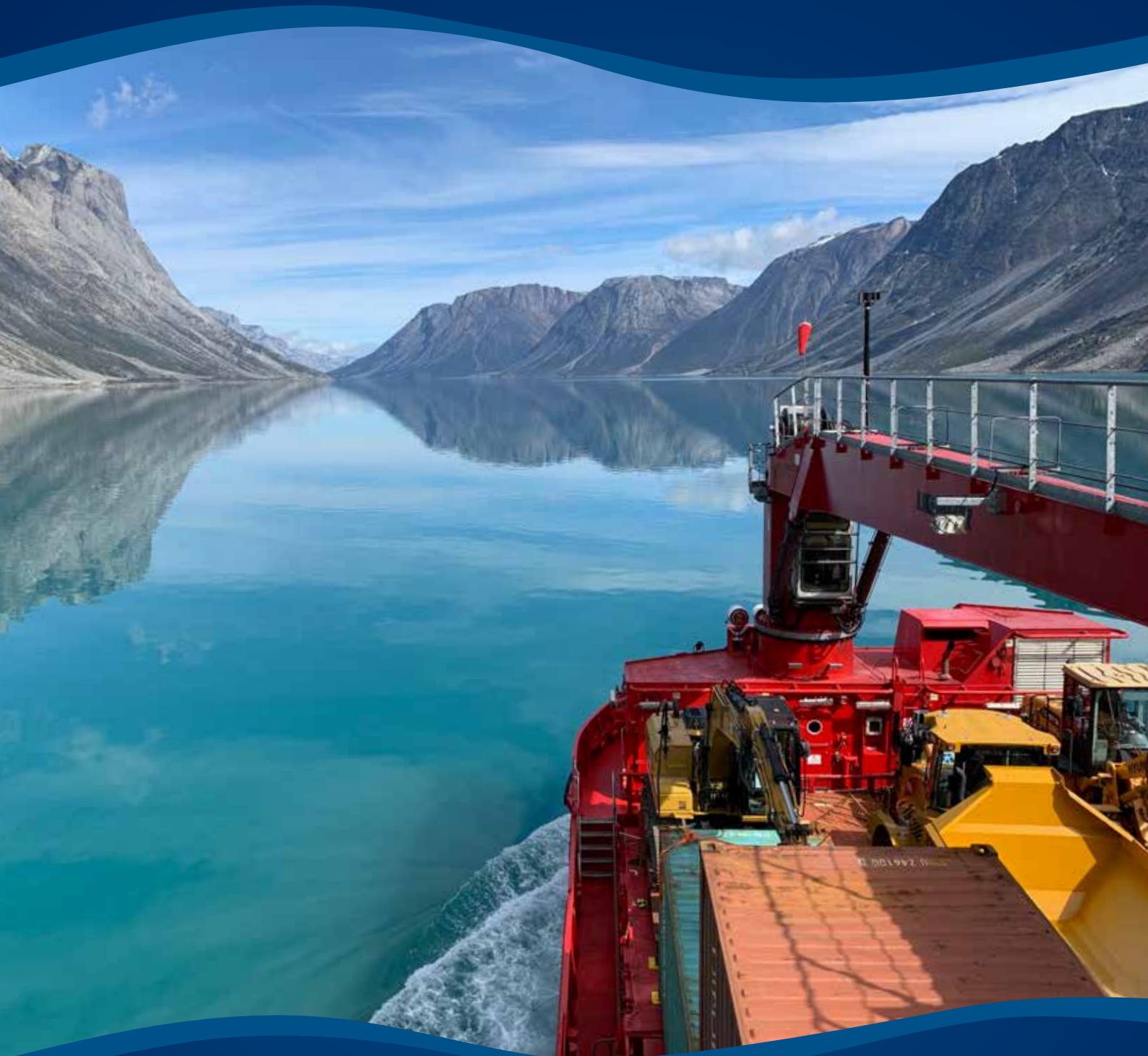


CSR report 2020



Statement for Corporate Social Responsibility cf. §99a and §99b in the Annual Accounts Act which came into force in Greenland by royal decree.



About Royal Arctic Line A/S

The Government of Greenland has granted Royal Arctic Line A/S an exclusive concession for the marine transport of cargo to and from Greenland and between towns and villages in Greenland. The Company is therefore vital to Greenland. Royal Arctic Line also operates 13 ports and harbours in Greenland and a port in Aalborg.

The company's ships and port comply with the International Ship and Port Facility Security Code (ISPS).

Royal Arctic Line A/S was formerly part of Den Kongelige Grønlandske Handel (KGH) (Royal Greenland Trading Company) which started sailing to Greenland in 1774. The Company has had its present name since 1993. The Company is wholly owned by the Government of Greenland and therefore owned by the people of Greenland.

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Royal Arctic Line - key figures

	2020	2019	2018
Ships	12	11	11
Port terminals	14	14	14
Employees	755	756	760

There is an increase in number of ships because from 2020 we have chosen to include Sarfaq Ittuk, which belongs to Arctic Umiaq Line, a subsidiary of Royal Arctic Line. This is in order to obtain a complete picture of the company's fuel consumption. The number of employees represents the average number of full-time employees at the end of the year and comprises all personnel groups.

This Corporate Social Responsibility (CSR) report provides an insight into the initiatives and activities that have taken place in 2020 and which directly support the company's goal to revitalize the company's work regarding environmental and social responsibility, including status for the efforts that support the company's work to contribute to the UN's 17 Sustainable Development Goals.

