices, and in 2021, we introduced a green home loan, offering an attractive mortgage rate to customers who would heat their homes with sustainable energy. During the year, we made an extra effort to inform our customers on the environmental and financial benefits of choosing sustainable solutions, and we will continue our efforts to build customer awareness of the issue.

In 2021, we raised our ambitions to reflect the urgency that we face regarding climate change by increasing our efforts to minimise the negative environmental footprint of our business. Going forward, we will broaden our focus on contributing to reducing CO<sub>2</sub> emissions through our products and financing activities. Given the fact that sustainable investments can help reduce CO<sub>2</sub> emissions, we have begun calculating the emissions of our investment activities and have drawn up an action plan to reduce emissions originating from investment products. This is consistent with the recommendations of the Forum for Sustainable Finance, outlining how the financial sector can contribute to accelerating the transition to a sustainable society.

During the autumn months, we reviewed our ESG targets, making them more ambitious, and our goal is now for the Group to eliminate all direct emissions from the combustion of oil and petrol by 2025. As a step in that direction, we have begun to phase out all petrol and diesel cars, and we have also begun to convert from fossil fuels to sustainable sources of energy in all our buildings.

We are part of an industry where gender equality in management has historically been a major challenge, given the

generally small number of women in management positions throughout the sector. We believe that we can create a better business and generate stronger results by working to enhance diversity, and therefore we launched a number of initiatives in 2021 to ensure that all employees are offered the necessary opportunities to develop professionally and take on new responsibilities.

We have begun to measure and disclose the gender pay gap ratio and while we have an equal pay for equal work policy, the numbers reveal a gap that it will take considerable efforts to close. We have identified some focus areas supporting gender equality, and we now encourage parents to share *share equally the transferable weeks of parental leave*. At the same time, we offer employees with small children more flexibility when planning their working hours.

This report provides an insight into our work on corporate responsibility and sustainability in 2021 and our ESG performance.

**Árni Ellefsen**  
Chief Executive Officer  
BankNordik

# Our business

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Since we opened our doors to our first customers in 1906, we have been a trusted financial partner for our customers. Today, we help our customers across the Faroe Islands and in Greenland meet their financial goals by providing financial services based on our expertise and vast experience. We strive to build strong relationships with our customers and provide tailored financial advice.



## In 2021 figures

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6

Branches in Faroe Islands  
and Greenland



10.3

DKKbn in lending  
and mortgage lending



2

DKKbn in asset  
management



195

Full-time employees

# Our key stakeholders

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Corporate responsibility is at the heart of our business, and we are focused on running a profitable and sustainable business that will continue to create value for our customers, employees, local communities and our shareholders with proper attention to social, ethical and governance issues.

Our corporate responsibility approach rests on these three pillars: **our customers, our employees** and the **local community**.



# UN's Sustainable Development Goals

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As a natural part of our efforts to contribute to a better and more sustainable future, we support the UN's Sustainable Development Goals (SDGs) nos. **4 (quality education)**, **5 (gender equality)**, **8 (decent work and economic growth)**, **11 (sustainable cities and communities)** and **13 (climate action)**. As governments, organisations and individuals join forces to achieve the goals outlined by the United Nations, BankNordik pledges to contribute its fair share towards these commitments.

In this report, our CSR initiatives will be labelled with their corresponding SDG(s) where applicable.





# Impact on job creation and economic growth

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We operate a profitable business and are a major payer of corporate tax. Furthermore, we offer direct employment and develop our workforce and indirectly create jobs for our suppliers and for our customers, when we help them grow their business.

## Direct Economic Impact in 2021, DKKm

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Total income, excl. non-recurring items	407.1 DKKm
Salaries and benefits	-145.2 DKKm
Supplier spend	-87.3 DKKm
Corporate tax paid to government	-80 DKKm
Payment to providers of equity	-836.0 DKKm
Community investment	-2.8 DKKm
Economic value retained	-744.3 DKKm

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# ESG

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# Our role in helping to build a **sustainable society**

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Applying our skills and experience to contribute to creating peace of mind, progress and growth in the communities where we operate is at the heart of our business culture and corporate identity. Throughout our history, we have helped businesspeople and personal customers achieve their ambitions and made every effort to make a positive difference for our customers, employees and local communities.

Being a strong financial player, we cannot rank our business or success on our financial performance alone, and we are very aware that we have a responsibility

to contribute to the transition to a sustainable society and a sustainable economy. The report on the current state of the environment released by the UN Panel on Climate Change in 2021 made it abundantly clear that human activity has unequivocally contributed to the climate crisis. For that reason, it has become more obvious than ever before that we must all contribute to reducing GHG emissions. At BankNordik, we have a unique opportunity to make a difference by helping our customers choose sustainable solutions that will contribute to reducing emissions.



## ESG KEY FIGURES

# Environmental data<sup>1</sup>

Key Figures	Unit	Target (2025)	2021	2020	2019
Co <sub>2</sub> e, scope 1	Metric tonnes	0	111.7	134.3	134.1
Co <sub>2</sub> e, scope 2	Metric Tonnes	75	136.6	124.6	122.0
Energy Consumption	GJ	4,200	5,067	5,328	5,204
Renewable Energy Share	%	65	30.5	31.6	32.7



<sup>1</sup>The Environmental ESG key figures in this report reflect the Group's Faroese and Greenlandic activities, while the environmental figures in the report published in connection with the Annual Report for 2020 only reflected the Group's Faroese activities.

# ESG KEY FIGURES

## Social data<sup>2</sup>

Key Figures	Unit	Target (2025)	2021	2020	2019
Full -Time Workforce	FTE		194.7	377.7	392.7
Gender Diversity	%	40-60	63	60	59
Gender Diversity, Management	%	40-60	49	41	42
Gender Pay Ratio	Times		1.20	1.30	
Employee Turnover Ratio	%	7	16.3	10.7	12.2
Sickness Absence <sup>3</sup>	Days per FTE	5	8.6	7.8	8.7
Other	Unit	Target (2025)	2021	2020	2019
Net Promoter score (Transactional)	Score	> 90	60.6	69	

<sup>2</sup> The social key figures in 2019 and 2020 reflect the Group's activities in the Faroe Islands, Denmark and Greenland, while the key figures in 2021 reflect the Faroese and Greenlandic activities.

<sup>3</sup> The divestment of our Danish business affected Employee Turnover Ratio and Sickness Absence in 2021.



## ESG KEY FIGURES

# Governance data<sup>4</sup>

Key Figures	Unit	Target (2025)	2021	2020	2019
Gender Diversity, Board	%	40-60	20	16.7	33.3
Board Meeting Attendance Rate	%	-	100	98.9	95.7
CEO Pay Ratio	Times	-	6.7	6.4	5.7



<sup>4</sup> The governance key figures in 2019 and 2020 reflect the Group's activities in the Faroe Islands, Denmark and Greenland, while the key figures in 2021 reflect the Faroese and Greenlandic activities.

# Efforts to minimise our environmental footprint

At BankNordik, we are committed to securing positive progress on the environmental, social and governance targets we first announced at the release of last year’s annual report. During the autumn months, we reviewed our ESG targets, making them more ambitious, and our goal is now for the Group to eliminate all direct emissions from the combustion of oil and petrol by 2025.

### Phasing out all petrol and diesel cars

As a step in that direction, we have begun to phase out all petrol and diesel cars, and we expect to have completed this process by the end of 2022.

### Sustainable sources of energy in buildings

Moreover, we have begun to convert from fossil fuels to sustainable sources of energy in all our buildings.



**Einar Tróndargjógv**, branch manager in Klaksvík, by the heat pump connected to the closed municipal brine system, thus using seawater for heating the building.

