

SUSTAINABILITY REPORT

2022

ROYAL  ARCTIC

“We will connect Greenland to a sustainable tomorrow”

– Royal Arctic Line’s sustainability strategy 2022-2025.

READING GUIDE

This reading guide is designed to show where you, as a reader, can find the information most relevant for you. This Sustainability Report is structured in five parts.

Introduction

About the report, foreword and business model

This describes who the report is aimed at and that our ambition is a compliance-driven approach with top management commitment.

We describe how we are on a sustainability journey, where this year we work with expanded reporting of non-financial data.

Our business model and activities help define specific and relevant key ESG figures.



Setting the framework

Sustainability strategy and management

Here, we describe new key attention areas and new concepts we are working with:

- Strategy in the short term
- Objectives
- Stakeholder relations
- Materiality and double materiality
- Setting the tone from the top
- International framework
- Significant risks and risk management



The year 2022

This is a reflection on the past year.

This reflection gives rise to our own learning, but also forward-looking development in the business within the sustainability agenda and the green transition.

What sustainability means to us

We approach the concept of sustainability on the basis that we will reduce or completely eliminate our negative climate, environmental and social impact. At the same time, we will maximise the value that our business and core services bring to the Greenlandic population, the company’s sole shareholder, our employees, customers, suppliers, the local community, and not least our planet as a whole.

“ We believe that these efforts will help demonstrate our responsibility and raise the standards of our business, sector and industry as a whole.

Subject-specific

Sustainability principles

This describes our transition phase from a less systematic CSR reporting towards a more systematic and standardised way of working strategically with sustainability and ESG reporting. ESG stands for Environment, Social and Governance.

The chapter covers our most important impacts, where the starting point is relevant compliance-driven topics:

Report on Corporate Social Responsibility, cf. Section 99a of the Danish Financial Statements Act

- Climate & environmental impact
- Human rights
- Social data and employee conditions
- Anti-corruption

Report on the gender composition of the management, cf. Section 99b of the Danish Financial Statements Act

- Target figures for the executive management
- Policy for other management levels

Report on the diversity policy in management, cf. Section 107d of the Danish Financial Statements Act

- General information on diversity in Royal Arctic Line’s management

Community involvement

- Sponsorships
- Community activities

The role of management

- Digitalisation with a focus on Information Security and Cyber Security
- Climate-related financial risk management and opportunities in the medium and long-term strategic path of the company’s initiatives to minimise adverse impacts on climate and the environment:
- Task Force on Climate-Related Financial Disclosures (TCFD) and Science Based Targets initiative (SBTi)
- Management conditions
- Policies and procedures
- The value chain: Suppliers and business partners

Other development topics and areas, see next page “Table of Contents”.



Accounting Practices

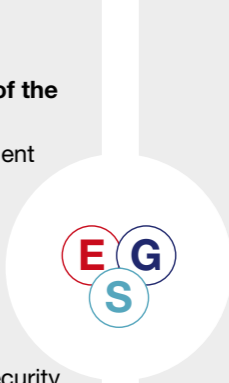
Data and reporting method

The following describes our accounting policies:

- Framework used
- Accounting policies for development data
- Overview of ESG key figures
- Notes

We have aggregated our data into an overview of ESG key figures, followed by notes for each key figure.

The notes explain definitions of key figures, and the calculation method and reason for the key figure.



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“ We have to be able to show that we are making a difference. This is a journey of development that sees us working every single day to ensure that we make a difference in the right direction.

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

About the report

This report is aimed at our owners, employees, customer relations, business partners, the supply chain, banks and the local community.

Our ambition is to achieve comprehensive ESG reporting, which we expect to be able to deliver in connection with the report for 2024/2025. It is our aim that the report will include and show the process and progress in connection with our ambitions to play a role in the shared global challenge of sustainable development.

The company's work with ESG key figures on climate and environmental, social and governance issues provides a detailed insight into our business. ESG key figures are included based on where the company has the greatest risks and most significant conditions in terms of influencing sustainable development.

It is our intention to prepare an ESG report that is balanced and accurate in relation to the status and progress of ambitions and goals.

The ESG report will feature an overview of Royal Arctic Line's most significant ESG key figures and results achieved in each area (E, S and G). An accounting note will be linked to each key figure. Our principle of transparency provides explanations of the calculation method and justification for the key figure.

Our development work from the CSR Policy 2012 towards an ESG report thus provides an overview of progress and development within the various areas and overall objectives that we have defined in our sustainability strategy.

Extended reporting of non-financial data

In the process leading towards an ESG report, we have expanded our previous reporting of key figures, which covers several relevant aspects of ESG. These additional key figures in 2022 are referred to as development data key figures.

Our expanded reporting is an ongoing process that begins with mapping and is followed up by a gap analysis. The purpose of the gap analysis is to map out which initiatives have to be supported or initiated in order to be able to report within the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD) in the future.

CSRD is the EU's sustainability reporting directive, which replaces the current EU reporting requirements concerning social responsibility, which have been implemented in the Danish Financial Statements Act.

CSDDD is the EU's forthcoming directive, which places demands on the largest companies in relation to avoiding violations of human rights and environmental abuse, both in their own activities and in their value chains.

In relation to climate and environment, data on all essential activities defined by the Greenhouse Gas Protocol (GHG Protocol) is collected and pressure-tested. This is the data used to prepare the company's statement of CO₂e emissions, and follows the method and principles set out in the GHG Protocol.

The GHG Protocol divides emissions into three "scopes", depending on which activities are the source of the emissions.

This year, we have expanded our reporting in the area of social data to include our employee turnover ratio, the gender composition of management, and in the area of governance data we have included attendance at Board meetings and the CEO pay ratio.



Foreword

The sustainability agenda is on the global agenda, and work to integrate sustainability into a business in a strategic, systematic way is necessary. It is expected of the owner, employees, stakeholders and customers that companies of the future will have a sustainability strategy that both boosts and supports the business strategy itself. There will also be requirements for increased reporting and audits, as already known from the financial audit in connection with the introduction of the EU's CSRD sustainability directive, which applies from 2024. Since 2012, Royal Arctic Line has had a CSR Policy, which the current sustainability strategy builds on and replaces.

The major difference between Royal Arctic Line's CSR Policy and the sustainability strategy is that the strategy directly supports the business strategy in a clearer, more systematic way.

A new feature is that this year's reporting is based on addressing future new legislation in the area. Reporting is based on international standards and principles, including adherence to Science Based Targets (SBTi). We also apply well-known and comparable frameworks as a way of working with sustainability, risk and data, including the Task Force on Climate-Related Financial Disclosures (TCFD).

The actual purpose is first and foremost to comply with current rules and legislation, which is absolutely mandatory, but it is every bit as important to reap the business benefits from these initiatives. Our compliance reporting within the aforementioned frameworks is not complete this year, but is based on preparation for the requirements that the company will have to meet in the years ahead.

Our ambition is to achieve comprehensive ESG reporting, which we expect to be able to deliver in connection with the report for 2024/2025.

It is our aim that the report will include and show the process and progress in connection with our ambitions to play a role in the shared global challenge of sustainable development.

The company's work with ESG key figures on climate and environmental, social and governance issues provides a detailed insight into our business. ESG key figures are included based on where the company has the greatest risks and most significant impact in terms of influencing sustainable development.

Our sustainability strategy is based on three principles:

Clear responsibility for climate and environmental impact is about being aware of and responsible for the footprint left behind by running our core business. The company shall lead the way when it comes to knowledge of new technologies that can reduce the environmental impact.

Responsibility for the whole person comes from Royal Arctic Line being able to play a highly significant role in the development of Greenlandic society, by playing an active part in supporting the population's opportunities for education and work, and also by strengthening families by offering a good, safe workplace with the opportunity for employees to experience both professional and personal growth.

Responsible governance is about creating the framework for a good, safe workplace, with transparency and credibility as the guiding principles. Ensuring good, effective communication at all levels and running a business based on good governance and compliance is absolutely fundamental.

Even though this year's report focuses particularly on living up to international frameworks and principles, there should be no doubt that our sustainability efforts are primarily based on our commitment to Greenlandic society. Our local engagement is integrated into the business and, we also contribute through activities and sponsorships to support and develop both cultural and sporting activities for the benefit of both children and young people in Greenland.

We wish our readers a pleasant read.

Copenhagen, 8 March 2023

Verner Sonny Daugård Hammeken
CEO



Business model

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.

The concession applies to cargo such as

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

“Connectivity is one of the preconditions for better support of growth opportunities for all countries. Connectivity is therefore also a parameter for the future development of our services, either directly or indirectly.”

(Verner Hammeken, CEO)

The shipping company is a lifeline for Greenlandic society.

The Government of Greenland has awarded Royal Arctic Line an exclusive concession for the carriage of sea cargo for commercial purposes to, from and within Greenland. This exclusive right entails a legal obligation to ensure the supply of goods to communities in Greenland. The terms and conditions concerning frequency of calls, capacity and security of supply for all towns in both West Greenland and East Greenland are stipulated in the concession.

Training and workforce

- 787 employees (FTE)
- 42 students (included in FTE)



Customer relations

- Private customers
- Business customers
- Business partners
- Suppliers
- Banks

VISION

“ We will connect Greenland to a sustainable tomorrow”

— Royal Arctic Line’s sustainability strategy 2022-2025.

MISSION

“ We integrate sustainability into the way we work to create development opportunities for the population as a platform for responsible growth, for the benefit of all of Greenland.”



Ships and passenger ships

- 11 cargo ships
- 1 passenger ship



Cargo volumes

- Cubic metres carried, licensed
- Cubic metres carried, incl. project cargo
- Cubic metres carried, total



Port terminals and ports of call in Greenland

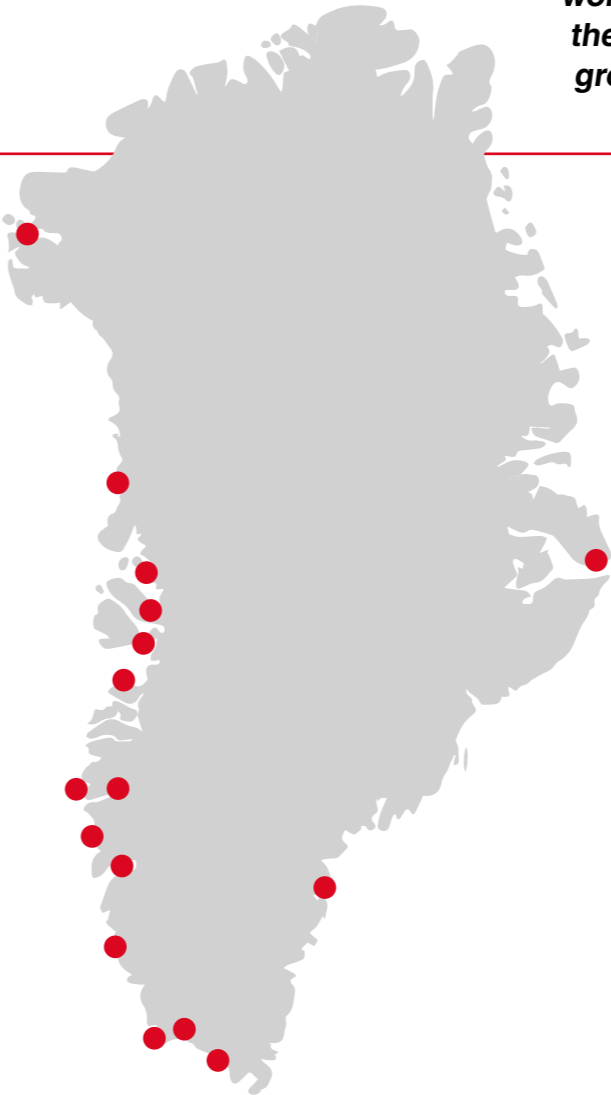
- Operates 13 port terminals
- Has 65 ports of call (settlements and towns)
- Call at 1 mine
- Calls two airports (Kangerlussuaq and Narsarsuaq)

Ports of call outside Greenland

- Aarhus
- Helsingborg
- Tórshavn
- Reykjavík
- Reyðarfjörður

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

The passenger ship, Sarfaq Ittuk, is owned by Arctic Umiaq Line A/S, which is a subsidiary and is wholly owned by Royal Arctic Line A/S.



In recent years, Royal Arctic Line has undergone extensive changes, which has resulted in a significant increase in Greenland’s connectivity with the rest of the world, through direct connections to several ports. According to a survey conducted by the UN organisation UNCTAD, Greenland’s connectivity with the rest of the world increased by 160 % from 2019 to 2022.

The changes have also resulted in the phasing out of obsolete ships, which have been replaced by seven new ships. Delivery of the last two settlement ships was completed in 2022. The replacement of the majority of the fleet has seen the average age of the shipping company’s vessels being reduced from 29 to 6.5 years in 2022. This means: less maintenance, more fuel-efficient engines and increased capacity.

SUSTAINABILITY STRATEGY AND MANAGEMENT

“ Business strategy and sustainability go hand in hand.

In September 2022, the company adopted a new sustainability strategy for the period until 2025. Since 2012, Royal Arctic Line has had a CSR Policy, which the current sustainability strategy builds on and replaces.

The major difference between Royal Arctic Line's earlier CSR policy and the new sustainability strategy is that the strategy directly supports the business strategy in a clearer, more systematic way. With the new sustainability strategy, management has laid the course for targeted initiatives to be deployed in the areas where Royal Arctic Line believes in particular that a difference can be made.

What are ESG key figures?

ESG stands for Environment, Social and Governance. ESG has evolved into a tool that companies can use to provide a more nuanced picture of their business. ESG data is now being widely used to communicate the company's sustainability strategy to investors, who use key figures to assess how risky companies are and, together with financial data, to acquire a full overview of the costs associated with investing in them. Credible hedging of ESG-driven opportunities and risks helps ensure consistency between core activities, ESG policies and communication.

Source: www.erhvervsstyrelsen.dk

The company's transition from its previous CSR policy to its new sustainability strategy is a development process with a long-term perspective.