This report is aimed at our owners, our customers and our partners. The purpose is to include and show the status of the ongoing process surrounding our work with social responsibility and sustainable development.

This document is an unofficial translation
of the Danish original. In the event of any
inconsistencies the Danish version shall apply.



At Royal Arctic Line, we take our social and environmental responsibility seriously.

Stabilization and strengthening of the foundation

As a provider of crucial infrastructure in Greenland, Royal Arctic Line plays an important role in society. We are aware of our role as partner, supplier, buyer and employer and not least the importance we have to our owner, the Government of Greenland, and thereby the people of Greenland.

Our priorities, choices and actions have great influence on those we serve, those we work with, our employees and not least the surrounding community and environment.

In 2020, our long-standing strategy for creating the best conditions for doing business with Greenland culminated with the vessel sharing agreement with Eimskip and the implementation of our new route structure with calls at more ports. All that is missing now, is delivery of three ships in our comprehensive fleet renewal, where we have welcome a series of new ships, but also waved goodbye to some of the ships that for many years have ensured delivery of supplies to, from and within Greenland.

Our goal for 2020 was to increase focus on our social and environmental responsibility. In order to execute our ability to set value-creating goals and at the same time measure these, a series of functions were established in the company in order to support our ability to collect data and measure our efforts.

It was planned to start this work in the first half of the year, but due to delays in delivering the ships and with that, the start of our new route structure, the work was postponed until the end of the year.

A CSR Task Force was established to map the positive and negative influences on our business and on the community in order to ensure that our efforts give the greatest possible value in our work to support the UNs global goals. Recommendations from this Task Force are taken into 2021, where

the further process of selecting global goals as well as concrete efforts and objectives will be identified.

Concrete initiatives have been taken to increase utilization of our capacity, particularly on the stretches where seasonal fluctuations and the relationship between export and import make this possible. We have entered into an agreement with DHL Global Forwarding, the agent on Iceland that undertakes sales on behalf of Royal Arctic Line, which provides an opportunity to increase earnings as well as to increase exploitation of capacity across the Atlantic.

In 2020, a series of opportunities arose making it possible for us to try out initiatives to reduce our negative impact on the environment. These opportunities occurred in collaboration with research institutes with a focus on reducing our CO₂ footprint. We have great hopes for these research projects and look forward to entering into partnerships in the future that contribute with new knowledge and research in our efforts to lift our social and environmental responsibility.

Like the rest of the world, Royal Arctic Line has felt the effects of the corona pandemic. The pandemic has involved postponing activities, but has also taught us new ways of working together. We have gained valuable insight into the possibilities that lie in working from home and in flexible working hours and this lead to concrete initiatives that will have an effect upon our ability to increase the well-being of our employees.

The well-being of the employees is very important to management and a targeted effort to strengthen employees' job satisfaction resulted in 2020 in the highest overall job satisfaction ever recorded in the organization since the introduction of these evaluations 10 years ago.

With this, we hope you enjoy reading this.

Royal Arctic Line A/S

Verner Hammeken
CEO

Aviâja Lyberth Lennert
Deputy CEO

Peter Christoffersen
CFO



CSR at Royal Arctic Line

Since 2015, Royal Arctic Line has focused its efforts on making it easy to do business with Greenland. This process of renewal has brought about big changes for the company and the way in which the company's employees work today. It has been a stormy voyage that has required the full focus of the employees upon the operational and process challenges that occurred on the way.

The company's present efforts regarding CSR have not been affected, but it has been necessary to postpone development work in the area. The goal was to start development work at the beginning of 2020, but due to delays in the start of the new route structure, it was decided that part of this work, including mapping of the company's positive and negative impact on the climate, the environment and society were postponed until the end of the year.

The UN's 17 global goals for sustainable development

In September 2015, the World's leaders adopted a series of ambitious goals under the auspices of the UN, today known as the UN's 17 Sustainable Development Goals.

The global goals define 17 concrete goals with a combined 169 targets which all commit to UN's 193 member countries to completely eradicate poverty and hunger in the world, to reduce inequalities, to ensure good education and better health for all; decent jobs and more sustainable economic growth.

They also focus on promoting peace and security and strong institutions as well as on strengthening international partnerships.

The new agenda recognizes that social, economic and environmental development, peace, security and international cooperation are closely connected and that it requires a structured and integrated effort to achieve sustainable development results.

Structure - getting off to a good start

Royal Arctic Line wants to support UN's 17 global goals for sustainable development. A structured process started in 2020 to expose the company's present efforts as well as the company's positive and negative impact on business, environment and society. This preliminary work was still in force at the end of 2020 and work with exposure will continue in 2021.

Organizationally, a number of functions have been created, including Business Control and Compliance functions to support the formal reporting in future. The organizational structures are therefore in place for future work.

The goal is clear; Royal Arctic Line wants to make a positive contribution to UN's 17 global goals. Furthermore we want to ensure that the initiatives and efforts that have been identified in the exposure process are the initiatives and efforts that give the greatest possible value for our business, environment and society.

Special focus areas in 2020

The goal for 2020 was to strengthen the organization so it could support the revitalization of the company's CSR work. The goal was clear objectives that support the UN's 17 global goals for sustainable development and an organization and process set-up that could support a structured and formalised approach to production and collection of data. There was special focus on two initiatives.

