

**Report on The BANK of Greenland's
CSR in 2012**

A large, stylized blue bird logo, possibly 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 dark blue, italicized font across the bird's chest.

Pakkussineq

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The BANK of Greenland’s basic social responsibility is 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.

1. Policies and strategies for CSR

The Board of Directors at The BANK of Greenland has adopted strategies and policies for 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:

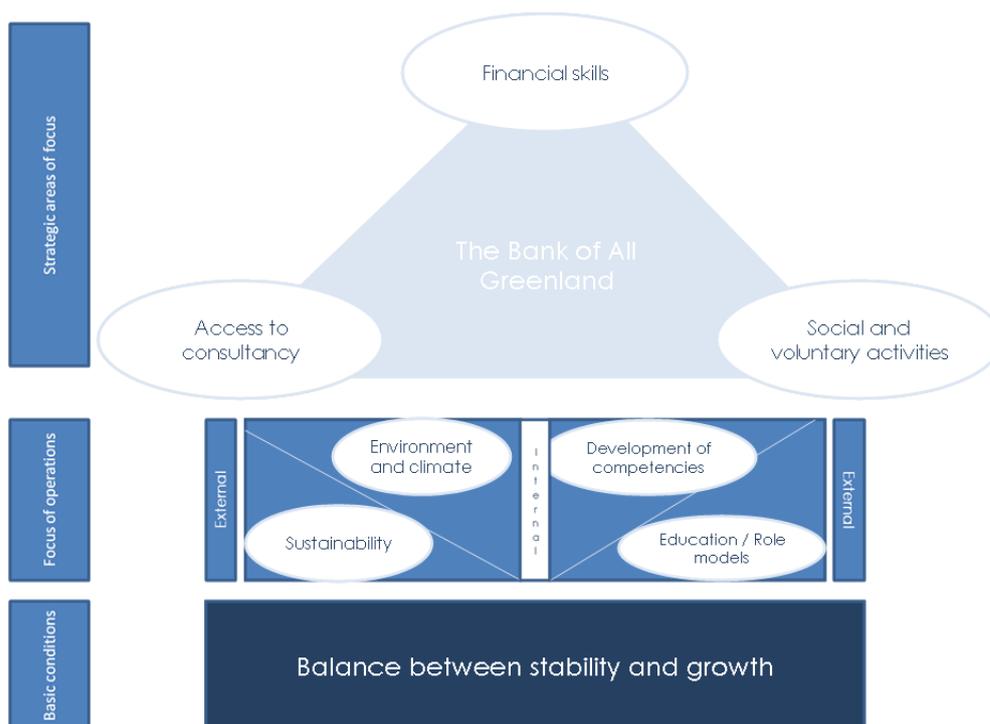


Figure 1 CSR Policies and Strategies

- **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 above shows the bank's policy of social responsibility. You can also read more about the bank's policy on its website 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



Figure 2 Organisation of CSR

The overriding responsibility for the bank's CSR is the job of the Operations Manager, see figure 2. He keeps the Managing Director updated on progress.

Implementation of this strategy has continued throughout 2011 and 2012, and it has involved significant activity primarily inside the bank, but there have also been external activities. Implementation has been the responsibility of an overall steering group consisting of the Operations Manager, the main parties responsible for the task forces as well as the HR Manager, communication employee and one further representative from the staff.

During the implementation phase, the bank's policies and strategies on social responsibility have been presented to all departments. Pakkussineq – involve - has been chosen as the name for social responsibility at The BANK of Greenland.

Future Policies and Strategies for The BANK of Greenland's CSR

During the summer of 2012, a UN Global Compact readiness analysis was conducted for The BANK of Greenland. The purpose of this analysis was to demonstrate which challenges the bank will meet if it joins the UN Global Compact. The conclusion of this analysis showed that the effort involved would be minimal.

Today, the bank is relatively close to compliance in all areas, and only minor changes need to be made to be in full compliance.

It will be important to add areas such as **human rights, anti-corruption** and **responsible supply chain management** to the existing CSR policies and strategies. At the same time there is a need for a **procurement policy** that would provide CSR-related requirements for suppliers. In 2013, these areas will be incorporated into the bank's existing CSR policies, strategies and business procedures.

2. Activities and objectives in 2012

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 social responsibility.)

In 2011, the task force involved in social and voluntary involvement wrote 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 1,925 hours per year to be used in seven different areas including projects generated by CSR Greenland, organizational work, participation in major events as well as a mentor program for young students. The mentor program has been initiated in cooperation with Save the Child.

