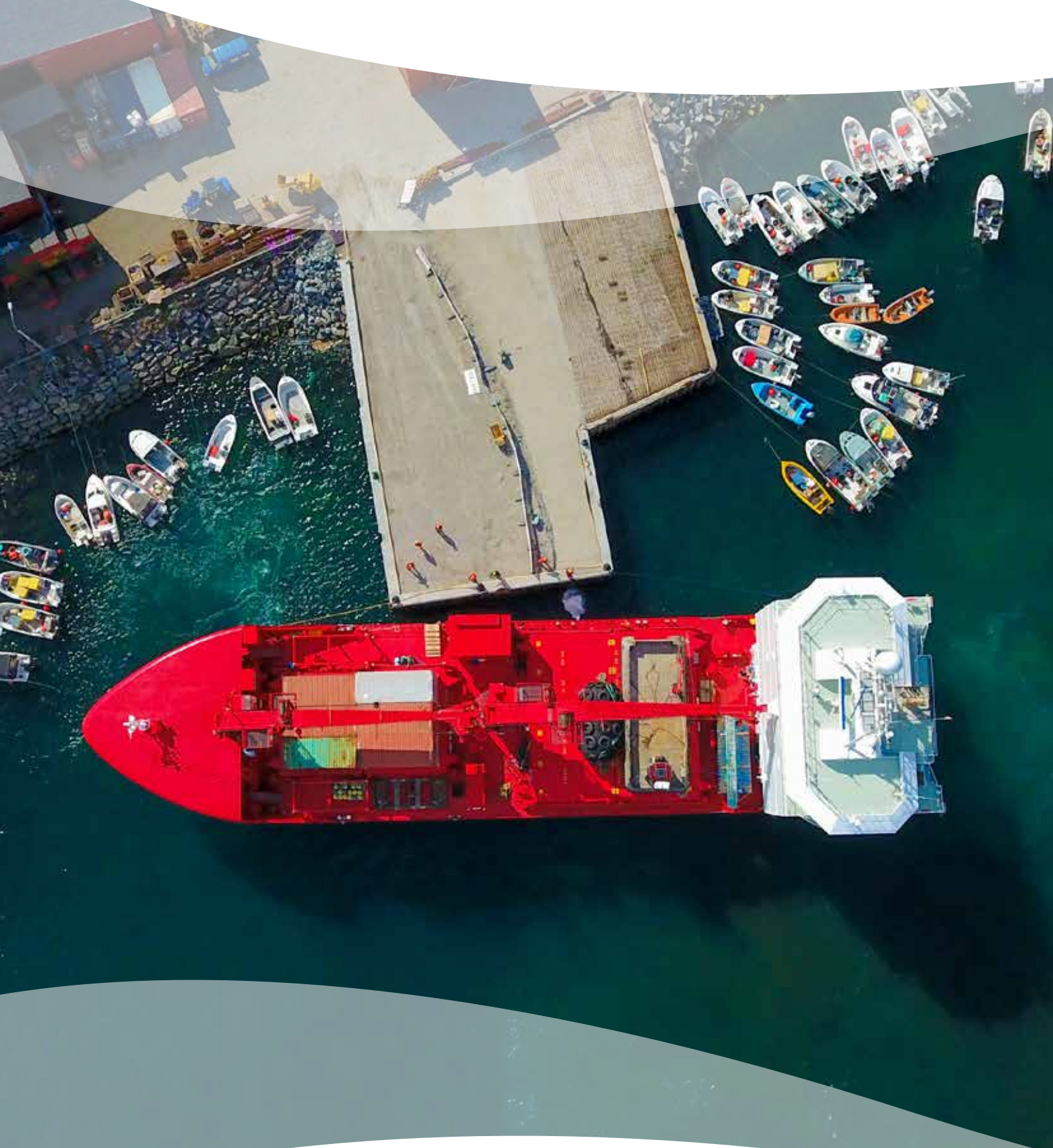


# CSR REPORT 2021



Report on Corporate Social Responsibility, cf. Section 99 a. and Section 99 b. of the Danish Financial Statements Act, as implemented for Greenland by Royal Ordinance.

# Royal Arctic Line A/S

The Government of Greenland has awarded Royal Arctic Line A/S an exclusive concession for the carriage of sea cargo for commercial purposes to, from and within Greenland. The shipping company is therefore Greenland's lifeline. Outside Greenland, Royal Arctic Line ships call at: Reykjavik, Reydarfjordur, Torshavn, Aalborg, Aarhus and Helsingborg. Royal Arctic Line operates 13 port terminals in Greenland and one in Aalborg.

Conditions concerning frequency of calls, capacity and security of supply for all settlements and towns in both West Greenland and East Greenland are defined in the concession.

## **The concession applies to such cargos as:**

- Food products
- Consumer goods, including furniture, household appliances, motor vehicles and boats
- Materials for the construction and civil engineering industry
- Other cargo, including transport equipment and tank containers

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

Royal Arctic Line A/S was previously part of Den Kongelige Grønlandske Handel (the Royal Greenland Trading Department) (KGH), which began sailing to and from Greenland in 1774. The company has had its present name since 1993. The company is wholly owned by the Government of Greenland and thereby by the people of Greenland.



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

Since 2015, Royal Arctic Line has been engaged in a comprehensive newbuilding programme comprising the acquisition of seven new ships to replace obsolete tonnage. The last two settlement ships have not yet been delivered due to the coronavirus pandemic. Although delivery was expected in 2021, they will not be received until 2022. Replacing most of our fleet entails that the average age of the shipping company's vessels has decreased from 29 to 7 years in 2022, which means reduced maintenance, engines with better fuel efficiency and increased capacity.

The number of employees represents the average number of full-time employees at year-end and includes all personnel groups, including onshore salaried employees in Greenland and in Denmark, maritime employees of Royal Arctic Line (including maritime employees of Sarfaq Ittuk, who are employed by Royal Arctic Line and seconded to Arctic Umiaq Line), as well as hourly-paid employees in Greenland and Denmark. The number of FTE (Full Time Equivalents) increased by 94 from 2020 to 2021. This is related to 1) the phasing-in of our own ship (Maleraq Arctica) to replace the previously chartered Vestlandia; 2) an increase in the number of hourly-paid employees at the Nuuk terminal and warehouse; and 3) newbuilding projects in Spain and successful recruitments for vacant positions. It should be noted that for hourly-paid employees, FTE is calculated including overtime and therefore does not reflect the number of employees, but corresponds to the number of employees based on actual working hours.

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## Royal Arctic Line in figures

		2021	2020	2019	2018
Ships	Number	11	12	11	11
Port terminals	Number	14	14	14	14
Employees (FTE)	Number	849	755	756	760

<b>Atlantic ship</b>	Tukuma Arctica
<b>Feeder ships</b>	Malik Arctica, Mary Arctica, Irena Arctica and Nanoq Arctica
<b>Settlement ships</b>	Anguteq Ittuk, Ivalo Arctica, Minik Arctica, Siuana Arctica and Maleraq Arctica
<b>Passenger ship</b>	Sarfaq Ittuk





#### About CSR report

This Corporate Social Responsibility (CSR) Report describes Royal Arctic Line's CSR activities during 2021, as well as our efforts to perform our vital role in society on a sustainable basis.

This report is for the people of Greenland, who are our sole shareholder, and for our customers, suppliers and business partners. Its aim is to include and show the process and progress of our activities to play a role in the shared global challenge of sustainable development.

We want to be transparent about how we work and to apply internationally recognised reporting standards.

We acknowledge that this is both a process and a transition that requires education, learning, training and practice.

We want to perform our mission through collaboration and development, which we hope will be clearly apparent from our CSR Report for 2021.

# Foreword

## Structure, learning and data

Royal Arctic Line is proud to be assigned responsibility for the security of supply to all of Greenland. This is a responsibility that imposes obligations on us in everything that we do. It is important for us that the people of Greenland can rely on our security of supply, and not least that we conduct our supply operations in a proper manner, with focus on our social responsibility and due consideration of the climate and the environment. Like all other industries, we must constantly endeavour to use every opportunity to reduce our carbon footprint. Before we can say whether we are improving or deteriorating, we need to know our current status.