Corporate Governance

As was decided in 2019, a Business Control function was established in 2020 that supported present and new initiatives. Thus, in recent years we have strengthened our internal regulations, controls and audits. We are also working on formalizing the internal control environment with adjustments to international standards and approved principles, including the "three lines of defence".

At the same time, a compliance function has been established in order to ensure that the company regularly strengthens and develops its ability to conduct good corporate governance. Our Vessel Sharing Agreement (VSA) with Eimskip, as well as the associated approval from the Icelandic Competition Authority (ICA) has led to a need for internal training and increased control, which has been an area of focus. Furthermore, the compliance function has had focus on compliance with these provisions, standards and ethical norms with which Royal Arctic Line must comply or has chosen to follow. This is in part to ensure against non-compliance but also to counteract the risk of adverse effects upon the company's commercial goals and reputation.



CSR Task force

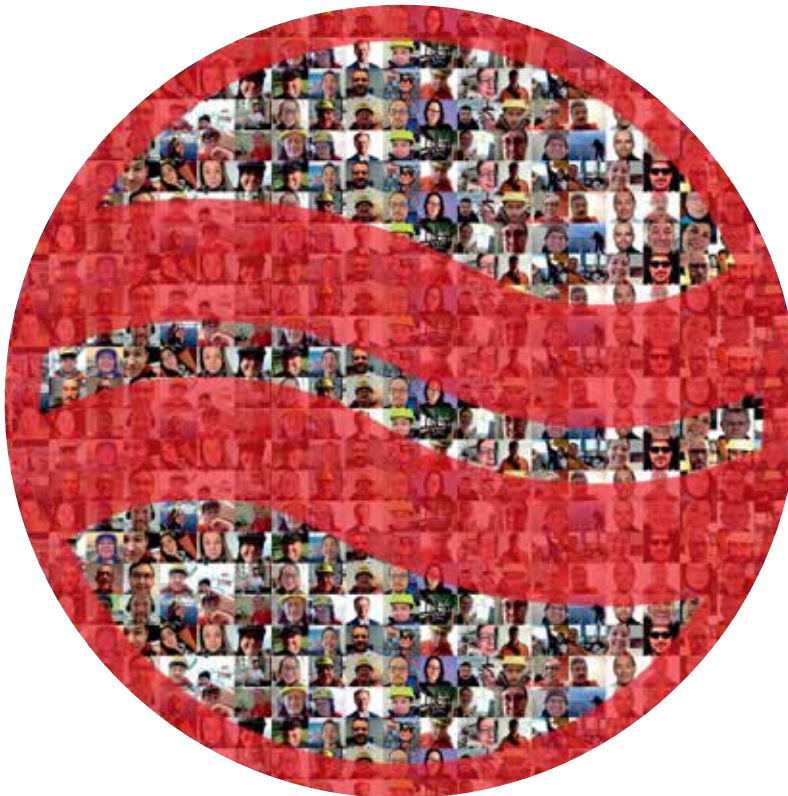
In November, a task force group consisting of employees from different departments was formally established, aimed at strengthening the strategic effort for the company's sustainability profile. The task force group's work started up with participation in an accelerator course on sustainability and UN's 17 global goals arranged by CSR Greenland.

The accelerator course's focus was to put sustainability and global goal efforts into a business context. This will provide new knowledge and experience on how and where the company can minimize the negative effects the company has on the climate and society. Furthermore, we must identify where there is the greatest positive effect and impact that can create added value for Royal Arctic Line and society. Knowledge and analysis tools were obtained to use in the selection of the global goals in interaction with the present

business model. Tools were obtained to use in how, in a structured and systematic manner, to map "goals" for goals and identification of activities that are associated with both negative and positive effects that are essential to deal with.

The initial process concerning work with the global goals and sustainability resulted in data collection and in mapping which socially responsible initiatives the company already takes today. The process will be followed up with how to manage ongoing measures and in selecting global goals associated with the business model in a more direct manner.

This ongoing process is a necessary journey to make the company's sustainability profile, seen in the light of the global goals, more tangible and with the ultimate goal of creating added value for Royal Arctic Line, society and the world around us.



Climate and the environment

Royal Arctic Line's ships sail on fossil fuel (HFO), which emits large amounts of CO₂. We consider this to be a considerable risk to our climate and environment. For this reason, Royal Arctic Line is constantly working to minimise its environmental footprint. We do this by choosing new technology when we build new ships, exploiting options to use more environmentally friendly technology without compromising security of supply and reliability, which is part of our basis for decision. This means that on the basis of tested greener technology we continually seek to optimise our operations and processes wherever possible. We seek to find the best possible solutions for the environmental challenges facing the company and our industry.

Fuel for ships

	2020	2019	2018
MGO (Tons)	8,282.5	4,999	5,171
HFO LS (Tons)	14,233.1	4,603	4,919
HFO HS (Tons)	6,143.1	16,261	18,597
Kilo fuel/nautical mille	44.8	67.9	68.3
Nautical miles sailed	486,683	406,471	419,630
Cubic metres carried	945,895	916,482	915,091

In 2020, a number of decisions were made in the company concerning changing the measurement principles that affect the possibility of comparing reported figures from previous CSR reports. The new measurement principles have led to

more accurate data of better quality. To this end, a dedicated Data Quality team has been established and in cooperation with the Business Control unit it has focused on strengthening our data quality as well as on ongoing reporting. In future, reports will be prepared using these new measurement principles.