Our strategic sustainability initiatives will lay the foundations that enable the company to comply with the new future EU regulations, standards and directives.

The aim is also to reap the commercial benefits of the initiatives and contribute to a positive, sustainable future, primarily for Greenland, but also globally.

The strategy

Royal Arctic Line's sustainability strategy is based on three strategic principles, which are communicated using ESG key figures.

E Clear responsibility for climate & environmental impact

“ We want to be aware of and responsible for the footprint left behind by running our core business. We will work in a targeted way so we can present climate accounts. The company shall lead the way when it comes to knowledge of new technologies that can reduce the environmental impact. In due course, this will mean investments in greener materials, with a view to greenhouse gas reductions and a reduced environmental footprint in the long term.

S Clear responsibility for the whole person

“ We will play an active part in supporting the population's opportunities for education and work – and we will enhance family life by offering a good, safe workplace with the opportunity for both professional and personal development, regardless of gender and background. We want to be a leader in competence development – we want to be Greenland's best workplace.

G Responsible governance

“ We will not compromise on security of supply, while creating the framework for a good, safe workplace, with transparency and credibility as guiding principles. We will operate a business based on good governance and compliance, where the ambition is to be at the forefront of national and international legal requirements.

Sustainability House

The Sustainability House visualises the sustainability strategy.

“ The focus areas are identical to the focus areas from the three strategic themes of the business strategy: strengthen our common culture, strengthen our core performance and grow our top line. This means that the objectives of the sustainability strategy directly support the company’s business strategy.

In 2023, the Sustainability House will be supplemented with a Sustainability Programme in which key figures and specific measures will be described in ESG key figures to make it possible to document implementation and progress.

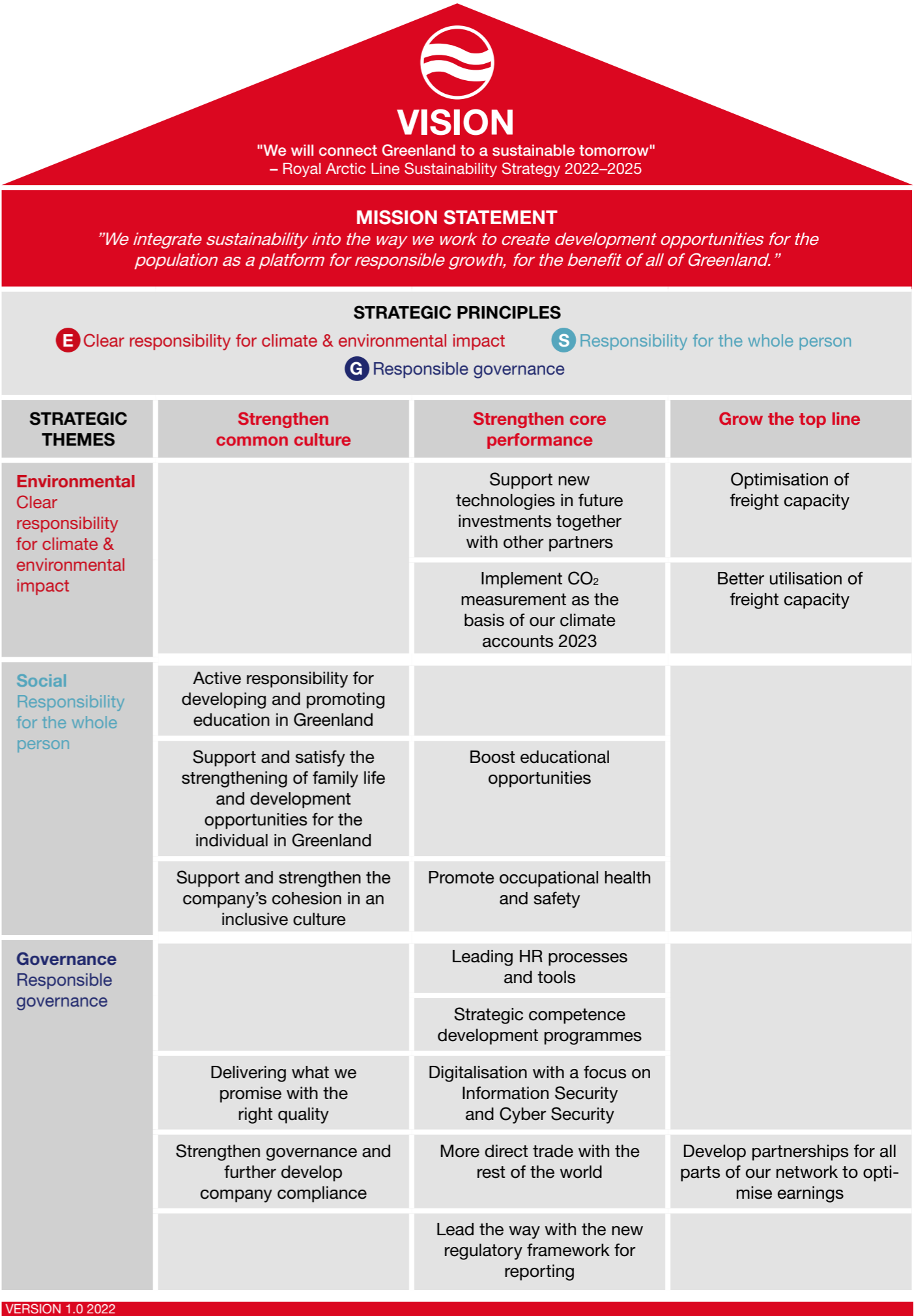
Selected international standards and frameworks, see page 22 on Sustainability frameworks.

Sustainability governance supports the company in working with qualified and comparable data and correct reporting.

Taken as a whole, work on the strategy therefore includes: The Sustainability House, the Sustainability Programme and the reporting principles.



Tuperna Johansen



VERSION 1.0 2022

Sustainability objectives

“ The strategy resides in the management team.
But change only happens if it comes to life on the ships, at the ports and in the departments.

One objective in 2022 was the formalisation of Royal Arctic Line’s sustainability strategy, which was formally approved by the Board of Directors in September 2022.

With the launch of the new sustainability strategy towards 2025, a course has been set for the company to be able to initiate measures in the areas where we believe in particular that we can make a difference.

The first step, and a success criterion for the rollout of the strategy, is to spread awareness of the sustainability strategy so that all Royal Arctic Line employees know why we are working with sustainability and what we want to achieve.

Precisely how we are to achieve the Sustainability House’s objectives will be determined in the first half of 2023. Identifying objectives and implementing measures will require new processes and policies.

In order for this to take place in a known and accepted structure, work has been initiated to strengthen and ensure a structure and framework for the company’s policies, known as a Corporate Policy Programme.

“ We must have realised our mission to integrate sustainability into the way we work to create development opportunities for the population as a platform for responsible growth, for the benefit of all of Greenland.

The sustainability strategy is being followed up with a Sustainability Programme, in which the most important key figures are being determined, with which we will document progress in relation to the Sustainability House’s objectives.

Double materiality

One concept that companies are increasingly having to consider is ‘double materiality’. For many years, we have been hearing about how companies have a negative impact on the world at large – one example is the company’s CO₂ emissions, which have a negative impact on the climate. But how does climate change affect the company? This is the essence of double materiality and is something that companies will increasingly have to consider and not least report on in a number of different areas in the future.

Source: www.pwc.dk

Actions after the approval of the sustainability strategy

- The sustainability strategy was presented at the company’s annual management seminar, attended by 50+ managers and key individuals. The participants came along with input into measures to achieve the company’s sustainability objectives
- The Sustainability Department has been regularly attending department meetings, where there has been dialogue about the departments’ opportunities to contribute to the objectives
- The Sustainability Department participated in the ship management meeting held in December 2022, where the sustainability strategy was presented and input from ship management was obtained on possible measures on the ships

The key figures will be incorporated into the ESG framework based on the principle of double materiality.



In 2022, the management toured most of the ports in Greenland. During the tour, the management learned more about conditions at the ports, and received input on actions and wishes for the future. We cannot take action on everything, but there were many good ideas for what we can do to make Royal Arctic Line an even better workplace.



Our stakeholders



Stakeholder relations

Royal Arctic Line's stakeholder relations primarily encompass the Greenlandic population, the company's sole shareholder, employees, customers, business partners, suppliers, banks and the local community.

The latest stakeholder analysis from 2021 focused on the company's sole shareholder and banks, business partners (including Eimskip and other Greenlandic companies, as well as auditors), our employees and our commercial customers.

The analysis provided an insight into what stakeholders considered it significant that the company should be involved in with regard to the sustainability agenda, and has helped to qualify the company's materiality analysis, from which specific objectives and actions have been derived.

CSR Greenland and the Climate Network (a network of Greenlandic companies that are also working with sustainability) have continuously assisted with the sharing of ideas and boosting professional competence, particularly in the areas of sustainability and ESG issues.

The stakeholder analysis from 2021 is being qualified on an ongoing basis with available data and other stakeholders. The focus in 2023 will be on the Greenlandic population, private customers, the value chain and the local community concerned.

The aim is to regularly revisit the materiality analysis, which will be supplemented by a gap analysis in 2023.

In order to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD), which is an example of an upcoming regulation, there will be a special focus on the supply chain and the entire value chain.

Examples of specific focus areas and actions

This overview has its origins in the stakeholder dialogue and describes contact interfaces with stakeholders, identified focus areas and selected actions:

Primary stakeholder relations	Contact interface	Focus areas	Selected actions
The company's sole shareholder	<ul style="list-style-type: none">Ongoing dialogueAnnual General Meeting	<ul style="list-style-type: none">Fraud ManagementSafe frameworksLocal workforceCompetence development and training	Fraud Management Programme
Employees	<ul style="list-style-type: none">Courses and trainingLeadership semina Presentation in the departments and dialogue on ship visitsEmployee satisfaction and well-being survey (MTU)	<ul style="list-style-type: none">Career development, e.g. courses for hourly-paid employees and climate competence boostEmployee engagement and involvement in sustainability and ESG <p>The most important topics from the employees:</p> <ul style="list-style-type: none">Internal policies, guidelines and proceduresOccupational health and safety (well-being, tools and safety)Measurement of: Energy consumption at port facilities – electricity consumption and heating consumption Office facilities: electricity consumption and heating consumptionWaste sorting: Reduce paper consumption and paper cupsDevelopment and learning/ educationEmployee satisfaction	<ul style="list-style-type: none">Course catalogueSustainability strategy, actions and programme <p>The most important topics from the employees:</p> <ul style="list-style-type: none">Strengthen the company's governance and further develop the company's complianceWPA (workplace assessment) survey at all portsTraining coordinator has arranged courses for hourly-paid employees <p>*</p> <ul style="list-style-type: none">MTU campaign with follow-up activities and project management from HR
Customer relations <ul style="list-style-type: none">Business customersBusiness partners	<ul style="list-style-type: none">Interview and dialogue	<ul style="list-style-type: none">Climate accounts (CO₂ figures for containers shipped from A-B)	<ul style="list-style-type: none">Climate accounts
Banks	<ul style="list-style-type: none">Individual meetings	<ul style="list-style-type: none">Preparation for ESG report	<ul style="list-style-type: none">More transparent annual reportingEnhanced internal controls, processes and comparable quality data
Stakeholder organisations and NGOs	<ul style="list-style-type: none">Webinars, training courses, meetings and presentations	<ul style="list-style-type: none">Promote sustainable initiatives, including ESG report	<ul style="list-style-type: none">Climate network meetings and other network meetings, and dialogue

Materiality and double materiality

Materiality is an important factor in our sustainability initiatives. What is important for Royal Arctic Line to deal with is therefore a question we ask ourselves and our stakeholders.

Based on the company's business model, business strategy, benchmark within the transport sector and the ongoing dialogue with our stakeholders, the following key focus areas have been identified:

- Responsible business conduct, including internal policies, guidelines and procedures
- Climate and environmental impact, including risk management through the implementation of the Task Force on Climate-Related Financial Disclosures (TCFD) and the Science Based Targets initiative (SBTi), see page 30 for description of TCFD and SBTi objectives
- Climate accounts (CO₂ figures for containers shipped from A-B)
- Development, learning and education
- Occupational health and safety (well-being, tools and safety)

Double materiality is shifting

There is a double materiality principle, whereby we as a company must consider which information is material in relation to Royal Arctic Line's impact on society and which information is material in relation to society's impact on the business.

For example, in relation to climate and environment, it is important and relevant to focus on reducing climate and environmental impact by reducing our CO₂ emissions. In this respect, Royal Arctic Line must continue to focus on the business's impact on climate and environment, but also focus on what impact climate and environment have on the business. For example, ice and weather conditions can have an impact on the amount of fuel needed to meet the sailing schedule within the allocated time, and changes in weather conditions due to climate change are therefore a risk that we as a company need to take into account when responding to data.

The materiality analysis will be revisited in 2023, and a gap analysis will be conducted on double materiality, including a gap analysis in relation to expectations from the supply chain and value chain. The latter is in order to comply with the EU taxonomy regulations, the Corporate Social Responsibility Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).

The EU taxonomy is a classification system based on common definitions of sustainability. It is a set of common rules on what can be described as being environmentally sustainable across the EU. This means that when an economic activity is environmentally sustainable, it will make a significant contribution to at least one of the EU's climate and environmental goals.

Sustainability governance

It is the responsibility of senior management to understand the risks and opportunities associated with the three ESG pillars: Clear responsibility for climate & environmental impact, Responsibility for the whole person and Responsible governance, and to ensure that there are relevant policies, principles and guidelines to support the development of these in day-to-day work. It is also the responsibility of senior management to identify and counter the primary risks that may threaten our agenda, but it is even more important that senior management also sees the opportunities for developing and strengthening the company's initiatives in relation to the three pillars.

In 2022, the company established the Sustainability, ESG and Compliance Department, which has two full-time employees with day-to-day responsibility for creating the framework for development, through governance and implementation of the company's sustainability strategy, and Sustainability Programme, and the development of the ESG framework for reporting concerning the company's activities and progress.