Pursuant to our Taskforce initiative in 2020, extensive analysis work took place in 2021. The basis for the analysis was to survey development within and outside Royal Arctic Line, and the company's current position in relation to the sustainability agenda and the green transition. The purpose of the analysis was to investigate where and how sustainable strategic tools can strengthen Royal Arctic Line's Governance.

One strategic focus area is the organisation and preparation of a sustainability strategy and programme as an integral part of Royal Arctic Line's 2022-2027 strategy – "Fælles om stærke leveringer og vækst" (Together towards robust deliveries and growth). The goal is to adhere to ESG (Environmental, Social & Governance) practices in our reporting, while strengthening our Governance and Compliance.

We commenced the production of climate accounts in 2021. The aim is not only to assess our own climate footprint, but also because we have an obligation to provide the information required by our customers; namely the emissions that result from our transport of their cargo. This is a complex task that requires cooperation and development, and the process will continue in 2022. We expect to be able to provide full climate accounts by 2023.

The company launched its whistleblower scheme on 16 December. The purpose of the whistleblower scheme is to create a platform which Royal Arctic Line's employees and Board members can use to file reports on a secure and confidential basis concerning any reasonable suspicion of serious and critical circumstances or unlawful conduct. The whistleblower scheme will contribute to supporting and promoting the values and standards that characterise our shipping company, including that reports are used constructively to achieve improvements, and in the prevention and elimination of serious errors and irregularities at Royal Arctic Line.

Collection of CSR data continues to present challenges. The goal for 2021 was to finalise the data basis for our CSR reporting, but there is still room for improvement in how we produce and collect data, and how it is structured. This work will continue in 2022.

There has been focus on specific initiatives to increase our capacity utilisation, especially on routes where seasonal fluctuations and the balance between exports and imports make this possible, and also by chartering-out our excess capacity during the periods when it is not required.

In 2021, Royal Arctic Line focused on training, learning and upskilling for trainees and apprentices, and also for the company's employees. Middle management training has been initiated and relevant employees have been trained in GDPR and competition law. There has also been a focus on involvement in the local community, as visits to schools, hosting of events for the benefit of children and young people, participation in the release of a documentary series about disability, sponsorship of individuals and associations, and participation in relevant development networks.

Like the rest of the world, Royal Arctic Line continued to be affected by the coronavirus pandemic. The pandemic caused activities to be postponed, but also led to new ways of working together and, not least, new ways of learning. Based on the experience in 2020, the company abolished time registration for salaried employees in Greenland and increased opportunities for flexible working hours and workplaces.

The well-being and development of our employees are very important to the management, and targeted efforts to increase employees' job satisfaction resulted in high job satisfaction figures once again for 2021. For the first time, the survey was divided between onshore functions and maritime personnel, which increased the participation rate and showed higher employee satisfaction on board the ships.

Networking and involvement to support the company's sustainability work made strong contributions to the further development work towards strengthening our focus on sustainability.

As you read this CSR Report, we hope that you can see that Royal Arctic Line is constantly developing and that the company takes its social responsibility very seriously.

We wish our readers a pleasant read.

Nuuk, 3 March 2022  
Royal Arctic Line A/S

Verner Sonny  
Daugård Hammeken,  
CEO



# Sustainability at Royal Arctic Line

The restructuring of Greenland's shipping routes over the past six years is historic.

This is the most extensive restructuring since the move from Copenhagen to Aalborg in December 1972, and the formation of Royal Arctic Line A/S in 1992 and the subsequent containerisation.

The restructuring has required the full focus of management and employees on the operational and process-related challenges, as well as the changes that have arisen along the way. Even though the company's ongoing CSR initiatives were not directly affected, it was necessary to handle the development work and ensure a controlled and managed pace. This was necessary to provide scope for the stabilisation of new processes and changes at Royal Arctic Line.

In 2021, the company's CSR activities were concentrated on education, learning, training, networking and extensive analytical work. This contributed significant knowledge and competences that can be devoted to the further development of the company's sustainability strategy and programme.

The next step is to develop the company's sustainability strategy and increasingly involve the company's operations in the strategic objectives that are expected to be set out in 2022.

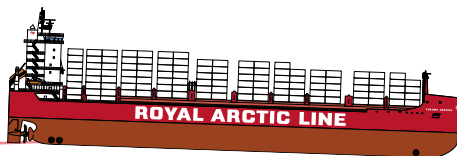
## **The UN's 17 Sustainable Development Goals**

For many years, Royal Arctic Line has worked to increase its involvement in the local community, skills development and training, partnerships and infrastructure development.

This is in line with the UN's 17 Sustainable Development Goals, which the company supports.

In 2021, the company had a declared objective of identifying selected Sustainable Development Goals as focus areas in its CSR work. A comprehensive analysis of the company's point of departure revealed that the shipping company's CSR and sustainability work is in line with the Sustainable Development Goals, thereby contributing to sustainable development.

In 2022, we will continue with ongoing revitalisation of the company's responsible business practices, which will be formalised as a sustainability strategy and a sustainability programme. This means that a process is now underway to identify what is strategically most important for Royal Arctic Line's business and key stakeholders.



## **Mapping and risk analysis**

The mapping and risk analysis were mainly conducted as a desk exercise through systematic and structured data collection processes using a number of strategic tools. External stakeholder dialogue was conducted through networks, as a follow-up to the internal dialogue conducted in 2020, whereby areas assessed to be important for Royal Arctic Line to work with, in a strategic CSR, ESG, Corporate Governance & Compliance and sustainability context, were identified.

# Special focus areas in 2021

Our extensive analysis work in 2021 focused primarily on identifying the company's ongoing activities and their negative or positive consequences, as well as opportunities for value creation. The analysis work included a critical review of the data basis, as well as knowledge gathering and consideration of which framework tools should be used for reporting going forward. The focus was on achieving correct, relevant and accurate data, with particular reference to the preparation of formalised climate accounts, a sustainability strategy and a sustainability programme.

## **Structure, learning and data – focus on quality**

The analysis and preparation for the CSR reporting for 2021 show that we still need to increase our data quality, and in particular make a number of decisions about which data should be generated, its delimitations, and the establishment of clear processes to collect this data. It is still our goal that specially selected KPI data should be reported monthly in the future. This will ensure that figures and processes are continuously improved, and also an overview of the development during the year.

## **Climate accounts**

One activity that originates directly from our analysis is the initiation of the company's climate accounts. The primary scope was data delimitation. It must be possible to extract data automatically via the company's new financial management system, which is expected to be rolled out in April 2022. This will enable Royal Arctic Line to extract data for the measurement of its own activities and, not least, their progress, both in our own value chain and also throughout the company's entire value chain. The company will also be able to deliver data to customers and suppliers who actively request the company's CO2 emission figures. The latter was a strong driver in kick-starting the preparation of climate accounts in 2021. In 2022, there will continue to be close dialogue and cooperation with the company's closest

stakeholders, with the ambition for more elements of the value chain to join forces towards the goal of a comparable CO2 calculation principle. This ambition and goal will be implemented and acted on through network groups, where learning and sharing ideas are the common denominator.

## **Further organisational development**

One prerequisite for the implementation of climate accounts was that in 2020, besides a Compliance function, a Business Control function was created to support the technical aspects of the formal reporting and structure of climate accounts. Another function, Head of Sustainability, ESG & Corporate Governance, will be added to manage and implement the company's sustainability strategy, sustainability programme, climate accounts and ESG practices.

## **Boost to expertise from training and networks**

In 2021, resources were allocated to upgrade qualifications and for training in the Sustainable Development Goals, CSR, sustainability and ESG. A number of Greenland's companies have formed a climate accounts network on this basis. This has enabled dialogue and agreement across the companies on the use of the same framework, which allows us to share a common terminology and data sharing method between the companies. The value comes from the fact that the positive (or negative) impact can be measured and specific efforts can be targeted, which adds value to Greenlandic society.