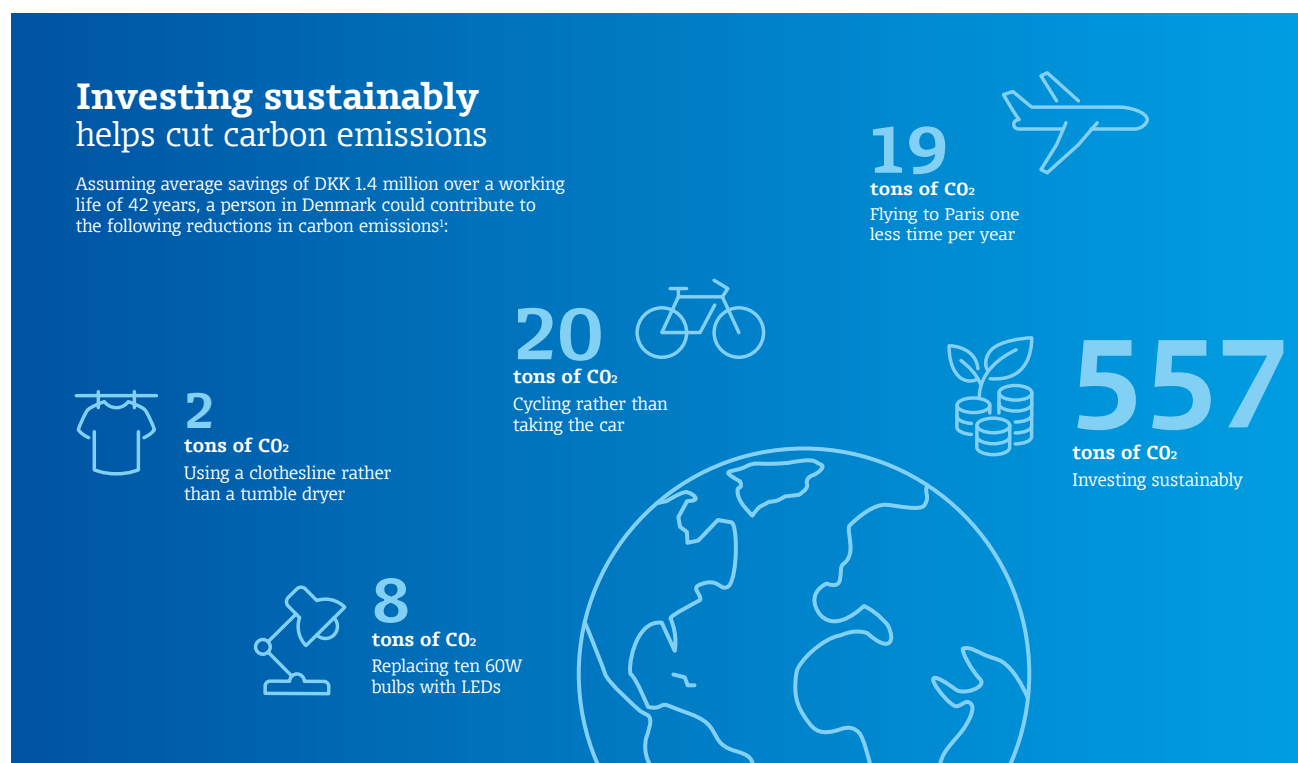


New electric cars acquired in 2021

# Sustainable investments help reduce emissions

Going forward, we will broaden our focus on contributing to reducing CO<sub>2</sub> emissions through our products and financing activities in order to minimise the negative environmental footprint of our business.

We know that sustainable investments can help reduce CO<sub>2</sub> emissions, so this is one area where we must give sustainability a more prominent role. To that end, we have begun calculating the emissions of our investment activities and have drawn up an action plan to reduce emissions originating from investment products. This is consistent with the recommendations of the Forum for Sustainable Finance outlining how the financial sector can contribute to accelerating the transition to a sustainable society. Next year, we expect to draw up a similar action plan for CO<sub>2</sub> emissions relating to our lending operations.



<sup>1</sup> Calculations from BankInvest based on a report by Professor Jesper Rangvid at Copenhagen Business School.



# Action plan for reducing **the carbon footprint of investments**

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## Summary

- › Carbon emissions from investments have been calculated at 14,653 tonnes in 2021
- › The analysis has given us an idea of the main sources of emissions from the bank's investments
- › BankNordik will continue to improve its services in 2022 to help customers make sustainable choices when they invest
- › Carbon reductions in 2022 are expected to be driven by an even sharper focus on advising customers on sustainable investment products

## Introduction

The Danish Forum for Sustainable Finance recommends that all banks publish an annual action plan for reducing the carbon footprint of their investment products no later than when they release their annual report, starting from their annual report for 2021. More specifically, it recommends that banks publish the following two metrics:

1. Carbon footprint in tonnes of CO<sub>2</sub>-equivalents
2. Carbon intensity in tonnes of CO<sub>2</sub>-equivalents per million DKK invested

This action plan helps implement that recommendation. The action plan reflects where BankNordik stands today, and our work on the action plan and calculation methods will evolve over time.

We offer attractive investment solutions tailored to customers' personal time horizon and risk appetite. Now that we have figures for carbon emissions from our investments, we have the knowledge needed to prioritise our efforts, for example in terms of the investment products we choose when investing on behalf of our customers.

When it comes to investment, we work mainly with Danish investment manager BankInvest, which has long had carbon reductions as an objective. This means that many of the sustainable investment products we distribute already have a small carbon footprint.

When we invest on behalf of our customers, it is through our range of managed wealth and pension products.

Based on a market value of DKK 1,734 million for the Faroe Islands and Greenland combined at 31 December 2021, overall carbon intensity for the 2021 financial year is estimated at 8.45 tonnes of CO<sub>2</sub>-equivalents per

million DKK invested. The reason for the big difference in carbon intensity between the two countries is that covered bonds make up a much larger share of managed portfolios in Greenland. The biggest source of carbon emissions is our customers' investments in equities and corporate bonds.

It is especially the utilities, basic materials and energy sectors that contribute to emissions from equity investments.

**It has not been possible to estimate emissions from our own holdings**

BankNordik's own holdings, other than securities held for trading, are mainly divided between covered bonds, Danish government bonds and sector shares.

The vast majority of our holdings are in Danish covered bonds. This asset class has much a smaller carbon footprint than shares and corporate bonds.

**TABLE 1 (FAROE ISLANDS AND GREENLAND):**

Estimated carbon footprint of investment products at 31 December 2021 for the 2021 financial year.

	Market value (DKK m)	Share of market value	Carbon footprint*	Carbon intensity**	Share of footprint
<b>Managed portfolios, Faroe Islands</b>	1,291	74.4%	13,803	10.7	94.1%
<b>Managed portfolios, Greenland</b>	443	25.6%	849	1.92	5.9%
<b>Managed portfolios, total</b>	1,734	100%	14,653	8.45	100%

\* Total carbon emissions in tonnes of CO<sub>2</sub>-equivalents

\*\* Tonnes of CO<sub>2</sub>-equivalents per million DKK invested

## **Asset classes covered by the analysis**

Investments were included in the calculations on the basis of the selection criterion that we as a bank must have a direct right or opportunity to influence the composition of the investments. The analysis therefore covers the entire portfolio managed by us at BankNordik.

We have included investments in bonds and in equity and bond funds that are included in our managed portfolio service. Examples of investments not included in the calculations are those that customers make themselves or that we make on the customer's instructions. All securities included in a customer's managed portfolio are included in the analysis. Covered bond funds are also included, but the methodology for estimating carbon emissions for this asset class is not yet fully developed. Emissions from these assets are not therefore included in the calculation of carbon emissions.

In general, the assets not included in the analysis are presumed to have a relatively small carbon footprint.

## **Source data**

In general, the quality of emissions data can be characterised as incomplete. To calculate carbon

emissions, we have used the principles developed by trade association Finance Denmark for measurement and calculation methods for financed emissions from investments.

The calculations for equities and corporate bonds are based on data from BankInvest and SDC. The data consist of both company-specific data and estimated emissions.

We have not included emissions data for government bonds in the analysis as they are not available. We have received only partial data for covered bonds, as some issuers have not yet calculated their emissions. Asset classes for which we have not calculated emissions are nevertheless included in the calculation of market value.

## **Concrete action**

We view this first analysis of carbon emissions from investment activities as just one part of a process to reduce our carbon footprint. We will use the results mainly as a starting point for further work on identifying opportunities to limit negative impacts and increase positive impacts.

A first step in this direction in 2022 will be to work further on formulating one or more targets for reducing our

carbon intensity. The next step will then be to identify opportunities and activities to help reduce carbon emissions from investments. This will be done in partnership with relevant external stakeholders and partners. Our expectation is that growing volumes of business in funds with a particular focus on sustainability, including carbon emissions, will contribute to a reduction.

We expect to improve our services around sustainable investing in 2022. We work mainly with BankInvest, which offers some of the market's most sustainable funds. This means that, as a distributor, we have a particularly broad and green range of products to choose from when investing on customers' behalf.

We will also focus on sustainability in our advisory services in 2022, and we expect to clarify during the year how we can implement sustainability in our actual advice.

Finally, we expect the quality of emissions data to improve in the coming year. This will also contribute to our ongoing work on reducing the carbon footprint of investments.

# 49% of management positions are **held by women**

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As a banking group, we are part of an industry where gender equality in management has historically been a major challenge, given the generally small number of women in management positions throughout the sector. We believe we can create a better business and generate stronger results by working to enhance diversity. Accordingly, we emphasise that all employees, regardless of gender, have equal opportunities to advance in their careers and take on management positions in the Group.