A precondition for being able to demonstrate and document progress in relation to the company's objectives is that resources are allocated by the company's Finance Department to a controller function, which will support the formal reporting and the structuring of a set of climate accounts via the company's new D-365 finance system, which was implemented in 2022. With the forthcoming legal requirements for formal reporting, similar to financial reporting, the Finance Department has also assumed ownership of future ESG reporting.

The next natural step is to formalise an overall decision-making body (a Sustainability Board) regarding sustainability issues, which will ensure smooth decision-making processes and coordination across the business, not least in relation to the company's external relations. The Board's task is to ensure that the right resources are available to strengthen continuous progress and an ongoing reassessment of risks and opportunities in line with the company's strategy.



Sustainability framework

One purpose of the report, in addition to being able to show movement in relation to the company's objectives, is to be able to compare data with other actors, e.g. within the same industry or within the same geographical region.

In addition to our following legislation and preparing for the value chain's expectations, a number of well-known, comparable frameworks and standards have been selected for the way to work with sustainability and data quality that satisfies the production of ESG key figures; see page 12 for a definition of ESG key figures.

How do we ensure that we comply with all the regulations, when not all EU directives are known at present?

One way to manage the risk in this context is the company's work to implement international standards as reporting tools. The starting point here is the 15 standard key figures for ESG reports issued by FSR Danish Auditors, but other standards and principles may also contain other key figures that should be included as well.

Royal Arctic Line's sustainability frameworks are under construction, and are currently limited to include the following international standards, frameworks and principles:

- Danish Ship Finance standard
- ESG primary figures and key figures in the annual report from the Danish Finance Society/CFA Society Denmark, FSR Danish Auditors and Nasdaq Copenhagen
- Greenhouse Gas Protocol (GHG Protocol)
- Poseidon Principles
- Science Based Targets initiative (SBTi)
- Task force on Climate-Related Financial Disclosures (TCFD)

The last two standards focus in particular on climate impact.

These standards continue to become more widespread and have in practice become mandatory in order to trade with many larger companies and countries.

International standards, frameworks and principles

Danish Ship Finance: is an international standard in the industry that is based on the Poseidon Principles.

ESG primary figures and key figures in the annual report: is a framework with 15 standard ESG key figures

The GHG Protocol: is a framework tool with specific principles for calculating greenhouse gas emissions.

Poseidon Principles: provide a framework for shipping. The goal is to reduce greenhouse gas emissions by 50 % in 2050 for the fleet or to reduce emissions by 70 % per transported tonne of cargo per nautical mile. The trend is to be measured on an ongoing basis in relation to the IMO's objectives.

SBTi: is a sector-specific framework tool aimed at meeting the 1.5°C goal set in the Paris Agreement. The goal is therefore to reduce greenhouse gas emissions by around 50 % by 2030 and to be close to zero emissions by 2050.

TCFD: is a framework tool that maps the risks and opportunities of climate change and a goal in line with the Paris Agreement's 2°C goal (and preferably lower), and measures a company's development in these key figures.



Risk

“ When working with risk management of a well-run compliance process, it's about building on top of initiatives and activities already in progress. It's one thing to minimise, avoid and comply, but it's also about the company optimising, developing and promoting the company's initiatives on the sustainable and green agenda.

Starting to include specific financial, market and business risks outside the concession, etc. in sustainability work is an extensive task. It is a process that requires a consensus in expectations in management, between managers and employees and also between departments, including risk management from a business controller perspective and a sustainability perspective.

Biggest internal and external risks
Increased expectations of the company, from within and from the outside, are to be expected at a time when sustainability and sustainable development are on the agenda all over the world. Even though the company has been producing an annual CSR report for many years, the level of complexity has grown to a degree where it is perceived as a challenge for the company.

The requirements for objectives, actions, documentation and reporting are both comprehensive and complicated. It is therefore crucial that the necessary human and financial resources are allocated, and that internal competence development is prioritised. Internal competence development will be decisive for whether the company achieves its objectives.

Internally and externally, there is a risk of inadvertent greenwashing in connection with the company's communication. This places demands on the company's ability to present documentation in the form of data that supports communication. By the same token, there is also a risk of going in the opposite direction, namely greenhushing, where we do not dare to talk about our sustainable initiatives for fear of not doing enough or doing the right thing.

In 2022, for the first time ever, we measured employees' awareness of the company's sustainability initiatives through the annual employee satisfaction survey, a survey that will be repeated annually. Furthermore, there will be ongoing measurement of employees' knowledge of the sustainability strategy, their engagement and progress in relation to the Sustainability Programme. Specific goals also have been set for compliance training, which will commence in 2023.

Risk management in relation to the sustainability initiative is a relatively new discipline in the company, and the aim is to make it an integral part of the sustainability initiative. Risks must be continuously identified and prevented when necessary. This is supported by the company's Corporate Policy Programme and a Fraud Management initiative that has been launched, which is a requirement from the sole shareholder to all Government-owned companies.

The year 2022

In 2022, the company's CSR policy from 2012 was replaced by the company's new Sustainability Strategy 2022-2025. The Sustainability, ESG and Compliance Department was created, and the revitalisation of the company's sustainability initiative, which has been under way since 2020, is now formalised in the new strategy.

Requirements for documentation, materiality and compliance with applicable rules and guidelines have been and continue to be extensive. We are in the midst of the transition from our previous CSR report to our future ESG report, which the reader will also be able to see in this report. The reader will be able to confirm that we do not yet have our base data ready.

The reader will also be able to see that, while developing our structure, we are also increasing our knowledge and enhancing our commercial ability to perform this wonderful and important task, namely to contribute to a more sustainable future. We continue to focus on our day-to-day engagement with our local communities.

We report on topics relevant to our sustainability work in a local context including our commitment to our local community through sponsorships. In the future, sponsorships will become part of the G in the ESG reporting on the topic: Corporate practices and lobbying transparency.

The formal side of our sustainability reporting is therefore well under way. It represents a major new task for the Board of Directors and general management, which may seem more diffuse compared with, for example, financial risk management. The Board of Directors has therefore decided to establish a Compliance Committee to assist the Board of Directors and general management in relation to the many expectations and requirements placed on the company. This should be viewed in the light of the complexity resulting from the increased requirements for both documentation and transparency.

The task of formalising ownership and actively involving general management is under way, while there is also a major communication task in relation to the rest of the organisation, to ensure that it is not only the management team that is focused on sustainability on a daily basis. This is precisely why the commitment of senior management is so important in the rollout of the sustainability strategy.

Work on the company's culture is closely related to work on sustainability. The company's employees are generally motivated to contribute to a sustainable agenda, and the aforementioned communication task in relation to the organisation will be a high priority in 2023.

Working with and being able to present results within the sustainability agenda requires ambitions, cooperation, circular thinking and, not least, a holistic view of the challenges. It may seem intangible to have to relate to human interaction with nature instead of economic and financial facts, which can result in cultural clashes when it comes to what is significant and in relation to the importance of reporting. Legal requirements, internationally recognised standards and principles are a great help in this respect, as in addition to guiding us in our reporting, they also provide us with a common language, not only internally but also in relation to the world at large.



Royal Arctic Line supports sports. For the second time, the company has supported kayaker Karoline Nielsen, who has previously won eighth place in the world championships for young people under 18.

Karoline Nielsen



In October 2022, Royal Arctic Line attended the international conference “The Green Future of Maritime Operations” in Nuuk, represented by the management and the Sustainability Department.

SUSTAINABILITY PRINCIPLES

In this section, we review the company's most important business-driven actions, initiatives and goals in the past year and the year ahead.

(E) Clear responsibility for climate & environmental impact

At present, Royal Arctic Line is working on two objectives, both of which will contribute to the sustainability strategy's principle “Clear responsibility for climate & environmental impact”, selected on the basis of materiality.

Our focus

- Implementing CO₂ measurement as the basis for our climate accounts 2023
- Support new technologies in future investments together with other partners

“ We want to be aware of and responsible for the footprint left behind by running our core business

We will work in a targeted way so we can present climate accounts. The company shall lead the way when it comes to knowledge of new technologies that can reduce the environmental impact. In due course, this will mean investments in greener materials, with a view to greenhouse gas reductions and a reduced environmental footprint in the long term.

Our climate and environmental ambition

“ Implement CO₂ measurement as the basis for our climate accounts 2023.

Policy, principle or ambition

The ambition is to minimise the negative impact and maximise the positive impact. In line with the company's "Safety and Environmental Protection Policy", nothing should override current national and international laws and regulations, which is why we are particularly aware of the need to keep up with upcoming new legislation. From an international perspective, we are a very small shipping company.

The shipping company therefore does not consider it appropriate to explore and develop its own new technologies to mitigate climate and environmental impact. Instead, the shipping company monitors technological developments and enters into relevant collaborations where possible in line with national initiatives, in particular with a view to being able to support development initiatives within the climate and environmental agenda.

Focus in 2022

Selected areas

- Preparations for the company's climate accounts that allow for accurate GHG Protocol reporting. The intention is that the climate accounts will be automated, i.e. integrated with the company's D-365 finance system, which was implemented in 2022. The next step is to find all supply chain data to set up D-365
- Certification within EEXI, CII and SEEMP on ships where required
- Ongoing collaboration regarding new technology

Goals for key figures in 2023

Applying the TCFD's methods, various climate impact scenarios will be established and investigated in relation to the company's operations. It is only in the context of these assessments of prepared scenarios that it will be meaningful to set environmental goals for: the ships' fuel consumption, distance sailed, fuel consumption in relation to distance sailed and cargo volumes transported. Assessment of the scenarios presented will have an impact on which measures it is felt will have the greatest impact based on both a commercial and environmental perspective. There will therefore be no specific targets set for 2023 for emissions and ships' operations. But as the company has chosen to follow SBTi's and TCFD's standards, the future goals for emissions will follow these frameworks.

Goals for 2023

- Continue collaboration on new technology
- Final preparation for climate accounts 2024
- CII: investigate initiatives to move towards rate C. This objective has a 3-year horizon
- Continue work under way on development data and key figures
- Start to create TCFD scenarios
- Develop climate & environmental policy for onshore
- Develop a policy for future investments, in which the environmental impact is addressed and specified
- Specification of the objectives optimisation of freight capacity and better utilisation of freight capacity

Risks and opportunities

The focus on climate and environmental impact is an important competitive parameter, both now and in the future. A failure to manage climate and environmental impact can result in, for example, lost market shares in the competitive markets, a declining reputation and unfavourable financing. A failure to develop and prepare for future statutory standards may risk becoming very costly if adjustments are not made on an ongoing basis.

Transport by ship accounts for a large proportion of total greenhouse gas emissions, which is why it is one of the sectors on which there is a special focus. In Greenland, there was a growing debate in 2022 concerning the potential to produce alternative fuels, including Power2X. The production of alternative fuels in Greenland will significantly increase the company's opportunities to reduce greenhouse gas emissions, if or when it becomes possible to use locally produced fuel in the fleet of the future.

A set of climate accounts will provide the company with an insight into where it may be most appropriate to optimise the sustainable initiative. This can contribute to a better competitive position and a better positioning of the company's customers, as they also have to report on CO₂ emissions in their value chain.

Impact on society

Greenland and the Arctic are often associated with untouched, clean nature, which Greenlandic producers and Greenlandic destinations use actively in connection with their marketing. With activities that have a negative impact on the climate and the environment, there is therefore a responsibility to adopt an active approach to minimising this impact, especially in relation to biodiversity, e.g. through waste management and the discharging of harmful substances into the sea.

Impact on Royal Arctic Line

The consequences of an increased focus on climate and the environment entail a change in behaviour, a critical approach to suppliers, an increased focus on waste minimisation and handling, which requires resources and changes to work procedures.

Reference to ESG key figures: (E) Climate and environmental conditions, see page 70 and information on notes pages 74 and 75.

Task Force on Climate-Related Financial Disclosures (TCFD)



For risk management of the company’s measures in connection with the minimisation of any negative impact on climate and the environment, we have chosen to take as a starting point the Task Force on Climate-Related Financial Disclosures (TCFD) and the Science Based Targets initiative (SBTi).

Strategy

The TCFD’s principles state that scenarios must be assessed on an ongoing basis, so that opportunities and risks for the climate and environment are visible when we as a company have to make decisions and take action. For future major strategic investments, climate change and its impact on the company and the future operation must also be a parameter that must be taken into account in order to minimise the risk to the longer-term operation of the business.

Governance

Another requirement in the TCFD’s principles is that the Board of Directors actively monitors the climate-related opportunities and risks that exist for the company, and that senior management continuously assesses and acts on the opportunities and risks that are expected to arise in the future.



Goal

This is development work that is inextricably linked to the business strategy and sustainability strategy. The goal is that the company fulfils its responsibilities in the area of ESG where possible. How the company will specifically measure climate-related opportunities and risks will be determined in connection with the rollout of the TCFD’s principles, as this depends on which focus makes the most sense in a Greenlandic context.

Rollout

It is expected that Royal Arctic Line will be formally accepted as a “supporter” of TCFD and SBTi in Q2 2023. The principles set out in the TCFD will then be rolled out on an ongoing basis. The consequence of this will be that climate is to be incorporated into decision-making processes to a greater extent than before, which can help to strengthen the company’s reputation.



SBTi objectives

When climate accounts for 2024 are available, short-term (5–10 years) and long-term (year 2040) reduction goals will have to be set, at the same time specifying where in the business these are to be delivered.