## **Leading the way**

Expectations of Royal Arctic Line from the company's owner, employees and business partners, as well as new reporting requirements that are continuously evolving from codified expectations and unwritten rules into new legislation, require the company to stay at the forefront. The climate accounts must accommodate the various EU initiatives and legislative proposals that aim to support the green transition.

## **Sustainability**

Sustainability is an issue that can be discussed and dealt with in many ways. At Royal Arctic Line, we believe that the economic, environmental and social aspects of sustainability are inextricably linked to the way we think and how we do things. Sustainability essentially means that economic and operational decisions are made on the basis of how they affect people and society. The decisions we make must not only contribute to increasing our positive impact on people and society, but also to minimising the negative impact of our activities.

# Climate and environment

Royal Arctic Line's ships are powered by fossil fuels (HFO), which emit large amounts of CO<sub>2</sub>. We consider this to be a significant risk to the climate and the environment. Royal Arctic Line is therefore highly aware of the potential to minimise our environmental footprint. One of the ways we do this is by choosing new technology for our new ship build programme, without compromising security of supply and operational reliability. This means that we need to focus on sailing as efficiently as possible with the least possible fuel consumption. We must be aware of new technologies that arise and their potential to support our optimisation of fuel consumption.

Royal Arctic Line has almost completed a comprehensive new ship build programme that has reduced the average age of our fleet from 29 to 7 years. We therefore expect 10-15 years to elapse before our next new builds are launched. In global terms, Royal Arctic Line is a small shipping company, and we naturally monitor developments within the industry and adapt climate- and environmentally-friendly technologies and opportunities when these become available.



Due to changes in legislation as of 1 January 2020, ships may only emit 0.5% sulphur. The majority of our ships therefore switched to low-sulphur oil (HFO LS). The reason that high-sulphur oil (HFO HS) is still being purchased is that the shipping company's Atlantic ship, Tukuma Arctica, has installed a scrubber to purify flue gases, and is thereby still in compliance with current legislation.

## **Ships' fuel consumption**

The extensive replacement of the shipping company's fleet has first and foremost resulted in a new fleet structure. From three Atlantic ships engaged in a regular service, we now only have one. With the deployment of Maleraq Arctica, we have replaced the chartered vessel Vestlandia, while new settlement ships have replaced the very old settlement ships, the "A-boats".

The increase in HFO HS consumption reflects that Tukuma Arctica has sailed for the full year, compared to only half of the year in 2020. Experience with the scrubber installed means that we are now sailing on HFO HS to a greater extent than before.

This is also reflected in our 50% reduction of HFO LS consumption, and also that only one ship crosses the Atlantic, instead of three as before.

The most significant change in the figures is the decline in the number of nautical miles sailed, which reflects the VSA collaboration on Atlantic routes throughout 2021. The number of nautical miles sailed in the Atlantic has been reduced by two thirds, as the Atlantic service is now operated by Tukuma Arctica, and by two of Eimskip's ships, Dettifoss and Bruarfoss.

The new requirements to improve ships' energy efficiency will be introduced with effect from 1 January 2023. This means that the world's merchant ships must undergo a number of technical and operational changes to meet the "EEXI" and "CII" energy-efficiency requirements adopted by IMO, the UN's International Maritime Organization.

The company will make preparations to fulfil these new international requirements in 2022.



### Cubic metres carried

In 2020, improvements were made to the calculation principles for cubic metres carried. In connection with the collection of data for this CSR report, it emerged that previously only licensed volumes were reported, without including project cargo or commercial cargo. This means that the previously reported cubic metres carried did not reflect the company's total activity. Going forward, the total volumes will be reported, i.e. both licensed cargo, project cargo and commercial cargo. Total cargo volumes in 2021 have increased by almost 5% compared to 2020. This development is primarily driven by growth in internal cargo volumes, which increased by 27% in 2021. Combined with lower overall fuel consumption and fewer nautical miles sailed, this shows that the fuel consumption associated with cargo transport has decreased.

Currently, no specific target figures have been defined for CO2 emissions per cubic metre carried. These are expected to be set in 2022.

### Improved utilisation of assets

Improved utilisation of assets refers to the very large seasonal fluctuations in Greenland's container market, where high season is typically from June to November, with low season from December to May. This means that for Royal Arctic Line to have sufficient capacity to cover the high season, there has to be excess capacity in the low season.

The VSA collaboration with Eimskip has been fully implemented and our efforts to sell available capacity together with our logistics partners are now in focus. The rise in demand to use Royal Arctic Line's service in the new markets contributes to increasing the rate of utilisation of the surplus capacity. This leads to increased revenue for Royal Arctic Line and thereby increased revenue for Greenland. Our efforts to sell available capacity in order to increase the utilisation rate of our ships will be intensified in 2022.

In addition to utilising our surplus Atlantic crossing capacity, there has been increased focus on utilising our ships during the low season, when large areas of Greenland are inaccessible due to the ice. The available ship capacity is sold via charter in other world markets. In 2021, an agreement was signed with the Alfred-Wegener-Institut (AWI) for a supply trip in November-February, when the German research station Neumayer III at the South Pole was supplied by Malik Arctica.

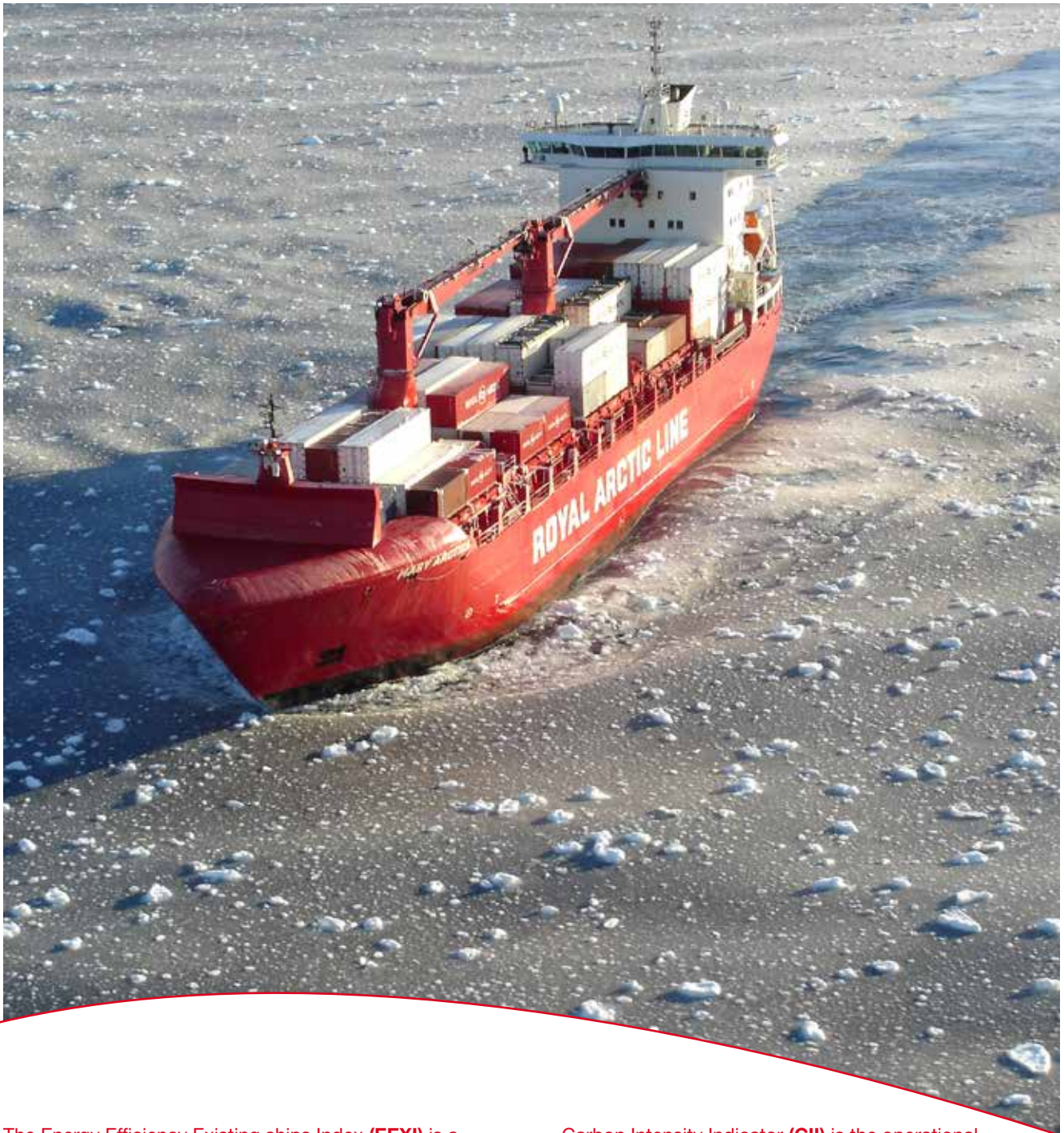
There are currently no specific target figures for the utilisation rate of the company's ships. The utilisation rate of our ships reflects our ability to effectively plan and operate, which can serve as a tool to reduce the company's CO2 emissions. During 2022, we will review how target figures for the utilisation rate of the company's ships can contribute to increased focus on minimising the company's CO2 emissions.