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.

The goal for 2012 was to spend 1,925 hours. 24% of these hours were spent in 2012 (28% in 2011) or 462 hours (360 hours in 2011). 30 (34 in 2011) employees have actively been involved in voluntary and social activities during work hours. Across the board, activity has been declining. This decline may have several causes, but most significantly, activity has been lower than in 2011.

Activities

Under the auspices of CSR Greenland, the level of activity in 2012 was lower than in 2011, a fact which is also reflected in the hours spent.

Ten employees participated in the Sarpiik project involving spring cleaning of a large scenic area in Nuuk. Despite the rain and wind, approximately 300 participants managed to collect several tonnes of rubbish.

The BANK of Greenland chose to be main sponsor for Maaji Nuan - successor to the Make May Healthy project - and several employees volunteered to help out at the event. 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 has been trained in psychological first aid; another has participated in a course in CSR.

At the bank's branch offices, hours have been spent visiting schools and teaching financial skills.

In 2012, the bank hosted several major CSR events.

Unfortunately, Save the Children has told the mentors, who were appointed and trained to participate in Save the Children's mentor programme for students in Greenland, that the project was closed down in 2012. The hours spent on the mentor programme in 2012 were also registered as advisory hours spent with entrepreneurs.

The long-term objective is to spend 1% of the bank's total number of employee hours. With 113 employees, we arrive at a total of 2136 hours. The goal for 2013 is to spend 50% of the allotted hours; this would be 1068 hours split among the individual activities. Our challenge will be to record the actual hours spent to provide a more accurate picture of our situation and thus to increase our level of activity.

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 policy on social responsibility.)

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. This branch is for consultation on the second week of each month. The bank's objective is to increase access to consultancy services and borrowing facilities. It is an experiment where its impact and earnings will be evaluated at the end of 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.

Initial feedback from both initiatives has been positive, and we 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 2013, activity will continue at the same high level, i.e. two annual trips to Tasiilaq and customer meetings on the second week of every month in Aasiaat.

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 policy on social responsibility.)*

The purpose of working with increasing 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 of pupils in the oldest classes from the primary school 3) Training of fishermen and hunters, and 4) Training of sheep farmers. With these levels, 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.

The development of a "money game" has not gone as planned, but the plan remains the same: to develop a financial skills game adapted to the schools in Greenland. In this context, The BANK of Greenland is dependent on the assistance of stakeholders who have experience in developing such games. Work continues on developing the game, but we cannot set a date for when it will be ready for publication.

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 2012, it held 142 hours of consulting for entrepreneurs. In 2013, we will spend at least 100 hours consulting with entrepreneurs.

Stakeholders' dialogue - customers

The BANK of Greenland is The Bank of All Greenland. Customers are offered an annual focus meeting. The purpose of this meeting 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, the goal was to have held 2500 focus meetings with retail customers, and the result was 2120. The goal for 2013 is 2700 focus meetings with retail customers.

In 2012, 313 commercial customers received an in-house visit from their advisor. The goal in 2012 was 300 visits.

In 2012, CSR work was planned to provide an index 74 in the bank's customer surveys. The result was 76. This result exceeds the average for the financial sector's customer barometer. In 2013, the goal is 76.

In addition to customer satisfaction studies, in 2010 the bank invited existing and potential customers 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. These focus groups will be introduced again in the autumn of 2013.

In 2012, The BANK of Greenland received 16 complaints from customers – three fewer than in 2011. Of these 16 complaints, seven were accommodated either partially or completely, while the remainder was not accommodated. The goal for customer complaints in 2013 remains low.

Stakeholders' dialogue - 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 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 2011, a new group of trainees started a financial training course at the trade schools in Greenland. Student training is expected to increase the general level of competence in the long term. The bank's trainees completed their education in June 2012. In August, the bank plans to start a new group of students who will be studying Financial Consulting

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

Employee motivation and satisfaction is 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, employee satisfaction was measured to be 79 - which is a high level and is 4 index points above the industry average.

The large influx of customers into The BANK of Greenland also requires increased customer advisor skills. Especially for private client advisors, work will continue with targeted training in investment and housing counseling.

In 2012, the bank managed to keep 99% 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 focusing on employee development.

At the end of 2012, the total number of employees at the bank was 113. The average age was slightly less than 44.7 and the average seniority was 9 years and 6 months. There were 78 women and 35 men employed. Of the total staff, 60 have a financial or college-level education.