## **Demands sustained attention**

Our goal is for neither gender to be overrepresented by more than 60%, whether in management positions or in our branches and departments. The proportion of female managers in the Group rose from 41% in 2020 to 49% by year-end 2021. Even though we have experienced an overall positive trend since 2018, where 31% of managers were women, we are aware that it is an area that demands sustained effort and attention, especially given the fact that women make up 63% of the Group's entire workforce.

## **New initiatives to ensure equal opportunities**

As part of these efforts, we launched a number of initiatives during the past year to ensure that all employees are offered the necessary opportunities to develop professionally and take on new, challenging responsibilities. We have begun to measure and disclose the gender pay gap ratio and while we have an equal pay for equal work policy, the numbers reveal a gap that it will take considerable efforts to close.

## **Encourage parents to share parental leave equally**

In that connection, we have identified some focus areas with a view to improving our utilisation of the qualifications and skills available while also supporting gender equality. For example, we now encourage parents to share equally the transferable weeks of parental leave. At the same time, we offer employees with small children more flexibility when planning their working hours.

## Sustainable disposal of damaged electronics

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**Gudny Langgaard**, CEO at Nema and **Brian Smedemark**, Managing Director at Trygd.

Electronic waste is a growing global challenge. Technological advances mean that the lifetimes of computers, phones and other devices are relatively short, so it is important that all or parts of them are recycled where possible and otherwise dealt with responsibly in ways that are good for people and the environment.

Our insurance arm Trygd therefore entered into an agreement with a local phone company in June to ensure that damaged electronic devices returned by policyholders are recycled or disposed of sustainably.

*"We strive constantly to be a more sustainable business, so we're delighted we can now offer customers the option of returning damaged electronic devices for recycling or sustainable disposal," says Trygd's Managing Director Brian Smedemark. "Our customers are pleased they can do something for the environment, and so are we."*

All data on the damaged devices are safely destroyed, and for each one recycled an amount is donated to a charitable foundation which supports environmental initiatives in the Faroe Islands each year.

# Customers

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# Our Customers

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Finance matters to the well-being of individuals and we work hard to be their trusted partner. Our key customer focus is to deliver a best-in-class experience, where the need of the individual customer is carefully assessed. This includes the assurance of the customer's full comprehension, supporting informed decision making.

We aim to constantly develop our products and services to meet the need of our customers and supporting them in making greener choices e.g., by offering attractive rates. Moreover, we focus on offering financing to new and innovative business in Greenland and the Faroes with InnovFin.



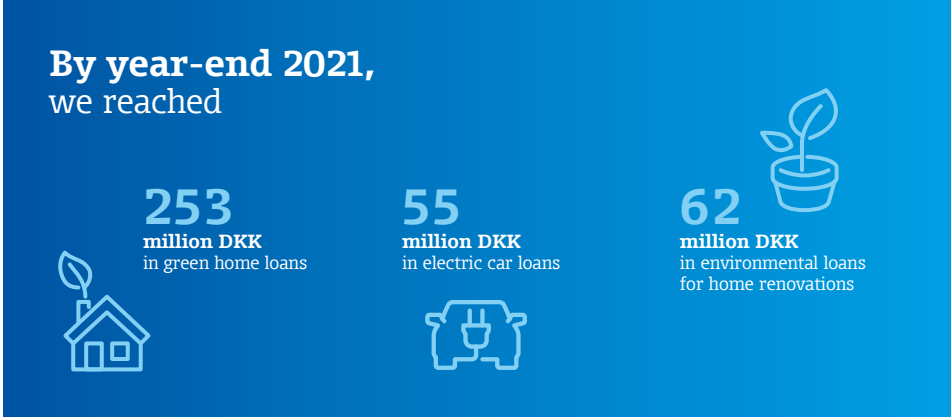
# Solutions supporting the green transition

We are committed to supporting our customers in financing their own sustainable transitions. Therefore, we continuously aim to create financial incentives and develop our advisory services to make sustainable choices easier and more attractive.

We offer a range of green solutions that make it financially attractive for our customers to make green choices. For example, we offer cheaper green loans for electric cars and home energy improvements. This means it is cheaper for customers to make environmentally friendly home improvements, such as replacing windows, retrofitting insulation, replacing oil boilers and switching to renewable energy.

### New green home loan

In April 2021, we launched a green home loan with a lower interest rate for customers who would heat their homes with sustainable energy. This was the first sustainable loan of its kind on the Faroese market.





## Addressing sustainability issues with business customers

Until now, our primary focus has been on supporting our retail customers in financing their own sustainable transitions. In the years to come, we will be increasing our efforts on helping our corporate customers in their sustainable transitions, starting off with making sure we always address the issue of sustainability when advising on corporate loans.

## Multi-channel communication of sustainability

During the year, we made an extra effort to inform our customers through various channels on the environmental and financial benefits of choosing sustainable solutions. We hosted in-person events and held webinars on building a new home, energy-upgrading and green sources of energy for the home; in addition, sustainable investment was a key topic on our own podcast channel. We will continue our efforts to build customer awareness of the issue and of our products offering sustainable solutions. For example, we plan to train our employees to hone their skills in advising our customers on sustainable investing, financing, etc.

*"Every day, we advise customers who are about to build or renovate a home and so need to choose a source of heating,"* says Rune Nørregaard,



With our podcast it is possible to learn about financial topics on the go.



Behind the scenes of one of the webinars we hosted in 2021.

BankNordik's CFO. "Our role as a bank therefore puts us in a position to help customers choose green energy solutions, and this is a responsibility that we're keen to take on. With our new green home loans, customers can choose a renewable energy solution and get a lower interest rate. It's a great way for us to support the green transition."



Rune Nørregaard, CFO.

## Investing responsibly can make a big difference

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Sustainability and good financial performance are not mutually exclusive. There is no need for customers to lower their expectations when investing responsibly, as we are seeing both sustainable companies and sustainable funds deliver strong returns.

*"A growing number of customers are starting to show an interest in investing responsibly," says BankNordik's Chief Operating Officer Turið F. Arge. "It's no longer enough for an investment simply to give a good financial return – companies also need to look after people and the environment. BankNordik is keen to help customers invest responsibly, and we plan to improve our services in this area in 2022. As part of our action plan to reduce the carbon footprint of our investments, we also aim to clarify how we can integrate sustainability into the advisory process."*



BankNordik's Chief Operating Officer **Turið F. Arge**.

# Working with the best responsible investment manager

When we invest on customers' behalf, we work mainly with Danish asset manager BankInvest, which offers some of the most sustainable funds around.

BankInvest aims to deliver a good risk-adjusted return while ensuring that investments meet various sustainability criteria. Screening and monitoring of individual companies and issuers provide an assurance that its funds really are invested responsibly.

International journal CFI.co named BankInvest Denmark's best responsible investor for the second year in a row in 2021. In its rationale, the jury emphasised that BankInvest has clear targets for carbon emissions, supports the UN Sustainable Development Goals and ESG ratings in its global

sustainability funds, and is the first asset manager in northern Europe to offset the remaining carbon footprint of its eco-labelled funds.

## Compliance with international standards

BankInvest has signed the Principles for Responsible Investment (UN PRI) and so complies with the following six principles:

1. We will incorporate ESG issues into investment analysis and decision-making processes
2. We will be active owners and incorporate ESG issues into our ownership policies and practices
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest

4. We will promote acceptance and implementation of the Principles within the investment industry
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

In addition, BankInvest reviews all investments for infringements of key international standards and conventions at least annually, including the UN Global Compact, the UN Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the ILO's labour conventions.



## Eco-labelled funds

With its two Nordic Swan-labelled global funds, one for equities and one for bonds, BankInvest aims to offer a simple solution for the growing group of private investors looking to put their savings in companies that care for people and the climate.

*“When you choose one of our eco-labelled global funds, you’re investing in businesses whose carbon intensity is less than half the global average without needing to compromise on returns,”* explains Linnea Haahr Rindorf, Responsible Investment Specialist at BankInvest.

The Nordic Swan-labelled funds invest in companies and bonds which:

- › Score highly on support for the UN Sustainable Development Goals
- › Have a small carbon footprint compared to the benchmark.

The funds also exclude companies that generate more than 5% of their revenue from:

- › Weapons
- › Tobacco
- › Nuclear power
- › Fossil fuels

## Carbon-neutral funds in 2021

New for 2021 is that BankInvest’s eco-labelled funds are now also completely carbon-neutral. BankInvest was the first asset manager in northern Europe to begin to fully offset carbon emissions in its global sustainability funds.