Ships' fuel consumption

The increase in the reported quantities of fuel consumed (MGO and HFO LS), reflects that from 2020 we chose to include the fuel consumption of all of the company's ships, including the ferry Sarfaq Ittuk belonging to our subsidiary Arctic Umiaq Line. The three settlement ships *Aqqaluk Ittuk*, *Angaju Ittuk* and *Anguteq Ittuk* have not previously been included either, because they belonged to Royal Arctic Bygdeservice, which no longer exists. They are now included in the total calculation. Furthermore, this year's total fuel consumption includes chartered-in tonnage (*WesGesa and Vestlandia*).

As a consequence of the above, we reset the basis for comparison in 2020. 2020 will therefore be the base line year against which to measure future trends in development.

According to new regulations that took effect from 1st January 2020, ships may emit only 0.5 % sulphur. For this reason, most of the company's ships changed over to low sulphur fuel oil (HFO LS), where the figures show a marked increase. The reason why high sulphur fuel oil is still



In 2020, Royal Arctic Line focused on two areas to reduce the company's CO₂ footprint.

purchased (HFO HS) is that the company's newest ocean-going ship, *Tukuma Arctica* is fitted with a scrubber that cleans the exhaust gas, so the ship still complies with current regulations.

There have not been concrete goals for reduction of the company's fuel consumption in 2020. However, concrete initiatives taken on board *Malik Arctica* on a trial-basis have resulted in reduced fuel consumption. In connection with the continuation of the clarification process of the company's efforts regarding climate and the environment, the intention is that in 2021 concrete goals will be identified in accordance with a plan for how this is implemented in the relevant departments.

Cubic metres carried

In 2020, improvements were made in the measurement principles for cubic metres carried. Therefore figures for 2020 cannot directly be compared to previously reported figures for 2018 and 2019. The figures for 2018 and 2019 in the table above have been prepared on the basis of the new principles.

It is reasonable to conclude that the increased amounts result in a better exploitation of our assets. However, an actual basis for comparison has not yet been prepared, with regard to how the quantities carried compare to the number of nautical miles sailed and fuel consumption. This is complicated by the fact that we have changed the

composition of the fleet in connection with the calculation of fuel consumption. This is obviously something to take a closer look at in connection with setting goals during 2021.

Better use of assets

Better use of assets relates especially to the great seasonal fluctuations in the Greenlandic container market, where the peak season is typically from June to November and the low season is from December to May. This means that for Royal Arctic Line to have sufficient capacity to cover the peak season there would necessarily be excess capacity in the low season. Until 2020 it was not possible to address this problem directly, but the introduction of our VSA cooperation with Eimskip has opened up for entirely new opportunities. First, the actual start of the VSA cooperation had a positive effect on CO₂/TEU since fewer big ships are now used to carry the same number of containers that previously were carried on several smaller ships. The emission of CO₂/TEU benefits from the economies of scale so the actual start up of the network resulted in a direct improvement compared to the former network.

This effect was the primary improvement for 2020, but the VSA cooperation provides opportunities for further improvements in 2021 due to the direct access to the new international markets that were not previously a part of the Greenland-Denmark network. These markets give Royal Arctic Line an opportunity to address the lower utilization rate in the low season, which again has a positive effect on



CO₂/TEU. In 2020 Royal Arctic Line has entered into an agreement with DHL Global Forwarding with the improvement of the exploitation of excess capacity as a common goal. It is expected the joint efforts will result in significant improvements in the rate of exploitation already in 2021, with further possibilities in 2021 when the collaboration has been fully implemented.

New technology

Royal Arctic Line has focused on the fact that when the existing capacity has been utilized to the maximum the cargo should be transported with the least possible fuel consumption by implementing the newest technology in the area. This can be seen in the project where Royal Arctic Line has installed newly-developed technology on board *Malik Arctica* in cooperation with Frugal Technologies and engine manufacturer MAN. This technology is a new, patented and class-approved on-top-system for intelligent engine management able to reduce the ship's fuel consumption by 10 %.

The average savings on fuel consumption are approx. 10-15 %, which for *Malik Arctica* is the equivalent of 3-4 tons of fuel a day for the long stretch between Denmark and Greenland, thereby reducing emissions of CO₂ etc.

Frugal Propulsion is an intelligent, learning, control system and is integrated into the ship's existing PCS. With the help of sensors, Big Data and advanced algorithms the system ensures that the engine is constantly optimized with regard to draft, load, waves and wind.

Since the system works regardless of the type of fuel used, Royal Arctic Line sees a potential in extending the use of this technology to the rest of the fleet. This is technology that here and now can push developments in the right direction and contribute to assisting the shipping industry in achieving its goal of a 70 % reduction in CO₂ emissions per carried ton before 2050.

Ship breaking

In 2020 we said goodbye to two of the company's ocean-going vessels. These were *Naja Arctica* and *Nuka Arctica*, from 1994-1995 respectively. The ships were sold for recycling to Jatop Aps in Frederikshavn, a company that is approved to recycle ships and which has special focus on reducing the environmental impact in accordance with the Hong Kong Convention for the safe and environmentally sound recycling of ships. That we comply with the Hong Kong convention is not a formalized policy, but an active decision. Formalization of a concrete policy for ship breaking is expected to follow development work looking forward.