## Royal Arctic Line in figures

Ships' fuel consumption		2021	2020	2019	2018
MGO	Tonnes	9.484,3	8.282,5	4.999	5.171
HFO LS	Tonnes	7.269,5	14.233,1	4.603	4.919
HFO HS	Tonnes	10.583,36	6.143,1	16.261	18.597
Kilos of fuel/nautical miles	Kilos/nautica l miles	64,34	58,89	63,63	68,3
Nautical miles sailed	Nautical miles	424.897	486.683	406.471	419.630
<b>Cubic metres carried</b>	Cubic metres	991.842	945.895	916.482	915.091

### Evaluation of new technology

In 2020, Royal Arctic Line, together with Frugal Technologies and engine supplier MAN, installed newly developed technology on board Malik Arctica. This technology is a new patented and class-approved on-top smart engine control system, which can reduce the ship's fuel consumption by 10%. The project has been running for two years, and the evaluation phase has now commenced. This will show whether, over the period, the expected fuel consumption savings were actually achieved by using Frugal Technologies on Malik Arctica. It will then be evaluated whether further investments should be made in this technology going forward.



The Energy Efficiency Existing ships Index (**EEXI**) is a technical requirement for existing ships above 400 GT that will be introduced as from 1 January 2023. The requirement will ensure that ships do not emit more CO<sub>2</sub> per transport job than a specified benchmark value, which is determined by the ship's type and size. The requirement is the same as for new builds of equivalent size in 2023, i.e. all existing ships will be on a par with new builds from 2023.

**This requirement will apply to the following ships:**

Sarfaq Ittuk, Nanoq Arctica, Siuana Arctica, Maleraq Arctica, Ivalu Arctica and Minik Arctica. It will also apply to the remaining two ships, Tilioq Arctica and Arpaarti Arctica, which are expected to be delivered in 2022. After the delivery of the latter two, Anguteq Ittuk will no longer be part of our fleet.

Carbon Intensity Indicator (**CII**) is the operational requirement that has been introduced for ships exceeding 5,000 GT as from 2023. The requirement applies to both existing and new ships. By 2030, ships must gradually reduce their CO<sub>2</sub> emissions calculated per nautical mile and possible load intake, to give an overall reduction of relative emissions by 40% compared to 2008. While EEXI primarily concerns technical measures on the individual ships, CII compliance will require both technical and operational measures that extend beyond the individual ship, including route optimisation, minimisation of ballast trips and waiting time, and the introduction of new fuel types.

**This requirement will apply to the following ships:**

Tukuma Arctica, Mary Arctica, Malik Arctica and Irena Arctica.



### Scrapping of ships

In 2021, we bade farewell to three of our ships. These are Pajuttaat from 1979, Aqqaluk Ittuk from 1983 and Angaju Ittuk from 1984. The ships were sold for recycling at Jatop Aps in Frederikshavn, which is approved to recirculate ships with special focus on reduced environmental impact, cf. the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships. Our compliance with the Hong Kong International Convention is laid down in a policy which states that when the time comes to phase out one of our ships, the various options for sale for continued operation or scrapping will be assessed. When a ship is sold for further operation by another shipping company, a careful assessment of the potential buyer and their intentions for the ship is made prior to the sale. A clause is incorporated in the sales contract whereby the new owner is obliged to ensure responsible recycling/scrapping in accordance with the guidelines of the Hong Kong International Convention. The divestment is made according to BIMCO's RECYCLECON standard contract for the sale of ships for safe and environmentally sound recycling.

### Mobile cranes and vehicles powered by electricity

Royal Arctic Line operates two large mobile cranes at the Sikuki terminal at Qeqertanut in Nuuk. They serve all of the shipping company's ships, and are necessary to serve the Atlantic ships Tukuma Arctica, Dettifoss and Brúarfoss, which do not have cranes on board, which is otherwise characteristic of Royal Arctic Line's other ships. In 2020, one of the mobile cranes, known as the "South Crane", switched to electric power. The plan was for the "North Crane" to also switch to electric power, but due to travel restrictions in connection with the coronavirus pandemic in 2020, it was not possible to get a technician from Denmark to Nuuk to install the necessary equipment. This has still not been possible, and both cranes are now running on diesel. It is expected that transition to electrical operation would reduce Royal Arctic Line's, and Greenland's CO2 emissions by 169 tonnes per year, per crane, equivalent to 62 tonnes of diesel.

The effect of a transition to electric power on efficiency and electricity costs remains unknown, and there is still the small operational challenge that the crane's power cable is exposed on the quayside, with no shielding at the present time. Furthermore, operating personnel cannot connect the power function to the crane themselves, as this requires an authorised electrician.

The intentions are good, but the logistical and process-related challenges have currently not given us the opportunity to measure the value of this change. With spare parts and technicians, we expect to have the "North Crane" ready at the beginning of 2022, after which testing can begin.

Royal Arctic Line's fork lift trucks in the warehouses in Nuuk now also run on electricity and we are constantly reviewing which other equipment can be transitioned to electricity. Newly purchased staff cars are hybrid cars that can run on both electricity and petrol. Chargers have been installed for these at Royal Arctic Line's facilities in Nuuk.



Maintaining efficient operation requires skilled crane operators. In 2021, two male and one female crane operator were trained in collaboration with a local company that also operates mobile cranes. As many crane operators as possible need to be trained if we are to maintain efficient operation. Training our existing personnel in crane operation is an ongoing process.



Julie Lilly Fritsen, Navigator



# Occupational health and safety

Our employees are the central resource that is crucial to Royal Arctic Line's success. This is why we continuously work to improve the health, safety and well-being of our employees. One focus area is that our employees must have the right training and the right equipment. This is essential to their ability to do their jobs satisfactorily, for themselves, for the company and not least for the customers we serve.

Royal Arctic Line's core activities are sea transport, land operations and the administration of these activities. Employees on board the ships are involved in heavy work, which includes moving and securing containers on board. The same applies to our port operations in both larger and smaller towns, which involve varying physical working conditions. The work can be heavy and is often performed under great time pressure. These working conditions are considered a significant risk factor and may result in physical injury and psychosocial issues if the company's safety procedures and guidelines are not addressed.

The 13 ports that Royal Arctic Line operates in Greenland are connected to a regional port. However, it is up to the individual port to ensure that the working conditions are adapted to contemporary needs. 2021 saw several good examples of this, based on initiatives by the local ports themselves. A tour of all of Greenland's ports has identified that working conditions are not optimal everywhere. While so far it has been up to the individual port to ensure good working conditions for employees, a number of initiatives have been launched in collaboration between the individual ports and central functions to ensure good, healthy and motivating working conditions for all employees, regardless of location.