*“We’re seeing a lot of interest in investing responsibly to help move the world in the right direction,”* commented Lars Bo Bertram, CEO of BankInvest, when the change was announced. *“We can also see that climate issues in particular are very much on people’s minds. We’re now taking this on board by making our Nordic Swan-labelled funds fully carbon-neutral.”*



**Linnea Haahr Rindorf,**  
Responsible Investment  
Specialist at BankInvest



**Lars Bo Bertram,**  
CEO of BankInvest

# Focus on women and money

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As part of our work on gender equality, we continued in 2021 to work on raising awareness of women's financial position and the challenges they face in this regard.

Together with an external research firm, we carried out a survey which found little difference between women and men in terms of awareness of, and interest in, personal finances. About 50% of women and 55% of men said they had a good grasp of their personal finances. Despite this, we see big differences in the financial position of men and women in the Faroe Islands.

## Women worse off financially

Figures from Statistics Faroe Islands show an average monthly income of around DKK 25,500 for women but almost DKK 38,000 for men. They also reveal that men have about 30% more in their pension pots.

43% of the women questioned in our survey responded that their partner

was the household's main breadwinner, compared with just 16% of men.

## Maternity affects women's financial position

*"Many different factors impact on a person's finances, including taking maternity or paternity leave and working part-time," explains BankNordik's Chief Operating Officer Turið F. Arge. "Data from Statistics Faroe Islands show that women are more likely to work reduced hours, and they also take more time off after having a baby. One consequence of this is that women may miss out on new professional challenges and promotions, which can impact on their future earnings."*

28% of respondents with children said that they had discussed the financial consequences of taking maternity/paternity leave with their partners – but 94% said they had done nothing to alleviate the financial consequences for the person who stayed at home.





Women's Day event in Sisimiut



### **Less interest in pensions and investments**

Pay levels and working hours say a lot about how well off people are, but other factors also play a role, such as pensions and investments. In our survey, 75% of women responded that they had no investments, compared with 61% of men. And more women than men said they did not know much about their pension.

### **Webinar on women and money**

As part of International Women's Day on 8 March, we hosted a webinar in the Faroe Islands where we invited a representative from the Gender Equality Commission to discuss the structural challenges in society that are preventing greater equality between the sexes in the labour market. Chief Operating Officer Turið F. Arge also presented on the topic and discussed what action can be taken to achieve greater financial equality. We were pleased with the large number of people taking part and putting questions to the panel.

### **Podcast on women's personal finances**

On average, women earn less than men, have less in their pensions and make fewer investments. We dedicated an episode of our podcast to this topic in March, where Turið F. Arge gave an insight into the reasons for this gap and what can be done to close it.

### **Women's Day event in Sisimiut**

We gave a presentation on pensions, an area of great importance for gender equality, as part of a larger event in Greenland's second city to mark International Women's Day on 8 March.

# Valuable input from customers

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We know that we need to stay on our toes if we are to keep our customers happy. We therefore carry out regular market research and customer satisfaction surveys. This is an important element of our work on creating great customer experiences. In 2021, we carried out a satisfaction survey in all of our markets where we asked what it was like to be a BankNordik customer. We have analysed all the responses and gained valuable insights into what customers are happy with and where we can make improvements.

## High customer satisfaction but room for improvement

The survey revealed a generally high level of satisfaction with our advice, but also room for improvement in some areas. For example, we learned that we need to get better at informing about the services we offer that make it easier to become a customer.

We are very grateful that so many customers took the time to give their feedback. We also received numerous concrete suggestions and requests which we will take on board in our future work so that we offer all of our customers the best possible service and advice.

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	2021	2025 target
NPS score:	61	> 90

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# New personal finances podcast

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We know many find it hard to get to grips with money and personal finances, but they can have a big impact on people's lives and future opportunities. As part of our goal of improving financial literacy and decision making among both our customers and the general public, we have started up a podcast channel looking at a range of money-related issues. Topics covered in 2021 included:

- › Investing
- › Pensions
- › Inheritance
- › Women and money
- › Buying a home
- › Divorce
- › Young people and money
- › Negative interest rates





# InnovFin – Financing for Innovators

Since 2014, InnovFin has aimed to facilitate and accelerate access to finance for innovative businesses and entities in Europe. BankNordik's partnership with InnovFin means that we can offer businesses new loans where InnovFin guarantees 50% of the amount borrowed. InnovFin supports projects, which by their nature are riskier and harder to assess than traditional investments, and therefore often face difficulties accessing finance.

BankNordik was the first bank in Greenland and the Faroe Islands to offer loans on favourable terms to businesses with plans to start up innovative or sustainable production.

To date we have paid out DKK

**430.7** million



through InnovFin for sustainable and innovative projects within the construction industry, salmon farming, fisheries and other industries.



# New incinerators to benefit both the community and the environment

On 17 December, we signed an agreement to provide financing of DKK 125 million to ESANI A/S, the new national waste company started up by municipalities in Greenland. ESANI plans to build two modern new incinerators in Nuuk and Sisimiut to deal with the bulk of Greenland's waste and turn it into sustainable energy in the form of heat and electricity.

The incinerators will be built to the latest environmental standards, resulting in a substantial reduction in emissions of particulates and toxins relative to today. They will therefore be good both for the community and for the environment.

*"It's a great pleasure to support Greenland's green transition by helping finance this ambitious project,"* says BankNordik's Director of Corporate Banking, Jesper Hansen.

The total cost of the two facilities, part-financed by both Grønlandsbanken and BankNordik, is around DKK 400 million.



From left: **Jesper Hansen**, Director of Corporate Banking, BankNordik, **Frank Rasmussen**, CEO, ESANI, **Hans Ulrik Skifte**, Chair, ESANI, **John Jakobsen**, Deputy CEO, Grønlandsbanken.

# Employees

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# Our employees

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Our employees are our strongest asset, and it is essential for us to attract and develop a qualified workforce in order to strengthen the Group's competitiveness. We recognise the importance of building a working environment that aligns to the need of the individual and for our employees to maintain a healthy work-life balance.

In addition, we seek to arrange employee development programmes, social events, and other initiatives on a regular basis that will contribute to strengthening our corporate culture and nurturing better business performance.



## Green habits can make a great impact

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We asked our employees for concrete ideas on new ways of working that can help bring about improvements in the workplace and make our working day more sustainable.

We received many great ideas, which we have been working on implementing in 2021 and will continue doing so in the time ahead.

In May, we hosted a sustainable event for all employees focusing on what each and every one of us can do to contribute to a more sustainable working day. Experts on sustainable everyday habits and recycling joined us for the day, giving us numerous tips and tricks applicable to our working day and our lives as a whole, and all employees received a reusable insulated coffee mug.

Furthermore, we made a list of all the ideas that our colleagues across the organisation came up with along with our plan for implementation. These ideas included different measures to encourage us to think more about reusing resources and generally behaving in a more sustainable manner, such as:

- › Eliminating disposable plastic cutlery, glasses and dishes and switching to reusable, more sustainable utensils
- › Installing motion-activated light switches
- › Drinking tap water instead of bottled water
- › Recycling more with bins labelled 'waste' and 'recycling'



- › Printing less and working more digitally
- › Enabling power-saving or sleep mode on computers and devices to save energy
- › Installing LED bulbs to use less energy

Furthermore, all employees are provided with two computer screens to reduce printing, and we promote the use of video meetings to help minimise travel and reduce carbon emissions and encourage carpooling with colleagues when travelling to external meetings.

# Litter picking – annual staff event

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In May, employees took a break from their computer screens and headed out to help tidy up around our branches. This small annual contribution is a good reminder to all of us that we are all responsible for taking care of the environment and it gives us an opportunity to contribute to our local community.



# Employee satisfaction and development

We seek to foster a sustainable workplace that engages our employees. We strive to maintain a healthy working environment and to offer our employees a variety of professional development opportunities.

Our employees are our most important resource, and their skills and well-being are crucial to us as a company and to our ability to achieve our goal of creating value for all stakeholders. For our Group to remain agile and adaptive in response to a changing and ever more competitive business landscape, we rely on our highly qualified and well-motivated workforce to succeed.

## Training and development

We recognise the importance of building a working environment that aligns to the needs of the individual employee, such as maintaining a healthy work-life balance. Therefore, we place great emphasis on providing a healthy and stimulating work environment, where all employees have the opportunity to develop both professionally and personally. All employees are encouraged to attend in-house courses and training sessions on a regular basis, and we also offer external courses, training and enrolment on academic programmes.



Our branch in Nuuk, Greenland.



A couple of our trainees cheering for the national handball team, for which we are lead sponsor.