Work environment and safety

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 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 both 2010 and 2009, all reports were related to carpets. Records of sick leave in The BANK of Greenland prove to be significantly lower in 2012 (603 days) than in 2011 (1207 days).

The goal in 2012 was to reduce the number of days of sick leave by more than 50% to 600 days. This goal was achieved. In 2013, The BANK of Greenland will implement a health campaign; we expect absenteeism to fall to the 2010 level of approximately 500 sick days.

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 and only one requires follow-up in the start of 2013.

Climate / environment

In 2010, the bank introduced a new loan, Nutarsaerneq, 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 2012, 138 of these environmental loans had been granted, and the goal for 2012 was to grant over 100 in total. The BANK of Greenland Bank has partnered with Nordic Investment Bank (NIB) on this product.

In November 2012, a new environmental loan was introduced - Minguik – an environmental loan granted for the purchase of new cars that are energy class A. The BANK of Greenland has positive expectations for Minguik.

Ten employees from The BANK of Greenland participated in a CSR Greenland project in spring 2012: the cleanup of a large scenic area in Nuuk.

The BANK of Greenland Bank wishes to enter into other collaborative environmental projects with CSR Greenland businesses.

The BANK of Greenland has used a calculation model from CSR Greenland to establish the bank's total CO₂ consumption. In 2012, The BANK of Greenland produced 146.89 tonnes of CO₂. 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 CO₂ to fall. The next branch to be renovated to improve energy efficiency is in Ilulissat.

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. 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.

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 2013, the level of ambition remains high in the bank's relations with shareholders, employees, customers and the rest of society.

The table below outlines the goals and results for 2011, 2012 and 2013.

Table 1. The BANK of Greenland's CSR reporting; results in 2011-2013 and objectives for 2103

| | | 2011 | | 2012 | | 2013 | |
|--|---|-----------|-------------------------|--------------------|---------------------------|---------------------------------|-------------|
| | | objective | result | objective | result | objective | |
| Social and voluntary involvement | | | | | | | |
| | CSR Greenland | hours | 65 | 59 % | 100 | 36.9 % | 67 |
| | CSR – for the branch offices | hours | 365 | 8 % | 550 | 8.5 % | 186 |
| | CSR – work with private associations | hours | 235 | 9 % | 350 | 2.4 % | 94 |
| | CSR – large events | hours | 50 | 91 % | 75 | 3.4 % | 51 |
| | CSR – Hosting | hours | 100 | 25 % | 150 | 51.4 % | 152 |
| | Miscellaneous CSR jobs | hours | 235 | 36 % | 350 | 63.7 % | 330 |
| | Mentor programme | hours | 235 | 34 % | 350 | 19.3 % | 188 |
| | Total hours | | 1.285 | 28 % | 1.925 | 24.0 % | 1068 |
| Access to consultancy services and borrowing facilities | | | | | | | |
| Aasiaat | Apparaq – open 2nd week every month | n/a | established | 60 days | 100 % | 60 days | |
| Tasiilaq | Two annual visits | Number | n/a | established | 2 | 100 % | 2 |
| Financial insight | | | | | | | |
| | Teaching – school visits | n/a | Several schools visited | Visits on-going Q1 | OK | Understanding purpose of visits | |
| | Teaching – "money game" | n/a | Project started | Project completed | Not completed | Project in process | |
| | Advising of entrepreneurs | hours | | 100 | | 100 | |
| Stakeholders' dialogue | | | | | | | |
| Customers | Is a socially responsible company | index | 72 | 73 | 74 | 76 | 76 |
| | Total customer satisfaction retail and commercial | index | 71 | 71.5 | 71.5 | 68.5 | 71.5 |
| | Complaints | number | n/a | 19 | n/a | 16 | n/a |
| Employees | Professional and personal development | index | 71 | 73.67 | 75 | 73.3 | 75 |
| | Employee satisfaction | index | 75 | 77 | 77 | 79 | 79 |
| Work environment and safety | | | | | | | |
| | Sick leave | days | n/a | 1207 | 600 | 602.85 | 500 |
| | H&S | n/a | n/a | Done in 2012 | Completed | No H&S in 2013 | |
| | Number of complaints | number | Fewer than 31 | 5 | 0 | 4 | 0 |
| Climate / environment | | | | | | | |
| | Energy consumption in the bank | n/a | n/a | To be established | 146.89 t. CO ₂ | 145 t CO ₂ | |
| | Number of environmental loans | number | n/a | 68 | 100 | 138 | 200 |