Ships’ fuel consumption

Due to changes in legislation as of 1 January 2020, ships may only emit 0.5 % sulphur. The majority of the shipping company’s 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, so it is still in compliance with current legislation. HFO attracts attention because of the environmental consequences, in the form of black carbon emissions, etc. Black carbon is particles of soot that harm the environment and come in particular from the

combustion of fossil fuels. Black carbon is believed to be one of the major sources of global warming after CO₂. In connection with the conclusion of the shipping company’s new construction programme, new ships have been phased in and old ones phased out. The company therefore no longer has double operation of ships. There is also a trend evident in a higher volume of HFO HS, as this is a cheaper product and thus contributes to keeping down the price of transportation work. Fuel used by the ships constitutes the biggest source of emissions in the company in percentage terms.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Climate and environmental data, key figures					
Ships’ fuel consumption					
MGO	E.1	Tonnes	8.792	9.484	8.283
HFO LS	E.2	Tonnes	6.351	7.270	14.233
HFO HS	E.3	Tonnes	11.030	10.583	6.143

ESG key figures: (E) Climate and environmental data, see page 70 and information on notes page 74.

During the winter season, attempts are made to charter the shipping company’s available ship capacity to other operators outside Greenland. Malik Arctica was on a Time Charter AWI Sydpolen, Unifeeder Northern Europe, Expressfeeder Finland and NCL in Norway in 2022. The ship’s fuel consumption and nautical miles in connection with these charters are not included in the above calculation

Other climate and environmental data

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Climate and environmental data, key figures					
Other climate and environmental data					
Kilo fuel/nautical mile	E.4	Kg/nautical mile	62,50	64,34	58,89
Nautical miles sailed	E.5	Nautical miles	397.842	424.897	486.683
Cubic metres carried, licensed	E.6	Cubic metres	1.010.801	991.842	945.895
Cubic metres carried incl. project cargo	E.6	Cubic metres	1.059.120	1.034.682	983.532
Cubic metres carried, total	E.6	Cubic metres	1.125.257	1.067.320	986.943

ESG key figures: (E) Climate and environmental data, see page 70 and information on notes page 74.

Kilo fuel/nautical mile

This is an expression of the efficiency of the ships measured in kg fuel per nautical mile sailed. Kilo fuel/nautical mile is an indicator that can be used to compare efficiency year on year. In Arctic waters, this efficiency is dependent on ice, wind and weather conditions, which of course can have an impact on efficiency.

Furthermore, the number of nautical miles sailed for 2022 is impacted by Mary Arctica’s difficult arrival in Disko Bay, which succeeded after several attempts. In addition, Arpaarti Arctica and Tilioq Arctica were phased in and Anguteq Ittuk was phased out. 2023 will therefore provide a clearer picture of the transportation work performed by the fleet.

“Optimisation of freight capacity.

Nautical miles sailed

This is an expression of the shipping company's transportation work during the year. Nautical miles sailed is an indicator that can be used to compare total nautical miles year on year. It is the starting point for many other calculations and key figures that describe the shipping company's activity.

Cubic metres carried

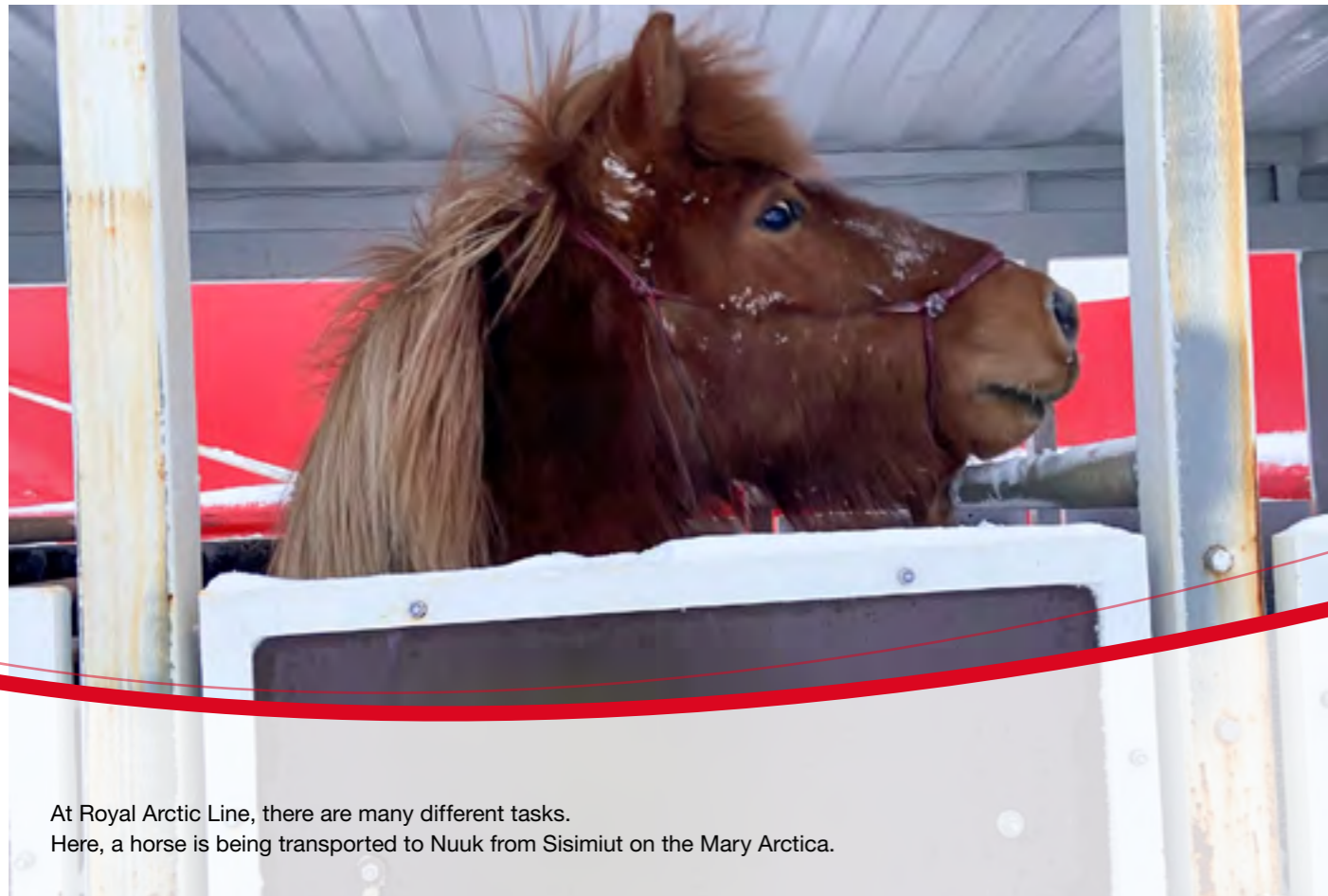
As an extension of fuel consumption and distance travelled, it is natural to look at what volume of cargo is being carried. Since volume is the limitation rather than weight on the routes that Royal Arctic Line operates, we report in cubic metres.

Previously, in connection with CSR reporting, only cargo volumes for the concession part of the business were reported. As the commercial part of the business is increasing, this part will be included in the report in future together with project cargo. In order to be able to compare, calculations have been included for the previous and the future calculation method.

The utilisation of assets, including both ships and containers, is not only affected by large seasonal fluctuations due to winter closures in large parts of Greenland, but also by the kinds of containers that are needed for northbound and southbound transportation respectively. Our northbound route requires a large number of dry containers, while our southbound route requires a large number of reefer containers.

To meet this need, we send a large number of empty reefers northbound and a large number of dry containers southbound. We have tried to change this by using the empty northbound reefers for cargo, so that we sail with as few empty containers as possible, while at the same time creating more space on board our ships, which can be used to sell available ship capacity between Iceland and Scandinavia.

Throughout 2022, we have seen increasing sales of available ship capacity on the route between Iceland and Scandinavia (non-concession goods). This is expressed in the key figure “Cubic metres carried, total”, where the proportion of non-concession goods constitutes the difference between Cubic metres carried, total and Cubic metres carried, licensed. The increased success in this market throughout the entire high season has enabled us to make full use of our capacity on our northbound route.



At Royal Arctic Line, there are many different tasks. Here, a horse is being transported to Nuuk from Sisimiut on the Mary Arctica.

Development in other climate and environmental conditions

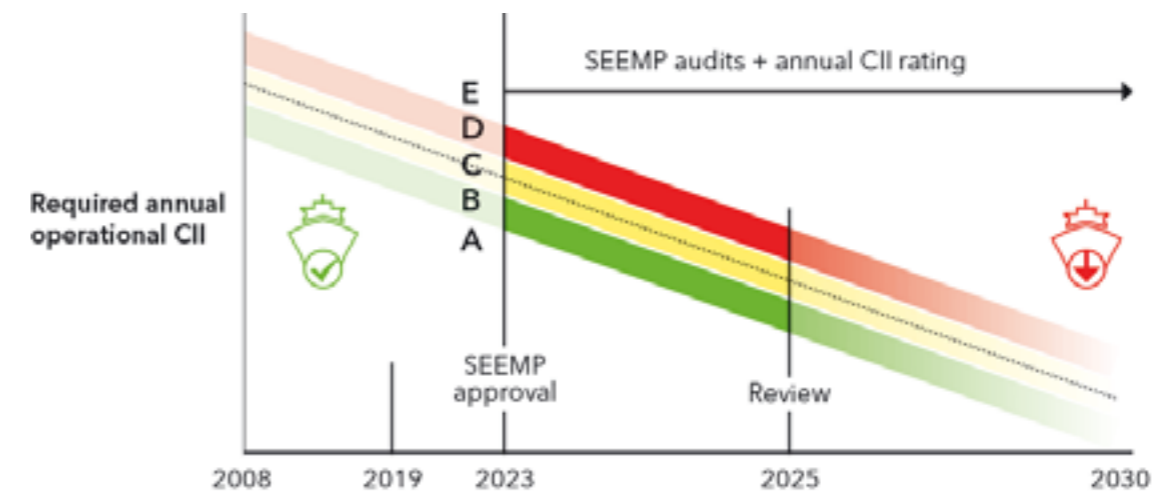
In relation to climate and environment, there are new significant reporting areas that are at an early stage regarding data quality. The goal is to develop accurate and comprehensive key figures.

As of 1 January 2023, the International Maritime Organisation (IMO) has introduced a ruling that all ships above 5,000 GT must be classified in the Carbon Intensity Indicator (CII) category. The aim is to give each ship an energy class based on

emissions produced by each ship. To be able to move from one group to another, an action plan known as a Ship Operational Carbon Intensity Plan (SEMP) must be drawn up. This describes measures to improve the individual ship's emissions.

All of the shipping company's relevant ships currently have an E rating, with the objective of moving towards C. This objective has a three-year time horizon.

CII development



Source: CII – Carbon Intensity Indicator: www.dnv.com

Development – electrically powered mobile cranes

Royal Arctic Line operates two mobile cranes at the terminal in Nuuk, and these are currently used to serve all of the shipping company’s ships that call at Nuuk. The cranes constitute critical infrastructure, as there are no other options for servicing the Atlantic ships Tukuma Arctica, Dettifoss and Brúarfoss when they call in with supplies and other goods.


The importance of assuming clear responsibility for the climate and the environmental impact is essential for Royal Arctic Line, but must always be weighed against the cost of using electricity

instead of diesel, as well as the working hours you have available to work and get the ships off on time.

The key figure electrically powered mobile cranes shows the extent to which mobile cranes have been operated using electricity rather than diesel, with an objective to increase the number of hours when the mobile cranes are operated using electricity. The base data is considered to be in its early stage and is an extended scope with incomplete ESG reporting note E.7 Mobile cranes on page 70.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Development data, key figures in climate and environmental data					
Development in other climate and environmental data					
Electrically powered mobile cranes	E.7	Hours	400	-	-

ESG key figures: (E) Climate and environmental data, see page 70 and information on notes page 74.


 **Policy, principle or ambition**
We have an ambition to operate every third ship call on electricity.

Focus in 2022
In 2022, Royal Arctic Line worked to enable one of the two cranes to operate on electricity, which resulted in both cranes being able to operate on electricity in the third quarter of 2022.


We have seen that productivity when cranes run on electricity is lower than when they run on diesel, and it turns out that there is no light on the cranes when they run on electricity, which makes it difficult to operate the cranes on electricity at night.


This, combined with the low regularity of the Atlantic ships, has made it necessary to operate on diesel rather than electricity in order to ensure that ships have been able to sail on time.

Last but not least, it has been established that the costs of operating on electricity are higher than those of operating on diesel. The company is in dialogue with Nukissiorfiit, as it is possible to have a reduced electricity tariff if the activity associated with crane operation is categorised as a production company. Nukissiorfiit is a utility company that is responsible for producing and supplying electricity, water and heating to the majority of consumers in Greenland.

 **Goals for 2023**
Solve the challenges with lights on the cranes when they run on electricity, and in collaboration with Sikuki Nuuk Harbour, which owns the cranes, we will enter into further dialogue with Nukissiorfiit with a view to categorising the activity as production in order to be able to make the price more attractive.



 **Impact on society**
The two mobile cranes are absolutely critical infrastructure, and we have a responsibility to ensure that operation and maintenance run optimally. From an environmental perspective, it is important for us to contribute with the value that can be created by operating the cranes on electricity, provided that it is both financially and operationally justifiable.

 **Impact on Royal Arctic Line**
Royal Arctic Line performs a job that is critical for society, which is why we must ensure that the cranes have the right equipment and that we have the right competences to operate the cranes on electric power

Development – greenhouse gas (GHG Protocol) CO₂ emissions

A beta version of the climate accounts will be prepared for the financial year 2023. These accounts will be prepared in accordance with the standards in the GHG Protocol with Scopes 1, 2 and 3. Initially, the focus will be mainly on Scopes 1 and 2. The climate accounts will form the basis of work with SBTi and TCFD.

Despite the fact that this first set of climate accounts is not expected to be completely correct, it will set out a direction, and work with TCFD and SBTi will be based on this.

In relation to onshore energy consumption in Greenland, the majority of electricity production is based on hydro power, and almost 90 % of Royal Arctic Line’s consumption is in towns and cities that are supplied by hydro power. In 2022, Royal Arctic Line’s operations in Aalborg accounted for 14 % of the

company’s total electricity consumption. With the relocation of the port operations from Aalborg to Aarhus, where the port operations have been transferred to an external operator, Royal Arctic Line’s direct consumption is expected to fall. In Nuuk, the vast majority of head office has been brought together in two interconnected buildings, while the former office premises in the terminal building have been partly rented out to external companies. It is, however, still uncertain what the impact of this will be on future electricity consumption.