### At year-end 2021, we had:

- › 14 employees enrolled on academic business programmes
- › 7 bank and insurance trainees enrolled on a two-year programme covering all areas of regular banking and insurance products and services

### Management development

In 2021, we introduced quarterly meetings and an annual event for all employees in management roles to support our dialogue and to provide an integrated approach to performance, development and engagement. In conjunction with this, we also launched an annual leadership event where we address relevant topics and discuss future strategic plans.

### A good social climate

We aim to create a good environment for our employees' well-being, for example by maintaining a good social climate in the workplace. We seek to arrange various social events and other initiatives on a regular basis in order to contribute to strengthening our corporate culture and nurturing better business performance.

### Engagement survey

We conduct regular satisfaction surveys, where we "take the temperature" of the organisation in order to get feedback on various issues and to gain deeper insights into the employee experience and to measure employee engagement more accurately. Regular surveys are an important part of our work, as we use the results to continuously improve and develop our culture. In 2021, we conducted a new engagement survey, and we will continue our efforts to improve our performance over the coming years.

Engagement	BankNordik	Industry benchmark (GELx DK – Financial services)
Job satisfaction	77	78
Loyalty	87	84



### **Holiday cottages for staff use**

One perk of working at BankNordik is that we have holiday cottages that employees can rent cheaply. They are popular with staff and are normally fully booked during the high season. We bought a new cottage in Sandoy in 2021 to join one in the idyllic village of Gjógv.

### **Health checks and vaccinations**

To help improve health and prevent illness, all staff were offered a flu jab in the winter months along with a general check-up. Regular health checks mean that any problems and diseases can be picked up early and so are easier to treat, and there is less risk of complications. Tests included blood pressure, cholesterol, blood sugar, BMI and risk of diabetes. The check-ups are entirely voluntary, and the bank does not see the results.

### **Staff raise money for cancer charity**

As part of a national fund raiser by Krabbameinsfelagið, the Faroese Cancer Society, the Group's employees donated more than DKK 115,000 to this worthy cause.

### **Employee Appreciation Day on the highest mountain**

We believe that investing in the development of a sociable company culture has major benefits for our organisation and helps fostering improved employee engagement. Therefore, our annual Employee Appreciation Day is all about bringing employees from all branches together to increase motivation and happiness within our workplace. In 2021, we all climbed the highest mountain in the Faroe Islands together.



New cottage in Sandoy



# Valuable and experienced employees

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Experienced employees possess both knowledge and skills that make them very valuable to our Group and business. We are lucky to have so many committed employees who have been with the Group for many years, and in 2021 we celebrated the anniversary of several loyal employees. Being able to retain our highly skilled employees is a priority, and we do this by continuously focusing on their well-being and by offering them attractive opportunities for development.



**50 years of advising customers**  
Pól Mikkelsen left the Group after 50 years as a financial advisor for retail customers. He started his career at 17 and has ever since been a valued employee in our branch in Klaksvík.

At 67 he has now retired, and we thank him for his time and efforts the last 50 years.



**Retirement after 33 years with the Group**  
Jørgen Jacobsen, IT-advisor, retired after 33 years with the Group.



**25 years with the Group and still going strong**  
In June, we celebrated Marjun í Lambanum's 25 anniversary.



**90 years anniversary**  
In June, we celebrated Jóhanna L. Hansen's and Sonni Jensen's 45 years anniversary with the Group.

## Talented trainees graduated and new were welcomed

In August 2021, we were able to celebrate that our talented and committed trainees had completed their two-year course with us, providing them with both practical experience and theoretical knowledge.

*“Our experience shows that when you give young people responsibility and opportunities, they are motivated to step up and do their very best, thus developing both professionally and personally. It’s been inspiring to witness the trainees’ development over the two years,”* explains Heidi Davidsen, Head of HR.

### Welcome to our new trainees

In September 2021, we were delighted to be able to welcome our new trainees to the Group. We look forward to following their development and learn from them.



Heidi Davidsen, Head of HR



Our talented insurance trainees **Anna R. Mohr** and **Oddur A. Bech** graduated in 2021 and have continued in new roles in the Group.



Welcome to our new insurance trainees **Halla A. Hansen** and **Tórirur Guðjónsson**.

# Local community

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# Local community

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We have been strongly anchored in our local communities throughout our more than 100-year history, contributing to the social, cultural and economic development. Engaging in and supporting local initiative has always been an integral part of the Group's business model. That is how we create sustainable and shared value.

This includes a continued focus on supporting both sports and cultural institutions, as well as providing young students with grants that support their studies.

In 2021, we contributed  
**DKK 2.8m to local initiatives**

**24%**  
Culture, music,  
and art



**49%**  
Sports

# New initiative to improve teenagers' financial literacy



BankNordik has been working for many years on helping to give children and young people good money habits and basic financial literacy. Our latest initiative is Money Day, launched in 2021.

Understanding money and personal finances is crucial, including for teenagers. Websites, advertisements and social media are packed with tempting offers and apparent bargains, and it can sometimes be difficult to tell whether they are too good to be true. *"We know that concepts such as interest, maturity dates and APR can be difficult to relate to, especially for the younger generation,"* says BankNordik's Chief Operating Officer Turið F. Arge. *"So it's important to give everyone a basic understanding of money from childhood onwards, and that's why we launched Money Day."*

## A way of giving back to society

Money Day is an initiative aimed at pupils in the Faroe Islands in their final year of compulsory education. Our customer advisers visit participating schools and teach the children about key financial concepts and good money habits. By making our advisers' expertise available to schools in this way, we can give something back to the community.

On Money Day, pupils learn about:

- › Income and expenses
- › Wages, tax and employment rights
- › Loans and interest
- › How to keep track of your money and your spending
- › Digital money and staying safe online

## Support from teachers

Money Day has proved very popular, and we hope it will become a successful annual tradition that schools will continue to value. *"It's great that someone is taking the initiative to teach pupils about personal finances, as it's such an important topic,"* says Høgni Joensen, head teacher at Skúlin við Løgmannabreyt. *"Children and teenagers are increasingly consumers in the modern world, so it's an excellent idea for them to have a basic understanding of the value of money."*

## Good habits lay the foundations for the future

The aim of Money Day is to avoid the situation where young people end up in financial difficulties that could have been avoided if they had had the necessary understanding of money. *"Financial problems at a young age can have serious consequences for a person's future,"* Turið F. Arge adds. *"Good money habits are therefore essential, and we hope that Money Day will help young people make the best possible start to their adult life."*

# Acquisition of new Faroese contemporary art

BankNordik-savnið is an independent arts foundation which we established in 2017 and donated at the same time 623 works of art to the foundation. We support the running of the foundation with an annual donation of DKK 300,000, of which DKK 150,000 is earmarked for the acquisition of new Faroese contemporary art. With the arts foundation, we aim to give all art enthusiasts the opportunity to experience works of art created by prominent Faroese artists.

## Works of art by renowned artists added to the collection

The objective of the annual donation earmarked for contemporary art is to support the Faroese art scene and develop the foundation's art collection, making it even more fascinating and relevant.

In 2021, BankNordik-savnið purchased seven works of art created by the renowned Faroese artists Hansina Iversen and Jóna Rasmussen as well as up-and-coming artist Silja Eystberg, making the foundation's art collection more interesting and varied.



Jóna Rasmussen



Hansina Iversen



Silja Eystberg



Artwork by Silja Eystberg

# Charitable donations



Our Call centre team on the job helping customers making charitable donations.



Musicians **Lena Andersen** and **Niclas Johannesen** at our head office in December.

BankNordik has had deep roots in the local community for more than a century, and we consider it essential to contribute to sustainable development. We know that well-being goes hand-in-hand with financial and human sustainability, and so we are keen to help the poor, the vulnerable and the sick in the communities where we operate.

## Working with charities

We contributed to major nationwide fundraising campaigns in 2021 by having a team of staff collecting donations.

Our donations:

- › Krabbameinsfelagið (the Faroese Cancer Society): DKK 100,000
- › Donation for the charitable organisations KRIS and Sinnisbati: DKK 100,000
- › Red Cross: DKK 100,000

## A better Christmas for Greenlandic and Faroese children in need

For most people, Christmas is a time of celebration associated with socialising and gifts, but for underprivileged families December is a particularly difficult month. When there is not

enough money to have a proper Christmas, the children will normally suffer, so each year charities collect money to give struggling families a helping hand with paying for presents, food, a tree and so on.

As part of this, we donated DKK 50,000 to Nanu Meeqqat in Greenland and Barnabati (Í Menniskjum Góður Tokki) in the Faroe Islands, which collect money that goes straight to helping these families during the festive period.