## At sea

Safety work is based on the International Convention for the Safety of Life at Sea (SOLAS) of the International Maritime Organization (IMO). A number of codes are derived from this Convention, including the ISM Code, which concerns the safe operation of ships, and the POLAR Code, which imposes additional requirements on ships operating in the Polar regions. Similarly, the company's ships on international routes are subject to the Maritime Labour Convention (MLC), which aims to ensure secure employment conditions in terms of a safe working environment, as well as social security. The systems that are regulatory systems require certification and ongoing inspection. Internal safety audits are therefore conducted on each ship annually, as well as external verifications at approximately 30-month intervals. Regular risk assessment of a number of work situations on board is also carried on the ships.

In 2021, a total of 110 near-miss incidents involving the company's ships were reported, compared to 80 in 2020. This reflects the phasing-in of new ships, which involves adaptation of work processes on board. In addition, a total of nine accidents were reported in 2021, compared to four in 2020, which are categorised as Lost Time Accidents (LTA).



Near-miss incidents are defined here as unforeseen events that did not result in an accident, illness or injury, but had the potential to do so. Near-miss incident reports must contribute to ongoing awareness of “unsafe conditions” on board the individual ships, so that potential safety risks can be rectified before anything goes wrong.

The written reports ensure opportunities for knowledge sharing, so that any similar conditions existing on the company's other ships can be adjusted in due time. A high reporting rate indicates awareness of the situation on board, which is a positive factor to improve the safety culture on board our ships.

#### **Near-miss incidents**

Each near-miss incident is assessed separately and analysed for any potential physical improvements or adjustments to procedures, workplace assessments, etc. Near-miss incidents can also indicate the crew's awareness of preventive safety measures. The aim is for near-miss incident reports to be shared across the fleet in order to increase safety awareness or adjust procedures. For example, the commissioning of new ships also entails new workflows, and new ships must also be phased in, so that procedures are adapted and adjusted over the first couple of years. Statutory safety committee meetings are held, and we are working actively and constructively to strengthen our safety measures.

An LTA is defined as an event that has resulted in an accident, sickness or injury where the person involved was incapacitated (off work) for more than 24 hours. Reporting is mandatory. The written reports ensure opportunities for knowledge sharing, so that any similar conditions existing on the company's other ships can be adjusted in due time.

The task of ensuring compliance with the aforementioned rules and guidelines is held by the company's ISM coordinator, whose function reports directly to the company's CEO.

## Royal Arctic Line in figures

Working environment on board		2021	2020	2019	2018
Near-miss incidents involving ships	Number	110	80	78	73
Lost Time Accidents (LTA)	Number	9	4	4	7



### Number of days since last LTA as at 31 December 2021

Sarfaq Ittuk	164 days	LTA 20/07/2021
Ivalo Arctica	1,241 days	LTA 08/08/2018
Minik Arctica	1,947 days	From the ship's delivery on 01/09/2016
Mary Arctica	583 days	LTA 27/05/2020
Pajuttaat	1,357 days	LTA 23/12/2017 – Sold 10/09/2021
Irena Arctica	36 days	LTA 25/10/2021
Malik Arctica	522 days	LTA 27/07/2021
Tukuma Arctica	157 days	LTA 27/07/2021
Nanoq Arctica	220 days	LTA 25/05/2021
Siuana Arctica	401 days	From ship delivery 25/11/2020
Maleraq Arctica	253 days	From ship delivery 22/04/2021

Settlement ship Anguteq ittuk is not covered by ISM due to its size, so that it is not included in the above overview.

During 2021, a total of nine LTAs were registered on the shipping company's ISM-certified vessels (ships exceeding 55 GT). These accidents took place on Sarfaq Ittuk, Irena Arctica, Tukuma Arctica and Nanoq Arctica.

## Onshore

In 2021, Royal Arctic Line's executive management toured all our ports, apart from Nanortalik, which was not visited due to weather conditions and the coronavirus. A visit to Nanortalik is planned in 2022. The purpose of the tour was to meet our colleagues, learn about their working conditions, collaborations and challenges, and to engage in dialogue about Royal Arctic Line's strategy.

This was an educational tour that gave rise to a number of necessary actions, both by the ports themselves and by head office. Based on the ports' experience, the position of training coordinator has been re-established, which among other things will ensure that the necessary safety courses are completed and the necessary certificates are maintained. Based on the findings from the tour, resources have been allocated to follow up and make improvements at several of the ports, with a special focus on improving the physical working environment.

There were a few minor occupational injuries during 2021. Ten minor injuries were registered, compared to five in 2020, which could have potentially resulted in a major injury, but where the injury did not require any sick leave. There were also four minor occupational injuries in 2021, compared to two in 2020, leading to shorter periods of sick leave. The injuries were caused by dropped twistlocks, a forklift that drove over a foot and falling on slippery surfaces. As in 2020, one major occupational injury was registered in 2021, when an employee fell from a container on board a ship during a ship operation, thereby injuring their shoulder. The episode resulted in a longer period of absence due to illness that lasted six weeks.

We give great weight to sharing information about occupational injuries, so that lessons can be learned from each incident, to avoid similar situations going forward. This information is currently shared with the ports, but not on a formal or recorded basis. There is still a specific objective to create a formalised reporting register, similar to ships' near-miss incident reporting, which will make access to information more visible, and ensure that any issue can be addressed on a systematic basis.

One example of initiatives in 2021 is our systematic, structured work towards implementing safety groups at all ports, as well as the formulation and communication of the importance of improving workplace health and safety. This initiative has been successful and all ports hold regular safety group meetings and report to the company's dedicated HSEQ function.

## Focus on job satisfaction

Again in 2021, Royal Arctic Line had a strong focus on employees' well-being, and in this context we conducted our annual employee satisfaction survey (MTU), with an overall response rate of 83%, compared to 72% in 2020, which is a significant increase. Job satisfaction was measured at 77 points on a scale of 100, which is a two-point increase compared to 2020.

A new aspect is that in 2021, the MTU was divided between onshore and offshore personnel. The safety committees on our ships helped to adjust the MTU questionnaire for maritime personnel, so as to include the issues that are of particular importance to seafaring personnel, thereby adapting the questionnaire to seafarers' working lives and workplaces. This initiative resulted in a significantly higher response rate of 63% in 2021, compared to 51% in 2020, and expressed a higher (72%) job satisfaction rate compared to 66% in 2020.

To ensure ongoing cooperation across all the various professional categories, in 2021 a maritime works council was established as the communication link between spokespersons, representatives and the shop stewards who also serve as the link between trade union and employer. They also function as communicators who speak on behalf of their colleagues when discussing various important and less important issues, for example, in connection with improvements to working conditions on our new ships.

The day-to-day efforts to ensure the continued well-being of our employees are delegated to individual managers. We endeavour to hold weekly manager/employee interviews to support the individual employee in their own tasks and continued well-being, while also supporting the manager in ensuring that goals are achieved according to the company's strategic priorities.

Our employee well-being measures continue to focus on ensuring that new employees are familiar with our business and know what is expected of them. In 2021, the company implemented a new onboarding programme for new employees, which was expanded with a separate onboarding programme for new managers who are recruited internally. With our focus on the onboarding of new employees and managers we wish to strengthen future employees' well-being by giving them the best possible conditions to start their new job.

Absence due to illness among Royal Arctic Line employees was measured at 2,44% in 2021. The principles for calculating absence due to illness have not previously included absence due to illness among seafaring personnel, so this figure cannot be compared with figures for previous years. The new calculation method applies the same accounting principles as will be used in the future reporting of ESG data.





### **Coronavirus – peace of mind for employees**

When we were all affected by the coronavirus pandemic in the spring of 2020, Royal Arctic Line drew up a policy for emergency childcare, working from home, illness and quarantine. The main principles behind the policy were to give our employees peace of mind and make it clear when the company would pay expenses resulting from absence due to the coronavirus. The aim of these guidelines was for the company to be able to maintain security of supply by protecting its employees in the best possible way, while minimising the financial impact on our employees. This meant that employees who were affected by coronavirus received full pay during their illness, regardless of whether they were salaried or hourly-paid employees.