Mobile cranes and vehicles running on electricity

Royal Arctic Line has two large mobile cranes in the port at Qeqertanut in Nuuk. They are used daily and are a prerequisite for servicing the ocean-going ships *Tukuma Arctica*, *Dettifoss* and *Brúarfoss* that do not have cranes on board as do Royal Arctic Line's other ships.

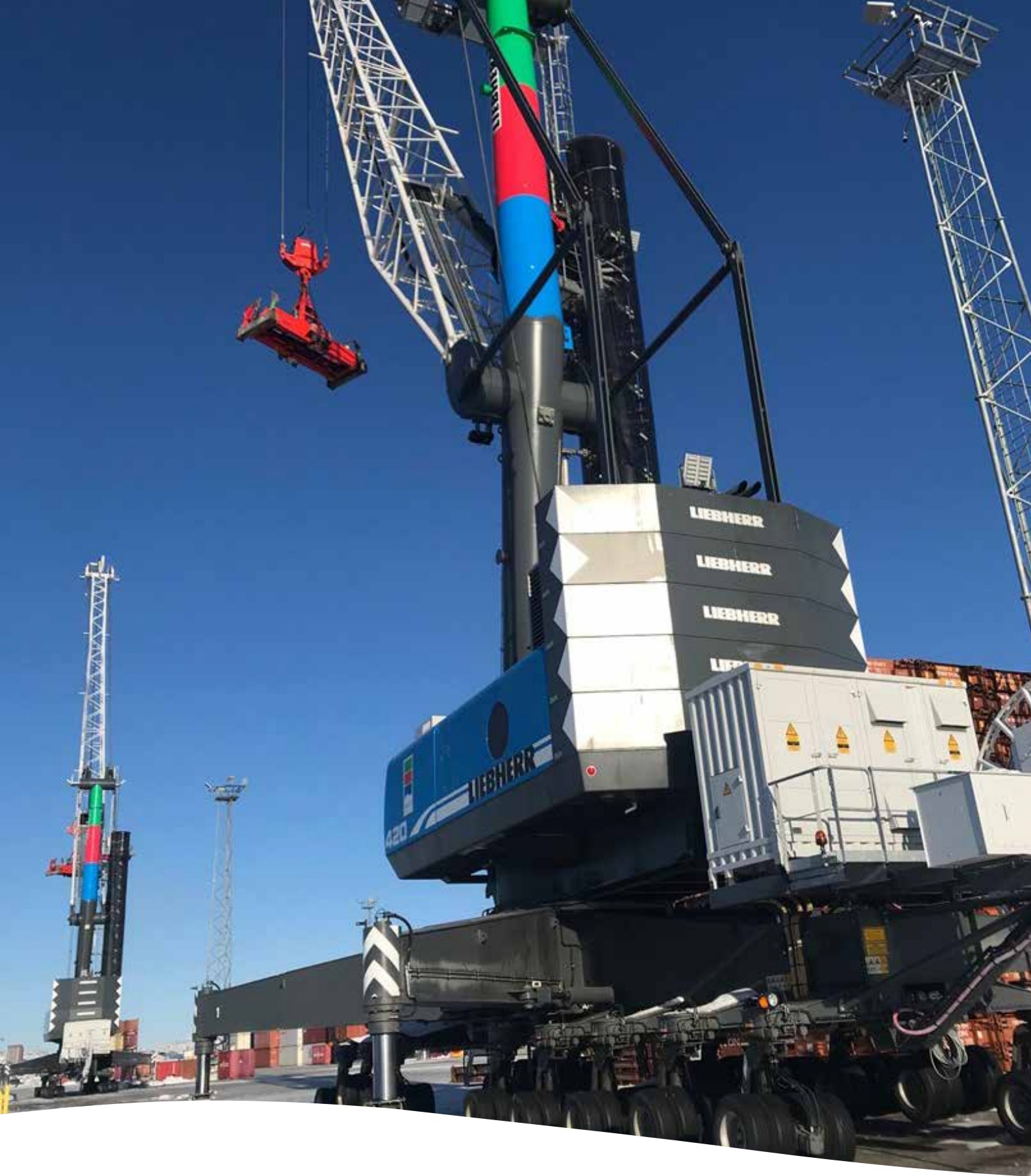
In 2020, one of the mobile cranes – called the "South Crane" – went over to electric power. This reduced Royal Arctic Line's and Greenland's CO₂ emissions by 169 tons per year. The North Crane should also have gone over to electricity, but due to travel restrictions in connection with the corona pandemic it has not been possible to bring a technician from Denmark to Nuuk to install the necessary equipment. This work will be carried out once it becomes possible.

In addition to the environmental advantages, there are also functional advantages to running the cranes on electricity. The cranes start up faster on electricity than on diesel and we save resources on spare parts for the diesel engine.

Royal Arctic Line's forklift trucks in the warehouses in Nuuk now also run on electricity and the company is continually looking into identifying equipment that could be run on electricity.



NAJA ARCTICA



Work environment and safety

The core activity in Royal Arctic Line is marine transport, operations on land and administration of these. Employees on board the ships are involved in heavy work that involves, among other things, moving and securing containers on board. The same applies to port operations in both bigger and smaller towns with varying physical working conditions. The work can be heavy and is often carried out under pressure of time. These working conditions are considered to involve considerable risk factors and may result in physical injuries as well as having a detrimental effect on mental health if the company's safety procedures and guidelines are not heeded.