## Supporting musicians affected by the pandemic

Those who make their living from music were among the groups hit particularly hard by Covid-related restrictions in 2021. Christmas is a busy season for concerts, and musicians normally generate a substantial slice of their income in December. Last year, however, restrictions meant that most social events and so most performances were cancelled, with severe financial consequences for professional musicians. To help out, we invited a selection to our main branches to play for staff and customers in the run-up to Christmas. This not only put everyone in the festive spirit but also provided a little financial boost for the musicians during a tough period.



# Faroese handball hits new heights with BankNordik

BankNordik extended its sponsorship deal with the Faroe Islands Handball Federation in 2021 to continue as the lead sponsor of handball in the country.

Handball has really taken off in the Faroe Islands in recent years, and the results speak for themselves. For the first time ever, a Faroese national team managed to qualify for the world championship finals. Successes like this do not come cheap, however, as participation in international tournaments brings substantial costs for travel and so on.

It was therefore very important for the national federation to have sponsors on the sidelines to support its work on developing the sport and provide the financial support needed to fulfil its international aspirations.

*“As lead sponsor, BankNordik is a very high-profile and beneficial partner for us,”* says Gunn Ellefsen, the federation’s chair. *“So we’re incredibly pleased to*

*continue working together on making a difference and moving the sport forward.”*

## Big impact on children’s welfare

The BankNordik Group is also delighted with the partnership, which gives us an opportunity to contribute to the development of a sport enjoyed by so many children, as handball is very popular in the Faroe Islands, and so to a healthy lifestyle for children and teenagers.

*“BankNordik’s core values are Competence, Commitment and Proactivity, and that’s exactly what we have seen from Faroese handball in recent years,”* says Rúna N. Rasmussen, Director of Marketing at BankNordik. *“So we’re both pleased and proud to have contributed to its recent successes, and look forward to being part of its continued journey.”*



The Faroese national handball team paying our head office a visit.

## BankNordik continues as lead sponsor of school football tournament

Each year, schoolchildren from across the Faroe Islands gather for the Skúlafótboltur school football tournament. The aim is for kids to have fun together with others of the same age. BankNordik renewed its sponsorship in 2021 and will continue to support this great event.

*“Skúlafótboltur focuses on ensuring that children and young people lead an active and healthy life, and that all children whatever their ability can take part,”* says BankNordik’s Chief Operating Officer, Turið F. Arge. *“This is a fantastic objective which we’re very keen to support.”*

*“We’re delighted to continue our partnership with the bank so that together we can give schoolchildren in the islands such a great opportunity,”* says Dennis Holm, who co-ordinates the tournament.



# Volunteers and sponsors working together

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We extended our lead sponsorship of Havnar Badminton Club for another two years in 2021 and look forward to continuing this successful partnership.

## Both a sporting and a social role

*"Havnar Badminton Club does great work giving children and young people fantastic sporting and social opportunities, and it's been a delight to watch the club develop in recent years,"* says Rúna N. Rasmussen, Director of Marketing at BankNordik. *"We hope that our continued partnership and financial support will help players and coaches keep the club moving in such a positive direction. We're excited to see what the future holds!"*

## Sporting achievements need financial support

The club's board describe the importance of BankNordik's sponsorship as follows: *"As with most other sports clubs, the voluntary work put in by members, parents and sponsors is invaluable. With such a strong and committed lead sponsor as BankNordik, we also have the financial foundations enabling us to set new goals and remain the best badminton club in the country, in terms of both sporting results and social opportunities for our members. Our relationship with BankNordik has been exemplary to date, so the board is delighted that we can continue this rewarding partnership over the next two years."*



## Getting children into books

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As reading opens so many doors, we have for several years donated a book to all children starting school in the Faroe Islands.

In 2021, we also gave a book to all pre-school children in connection with Faroese Language Day in March. The aim was to ensure that even the very youngest in society have access to books and so get to experience the joys of reading. The books were distributed via nurseries across the country, with each child receiving one appropriate to their age.

The books were donated as part of the Føroyar Lesa initiative, which aims to highlight the benefits of reading, especially in our mother tongue.



## Sponsoring local sports clubs

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In 2021, we entered into a new sponsorship agreement with B71 Volleyball Club that has wide support in the local community. A substantial proportion of all the children on the island of Sandur are active club members, and B71 therefore plays an important role in the everyday lives and well-being of local parents and their children.

*“Local Faroese sports clubs are mainly run by volunteers, and therefore it’s great that we can support some of the less well-established clubs. B71 plays such an important role in the local community, and we’re proud and very pleased to be able to support them financially in carrying out their important role in the community,”* says Bank-Nordik’s Head of Marketing, Rúna N. Rasmussen.

## Extended main sponsorship agreement

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As the main sponsor of the gymnastics club Støkk, we have supported the important work that the club does for Faroese children and young people for the last couple of years. In 2021, we extended the sponsorship agreement by another two years, and we look forward to continuing our collaboration over the coming years.

*"BankNordik has been our main sponsor for the past couple of years and provided excellent support for the club. The sponsorship agreement makes a big difference to us and makes it possible to continue the positive development,"* says Rannvá Troest, Chairman of Støkk.

Sæunn Nolsøe, Branch Manager at BankNordik, and Rannvá Troest, and two gymnasts from Støkk.

*"The agreement forms part of our continued efforts to help the children and young people of our community to thrive and develop,"* says Sæunn Nolsøe, Branch Manager at BankNordik.



# Financial crime prevention

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At BankNordik, we continue to strengthen our systems and capabilities to protect our bank, customers and society against financial crime. Therefore, we try to do everything we can to reduce the risk that we are misused for criminal purposes, such as money laundering and financing terrorist activities.

## An ongoing focus

We have an ongoing focus on ensuring that our systems and employees continuously comply with all legal requirements and procedures that are necessary to mitigate the risk of being misused for financial crime.

## Various measures

We continuously strengthen our efforts in the fight against financial crime, and we protect our customers, society and our bank using various measures:

- › Compliance with applicable laws and regulations
- › Annual assessment of the inherent risk of money laundering and of financing terrorist activities
- › A money laundering policy
- › Preventive procedures
- › Training our employees
- › Efficient systems
- › Screening and monitoring transactions and customer relationships
- › Internal controls and reporting
- › A healthy employee culture
- › Close cooperation with the authorities and the financial sector



## Virtual job interviews build new bridges

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As part of our work on attracting new employees and skills, BankNordik took part in the annual Faroese job fair Jobmatch, which aims to build relationships between jobseekers and employers. Due to the pandemic, the fair was held online in 2021, and jobseekers were able to book virtual interviews with employers.

*“We were delighted that jobseekers showed so much interest in the Group, and we had a number of really rewarding and inspiring conversations with prospective candidates,”* says Heidi Davidsen, Director of Human Resources at BankNordik. *“We think it’s crucial to be able to attract people with the best skills and personal qualities, and it’s important never to underestimate what an informal chat could lead to in the longer term even if there is no concrete job opening at that particular time.”*



# Higher levels of education benefit everyone

The BankNordik Grant is awarded twice a year to two Greenlandic students who each receive DKK 25,000 to support them during their studies and make their day-to-day life as students a little easier.

Our goal is to help and encourage young people to complete an education, as this not only gives them better job opportunities but also benefits the whole of society.

## Studies in meteorology and business

Isak Chemnitz Frederiksen and Nuiana Hardenberg were awarded grants in the spring round. Isak completed his training as a pilot at the beginning of 2020 and received a job offer, but then the pandemic struck and left him without work. He therefore decided to embark on a degree in physics specialising in meteorology and aerodynamics

to strengthen his skill set for his future career in the air.

Nuiana has been accepted by Hult International Business School in Boston, which offers a formal training in business in a particularly multicultural environment. We wish them both the best of luck in their studies.



# Statue of BankNordik's founder

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Our group's long history is deeply rooted in Faroese society and began in 1903 when farmer and politician Ólavur á Heygum took the first steps towards creating the islands' first bank, which we now know as BankNordik. The bank started up three years later, and the rest is history.

In September, a statue of the bank's founder was unveiled in Vestmanna. We provided financial support for the erection of the statue, which was sculpted by renowned Faroese artist Hans Pauli Olsen.



## Students show interest in CSR at BankNordik

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We often get visits from students, and we also head out to upper secondary schools, colleges and universities to teach students about subjects related to our business and expertise.

Our work on CSR has also aroused interest, and in 2021 we were visited by Eydna Danielsen, a student at the University of the Faroe Islands who decided to write her Bachelor's thesis on CSR at BankNordik. *"I chose BankNordik because it's a Faroese bank that works actively on CSR,"* she says. *"I thought it would be interesting to look at why the bank is doing this and what impact it has."* As part of her work, she interviewed the bank's Chief Operating Officer Turið F. Arge.