# Competence development and training

Royal Arctic Line focuses on developing our employees' competences at all levels, and on the education of trainees and apprentices. We have a particular wish to strengthen the level of education in Greenland, in order to support society's positive development. Our goal is to be more self-sufficient with managers who, through their knowledge of the business, can help to strengthen the framework and quality that we as a company want to offer our employees and, not least, our customers. Our goal is to create opportunities for internationally-oriented education and training, including exchanges with other shipping companies, while also creating opportunities for training locally in Greenland.

Royal Arctic Line is privileged to have skilled and committed employees, and continued access to qualified manpower is very important to our business. The company's goal is for our employees to have a meaningful working life with focus on quality, commitment and motivation, which will contribute to our ability to retain our talented employees.

## Competence development

Competence development is a natural aspect of the individual employee's opportunities. As a 100% Greenland-owned company, Royal Arctic Line has a special responsibility to contribute positively to employment in Greenland, and is working to increase the proportion of Greenlandic managers in the company. This is achieved by ensuring that employees have access to supplementary training and by actively engaging in the development of maritime education programmes in Greenland.

In 2020, due to the coronavirus pandemic, online training was seen as a limitation of opportunities to upgrade competences, but in 2021 this created new opportunities. Meetings and collaboration continue to take place via online media, both as internal and external meetings. In some cases, this has strengthened participation, as the lack of ability to attend in person is no longer considered to be an obstacle.

In 2021, the company introduced several online courses and one training course. The course on GDPR and competition law is now held online and is helping to strengthen the company's Governance. The company's newly adapted middle-management programme is now partly conducted via an e-learning platform. This programme corresponds to an academy profession programme. The content has been formalised so that ECTS are earned, which can be transferred directly as credits for other education programmes.

It is still the company's declared objective that, with the help of e.g. data-driven HR, it must be possible to identify talents and employees with the potential to progress within the company. This may include employees who might go unnoticed on a day-to-day basis, but whose data reveals an ability and willingness to work towards and contribute to developing the company in a positive direction.

## Education

Royal Arctic Line has a long tradition for its commitment to strengthening the level of education in Greenland. The company's comprehensive traineeship and supplementary education programmes are important elements of the company's personnel strategy and of its responsibility to train local manpower. Royal Arctic Line offers different education programmes.

A Royal Arctic Line education programme provides qualifications for a career in the shipping company, while also ensuring a good foundation to seek career opportunities with other companies.

## Royal Arctic Line in figures

		2021	2020	2019	2018
Trainees	Number	60	55	57	63

## Royal Arctic Line offers the following training courses

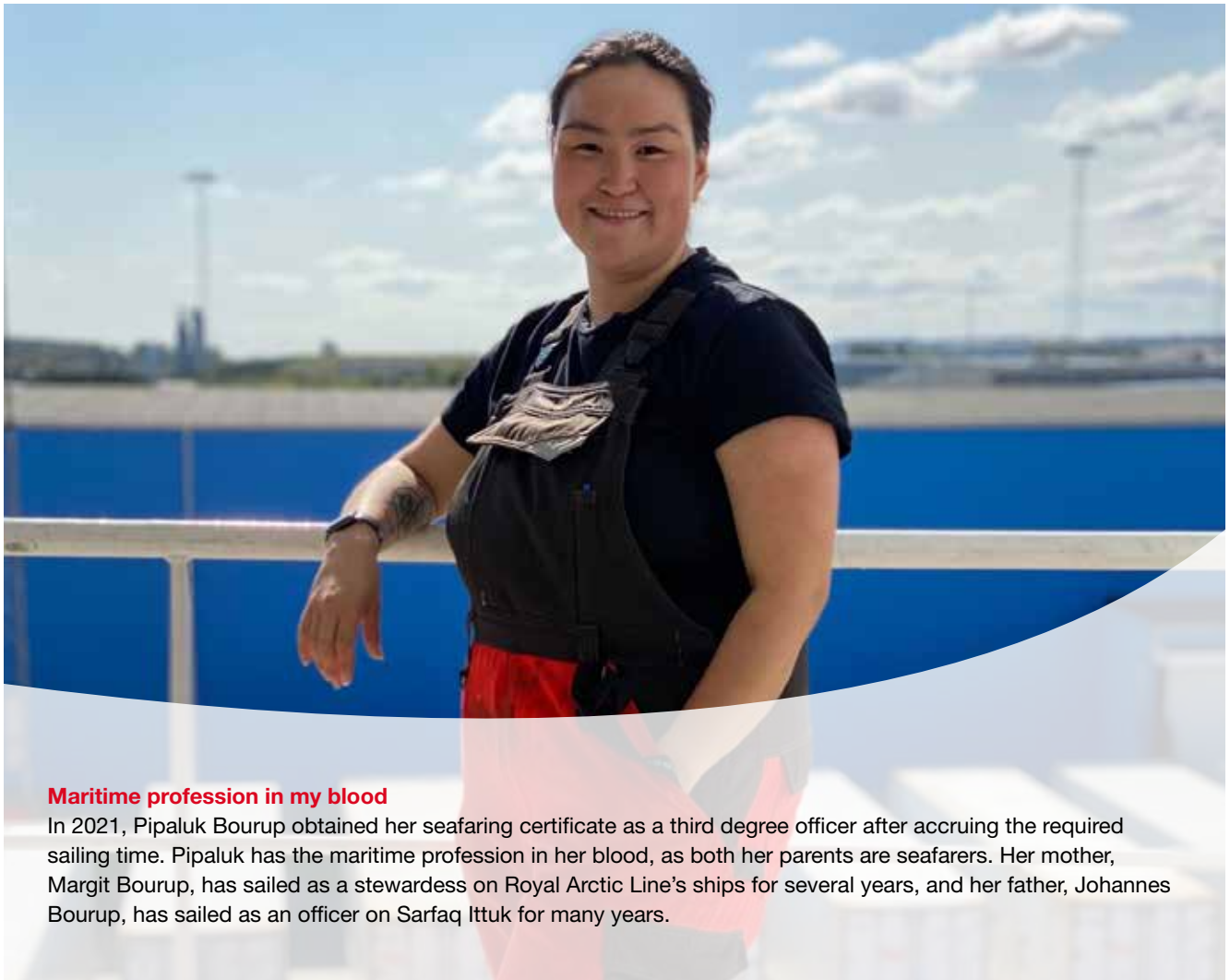
### At sea

- Navigator/Shipmaster (3 years 9 months)
- Marine engineer (3 years, 6 months)
- Ship fitter (between 3–5 years)
- Ordinary ship's assistant (5 months)
- Experienced ship's assistant (1 year, 6 months)

### On land

Academy profession programme specialising in:

- IT management and technology (2 years)
- Transport and logistics (2 years)
- International trade and marketing (2 years)
- Finance and resource management (2 years)
- Data technician (3–6 years)
- Construction machinery mechanic (4 years 6 months)
- IT supporter (3 years)
- Blacksmith (4 years)
- Shipping trainee (2 years)
- Terminal worker and dispatcher (3 years)
- TNI Administration (4 years)



### **Maritime profession in my blood**

In 2021, Pipaluk Bourup obtained her seafaring certificate as a third degree officer after accruing the required sailing time. Pipaluk has the maritime profession in her blood, as both her parents are seafarers. Her mother, Margit Bourup, has sailed as a stewardess on Royal Arctic Line's ships for several years, and her father, Johannes Bourup, has sailed as an officer on Sarfaq Ittuk for many years.

In addition to the education programmes offered by Royal Arctic Line, the company has a new goal of attracting young people from higher education programmes in Greenland and abroad to serve as student assistants or interns, or to take summer jobs. This will give students the opportunity to try out their theoretical knowledge in practice, while also making a positive contribution to the company's performance of its day-to-day tasks.