The employee is the central resource for the company's success. We work therefore constantly to strengthen the health, safety and well-being of our employees. It is essential that our employees have the proper training and the right equipment so they can carry out their work in a manner that is satisfactory to them, to the company and, not least, to the customers we serve.

At sea

Work with safety is based on the International Maritime Organization's (IMO) International Safety Management (ISM) Code and the Safety of Life at Sea (SOLAS) Convention. Under this convention there is a series of codes, including the ISM code that covers safe shipping operations and the POLAR-code that makes further requirements of ships that sail in Polar environments. Furthermore, the Company's ships that sail in international waters operate under the Maritime Labour Convention (MLC), which ensures safe employment, both with regard to safe working conditions and social insurance. These legislative systems require certification and regular controls. Internal safety audits are therefore carried out on every ship each year together with external verifications at approx. 30-month intervals. On board, regular risk evaluations of work routines are carried out. To maintain focus on minimizing accidents, all the Company's ISM-certified ships are encouraged to report at least one near-miss per month. In 2020, a total of 80 near misses on the company's ships were reported. In 2020, four accidents were reported that were categorized as LTAs (Lost Time Accidents).



Work environment on board in figures

	2020	2019	2018
Near misses on ships	80	78	73
Lost Time Accidents (LTAs)	4	4	7

Near misses are unforeseen incidents that did not result in an accident, sickness or injury, but had the potential to do so. Near miss reports help to draw attention to “unsafe conditions” on board the individual vessel, making it possible to rectify these before an accident occurs. The written reports ensure that it is possible to spread knowledge so that any remedial action required may also be taken on board the company’s other vessels. A high reporting rate indicates awareness on board, which is positive when it is in regard to reinforcing safety culture on board.

An LTA is an event that has resulted in an accident, sickness or injury where the person involved has been incapacitated (off work) for more than 24 hours. This report is mandatory. The report ensures the spread of knowledge so that any remedial action required may also be taken on board the company’s other vessels.

Responsibility for compliance with the above-mentioned regulations and guidelines lies with the company’s ISM coordinator, who has a direct functional reference to the company’s Managing Director.

In 2020, a total of four LTAs (Lost Time Accidents) were recorded on the company’s ISM certified ships (ships more than 55 gross tonnes). The accidents involved *Nuka Arctica* 1, *Mary Arctica* 1, *Malik Arctica* 1 and *Tukuma Arctica* 1.

Number of days since the last LTA as at 31st December 2020

	days
Pajuttaat	1,104
Naja Arctica <i>(the ship was sold in December 2020)</i>	412
Mary Arctica	218
Nuka Arctica <i>(the ship was sold in December 2020)</i>	266
Irena Arctica	1,085
Ivalo Arctica	876
Minik Arctica <i>(no LTAs since delivery of ship 1st September 2016)</i>	1,582
Malik Arctica	157
Sarfaq Ittuk	1,861
Tukuma Arctica	35
Nanoq Arctica <i>(no LTAs since delivery of ship 17th June 2020)</i>	197

The three settlement ships, *Aqqaluk Ittuk*, *Angaju Ittuk* and *Anguteq Ittuk* are not included in ISM due to their size.



On shore

There were very few work-related injuries in 2020. Only five work-related injuries with a potential for resulting in a greater injury, but which did not result in sick leave, were reported. In addition, there were two smaller work-related injuries resulting in sick leave of one week's duration and one major injury where the injured employee's leg was caught between the ship and a container during an operation on board, resulting in one month's sick leave.

Great emphasis is placed on sharing information about work-related injuries so that we can learn from these from incident to incident and thereby avoid similar situations in the future. The information is shared with the ports, although not in a formal manner and it is not registered. A concrete goal for 2021 is to establish a formal report register in order to make access to information more visible and to ensure that inappropriate actions may be addressed more systematically.

Focus on well-being

Again in 2020, Royal Arctic Line focused on its employees' well-being and in this connection we have just carried out the annual employee satisfaction survey (MTU), where job satisfaction was measured at 75 points on a scale up to 100 and where the figure in 2019 was 74. In 2020, absence due to sickness totalled 4.9 %, an increase of 0.4 % compared 2019. The increase was influenced by a few employees on long-term sick leave, which pulls the average up. Data concerning sick-leave is followed at department and individual level and cases that require attention from management are taken care of on a continual basis. This approach will continue in the future.

Despite the record-high level of job satisfaction for the organisation as a whole, we saw that job satisfaction on the ships fell to 66 points, a fall of 3 points since 2019. Historically, job satisfaction on board the ships has always been slightly lower than the rest of the organisation and it is

Security for employees

When we all were hit by the corona pandemic in the spring of 2020, Royal Arctic Line prepared a policy concerning emergency care of children, working from home, sickness and quarantine. The main principles behind this policy were to clarify when the company paid for expenses in connection with absence due to the effects of corona. The aim of the guidelines was for the company to maintain security of supply by protecting its employees in the best possible manner while following the guidelines of the health authorities. This meant e.g. that employees who chose to travel were paid in full during the quarantine period, whether they were salaried employees or hourly paid employees.