ESG key figures in this report are exclusively in Scope 2 and energy consumption onshore. Data is considered to be in its early stages and is an extended scope with incomplete ESG reporting, note E.9 CO₂e, Scope 2 on page 70 and information on notes pages 74-75.

Development – other emissions, SO_x and NO_x

Going forward, we have chosen to report on emissions caused by SO_x and NO_x.

Emissions of SO_x and NO_x have an impact on both health and the environment. In an Arctic context, SO_x is particularly critical, as these emissions contribute indirectly to global warming by depositing soot particles on the inland ice, for example.

As the soot particles are dark, they absorb more heat from the sun and thereby contribute to both a general heating and increased melting of the inland ice. NO_x can contribute to increased ozone formation, which results in increased global warming and can contribute to acid rain.

SO_x and NO_x are also part of the industry standards for reporting, e.g. in the Poseidon Principles.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Development data, key figures in climate and environmental data					
Development in other climate and environmental data					
SO _x	E.15	Kg	4.369	-	-
NO _x	E.15	Kg	1.500	-	-

ESG key figures: (E) Climate and environmental data, see page 70 and information on notes page 75.

It would only make sense to define goals for SO_x and NO_x emissions in connection with the implementation of the standards for TCFD, with the creation and assessment of different scenarios.

Waste volumes on ships

In this extended scope, there is focus on waste on the ships, including plastic, household waste and operational waste. The base data is still inadequate, but work is under to obtain more accurate quality data.

A complete report is being developed and it is expected that it will be possible to report the volume of waste oil delivered in 2023. This key figure is important, as it provides a starting point for setting goals in relation to the reduction of waste volumes and thus also resource consumption. This calculation applies only to ships.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Development data, key figures in climate and environmental data					
Development in other climate and environmental data					
Waste volumes, ships					
Plastic	E.16	Cubic metres	335	-	-
Food waste	E.16	Cubic metres	376	-	-
Household waste	E.16	Cubic metres	2,33	-	-
Operational waste	E.16	Cubic metres	223	-	-

ESG key figures: (E) Climate and environmental data, see page 70 and information on notes page 75.

The next step is to set specific goals for the ships and to investigate waste volumes onshore.



Focus on waste volumes on land is an annual tradition whereby employees of Royal Arctic Line participate in the clean-up day, Saligaatsoq, organised by CSR Greenland.



Collaboration regarding new technology

“ We will support new technologies in future investments together with other partners.

One of the ways we do this is by choosing new technology for our newbuilding programme, without compromising on security of supply and operational reliability. This means that the company must focus on sailing as efficiently as possible with the least possible fuel consumption. It also means that we must be aware of new technologies that emerge and their potential to support our optimisation of fuel consumption.

In global terms, Royal Arctic Line is a small shipping company, and we naturally monitor developments within the industry and adopt climate- and environment-friendly technologies and opportunities when these become available.

Selected case study: Sertnula

Royal Arctic Line has entered into a partnership with the company Sertnula, which will use a satellite to support AIS2, which will transfer data on frequencies that are outside the normal providers. And will be able to send continuous data. The system is still under development. In this phase, the system is on board two ships to test it in northern latitudes.

The expectation is that it will be possible to obtain weather and ice maps, for example. This will reduce the load on the VSAT satellites to which the ship’s telephone and internet connection are connected. It will also be possible to use it to send echo sounder and position information to a database onshore to support the Danish Geodata Agency’s nautical charts in areas that have not yet been measured to the latest standards.



(S) Responsibility for the whole person

Royal Arctic Line can play an important role in the development of Greenlandic society by playing an active part in supporting the population's opportunities for education and work – including strengthening families by offering a good, safe workplace with the opportunity for employees to experience both professional and personal growth, regardless of gender and background.

Our most important resource is our employees, so a good framework and conditions must ensure that we can develop to become Greenland's best workplace. Royal Arctic Line works with three objectives, all of which must contribute to the sustainability strategy's principle "Responsibility for the whole person."

Our focus

- Promote occupational health and safety
- Boost educational opportunities (internally in the company)
- Assume active responsibility for developing and promoting education in Greenland

“ We will take an active part in supporting the population's opportunities for education and work – and we will enhance family life by offering a good, safe workplace with the opportunity for both professional and personal development, regardless of gender and background. We want to be a leader in competence development, and we want to be Greenland's best workplace..

Our social ambition

“ Support and satisfy the strengthening of family life and development opportunities for the individual in Greenland.



Policy, principle or ambition

We respect international human and labour rights and work consistently to ensure that our employees have a good and secure framework in their employment under equal conditions.



Goals for 2023

The focus will be on: Support and strengthen the company's cohesion in an inclusive culture

Focus in 2022

Selected areas

Promote occupational health and safety

- Employee turnover ratio
Implemented analysis tool to work with the health, well-being and safety of employees

- Employees and employee satisfaction
Employee satisfaction survey (MTU):
Engagement achieved at same level as 2021 onshore

- Accident prevention
Near misses on ships and in ports
Lost time accident (LTA) focus on robust administrative systems

Boost educational opportunities

- Re-filled the position of training coordinator with focus on courses for hourly-paid employees in the operation
- Continued close collaboration with educational institutions, e.g. Teknikimik Ilinniarfik (KTI)

Active responsibility for developing and promoting education in Greenland

- 13 graduates students on the land side and 7 graduates students from the maritime education programmes
- Partnership agreement concluded with the “Mind Your Own Business” organisation

Strategic competence development programmes

- Launched course catalogue

Community involvement

- Main sponsor of Elite Sport Greenland Kalaallit Nunaat



Risks and opportunities

One major challenge facing the Greenlandic business community is the lack of qualified labour, and labour in general.

It is therefore necessary to invest in the workforce of the future. A lack of qualified labour can impact productivity and efficiency, and thereby the achievement of strategic objectives.

By driving targeted initiatives to create better employee well-being and less sick leave, the intention is to create well-being and job satisfaction among employees, which can be measured in employee surveys, employee turnover and sickness absence statistics.



Impact on society

Royal Arctic Line can contribute to raising the level of education in Greenland by offering student work placements and creating the framework for developing competent employees with a desire to pass on what they have learned. By offering decent jobs with full, productive employment, the company has an impact on society through satisfied employees who can help to create a good family life, which can help to promote sustainable economic growth.



Impact on Royal Arctic Line

Educational and competence development activities will help to strengthen the core performance of the individual, with a direct link to the achievement of the company's strategic objectives. These activities will help Royal Arctic Line develop its own managers and specialists. By focusing on and complying with human and employee rights, occupational health and safety in the company is promoted, helping to create a better and safer workplace.

Reference to ESG key figures: (S)
Social data, see page 71 and information on notes pages 74 and 75.

Full-time workforce (FTE)

Changes in the sailing structure which have meant, among other things, that port calls in Denmark have moved from Aalborg to Aarhus, have resulted in the termination of 80 employees in Aalborg. For a number of years, the company has largely focused on project tasks and less on operational tasks. After the implementation of the new sailing structure, this is now the other way around, which has produced opportunities for rationalisation and changes to work tasks, and thereby also the opportunity to reduce the number of FTEs in the company; this was launched in 2022.



Development

The reason for the development in FTEs from 2021–2022 can be explained by those made redundant in connection with the closure of the operation in Aalborg, which resulted in a reduction in the number of salaried and hourly-paid employees.

The settlement ship Anguteq Ittuk was discontinued in 2022. The ship was crewed for an interim period, during which Arpaarti Arctica and Tilioq Arctica were also crewed. Minik Arctica, which is currently laid up in Nuuk, is presently crewed down.

Many seasonal hourly-paid employees stop in the low season, which, combined with significantly fewer overtime hours in the low season, results in fewer FTEs.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Social data, key figures					
Full-time workforce	S.1	FTE	787	849	794

ESG key figures: (S) Social data, see page 71 and information on notes page 76.

Expectations are that next year the company will have an FTE level at the same level as in 2022. Royal Arctic Line will work to stabilise operations in the years ahead, so it is not expected that FTEs will be reduced again after the company stopped sailing to Aalborg.



The implementation of the new sailing structure, which among other things has moved port calls in Denmark from Aalborg to Aarhus, has given opportunities for streamlining and changing work tasks, and thereby also reducing the number of FTEs in the company, which was initiated in 2022.

Human rights

Royal Arctic Line respects and complies with the UN and EU human rights conventions and the ILO's labour convention. Compliance with human rights in the company is an unspoken practice, and specific focus areas must be identified going forward.



Policy, principle or ambition

Human rights are incorporated into the company's policies, which are drawn up and updated on an ongoing basis so that they do not conflict with human rights and labour conventions.

Focus in 2022

Launch of the company's Corporate Policy Programme, including the preparation of an independent human rights policy.



Development

An independent human rights policy has been drawn up, which states at both Board and senior management level that the company continuously observes and works with human rights, both internally in the company and also in its external relations. In addition, human rights will be an important part of Royal Arctic Line's Code of Conduct and the company's Supplier Code of Conduct. Human and employee rights are also included in the HR policies and HR handbook, which both will be updated in 2023.



Goals for key figures in 2023

There are currently no specific actions and goals associated with a key figure that covers human rights.



Goals for 2023

- The risk scenario must be reassessed as the world at large changes. In accordance with the sustainability strategy, a sustainability policy must be drawn up in which it must be stated on which significant human rights there shall be a focus. The notion of materiality views risk from a human perspective and not a business perspective, in full knowledge that there is a close correlation between human rights risks and business risks. Initiatives must be identified according to materiality with action plans and follow-up, including renewed attention to internal processes and controls.
- The human rights policy must be made visible to employees through campaigns and knowledge of where the policy is available, as well as what the policy means for the individual employee.

Right to fair and favourable working conditions

We work constantly to secure internal processes and rules, and we aim to improve working conditions on an ongoing basis.

We strive to ensure that employees always have the right training, knowledge and equipment to work safely and securely. We work to promote a Common Culture, where health, well-being and occupational health and safety are always the right choice.

Right to education and personal development

We focus on the training and competence development of our employees at all levels, and also of trainees and apprentices. We have a particular wish to strengthen the level of education in Greenland, in order to support a positive development of society.

Access to complaints mechanisms

We want a secure workplace environment, and employees must be familiar with the company's Whistleblower Scheme. The system was launched in December 2021, initially on the company's intranet, and it will be rolled out later on the website. This means that there are equal opportunities for external stakeholder relations.

Promote occupational health and safety

It is important for Royal Arctic Line to constantly strengthen our occupational health and safety, and also to ensure good conditions and development opportunities for our employees in order to also enhance their family lives.

The company's ambition for good occupational health and safety is realised through up-to-date HR policies and guidelines for situations and conditions. For example, through the policy for a flexible workplace and working hours, which is used regularly by our employees. The aim has been to create a better balance between private life and work, e.g. by changing working hours

or by giving employees the opportunity to move their workplace closer to their family, while still creating the same job function.

This means that we have employees who would normally be associated with head office functions who live in other towns in Greenland, or live in Denmark while their partners complete their education. Another example is the reduction of the holiday balance, with the aim of ensuring that employees have the opportunity for freedom, recreation and contact with friends and family, and then return to work to create good results for the company.

Employee turnover ratio

The employee turnover ratio (ETR) is used as, among other things, an indicator of well-being and safety among employees. It is relevant to be aware of the ETR, as it can indicate whether there is a loss of potential (high ETR) or that there is no renewal with the addition of new competences and perspectives (low ETR).

The employee turnover ratio is calculated for employees who leave both voluntarily and involuntarily. Those who retire are included in employees who leave involuntarily. The data is based solely on salaried employees. The voluntary employee turnover ratio is particularly interesting, as it shows how attentive we are to retaining our employees, with their knowledge and skills.

ETR can serve as a supplement for the employee satisfaction survey (MTU), which is often not comparable across companies.



Policy, principle or ambition
We have an ambition to analyse the ETR in relation to loss of potential.



Development
In 2022, the MoT rate is overall 14 % for all employees in the onshore organization. The starting point is exclusively the white-collar employees.

In 2022, there is no comparable data basis, as it is the first year that work is being done with a baseline on this key figure. In the future, data will be generated where the MoT rate of the ship's crew is included.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Social data, key figures					
Employees and employee satisfaction					
Employee turnover ratio	S.8	%	14	-	-

ESG key figures: (S) Social data, see page 71 and information on notes page 77.



Goals for key figures in 2023
ETR 7.5 %



Goals for 2023
• To achieve the objective of an ETR of 7.5% on the onshore organization, there is a need develop the base data to spot the potential among employees. This can be done, for example, with the aid of the data-driven PI and PLI performance tool.

• The current ETR of 14 % is considered to be too high, and an ETR analysis must be initiated quickly so that consideration can be given to what possible action the company can take to retain competent employees with high potential. The ETR analysis in relation to the loss of potential has a direct impact on the company's performance and results, which is why it is important to adopt a systematic, analytical approach in order to retain competent employees.

Employees and employee satisfaction

It is important and useful to have an insight into employee well-being and satisfaction through an Employee Satisfaction Survey (MTU), as this provides the company with a status check on job satisfaction and motivation. The MTU survey is an important tool, provided that the results are followed up. In connection with follow-up, actions and initiatives can be identified with the aim of improving the surroundings at the workplace, thereby increasing job satisfaction. The survey is conducted via a third party and participation in the survey is anonymous.



Policy, principle or ambition
The ambition is to implement the MTU with clear follow-up processes and an understanding of the importance of work on well-being for the individual employee and manager.

Focus in 2022

The ambition for 2022 was to achieve at least the same level of participation as the year before. This goal was achieved onshore. The company's objective was to develop new tools for managers and employees, as well as to visualise the value of the annual MTU in new ways in the company. These focus areas were achieved by such means as close follow-up work with all managers after the survey. New products were launched to support managers in their follow-up work.