The company no longer offers the "Warehouse and transport employee training programme" as the course had too few applicants. The academy profession programme in IT management and technology (AU IT-Tek.) is now offered instead.

Shipping trainee was formerly known as the shipping education programme and is now part of the Danish Shipping Academy, which offers several education programmes.

In 2021, the onshore-based education programmes had a total of 47 students working towards completing a qualification, of whom 11 graduated in 2021. A total of 13 students graduated from our maritime education programmes in 2021.

### **Collaboration with educational institutions**

We maintain our good and constructive collaboration with Imarsionermik Ilinniarfik (Center for Maritime Education in Greenland) and with Danish maritime educational institutions. We also wish to strengthen our relationship with the newly-started marine engineering officer programme at KTI Sisimiut. In connection with the latter, the shipping company's chief engineers will be involved in order to ensure a common understanding and purpose for the shipping company's needs and requirements, and our wish to contribute to the training of local young people in the maritime professions.

We focus on promoting the company's education programmes, and in 2021 we were very proud and pleased to present newly-graduated ship's assistants, coastal skippers, salaried skippers and ship masters.





### Seafarers of the future

"All students in their final year at the Tasiilami Alivarp commercial college received an introduction to life at sea when Royal Arctic Line's crewing department invited them to a training day at the lower secondary school in Tasiilaq.

Royal Arctic Line had invited trainee salaried skipper Malik Pars Markussen to give a presentation, which made quite an impression, with photos from his trips to Antarctica and other destinations.

Some of the students expressed an interest in careers at sea, while others were more interested in onshore jobs.

"We can see that the students have the desire and energy for a career at sea. Many of them now have something to think about, while others are convinced that they want to be seafarers. A company visit like this one is a good idea and we wish that other workplaces would do the same," say Julia Maratse and Adolf Kristiansen, the two teachers of 8th to 10th grade students."

*Text and photos are from Royal Arctic Lines Facebook page.*



### Work experience interns

The restrictions due to the coronavirus pandemic prevented the company from accepting work experience interns from lower secondary schools in 2020 and 2021. We hope to resume this in 2022, when work experience internships will be offered as one week at sea and one week ashore at one of the ports in Greenland. Sarfaq Ittuk has good experience from accepting work experience interns, giving them the opportunity to try out the various functions on board and gain practical insight into the tasks involved for catering staff, stewards and stewardesses, navigators and ship's assistants.



# Community involvement

Royal Arctic Line has a special responsibility to ensure positive development in the community that it serves. We therefore seek to support relevant partnerships and projects by making our competences, services, time and/or sponsorships available.

## **Communal culture night**

At the start of 2021, the prospect of a cancelled night of culture in Nuuk prompted Royal Arctic Line to reach out to Air Greenland, Tusass, Nukissiorfiit and Mittarfeqarfiit, with a proposal for a joint manifestation of our shared responsibility for Greenland's infrastructure, as well as our support for art and culture. The result of this proposal was a light show on the hillside of Ukkusissaq, as a collaboration between the companies, lighting technician Naleraq Eugenius and graphic designer Najaaraq Rosing Petersen, a graphic designer at Royal Arctic Line.

## **Collaboration with Tilioq**

Each year, Royal Arctic Line's sponsorship committee chooses to support a major project in Greenland. In 2021, this resulted in collaboration with the Tilioq disability organisation, which received funding to release a series of documentaries and to develop educational materials to promote and create an understanding of the everyday lives of Greenland's disabled community.

## **Climate Accounts Network**

A commitment and wish to combine several climate competences in a single community has led to the creation of a Climate Accounts Network by a number of Greenland's companies. The aim of the Climate Accounts Network is to exchange learning, knowledge and experience. The preparation of climate accounts is a challenging new task for companies, and this network has created a forum where the exchange of knowledge and experience can help to strengthen the quality and accuracy of data from Greenland's supply chain for the respective Greenlandic climate accounts.

Royal Arctic Line's Sponsorship Committee meets once a month to process incoming sponsorship applications. The company makes services, competences and sponsorships available for initiatives that benefit Greenland, and provides support to children and young people, for cultural and sporting events, for the under-privileged and for educational activities.

Royal Arctic Line sponsors freight within the shipping company's shipping areas, as well as cash sums for events or projects that are of relevance to Greenland. Funds have also been allocated to all ports, to support local activities.





#### 150 kg of lamb for Kofoed school

The annual Christmas gift for the company's employees for the last three years has been produce from Greenland. The 2020 gift was lamb from Neqi A/S. Extra lamb were donated to Kofoed School in Nuuk, for the benefit of both staff and clients.

#### Dialogue meeting with the Trade Council in Tasiilaq

"CEO Verner Hammeken, Regional Harbour Manager in Southern Greenland Efraim Tittussen and Harbour Manager in Tasiilaq, Poul I. Sørensen, held a dialogue meeting this morning with the Trade Council in Tasiilaq. The meeting was held in a positive spirit. The Trade Council expresses its satisfaction with – firstly – that the first ship of the year called at Tasiilaq in May, compared to the norm in June, and secondly that the Trade Council could now see that the initiatives for development, which they had been working on for a long time, now appear to have been realised with Tasiilaq's new connection to Iceland with Nanoq Arctica.

The Trade Council was also pleased that Royal Arctic Line is focusing on creating opportunities for the development of the fishing industry, now that rapid exports are possible because of the shipping company's VSA sailing to Scandinavia and Europe. The Trade Council is also looking forward to the stabilisation of the new service via Reykjavik, based on the common experiences that were exchanged.

"With Nanoq Arctica, something new has happened to infrastructure on the east coast, and together we must now find out how we can best utilise all the new opportunities. We also talked about how we can improve the service here in Tasiilaq, based on experience from last year, so that we can make it easier for the city's commercial customers to operate trade and business," said Verner Hammeken.

The municipality was also pleased that Royal Arctic Line once again visited Tasiilaq – after the official naming of Nanoq Arctica last year – now with training and recruitment days, which the municipality felt were a great success."



#### Orienteering race at the harbour in Tasiilaq with Royal Arctic Line

"Royal Arctic Line completed its training and recruitment days in Tasiilaq with an orienteering race on the port late in the afternoon.

Despite a strong wind starting to come from the south, 94 children, young people and adults came along, and it was the children Inuk Poulsen and Kunnak Korneliussen who won the first and third prizes, respectively, while teenager Otto Nathanielsen came second. None of them had difficulty guessing that the first ship this year was Mary Arctica and that Nanoq Arctica was officially named in Tasiilaq last year."





### Nemo Thomsen

"It's healthy to think big and dream big, which is why I would encourage my peers to seize the opportunity when it arises. It's good to travel and gain experience. With my soccer ambitions, I understand the importance of support and encouragement, also financially, and I'm grateful to Royal Arctic Line for their sponsorship."

### Sponsorships

Sponsorships have been granted to a number of young sports talents, including 16-year-old soccer talent Nemo Thomsen from Ilulissat, who plays for Kolding's first division club for under-17s. In 2020, Nemo Thomsen was provisionally selected for Greenland's national soccer team as the youngest player in the squad. Another sporting talent is 18-year-old Karoline Nielsen, who rowed her way to a placing as the world's 8th fastest solo canoeist at the world championships for under-18s in Portugal. After competing in the World Championships for Young People in Portugal, she went to Romania in September 2021 to compete in the Marathon World Championships.



### Karoline Nielsen

"Karoline has enjoyed the support she has received from Royal Arctic Line and has made the sponsorship visible by displaying the shipping company's logo on the canoe she competes in for the championships."



# Governance

In 2021, Royal Arctic Line's Governance was analytically reviewed for potential and possible risks, including with regard to the issues of anti-corruption and business ethics, as well as human rights and labour rights. Royal Arctic Line's value chain was mapped out, with focus on whether there are sustainability risks associated with the supplier and business partner value chain. This risk analysis provided an overview of relevant sustainability issues and risk areas throughout the company's value chain. These value chain issues will be used later in the process for the strategically most significant focus areas and in the preparation of the company's sustainability strategy and policy. We will also look into the possibility of establishing a formalised Governance programme for human rights, anti-corruption, supplier and business partner compliance, as well as diversity.