This was important, in order to ensure the security of our employees if, e.g. for family reasons, they were forced to travel.

worth emphasising here that the renewal of the fleet with phasing in and phasing out ships created some insecurity among the company's crew members. It is questionable whether the present method of measurement is appropriate, when we are talking about two very different work situations, i.e. on shore and at sea. In connection with planning the job satisfaction survey in 2021, we will evaluate whether an alternative measurement method aimed at ships' crews could be used. It has also been decided to carry out a series of virtual meetings for ship's leaders in 2021 since an otherwise planned physical meeting will not take place due to the corona pandemic.

Daily efforts for continued well-being among our employees are the responsibility of the individual manager. The aim is to hold weekly manager/employee meetings that support the individual employee with regard to continued well-being and in solving his/her own functions and at the same time, supporting the manager in ensuring the attainment of goals

in connection with the company's strategic priorities. During the job satisfaction meeting, you are asked whether your manager holds weekly meetings. The number for 2020 is slightly lower than 2019 and it is presumed that this was due to instability caused by the corona pandemic and that virtual meetings were not used for these meetings.

The work with well-being has focused on familiarising new employees with our business and letting them know, what we expect from them. Therefore, in 2020, we started implementing a contemporary Onboarding platform. By focusing on onboarding new employees and managers, we want to strengthen the well-being of coming employees by giving them the best conditions in which to start their new jobs. Implementation and further development of the platform continues on 2021.



Development of skills and training

At Royal Arctic Line, we focus on developing the skills of our employees at all levels and on training trainees and apprentices. We are particularly interested in elevating the level of education in Greenland and thereby helping to support a positive development for the country. It is our goal to be more self-sufficient with regard to managers who, through their knowledge of the business, can help to strengthen the framework and the quality we as a company want to offer our employees and, not least, our customers. It is our aim to create opportunities for internationally oriented courses,

including exchange of trainees with other shipping companies. At the same time, we want to create opportunities for taking courses and training locally in Greenland.

Royal Arctic Line is privileged to have skilled and committed employees; continued access to qualified labour is vital to our business. It is the aim of our company to give our employees a meaningful work life with focus on quality, dedication and motivation, in order to help to keep our skilled employees.



Development of employee skills

Development of skills is a natural part of the individual employee's opportunities. As a wholly owned Greenlandic enterprise, Royal Arctic Line has a special responsibility to contribute to the creation of jobs in Greenland and the Company is working to increase the proportion of Greenlandic managers at Royal Arctic Line by e.g. giving employees access to supplementary training and by playing an active role in the development of maritime training programmes in Greenland.

Because of the corona pandemic, there has been a shift in opportunities for employees to improve their skills on courses, partly due to travel restrictions, and many

planned courses have been postponed until 2021. On the other hand, there has also been a positive effect of the travel restrictions. The company's employees to a higher degree than before carry out meetings and cooperation through the virtual media. This has resulted in a significant reduction in air travel and travel expenditure.

As a consequence of the lock down this spring, employees who, depending on their function, could work from home, learned to work from home. The lesson was that not everyone needed to go to the office to carry out their work, which has paved the way for flexible work places as well as the abolition of working hour registration for some functions. This is expected to be implemented in March 2021.

Involvement in the local community

We have a special responsibility to ensure positive development in the community which we serve. Therefore, we seek to support relevant partnerships and projects by making our skills, services and/or sponsorships available.

Royal Arctic Line has a sponsor committee that meets once a month to process applications. The company makes services, skills and sponsorships available to initiatives that benefit Greenland and we give support to Children & Young People, Culture & Sport, the Socially Vulnerable and Education. Royal Arctic Line sponsors transport of goods within the company's area of activity and gives donations to events or projects that have relevance to Greenland. At the same time, a sum has been set aside for all ports, to be used to support local activities.



Training

Royal Arctic Line has a long tradition of being committed to raising the level of education in Greenland. The Company's comprehensive trainee and apprentice programmes play an important role in the Company's personnel strategy as well as in its responsibility to train the local workforce.

Royal Arctic Line offers 13 different training programmes. Training with Royal Arctic Line is aimed at qualifying the candidate for a career with the company and also providing a sound foundation for seeking careers in other companies. To date, a goal has not been set for the desired number of training programmes, but the company's present baseline is 13 different options. Whether the selection of possible courses should be expanded will be identified during 2021 in line with the task force group's survey as well as the subsequent work identifying goals.

A dialogue has been entered into with Danske Rederier concerning the possibility of exchanging interns/trainees with other shipping companies. This will strengthen Royal Arctic Line's ability to train apprentices/trainees on board ships able to offer courses in areas that they presently get from the hotel industry. This collaboration was put on hold in 2020 due to the corona pandemic, but we intend to resume as soon as circumstances permit.

In connection with training trainee seafarers, we have initiated collaboration with Grønlands Maritime Skole and Jern and Metal school in Nuuk. Because of this collaboration, it is possible today to offer training of trainee seafarers locally, instead of sending trainees to Denmark to complete parts of their training. This is very important for those trainees who do well outside Greenland.