## Advice for students heading abroad

There is a strong tradition in the Faroe Islands for young people to head abroad for their higher education.

We therefore held events in Klaksvík and Tórshavn during the summer to help students with information and advice on moving away and beginning their studies. As well as information on student finances, there were useful tips from student advisers, existing students and student organisations.



## New life jackets for rowing club



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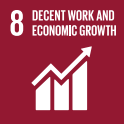

Rowing is seen as the national sport of the Faroe Islands, and in July our insurance arm Trygd donated new life jackets to local rowing club Knørrur. *“Competitive rowing is very popular in the Faroe Islands, with people putting huge amounts of time and effort into achieving their goals,”* says Trygd’s Managing Director Brian Smedemark.


*“It’s a great match for our core values of proactivity, competence and commitment. By supplying the rowing club with modern, new life jackets, we’re both supporting a fantastic organisation and increasing safety at sea.”*



## PROGRESS ON SUSTAINABLE DEVELOPMENT GOALS

SDG	Our focus	Status	Target
	<ul style="list-style-type: none"> <li>› Contributing to and promoting higher education in local communities.</li> <li>› Fostering financial confidence and sound financial practices.</li> <li>› Helping to give children and young people good money habits and basic financial literacy.</li> <li>› Supporting lifelong learning within our own company.</li> </ul>	<ul style="list-style-type: none"> <li>› New initiative to improve teenagers' financial literacy launched as "Money Day".</li> <li>› Offer grants for higher education.</li> <li>› We support children of expats in acquiring Faroese language skills.</li> <li>› We enroll and educate trainees on a regular basis.</li> <li>› Donation of books to all Faroese children starting first grade and all children under school age.</li> <li>› Inviting customers to participate in educational webinars on different financial topics.</li> </ul>	<ul style="list-style-type: none"> <li>› Continue promoting increased educational attainment.</li> <li>› Continue to support schools in teaching children the basics of personal finance.</li> <li>› Continue to make our new initiative to improve teenagers' financial literacy "Money Day" a recurring event.</li> <li>› Continue encouraging our employees to enrol in courses and educational programmes.</li> <li>› Continue to participate in teaching sessions various financial topics for students in primary school, upper secondary school and higher education</li> </ul>
	<ul style="list-style-type: none"> <li>› Recognizing the importance of gender balance across the organisation.</li> <li>› Supporting an inclusive organisational culture.</li> <li>› Our ambition is to not underrepresent either gender by a wider margin than 40% vs. 60% in the Group's leadership positions and all departments.</li> <li>› Promoting gender equality by focusing on relevant economic topics.</li> </ul>	<ul style="list-style-type: none"> <li>› 49% of management positions held by women in 2021.</li> <li>› Continued focus on ensuring gender balance by specifically aiming to ensure that both men and women always are represented in the pool of applicants for vacant positions.</li> <li>› Have begun to measure and disclose the gender pay gap ratio and while we have an equal pay for equal work policy, the numbers reveal a gap that it will take considerable efforts to eliminate.</li> <li>› Supporting women in attaining knowledge about pension and other financial topics through webinars and podcasts.</li> <li>› Have identified focus areas with a view to improving our utilisation of the qualifications and skills available while also supporting gender equality.</li> <li>› Have started to encourage parents to share equally the transferable weeks of parental leave</li> <li>› Increased focus on offering employees with small children more flexibility when planning their working hours.</li> </ul>	<ul style="list-style-type: none"> <li>› We will continue to encourage parents to share equally the transferable weeks of parental leave.</li> <li>› Continue focusing on offering employees with small children more flexibility when planning their working hours.</li> <li>› Continue focusing on the importance of equal gender representation in all parts of the organisation – in management as well as within departments.</li> <li>› Planning to maintain focus on economic topics regarding gender inequality on different channels.</li> </ul>

SDG	Our focus	Status	Target
	<ul style="list-style-type: none"> <li>› Making sure capital is efficiently and sustainably allocated to drive economic growth.</li> <li>› Acting with integrity and competence to allow customers to realise their fullest financial potential.</li> <li>› Building up a skilled, motivated and happy workforce.</li> </ul>	<ul style="list-style-type: none"> <li>› We continued to support sustainable growth and innovation by issuing loans to innovative and sustainable businesses under favourable conditions through the InnovFin guarantee agreement.</li> <li>› Employees enrolled on academic business programmes and trainees enrolled on a two-year programme.</li> <li>› Participation in job fair building relationships between jobseekers.</li> </ul>	<ul style="list-style-type: none"> <li>› Preserve pertinent and ethical credit policy guidelines and act accordingly.</li> <li>› Continue to improve BankNordik's standing as an exemplary intermediary of capital.</li> <li>› Retaining our highly skilled and committed employees.</li> <li>› Strive to maintain a healthy working environment and to offer our employees a variety of professional development opportunities.</li> <li>› Offer health check to employees.</li> <li>› Improve employee turnover.</li> <li>› Improve sickness absence.</li> </ul>
	<ul style="list-style-type: none"> <li>› More than 100 years of commitment to the local community.</li> <li>› Creating shared value by being an active and engaging member of the communities we serve.</li> <li>› Financing local initiative and smaller businesses.</li> <li>› Putting the customer's interests first for long-term prosperity and well-being.</li> <li>› Encouraging healthy finances and promoting responsible financial behaviour.</li> </ul>	<ul style="list-style-type: none"> <li>› Financially supporting hundreds of individuals and organisations within the fields of art, music, sports, charities, associations, etc.</li> <li>› We use social media, webinars and podcasts to produce quality content that adds real value for customers.</li> <li>› We have asked our employees for their ideas on how to reduce our environmental impact and how to motivate sustainable behaviour within our organisation. In 2021, these ideas we implemented.</li> </ul>	<ul style="list-style-type: none"> <li>› Continue contributing to strengthened social cohesion in the communities we operate in.</li> <li>› Planning to work with initiatives on the basis of ideas from our employees about how we can become a more sustainable organisation.</li> <li>› Directing our attention even more at creating good digital customer experiences.</li> <li>› Aiming at making banking straightforward by offering a cohesive, easily accessible digital customer experience.</li> </ul>

SDG	Our focus	Status	Target
	<ul style="list-style-type: none"> <li>› We are committed to helping the transition towards a greener and more sustainable society.</li> <li>› We have a unique opportunity to make a difference by helping our customers choose sustainable solutions that will contribute to reducing emissions.</li> <li>› Encouraging our customers making sustainable choices by developing green financial products.</li> </ul>	<ul style="list-style-type: none"> <li>› Have begun calculating the emissions of our investment activities and have drawn up an action plan to reduce emissions originating from investment products.</li> <li>› We offer financial products that make it easier for our customers to make greener choices.</li> <li>› In 2021, we launched a green home loan with a lower interest rate for customers who would heat their homes with sustainable energy. This was the first sustainable loan of its kind on the Faroese market.</li> <li>› In 2021, we reviewed our ESG targets, making them more ambitious, and our goal is now for the Group to eliminate all direct emissions from the combustion of oil and petrol by 2025.</li> <li>› Choosing eco-friendly company vehicles.</li> <li>› Using seaheat to warm up one of our branches in the Faroe Islands.</li> <li>› We have installed charging points for electric cars at all our Faroese branches.</li> <li>› During the year, we made an extra effort to inform our customers through various channels on the environmental and financial benefits of choosing sustainable solutions.</li> </ul>	<ul style="list-style-type: none"> <li>› Planning for the Group to eliminate all direct emissions from the combustion of oil and petrol by 2025.</li> <li>› Planning to take measures to reduce the carbon footprint and reach our environmental goals.</li> <li>› Have begun to phase out all petrol and diesel cars, and we expect to have completed this process by the end of 2022.</li> <li>› Have begun to convert from fossil fuels to sustainable sources of energy in all our buildings.</li> <li>› Continue to support the transition towards a greener society by making it easier for our customers to make sustainable choices.</li> <li>› Next year, we expect to draw up an action plan for CO<sub>2</sub> emissions relating to our lending operations.</li> <li>› Until now, our primary focus has been on supporting our retail customers in financing their own sustainable transitions. In the years to come, we will be increasing our efforts on helping our corporate customers in their sustainable transitions.</li> </ul>

### Policies and standards

The Group has not formally incorporated environmental or human rights policies as part of its CSR-programme. These issues, nonetheless, remain an integral part of the Group's general business practices. We do, however, support the UN Sustainable Development goals and choose to focus our efforts on goals no. 4, 5, 8, 11 and 13.