## Human rights

Royal Arctic Line respects international human and labour rights and works consistently to provide employees and potential new colleagues with equal conditions and opportunities, such as in relation to equal access to jobs. Applicants with the same qualifications must have the same opportunities for employment. Since 2016, Royal Arctic Line has worked systematically with data-driven HR to reduce the risk of discrimination and to provide a more objective tool for the assessment of job applicants. Data-driven HR also provides more objective perspectives for the assessment of existing employees in relation to opportunities for development and advancement in Royal Arctic Line.

Royal Arctic Line's work with human rights is supported by the personnel policy's guidelines for how the company relates to issues that include: focus on employees and development, focus on communication, well-being and safety, development and training, safety and auxiliary equipment, staff accommodation, employee benefits and personnel policies. The personnel handbook was last updated in 2017, and we aim to update it and make it easily accessible to all employees in 2022.

No violations of international human and labour rights were observed in 2021.

## Anti-corruption measures

Royal Arctic Line does not accept bribes or other forms of unethical business conduct. We are therefore working to strengthen our internal rules, inspections and auditing to ensure that Royal Arctic Line and our activities always comply with applicable legislation and principles for ethical business conduct.

In connection with the VSA cooperation with Icelandic shipping company Eimskip, there are interfaces where there is a risk that business-sensitive data may be shared. In 2021, the company therefore trained 49 employees in competition law. These are employees who, in the performance of their tasks, are at risk of violating applicable legislation and principles for ethical business conduct. The training programme is concluded with a test that certifies the employee for one year. New employees will be offered training on an ongoing basis.

Royal Arctic Line wishes to operate in a transparent and corruption-free market, both nationally and internationally. Although the shipping company's domestic markets in Greenland and Denmark have no significant problems in these areas, the development strategy also includes new markets and new collaborations with industries where there is potential for corruption. Royal Arctic Line has adopted an anti-corruption policy to strengthen internal rules, control mechanisms and auditing, to ensure that the company's activities are always ethically sound.

A goal for 2022 is that the company's anti-corruption policy should be evaluated and updated. The risk analysis conducted in 2021 showed that the development of tools to manage the company's Governance can reduce the potential for issues such as bribery. One example is the company's existing reporting form for the receipt of gifts. In the same way, the company's anti-corruption policy must be more visible and other efforts must be strengthened, to ensure that Royal Arctic Line's employees are familiar with the policy's content and expectations.

## Whistleblower scheme

In December 2021, Royal Arctic Line introduced a whistleblower scheme. The purpose of the whistleblower scheme is to create a platform which Royal Arctic Line's employees and Board members can use to file reports on a secure and confidential basis concerning any reasonable suspicion of serious and critical circumstances or unlawful conduct. The whistleblower scheme must contribute to supporting and promoting the values and standards that characterise our company, including that reports are used constructively for improvement, and for the prevention and elimination of serious errors and irregularities at Royal Arctic Line.

The company's policy for the whistleblower scheme is freely available to everyone at the company and can be found on the company's intranet. In connection with the Board of Directors' ordinary meetings, quarterly reports will be submitted on the use of the whistleblower scheme. According to its annual work cycle, the Board of Directors will assess whether the company's whistleblower scheme policy complies with applicable legislation and human rights.

In 2021, no reports were registered via the company's whistleblower channel, which is handled by an external law firm.

At the end of 2021, we were in dialogue with a course provider that already provides online training in GDPR and competition law to include anti-corruption in their courses. Anti-corruption training is expected to commence at the end of Q2 2022.

We are not aware of any breaches of these anti-corruption regulations in 2021.

### Suppliers and business partners

We actively engage with our suppliers and business partners to reduce our environmental impact. We therefore actively enter into dialogue with and make demands of our suppliers to promote sustainability, for example by exploring the market for less environmentally invasive alternatives, e.g. in connection with the scrapping of ships. We now have a formalised policy for the scrapping of the company's ships.

The risk analysis conducted in 2021 revealed a need to prepare a corporate code of conduct for our supply chain, as part of the company's anti-corruption policy. There is also initial pressure from our stakeholders requiring figures for the company's CO2 emissions, for use in the preparation of their own emission figures.

There will be special focus on this in connection with the strengthening of the company's Governance and the preparation of the company's sustainability strategy.

### Diversity

In line with the Guidelines for Corporate Governance in Limited Liability Companies owned by the Government of Greenland, Royal Arctic Line maintains an ongoing focus on diversity. Among other things, this will be achieved by upgrading the qualifications of three employees in the "Diversity and Inclusion" discipline in 2022.

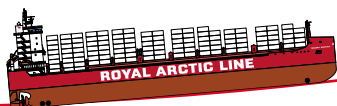
The company believes that a combination of professional and human competences is an important parameter in the recruitment of managers. Since staff turnover rates at Royal Arctic Line's management levels are very low in certain areas, influencing the gender distribution is a protracted process. Especially at the second management level (e.g. harbour managers, ship masters, chief engineers, etc.), the proportion of women is lower than shown by the company's total gender breakdown statistics, and the staff turnover rate is also very low at this management level.

At non-management levels, the shipping company collaborates with the respective municipalities to provide workplaces for people who find it difficult to the labour market. As part of our Corporate Policy Programme, it is expected that a policy will be developed that will include diversity and inclusion, including gender under-representation.

### Gender composition of management

The Board of Directors consists of six members who are elected at the annual general meeting and three members who are elected by the company's employees. The members elected at the annual general meeting are three women and three men, which fulfils the goal of 40/60 distribution in relation to the under-represented gender. The three employee-elected members are men. At the end of 2021, Royal Arctic Line's senior management comprised two men and one woman.

Going forward, the gender diversity of the Board of Directors and senior management will be implemented as a percentage unit in the company's ESG practices, which are being prepared.



## Royal Arctic Line in figures

Gender composition of management		2021	2020	2019	2018
Gender diversity of the Board of Directors	Proportion of men/women	3/3	3/3	3/2	2/3
Gender diversity in senior management	Proportion of men/women	2/1	2/1	2/1	2/1
Gender diversity in management	Proportion of men/women	4/3	5/2	5/3	7/3

# Sustainability, ESG and Governance & Compliance in 2022

A concrete result of the efforts in 2021 is that a new department will be established as part of this development work. This department will be responsible for the company's social responsibility, CSR and ESG in close cooperation with Governance, Risk Management and Compliance. Together, these will form a value-creating pillar to add value via the sustainable development of Royal Arctic Line.

The process towards a formalised sustainability strategy and sustainability programme is being launched, based on the data that the company currently has in line with the deployment of the business strategy for 2022–2027 – "Fælles om stærke leveringer og vækst" (Together towards robust deliveries and growth). A large element of this process concerns adopting initiatives, and determining key focus areas, on the basis of where Royal Arctic Line wishes to contribute to making a positive difference.

The company's focus will be on a list of actions for which Governance, risk management and due diligence are keywords. Further work will take place on topics identified via desk work in cooperation with operations, among other things with focus on employee development, working conditions, climate and environment.

In 2022, a Corporate Policy Programme will be launched to strengthen the company's Governance. A systematic and structured review of the company's internal and external policies will be conducted to ensure that these are in accordance with current legislation and industry-specific guidelines. In cooperation with relevant departments, processes will be drawn up to ensure that the company complies with these policies. This programme will continue as an ongoing due diligence process in Royal Arctic Line.

Royal Arctic Line is proud to be assigned responsibility for the security of supply to all of Greenland. This responsibility imposes an obligation on us in everything that we do, also in relation to our contribution to the positive development of Greenland's society.

We will continue our involvement in the local community and continue to focus on the well-being of our employees. Employees who thrive are good for the company, which is good for the employee and their family, and ultimately good for the whole of society.