Number of trainees in Royal Arctic Line

	2020	2019	2018
Trainees	55	57	63

Royal Arctic Line offers the following training opportunities

- Terminal worker
- Terminal manager
- Warehouse and transport worker
- Boilermaker
- Construction equipment mechanic
- IT supporter
- IT Administrator
- Academic course specializing in
 - Transport and Logistics
 - International trade and marketing
 - Economy and resource management
- Navigator
- Marine engineer
- Ship's mechanic
- Able seaman* Shipping courses

Governance

Human rights

Royal Arctic Line respects international human rights and labour rights and makes a continued effort to offer employees equal terms, conditions and opportunities with regard to employment. Applicants having the same qualifications must be given the same opportunity for employment, which is why the company encourages any interested parties to apply for vacant positions regardless of their background. Since 2016, Royal Arctic Line has worked systematically with data-driven HR in order to reduce the risk of discrimination and to provide a more objective tool in the evaluation of e.g. applicants as well as some more objective perspectives to evaluate existing employees with regard to the opportunity for development and promotion in the company.

Royal Arctic Line's work with human rights is supported by guidelines established through the staff policy on how the company addresses equality issues and combats discrimination, victimisation, harassment or violence in the workplace.

No violations of international human rights or labour rights have been observed in 2020.

Anticorruption

Royal Arctic Line does not accept bribery, greasing palms (facilitation payments) or any form of unethical practice. We are therefore tightening our internal rules, controls and auditing to ensure that Royal Arctic Line and its activities always comply with applicable legislation and the principles of ethical business practices.

For example, in connection with vessel sharing with the Icelandic shipping company Eimskip, there are interfaces where the risk of sharing business-sensitive data may occur. Royal Arctic Line has therefore carried out a number of courses for employees in order to ensure these interfaces are secure. Training will be undertaken regularly for relevant employees.

Royal Arctic Line aims to operate in a transparent market free from corruption, both nationally and internationally. For this reason, the company does not accept bribery or other forms of unethical business conduct. Although the company's domestic markets in Greenland and Denmark do not experience serious problems in this respect, this development strategy also extends to new markets and new partnerships with players in industries where corruption may occur. Royal Arctic Line has adopted an anti-corruption



policy to tighten in-house rules and control mechanisms and audits to ensure that the company's activities are always ethical. All employees have access to these policies and to a form for reporting gifts given and received. The policy is based on a best practice policy which has been adjusted for company use after a series of employee-workshops.

We have no knowledge of any breach of the rules associated with anticorruption in 2020.

Suppliers and partners

We actively relate to our suppliers and partners with regard to our impact on the environment. For this reason, we engage actively in dialog with our suppliers to promote sustainability by, among other things, searching the market for more environmentally friendly alternatives e.g. in connection with breaking up ships.

Previously, we asked our suppliers to sign the Company's Terms and Conditions of Supply committing them to complying with the UN conventions on child labour, human rights, labour rights and anti-corruption as well as the Rio Convention on sustainability and environmental protection. The goal was to achieve signatures from 88 % of our suppliers; this goal was achieved in 2016. Since just about all purchases undertaken in Greenland and Denmark, where transparency with regard to environmental, social and ethical conditions is relatively high for the individual supplier, so this is no longer practiced.

With reference to the fact that initiatives and processes must have direct benefit for the company and its stakeholders, we will evaluate whether the practice will be introduced again. The clarification process will be part of the other clarification measures planned for 2021.

Diversity

In line with the guidelines on corporate governance for public limited companies owned by the Government of Greenland, Royal Arctic Line is continually focusing its efforts on ensuring diversity.

Guidelines have been laid out regarding employment procedures that support the desire for diversity and it is the position of the company that a combination of professional and people skills is an important parameter in the recruitment of managers. The turnover of personnel at management levels at Royal Arctic Line is quite limited in some areas and changing the composition is therefore a drawn-out process. Especially at the second management level (port manager, ship's captain, chief engineer, etc.) the number of women is far below the Company's overall statistics for gender composition and at this level of management, personnel turnover is very low.

At non-management levels, the company works with the respective municipalities to create jobs for people who have difficulty entering the labour market.

Gender diversity in management

The board consists of six members elected at the Annual General Meeting and three employee representatives. The members elected at the AGM consist of three women and three men, which meets the target of 40/60 distribution in relation to the underrepresented gender. The three employee representatives are men. Upper management in Royal Arctic Line consists of an executive board with two men and one woman as well as a management group with department heads consisting of two women and five men (incl. executive board).

Ratio of men/women at Royal Arctic Line

	2020	2019	2018
Board, gender diversity	3/3	3/2	2/3
Executive board, gender diversity	2/1	2/1	2/1
Management group, gender diversity	5/2	5/3	7/3

Sustainable development in 2021

The company's goal for 2021 is to achieve strength and stability after implementing vessel sharing with Eimskib in 2020. This strategy supports our desire to create a solid foundation for future work with the company's commitment to the UN's global goals for sustainable development. The already-implemented organizational and process changes will be developed as further work is done on the mapping carried out by Royal Arctic Line's CSR Taskforce.

Goals and concrete initiatives will be identified for all departments in the company. The foundation will ensure that concrete processes are prepared for documentation as well as opportunities for follow up on progress as a part of the company's policy and strategy for sustainability.

The option of creating a formalized CO₂ account will be investigated. In addition to giving the company more data for measuring its own initiatives, it will also give other actors in the community the opportunity to use the data to measure their own impact.

The caption for 2021 is therefore: further formalization of systematic identification. In addition, to improve our ability to acquire the correct data as well as to identify concrete goals and efforts that can contribute to the UN's 17 global goals for sustainable development and to Royal Arctic Line.