These include "small package" follow-up packages to prepare the manager to review results and identify initiatives, and a "big package", where the HR department joins the manager in presenting results and facilitates the identification of initiatives together with employees. An MTU noticeboard was launched, "MTU-Arctica", where initiatives and achievement of goals can be made visible to everyone. There is also intensified focus on standardising the process and follow-up for the onshore and sea organisations, including the participation of an HR consultant for a ship management seminar.



Development
In 2021, a new initiative was launched in which the MTU was divided between the professional groups at sea and onshore. This means that the previous key figures from 2020 to 2021–2022 cannot be compared. In 2021, there was no overall MTU response rate for sea and onshore, but the response rate reported for onshore was 83 %. The calculation method is, however, comparable throughout the entire period. The MTU result has been within the same level, with a rising trend.

Job satisfaction has increased in the last four years and is at a historically high level for Royal Arctic Line. There is, however, a risk that the MTU results are not being used actively and constructively. Follow-up work after the well-being survey has therefore been intensified and is planned to run until the next well-being survey is launched.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Social data, key figures					
Employees and employee satisfaction					
MTU at sea and onshore					
Response rate/engagement	S.9	%	70	76	72
Well-being/job satisfaction	S.9	Point	75	75	75
At sea					
Response rate/engagement	S.9	%	48	63	51
Well-being/job satisfaction	S.9	Point	65	72	66
Onshore					
Response rate/engagement	S.9	%	84	83	81
Well-being/job satisfaction	S.9	Point	79	77	77

ESG key figures: (S) Social data, see page 71 and information on notes page 77.



Goals for key figures in 2023
• Higher response rates for the maritime organisation through increased collaboration between HR and CREW
• Maintain the level of job satisfaction on the ships as well
• Work further with MTU objectives in relation to the number of ongoing actions (three activities in progress continuously per department)
• Reporting and collecting the number of completed actions to the HR department



Goals for 2023
The goal for 2023 is for the vast majority of units to have written down and be reporting on identified and implemented actions and initiatives aimed at improving well-being in the units.

Sickness absence

At Royal Arctic Line, we want Sickness absence to be dealt with in a dialogue, with a balanced focus on the needs of the individual, the community and the shipping company. Sickness absence should be perceived as being legal, yet the employee should be able to resume work as soon as possible after illness. The purpose of the principles of Sickness absence in the company is to promote well-being, continuity and quality in our core business.

Policy, principle or ambition
At Royal Arctic Line, we follow a principle that we have named 1-5-15 – Good dialogue around sickness absence. This is a concept with a systematic model and framework describing when there is a minimum contact between manager and employee, and what is discussed during sickness absence.

It is about the manager conducting a considerate and respectful dialogue, and maintaining contact with the person on sickness absence on the 1st, 5th and 15th days of illness.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Social data, key figures					
Sickness absence	S.3	Days/FTE	3,15	2,44	4,90 *

ESG key figures: (S) Social data, see page 71 and information on notes page 76.
*The calculation method for sickness absence does not include seafaring personnel, so the figure cannot be compared with the figures in 2021-2022.

Goals for key figures in 2023
Reduce the sickness absence score from 3,15 to the 2021 level of 2,44.

Goals for 2023
Focus on sickness absence in the respective departments and follow-up sessions with managers where there is a need for follow-up due to high levels of sickness absence among employees.

Focus in 2022
A renewed focus on the concept of a good dialogue in connection with sickness absence.

Development
Development of -0.71, corresponding to a 30 % increase, is not in itself alarming due to the coronavirus epidemic at the beginning of 2022. But there is a general desire to create a focus on sickness absence and well-being in connection with MTU work. The purpose is to make sickness absence visible, so that any increased level of sickness absence in individual units can be addressed.

Ongoing attention will be paid to sickness absence in the individual departments and follow-up sessions with managers, where we see a need for follow-up due to high levels of sickness absence among employees. This is to reduce the risk of the company having a disproportionately high number of sick days per FTE, which may indicate poorer employee satisfaction, health, well-being and/or safety problems.

In addition to being costly for the onboarding process among existing employees, loss of business knowledge and financially, it can also cause problems in attracting talent. At the same time, a focus on sickness absence can help to influence the mental and physical health in the local community. There is also the possibility of an indirect impact through satisfied employees who can help to create good family life.

Accident prevention

“ Business first – Safety Always.

Based on the principle that all accidents can be avoided with a well-planned preventive effort.

Royal Arctic Line has a major responsibility when it comes to ensuring the well-being and safety of employees, which is why we take occupational health and safety very seriously. Our employees are our greatest asset, and we must ensure that they have a good working day so that we can keep them for a long time and build on their knowledge and experience. It is therefore important to involve employees in day-to-day work on occupational health and safety, so that they feel a sense of shared responsibility when it comes to achieving a good work environment.



Life rafts must be tested every three years, but on Sarfaq Ittuk they are tested every year. In this way, the crew is continuously trained in use of the equipment, to ensure safe navigation for both crew and passengers.

Near misses on ships and in ports

Near-miss incidents on ships 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. The written reports ensure opportunities for knowledge sharing, so that any similar conditions existing on the company’s other ships can be adjusted in 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 at port terminals, warehouses and during ship operations are defined as minor occupational injuries that do not result in incapacity for work – we define this as Near-miss onshore. Minor occupational injuries that result in short-term incapacity for work (up to one week). Major occupational injuries with long-term sickness absence (more than one week). Near-miss incident reports must contribute to ongoing observation of events that could potentially have developed into a hazardous situation at port terminals, warehouses and during ship operations, and must ultimately contribute to ensuring that no occupational injuries occur.

The aim is for near-miss incident reports to be shared across the business in order to increase safety awareness and ensure that procedures are adjusted. Statutory health and safety committee meetings are held, and we work actively and constructively to strengthen our safety measures.

Each Near-miss incident is assessed and analysed separately for any physical improvements or adjustments to procedures, workplace assessments (WPAs), etc.



Policy, principle or ambition

The company has an ambition to increase its focus on occupational health and safety. Especially at all ports, where the company has had active safety groups that hold meetings and submit minutes from these to the company's central Health, Safety, Environment and Quality function (HSEQ function). The task of securing and complying with the aforementioned rules and guidelines is performed by the company's ISM/Designated person, whose function reports directly to the company's CEO.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Accident prevention					
Near-miss incidents on ships	S.10	Persons	98	110	80
Near-miss incidents at ports	S.11	Persons	7	10	5

ESG key figures: (S) Social data, see page 71 and information on notes page 77.

Focus in 2022

It has been a goal onshore to introduce a formalised reporting register for the registration of occupational injuries, as well as the introduction of Near-miss incident reporting.

On the ships, there is continuous focus on a reporting rate that indicates that personnel are being observant on board.



Development

A reduction is evident in Near-miss incidents and occupational injuries for both onshore and sea. This may be due to the company's increased focus on safety and the work environment, as well as follow-up on health and safety groups.



Goals for key figures in 2023

- On ships <100
- At ports <7



Goals for 2023

Further development of the reporting system and Near-miss incident reporting, where the objective is to make the process for reporting at the ports as natural as on the ships.

Lost time accidents on ships

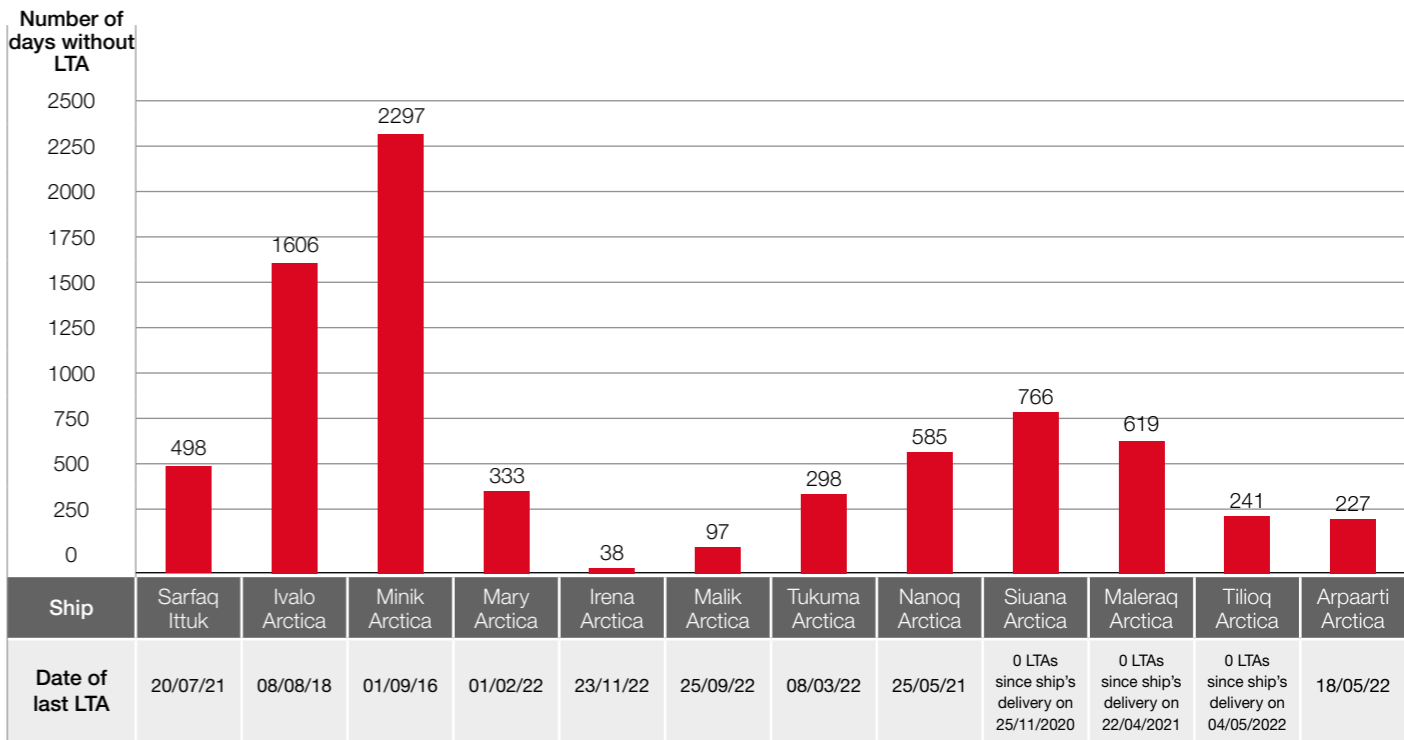
A Lost Time Accident (LTA) is defined here as an event that has resulted in an accident, sickness or injury where the person involved was unable to work for more than 24 hours.

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 addressed.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Social data, key figures					
Accident prevention					
Lost Time Accidents (LTA) on ships	S.12	Personer	5	9	4

ESG key figures: (S) Social conditions, see page 71 and information on notes page 77

During 2022, a total of five LTAs were registered on the shipping company's ISM-certified vessels (ships exceeding 500 GT), which is five fewer accidents than the previous year. The accidents occurred on Mary Arctica, Irena Arctica, Malik Arctica, Tukuma Arctica and Arpaarti Arctica.



This table is a presentation of how often incidents occur in which people have a sick day over and above the same day on which the incident/accident occurred.



Goals for key figures in 2023

<5

Risks and opportunities

Significant risks of occupational injuries have been identified in our work environment. This is caused by factors including a high level of manual work with large machines and high pressure of work. High pressure of work may be due to the fact that there can be limited time at the ports for handling the ships' cargo, especially when there are delays. One way to minimise occupational injuries and potential stress among employees is to draw up clear policies and clear internal processes and guidelines for the work. High pressure of work can result in sick leave, which is why sickness absence is also an area on which there is a focus with policies, actions and initiatives for follow-up.



Impact on society

Supplies to Greenland depend on Royal Arctic Line having a fully functional operation, and a fall in productivity due to occupational injuries will therefore have a negative impact on society.



Impact on Royal Arctic Line

There are many risks of occupational accidents in a company where operations involve heavy manual work and the use of large machines. The focus on occupational accidents must therefore ensure that our employees and their families can feel confident that the frameworks, guidelines and work processes take these circumstances into account.



Boost educational opportunities

Royal Arctic Line has a long tradition for its commitment to enhancing opportunities for education in Greenland.

A Royal Arctic Line education programme provides qualifications for a career in the shipping company, while also ensuring a good foundation to pursue career opportunities in other parts of society.

The company's comprehensive trainee and supplementary education programmes are important elements of the company's HR strategy, where there is particular focus on boosting educational opportunities for unskilled young people and adults.

We assume active responsibility for Greenland's future workforce by increasing our ambitions and commitment to education at all levels, from primary and lower secondary schools to adult education.

In 2022, we re-filled the position of training coordinator, whose focus has been on courses for our hourly-paid employees in the operation. This has seen the provision of a crane course, reach stacker course, forklift course, dangerous goods course and heavy lifting course. Ultimately, this helps to move more skilled employees from unskilled positions to skilled positions, which ensures efficient ship operation and cargo handling, as well as ensuring a better salary for our employees.

Collaboration with educational institutions

Every year, the shipping company is represented on the education roadshow in Greenland, and there are two annual visits to the maritime school in Paamiut. Regular visits to ships and the port terminals are arranged for both children at kindergarten and school classes in the various towns in Greenland.

There is close collaboration with Teknikimik Ilinniarfik (KTI) in Sisimiut to give the best possible support to the marine engineering school. The focus this year was on the admission of future marine engineer candidates associated with KTI.

The shipping company is also represented in educational networks and education road shows in Denmark, where the aim is to improve educational opportunities and access to the Greenlandic labour market for Greenlandic students.