# ESG data<sup>1</sup>, definitions

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<sup>1</sup> Please note that the environmental ESG key figures in the 2020 report only reflected the Group's Faroese activities while the Social and Governance key figures reflected the entire Group' activities in Denmark, Greenland and the Faroe Islands. In this report for 2021, the environmental, social and governance data include the entire Group's activities in Faroe Islands and Greenland. The data is calculated for the entire accounting period, unless otherwise stated.



## ENVIRONMENTAL DATA

Key figure / unit	Explanation	Why included
<b>Co<sub>2</sub>e, scope 1</b> <b>Unit: Metric tonnes</b>	<p>Scope 1 emissions: Direct emissions resulting from the company's own combustion of fuels and materials.</p> <p>Calculation: See further explanation in the publication "ESG key figures in the annual report"<sup>2</sup>.</p>	<p>he Co<sub>2</sub>e emitted compared with the produced quantities or revenue are useful to identify the companies that have been able to transfer to less Co<sub>2</sub>-polluting processes/assets – either over time or compared with the peers.</p>
<b>Co<sub>2</sub>e, scope 2</b> <b>Unit: Metric tonnes</b>	<p>Scope 2 emissions: indirect emissions resulting from the energy used to produce electricity, district heating, or district cooling, which the company has purchased for its use. The scope 2 emissions are in principle calculated as scope 1 emissions, though typically not covering all Kyoto-gases/GHG.</p> <p>Calculation: Calculation: See further explanation in the publication "ESG key figures in the annual report".</p>	<p>The Co<sub>2</sub>e emitted compared with the produced quantities or revenue are useful to identify the companies that have been able to transfer to less Co<sub>2</sub>-polluting processes/assets – either over time or compared with the peers.</p>
<b>Energy Consumption</b> <b>Unit: GJ</b>	<p>Energy is, as emissions, typically calculated based on consumptions multiplied with converters. The consumed energy must be added from both scope 1 and scope 2 (cf. previous definitions) sources but must additionally also contain energy from renewable energies.</p>	<p>The energy consumed compared with the produced quantities or revenue are useful to identify the companies that have been able to transfer to less energy consuming processes/assets – either over time or compared with the peers.</p>
<b>Renewable Energy Share</b> <b>Unit: %</b>	<p>ow much of the total energy consumed is from renewable energy sources.</p> <p><b>Formula</b>  Renewable Energy Share = (Renewable Energy/Total Energy) * 100</p>	<p>The ratio can be used to identify companies that have transformed their energy consumption to renewable sources.</p>
<b>Water Consumption</b> <b>Unit: m3</b>	<p>The sum of all water drawn into the boundaries of the company from all sources incl. surface water, ground water, rainwater and municipal water supply.</p> <p><i>The key figure is not included, as there are no statistics on water consumption in the Faroes. The reason is that the Faroese – in addition to small quantities of spring water – predominantly use surface water, that is rainwater collected in wells.</i></p>	<p>Water consumption illustrates the risk profile of disruption of water supply and/or water cost changes.</p>

<sup>2</sup> The publication "ESG key figures in the annual report" is published by The Danish Finance Society / CFA Society Denmark, FSR – Danish Auditors, and Nasdaq Copenhagen. Content and definitions in the ESG key figure overview and in The Danish Finance Society / CFA Society Denmark's Recommendations H Financial Ratios are identical.

## SOCIAL DATA

Key figure / unit	Explanation	Why included
<b>Full-Time Workforce</b> <b>Unit: FTE</b>	<p>To be able to measure the full-time workforce the work performed is requiring, both directly hired FTEs and temporary workers need to be considered. This demands both the legislative calculation of average full-time employees (FTEs) (meaning full-time employees + compensated overtime + FTE-calculated hourly salaried employees) plus FTE-calculated temporary workers.</p> <p><i>The number is calculated per end of December each year.</i></p> <p><b>Formula</b>            Full-Time Workforce = FTEs + Temporary Workers</p>	<p>Indirectly important, as full-time workforce is the base for a range of other social indicators (cf. the following definitions).</p>
<b>Gender Diversity</b> <b>Unit: %</b>	<p>Gender diversity is calculated both for the FTEs and for the Temporary Workers – and then summarised to show whether there are any gender diversity issues per contract type and /or in total for the workforce.</p> <p><i>BankNordik's number is calculated on the basis of FTEs only, as the Group has a very low number of temporary employees.</i></p> <p><i>The number is calculated per end of December each year.</i></p> <p><b>Formula</b>            Gender Diversity = ((Women FTEs + Women Temporary Workers)/ (Full-Time Workforce)) * 100.</p>	<p>Gender diversity has scientifically been shown to be correlated with better financial performance.</p>
<b>Gender Diversity, Management</b> <b>Unit: %</b>	<p>Includes the Group's senior management as well as employees in other leading positions with personnel responsibilities.</p> <p><i>Calculated in FTE's ultimo December each year.</i></p> <p><b>Formula</b>            Gender Diversity, Management = ((Women in Management)/ (All FTEs in Management)) * 100.</p>	<p>Gender diversity has scientifically been shown to be correlated with better financial performance. An uneven pattern of promotion and seniority by gender can indicate risks related to workplace inequality and thus inability to attract female talent</p>

<p><b>Gender Pay Ratio</b> <b>Unit: Times</b></p>	<p>Our employees are paid fairly based on their skills, qualifications, experience and performance – regardless of gender.</p> <p>How the Gender Pay Ratio is calculated: How many times can the female median salary be covered by the male median salary (remuneration incl. bonuses, pensions, etc.). It is the median salaries and not the average salaries that are compared to ensure the comparison is not skewed by extremely expensive/inexpensive employees.</p>	<p>Gender diversity has scientifically been shown to be correlated with better financial performance. An uneven pattern of pay by gender can indicate risks related to workplace inequality and thus inability to attract female talent.</p>
<p><b>Employee Turnover Ratio</b> <b>Unit: %</b></p>	<p>Employee Turnover Ratio is calculated both for voluntary and involuntary leavers. Retirees are included as involuntary leavers.</p> <p><b>Formula</b> Employee Turnover Ratio = ((Voluntary + Involuntary Leavers)/ FTEs) * 100</p>	<p>In particular, the Voluntary Turnover Ratio is interesting, as it shows how successful the company is in retaining its employees. This ratio can be seen as a proxy for employee satisfaction measurements, which often are incomparable across companies.</p>
<p><b>Sickness Absence</b> <b>Unit: Days per FTE</b></p>	<p>Number of full days all own employees are sick and not on job, compared to number of FTEs. Maternity/paternity leave is not included.</p> <p>Note that BankNordik also includes long-term illness.</p>	<p>If the company has a disproportionate amount of sick days per FTE, it can be seen as a proxy for less employee satisfaction and/or safety issues. This is costly and could also lead to inability to attract talent.</p>
<p><b>Customer Retention Ratio</b> <b>Unit: %</b></p>	<p>The key figure is not disclosed in this report. Instead BankNordik uses Net Promoter Score to measure the customers' loyalty on a regular basis.</p>	<p>This ratio can be seen as a proxy for customer satisfaction measurements, which often are incomparable across companies. A declining or relative low Customer Retention Ratio may indicate the revenue in the future may be more problematic or costly to maintain.</p>

## GOVERNANCE DATA

Key figure / unit	Explanation	Why included
<b>Gender Diversity, Board</b> <b>Unit: %</b>	<p>Gender diversity for the board elected at the Annual General Meeting.</p> <p><b>Formula</b>            Gender Diversity, Board = ((Women board members elected at the AGM)/ (All AGM elected board members)) * 100.</p>	<p>Gender diversity has scientifically been shown to be correlated with better financial performance.</p>
<b>Board Meeting Attendance Rate</b> <b>Unit: %</b>	<p>Measures the activity level of the board members.</p> <p><b>Formula</b>            Board Meeting Attendance Rate = ((<math>\sum</math>Number of board meetings attended) per board member / (Number of board meetings * Number of board members)) * 100.</p>	<p>A relatively low or declining attendance rate may indicate less attention on the board work, which may indicate a governance culture at risk.</p>
<b>CEO Pay Ratio</b> <b>Unit: Times</b>	<p>How many times the median staff salary can be covered by the CEO compensation as a proxy for social equality.</p> <p><b>Formula</b>            CEO Pay Ratio = CEO Compensation/ Median Staff Salary</p>	<p>A relatively high or increasing CEO Pay Ratio may illuminate the company's valuation of the CEO compared to the regular employee. The investor can compare this ratio with the financial performance of the company – and if this is relatively low or declining, the investor would probably consider whether the remuneration package is socially appropriate, and it may indicate a governance culture at risk.</p>

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