There is a focus on promoting the shipping company's education programmes, and in 2022 the company was proud and pleased to present newly-graduated students in the following subjects:

At sea

- 4 offshore skippers
- 3 ship's assistants

I land

- 11 terminal workers
- 1 IT support technician
- 1 academic education programme specialising in IT management and technology



Morten Poulsen trained as a coastal skipper and Hans-Henrik Djurhuus as a salaried skipper at Imarsiornermik ilinniarfik (Greenland's Maritime Centre). They have subsequently been signed on to Royal Arctic Line's ships as officers.



In 2022, 9 out of 11 students at the Iron and Metal College (KTI, Tech Collge Greenland) in Nuuk, who are all trainee terminal workers at Royal Arctic Line, received their apprenticeship certificate.

Active responsibility for developing and promoting education in Greenland

Trainees

Trainees are the workforce of the future, and we are keen to do all we can to ensure that our trainees can complete their education.

Development

Of onshore education programmes, in 2022 there were an average of 42 trainees compared to 64 in 2021. 13 of these graduated in 2022. A total of 7 students graduated from our maritime education programmes in 2022. Eleven students are currently in training as navigators, marine engineers or ship’s assistants.

The trainee key figure from 2021 to 2022 primarily reflects the change in calculation method for our maritime trainees, so only trainees and trainee chefs are included. Inexperienced ship’s assistants and junior officers are categorised as maritime employees earning sailing time. Junior officers have finished school, but the inexperienced ship’s assistants are still pursuing their education. Apart from three, however, they are part of the operational crew on our ships and are therefore not registered as trainees.

Cooperation with “Mind Your Own Business”

In 2022, Royal Arctic Line A/S decided to enter into a partnership agreement with the “Mind Your Own Business” organisation, which offers development programmes for boys between 13 and 21 years of age, with the goal of establishing their own micro-business. The company offered two business mentors for the 2022/23 season, and the mentors look forward to acting as sounding boards for these young men.

The commitment as a business partner in “Mind Your Own Business” takes place as an element of the company’s focus on the social data “Responsibility for the whole person” as well as the company’s responsibility to boost the level of education throughout society, especially at primary and lower secondary school level.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Social data, key figures					
Trainees	S.2	FTE	42	55	57

ESG key figures: (S) Social data, see page 73 and information on notes page 76.

Royal Arctic Line offers the following education programmes

At sea

- Navigator
- Shipmaster (3 years, 6 months)
- Salaried skipper (1 year, 6 months)
- Marine engineer (3–4 years, 6 months, depending on background)
- Ship’s cook (4 years)
- Ship’s mechanic (3 years, 9 months)
- Ship’s assistant
- Inexperienced ship’s assistant (20 weeks at school and 12 months of sailing time)
- Experienced ship’s assistant (10-week completion course and 12 months of sailing time)
- Skilled ship’s assistant (10-week completion course if a certificate of apprenticeship is held)

Onshore

- Academic education 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)



In 2022, two female trainee shipmasters from Greenland started at Simac (Svendborg International Maritime Academy) in Denmark, both with internships at Royal Arctic Line. 24-year-old Olena Madsen has an internship on Nanoq Arctica and 21-year-old Nadia Albrechtsen Jeppson on Tukuma Arctica.

In 2022, the company had the goal of attracting students from higher education programmes in Greenland and abroad to serve as student assistants or interns, or to take summer jobs. The purpose of this measure is to 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.

EGS Goals for key figures in 2023

50 trainees.



Goals for 2023

- Offer education programmes at all levels (primary and lower secondary school/business school/higher education/adult education)
- Begin to investigate opportunities to increase the number of trainees and students. This includes increasing the number of education programme specialisations and improving the quality of the fulfilment of learning goals for trainees and students
- Work is under way on a capacity analysis, which will involve a goal being set for the number of trainees who graduate in each education category

Strategic competence development programmes

“ *Support and satisfy the strengthening of family life and development opportunities for the individual in Greenland.* ”

In order to create Greenland's best workplace, it is necessary to create a good framework for competence development in the desire to strengthen the company's core service and our common company culture.

Policy, principle or ambition
Our ambition is to use strategic initiatives to strengthen the core service and our common culture to ensure competent future managers and specialists.

Focus in 2022
Administrative processes in connection with the coordination of courses have been brought into the HR department, after having been decentralised since 2016. There has been a particular focus on securing internal processes for holding statutory courses, as well as publishing a course catalogue.

Development
Focus on strategic competence development is new, and reference is therefore made to the section above, Focus 2022.

Goals for key figures in 2023
No key figures have been defined for this area at present.

- Goals for 2023**
The goal for 2023 is to develop tools for:
- Competence gap analysis – which can define a development plan for the individual employee
 - Use the competence gap analysis tool for succession plans and talent development
 - Complete development of tools for spotting talents to become specialists or managers
 - Standard education programmes for the development of managers and specialists



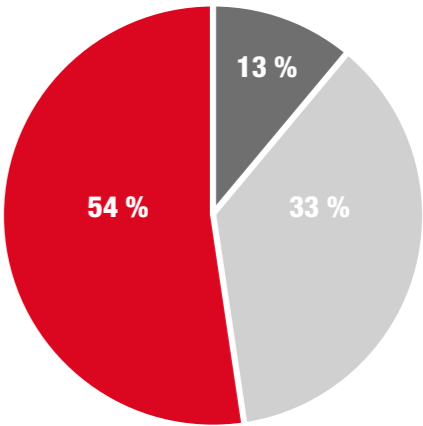
Community involvement

In 2022, Royal Arctic Line's sponsorship committee entered into a partnership with Elite Sport Greenland for the benefit of Greenlandic sports talents and elite athletes in Greenland. Royal Arctic Line wants to put future generations first. Through sport, our young generation in Greenland can learn to work with dedication and determination to achieve their goals. They learn how to plan training, organise activities and engage with communities. These competences benefit society. Royal Arctic Line's sponsorship committee believes that sport can contribute to increasing the individual's competences in terms of perseverance and responsibility for themselves, the environment and sport.

- 2020:** DKK 94,100 in sponsorship funding + Framework agreements: Sisorarfiit DKK 7,000 Ivalo & Minik Fonden DKK 100,000 Katuaq DKK 50,000
- 2021:** DKK 23,200 in sponsorship funding + Framework agreements: Ivalo & Minik Fonden DKK 130,000 Katuaq DKK 50,000 Tilioq DKK 110,000
- 2022:** DKK 130,618 in sponsorship funding + Framework agreements: Katuaq DKK 50,000 Ivalo og Minik Fonden DKK 130,000 Elite Sport Greenland DKK 125,000

The sponsorship committee expects to continue supporting events and projects that are relevant to Greenland under the themes of Children, Culture, Sport, Education and the Socially disadvantaged in society.

The aim is to sponsor events or projects along the entire coast of Greenland and not only in the larger towns, but also by having decentralised Sponsorship Committees in each of the shipping company's ports in Greenland.



- Culture & sport
- Children & young people
- Education & the socially disadvantaged



In 2022, Royal Arctic Line signed a sponsorship agreement with Elite Sport Greenland, which aims to promote the internationalisation of Greenlandic sports. In continuation of the sponsorship agreement, the shipping company also donated 80 sports bags to the good ambassadors for Greenland's society.

Royal Arctic Line Board of Directors



Påviâraq Heilmann
Chairman



Erik Jørgen Østergaard
Deputy chairman



Erik Sivertsen



Heiðrún Jónsdóttir



Julia K. Olsen



Minannguaq Hilda
Zeeb

Royal Arctic Line’s employee-elected members



Eyduun Simonsen



Laust Lindskov
Vestergaard



Tina Lange Olsen

Diversity and inclusion


“Support and strengthen the company's cohesion in an inclusive culture

In Royal Arctic Line, diversity is a strength. More perspectives, different experiences and backgrounds create better decision-making processes and better end results.

There must be room for everyone, regardless of gender, background, ethnicity, religion, age, disability, etc. This is why the company’s HR processes are data-driven, which helps to increase objectivity when recruiting and promoting. When hiring an employee, the combination of human and professional skills is balanced, giving departments the opportunity to accommodate a greater diversity of employees.

Policy/principle or ambition
Our approach to diversity is summarised in an Equal Opportunities Policy. Implementation of this policy is still at an early stage, so it is too soon to reflect on improvements, as significant initiatives to support the company’s sustainability strategy and direction have not been determined.

- Goals in 2022**
- Preparation of the company’s Equal Opportunities Policy
 - Automate data extraction of issues including gender diversity to ensure transparency and credibility in both measurement and reporting



Development
Until now, a manual process has been used for data extraction on gender diversity, which entails risks of both miscalculation and manual errors in data extraction.

The employee turnover ratio at our management levels is very low in certain areas, so influencing gender distribution is a protracted process.

Especially at second management level (e.g. harbour managers, shipmasters, chief engineers, etc.), the proportion of women is lower than shown in the company’s total gender breakdown statistics, and the employee turnover ratio 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 enter the labour market.

The gender pay ratio is only calculated on the basis of salaried employees.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Development data, key figures in social data					
Diversity					
Gender diversity	S.4	%	32.95	-	-
Gender pay ratio	S.5	Times	1,09	-	-
Gender composition of management					
Gender diversity for other management levels	S.6	%	28,71	26,76	25
Gender diversity for other management levels, executive level	S.7	%	42,86 *	33,33	33,33

ESG key figures: (S) Social data, see page 71 and information on notes pages 76-77.
*Senior management was expanded from three members to seven in 2022, which is why previous figures cannot be compared.


Members of the Board of Directors elected by the annual general meeting continue to consist of three women and three men. New employee-elected members were elected in 2022 for a four-year period, with one woman and two men being elected. The full Board of Directors therefore consists of nine people, composed

of four women and five men. The Board of Directors thereby complies with the 40/60 distribution for the members elected by the annual general meeting, but now also for the entire Board of Directors.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Governance data, key figures					
Gender diversity, board	G.1	%	50	50	50


ESG key figures: (G) Management conditions, see page 73 and information on notes page 78.

EG **Goals for key figures in 2023**
The goal for diversity in the Board of Directors and senior management is that there shall be at least 40 % of each gender.

-  **Goals for 2023**
- Rollout of the Equal Opportunities Policy in the company
 - Investigate where gender diversity between the different professional groups has the most significant risks and opportunities, as well as impact based on both the business and the double materiality principle
 - Focus on recruitment principles. What should carry weight in competence & PI/PLI scores that do not take into account background, gender, religion, etc. I.e. that do not exclude any minority groups, and set goals, such as the number of female managers, the number of new adult apprentices, etc.
 - Investigate what initiatives are needed to attract people who may have difficulties in entering the labour market (e.g. adult education)
 - Focus on staff turnover at management level and among other employees. The goal is to identify actions that over time can affect the gender composition at Royal Arctic Line

Risks and opportunities
A significant risk in the company is the gender composition of management and gender diversity of the under-represented gender, women. An unequal gender distribution may indicate a risk of more general inequality in the workplace, which can create challenges in attracting female talent. There is, however, great potential in targeting various initiatives and campaigns to attract more women to shipping, both at sea and onshore.

 **Impact on society**
We recognise and respect fundamental human rights, and it is important for us that everyone has equal opportunities for development. We strive to contribute to a healthier and richer society by ensuring that both current and future employees are treated fairly and without discrimination.

 **Impact on Royal Arctic Line**
Diversity gives better perspectives on attitudes and decisions, which makes a significant contribution to the company’s success. A Board of Directors and management team composed more or less equally between the genders provides more perspectives on decisions, which produces better results. By strengthening diversity in general, as well as understanding differences within and outside Royal Arctic Line, the company can better accommodate differences and people who may be finding it difficult to enter the labour market.



(G) Responsible governance

Royal Arctic Line works with three objectives, all of which will contribute to the sustainability strategy principle of "Responsible governance."

Our focus

- Lead the way with the new regulatory framework for reporting
- Strengthen governance and further develop the company's compliance
- Digitalisation with a focus on Information Security and Cyber Security

“ We will not compromise on security of supply, while creating the framework for a good, safe workplace, with transparency and credibility as guiding principles. We will operate a business based on good governance and compliance, where the ambition is to be at the forefront of national and international legal requirements.

Our ambition for responsible governance

“Lead the way with the new regulatory framework for reporting.

In order to strengthen and maintain the company's credibility, it is important that there is transparency in the company's approach to the Governance and Compliance function. One focus area is that there will in future be more focus on Fraud Management, both from the company's owners and from Royal Arctic Line.

A process is therefore under way in order to clarify which areas fall within Fraud Management, and which of these areas are particularly important to the company. Until this process has been completed, there will be focus on anti-corruption and the whistleblower scheme, which have already been designated as key areas. These initiatives will strengthen the foundation for a more secure framework for employees and the company's other stakeholders.

Policy, principle or ambition

A sustainability strategy has been developed and work has been initiated on an action plan for a Sustainability Programme and policy.

Focus in 2022 Selected areas

- Organisation of sustainability department
- Strengthen the company's governance
- Sustainability strategy and initiated execution of strategy for a Sustainability Programme
- Education in the area of sustainability and ESG
- Various online webinars (Learning, trends and legislation)
- Network meetings and international conferences
- Employee involvement: management seminar, ship management meetings + various presentations and dialogues
- Initiation of a Corporate Policy Programme
- Startup of Fraud Management Programme
- Whistleblower scheme for internal and external stakeholders
- Cyber Security Awareness Programme

Goals for key figures in 2023

- Corporate Policy Programme: Policies and due diligence
- Compliance due diligence programme: Training of employees in anti-corruption, competition law and GDPR

Goals for 2023

- A focus on Cyber Security
- Focus on and preparation for upcoming new legislation and new directives
- Employee involvement on sustainability and compliance in the business
- Sustainability Programme
- Fraud Management Programme

Risks and opportunities

More attention has been given to strengthened and responsible business management team and compliance with legislation, requirements and standards, by such means as establishing a department with these areas of responsibility. This allows for a more strategic approach to ESG and compliance within the company. By drawing up a Corporate Policy Programme, the various policies and guidelines can become more widely shared throughout Royal Arctic Line, enabling the company's departments to work in an even more coordinated way and in the same direction.

Internal processes will also be strengthened. Until now, policies and guidelines have largely been a responsibility for the individual department and have not been widely shared with the various branches of the business. This also makes it easier to prevent and detect any unethical business conduct, as the whole company will be familiar with and work according to the same guidelines and policies.

Impact on society

As a company owned by the Government of Greenland, it is important for the owners and society that the company complies with current laws and guidelines. Royal Arctic Line also has the opportunity to contribute to the standard of Corporate Governance in Greenland.

Impact on Royal Arctic Line

Increased and enhanced governance will affect the work processes in Royal Arctic Line, as there will be more internal requirements to comply with. For example, a common direction for sustainability work in the business is being implemented and developed. Several areas will be addressed on an ongoing basis, and these will have to be formalised in policies and new working procedures.

Reference to ESG key figures: (G) Management conditions, see page 73 and information on notes page 78.



Management conditions

Management conditions refer to the conditions that apply to the company's senior management team and the general management team.

Attendance at Board meetings

The highest possible level of attendance is expected, as this shows interest in and commitment to the company's operational and management conditions. This key figure has not been reported in the past. The purpose is to measure the activity level of the company's Board members. Employee-elected members are included in the key figure 94.7 %, as this gives an accurate picture of the overall level of activity of the Board of Directors.



CEO pay ratio

The CEO pay ratio shows how many times the median pay level of employees can be covered by the CEO's remuneration, as an expression of social equality. The CEO's pay trend should ideally reflect the company's overall development trend on which areas the board focuses on.

The median pay level is used rather than the average, so as not to distort the key figure with employees on extremely high and/ or low pay.

One area of attention is that this key figure can be difficult to use in a comparative analysis between companies with different geographical coverage of employees, due to different local pay levels and collective agreements.

A relatively high or rising pay gap between the CEO and employees may express the company's valuation of the CEO in relation to the regular employee.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Development data, key figures in government conditions					
Board meeting attendance rate	G.2	%	94,7	-	-
CEO pay ratio	G.3	Times	6,7	-	-

ESG key figures: (G) Management conditions, see page 73 and information on notes page 78.

These two key figures, Board Meeting Attendance Rate and CEO Pay Ratio,were prepared with HR data extracts for the first time in 2022, which is why no data is included for comparative years.


Corporate Policy Programme

“ We will strengthen governance and further develop the company's compliance.

The Corporate Policy Programme focuses primarily on the policies and guidelines that apply to the company's operations onshore. There is already a well-developed system for the marine operation.

In connection with the rollout of the Corporate Policy Programme, all existing policies and guidelines are to be revisited and updated where appropriate. Policies and guidelines must also be drawn up in those areas where this is deemed necessary on the basis of materiality, legislation, international standards and internal requirements.

Policies 2022	Due diligence	New policies	Future policies
Anti-Corruption Policy	✓		
Business Code of Conduct		✓	
Supplier Code of Conduct			✓
Climate and Environmental Policy			✓
Investment Policy		✓	
Safety and Environmental Protection Policy	✓		
Sustainability Policy			✓
Whistleblower Policy	✓		
Human Rights Policy		✓	
Ship Scrapping Policy	✓		
Sponsorship Policy	✓		
Equal Opportunities Policy		✓	
Ship Scrapping	✓		
Data Ethics			✓
Personal Data Policy	✓		

**Policy, principle or ambition**


The Corporate Policy Programme is there to ensure that there are the relevant and necessary policies and guidelines for the company to be able to meet the requirements of current and future legislation, the international standards to which the company has subscribed, as well as those of customers and stakeholders. These must be collected in an internal document management system so that they are easy to access, and to ensure that they are always up-to-date and valid.

Focus in 2022


- A department responsible for compliance is established
- There will be a list of available policies in the company
- There will be a roadmap for the preparation and implementation of the most important policies

**Goals for key figures 2023**


- All statutory policies to be submitted to the Board of Directors
- Corporate Policy Programme: Policies and due diligence
- Compliance Due Diligence Programme: Training of employees in anti-corruption, competition law and GDPR

**Goals for 2023**

- A document management system will be implemented, containing the policies, guidelines and work instructions that apply in Royal Arctic Line.
- Existing policies will be reviewed and, if necessary, updated in connection with the implementation of the document management system

**Impact on society**

In connection with the implementation of new policies and guidelines, there will be more demands made of business partners, as Royal Arctic Line must ensure that these partnerships continue to meet the requirements and guidelines set out in the policies.

**Impact on Royal Arctic Line**

A Corporate Policy Programme helps streamline decisions, actions and workflows in the company. By ensuring a clear, known and visible framework in a policy programme, decision-making processes can be strengthened and the implementation of decisions simplified. It can also ensure a better handover of work functions, as more processes will be formalised and written down. It will also ensure that the external requirements for Royal Arctic Line can be better incorporated into daily work processes.

Digitalisation with a focus on Information Security and Cyber Security

Royal Arctic Line IT has expanded its focus on Cyber Security and is in a constant process of improving security in our IT environment.


This is taking place in the server environment, on systems, user IT devices and in training campaigns aimed at IT users in the business.




One of the weakest links in the IT security chain is the human factor. A great many security breaches occur due to errors and lack of knowledge among IT users. It is therefore crucial for Royal Arctic Line's IT security to build up a good security culture. In 2022, RAL-IT started a security portal to strengthen cybersecurity awareness among employees in the company.

Royal Arctic Line's awareness programme, through which we continuously train and test existing and new IT users:


- Periodic measurement of the current user awareness level to identify the status right now and where action can and must be taken
- Ongoing phishing tests with varying topics and degrees of severity that can measure departments, types of emails that threaten security and train users' critical senses/common sense
- Training users by means of information, video, games and questionnaires, providing users with different learning channels
- IT security information via the company's internal communication platform, which can raise awareness in connection with special periods, kinds of emails, threat levels, etc.
- User tool to easily report suspicious emails or IT system actions, teach users to think security before curiosity


 **Policy, principle or ambition**
We have an IT and security policy that describes the guidelines for users/employees and how we maintain a satisfactory level of security in the physical part of the IT infrastructure.


Focus in 2022
In the autumn of 2022, a Cyber Security Awareness Programme was launched, which aims to ensure that employees are better equipped to identify and understand malware, phishing and malicious IT attacks.

-  **Goals for key figures 2023**
- In 2023, >90 % must complete at least 1 awareness training course and test in the company
 - For individual campaigns, >70 % must pass the test

Cyber Security is not currently included in the company's ESG key figures. This is, however, an action where work is continuing in the design of the Sustainability Programme.

-  **Goals for 2023**
- Identify focus areas for continued user awareness training
 - Training employees to identify and avoid phishing
 - Increased focus on and knowledge of reporting suspicious e-mails and IT system actions
 - Implementation of IT contingency plan
 - Increase general IT security through new initiatives
 - Reduce the number of IT audit observations

 **Impact on society**
Major IT failures in companies, not least in companies that support society, such as Royal Arctic Line, are very costly for society. IT failures as a result of external attacks on IT systems result in general uncertainty, loss of production and potential supply problems for Royal Arctic Line. It is therefore important to maintain a constant focus on IT security.

 **Impact on Royal Arctic Line**
By focusing on IT security, the risk of a major failure of the company's IT systems due to IT attacks is reduced. A large proportion of functions such as "planning sailing schedules", booking, planning and inbound and outbound delivery of goods take place via IT systems. It would therefore cause major logistical challenges and loss of revenue if the company experiences a lengthy failure or compromising of its IT systems.


Anti-corruption

“ Strengthen governance and further develop the company's compliance.

Royal Arctic Line does not accept bribery, fraud, nepotism or other forms of unethical business conduct. We are therefore working to strengthen our internal rules, controls and audits to ensure that our company and our activities always comply with current legislation and principles for ethical business conduct.

In 2021–2022, work was performed on a risk analysis that included human rights and labour rights, anti-corruption and business ethics. This work forms the basis of a process under way of risk hedging for ESG reporting. The initiatives and actions resulting from this analysis are assessed on an ongoing basis.

This includes work to establish a whistleblower scheme – also aimed at external stakeholders. Anti-corruption will be one of the company's focus areas in the coming Fraud Management Programme. There will therefore be focus on this area in 2023 with training, updating of the policy, a campaign, etc.

 **Policy, principle or ambition**
Royal Arctic Line has an anti-corruption policy with zero tolerance of bribery and corruption, and the company undertakes to comply with all relevant laws in the countries where ships make calls and the company has business relations. The relevant employees are trained in anti-corruption where it is relevant for their job function.

Focus in 2022
No registered cases of bribery, extortion or similar.

 **Development**
There have been no registered cases of corruption, nor were any special initiatives undertaken in the area of anti-corruption in 2022. Going forward, Royal Arctic Line's owners have a particular focus on Fraud Management, of which anti-corruption forms an important part. There will therefore be an increased focus on anti-corruption initiatives based on the upcoming work with Fraud Management. A new risk analysis is to be drawn up to describe where in the business there is the greatest possibility of corruption.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
Compliance Due Dilligence Programme					
Anti-corruption training of employees	G.5	Number passed	-	-	-
Training of employees in competition law	G.6	Number passed	6	44	-
GDPR training	G.7	Number passed	8	53	-

ESG key figures: (G) Management conditions, see page 73 and information on notes page 78.



Goals for key figures 2023

- Employees in relevant positions must complete and pass an anti-corruption training course.



Goals for 2023

- The anti-corruption policy must be revised
- Implementation of anti-corruption training for relevant employees
- Training in competition law and GDPR for those employees where it is deemed relevant
- Preparation of a risk analysis that will form the basis of the future anti-corruption training programme and initiatives

Risks and opportunities

The company has a diversified organisational structure with several different ports and ships, which in their day-to-day work have relatively decentralised operation and decision-making competence. This can lead to a risk of corruption, fraud and nepotism on a small scale, which will be difficult to detect centrally. To mitigate and avoid these risks, the focus is on the new Fraud Management Programme. Training will be provided for employees so that they are also aware of risks on a decentralised basis. If there is a suspicion of unethical business conduct, there is a facility available to report through the company's whistleblower scheme.



Impact on society

Corruption in all forms is detrimental to society, and trust disappears in institutions and companies that are involved in corruption. It is therefore essential that corruption is actively reduced (mitigated, ed.) and combated in all cases. Royal Arctic Line's important function in society and extensive contact with citizens and companies, particularly in Greenland, but also in large parts of the North Atlantic, means that the company has a special obligation to actively combat corruption.



Impact on Royal Arctic Line

Any form of involvement or the mere suspicion of involvement in corruption will have consequences for the company in the form of fines and sanctions, as well as a crisis of confidence for the company. This can jeopardise Royal Arctic Line's reputation, as trust from the owners and society is important for Royal Arctic Line's existence.

Whistleblower scheme

If employees, management, the Board of Directors, business partners or others have a justified suspicion of serious and censurable situations, they can report this safely and in confidence via Royal Arctic Line's whistleblower scheme. This may include financial situations, pollution, health and safety, particularly abusive behaviour, etc.

Focus in 2022

That any reports are handled quickly and with the right level of discretion.



Development

The whistleblower scheme was launched in December 2021, giving Royal Arctic Line's employees and Board of Directors a channel to report gross irregularities. There were no cases reported in 2022.

At the beginning of January 2023, the whistleblower scheme will be extended to include business partners and other stakeholders who will then be able to report via the scheme.



Goals for key figures in 2023

Any reports must be handled in accordance with the guidelines for the whistleblower scheme.



Goals for 2023

- Knowledge of the whistleblower scheme must be disseminated among both employees and business partners, so that they know where to turn with any relevant observations
- A test report is to be submitted during the course of the year for internal and external reporting respectively, if there are no regular cases submitted from internal and external reporting respectively, so that the function of the scheme is assured and evaluated



Impact on society

It is important that serious and censurable situations in society are discovered and stopped in time, so that an inappropriate culture does not develop. It is therefore important that it is possible to report such situations in a system where there is no risk of retaliation and where the report can be submitted anonymously, if so desired.



Impact on Royal Arctic Line

A whistleblower scheme is important to ensure that reports of serious irregularities in the company are reported, so that they can be dealt with as quickly as possible, and that a damaging culture cannot potentially develop, where some people can "get away" with conduct that is harmful to the company. This applies to both financial crime, which can potentially cost the company dearly, and in the area of occupational health and safety, where good employees quit due to an unpleasant work environment or working climate.

Suppliers and business partners

As one of the biggest companies in Greenland, Royal Arctic Line has a particular obligation to have a positive impact on Greenlandic society and the business community – in terms of the climate and the environment, in the social area and in respect of universal rights and conventions.

It is therefore important that there is focus on the supply chain's impact on these topics.



Policy, principle or ambition

Suppliers with a business volume of > DKK 250,000 or who are considered to be strategically important to the business must sign Royal Arctic Line's Supplier Code of Conduct every three years.

Focus in 2022

Start work to draw up an updated Supplier Code of Conduct.



Development

An updated Supplier Code of Conduct is being drawn up, which Royal Arctic Line's suppliers with significant volume of business must sign. In 2023, guidelines are to be drawn up for the criteria defining which suppliers must sign the Supplier Code of Conduct.

As no audits of suppliers or partners have been conducted so far, a plan must be prepared to follow up on suppliers that sign the company's Supplier Code of Conduct.



Goals for key figures in 2023

At least 70 % of the relevant suppliers must have signed Royal Arctic Line's Supplier Code of Conduct.



Goals for 2023

Royal Arctic Line's Supplier Code of Conduct must be sent for signature by the relevant suppliers.



Impact on society

As one of the biggest companies in Greenland, Royal Arctic Line can help to influence suppliers to have a stronger focus on climate, environment, social data, employees' rights, etc., which can have a positive impact on society in general.



Impact on Royal Arctic Line

Being able to vouch for the supply chain being in control of its climate and environmental footprint, as well as its employees and social data, is important for Royal Arctic Line's reputation and reporting in the future. This can result a better position in the market, as it will become a stronger competitive parameter in the future. As Royal Arctic Line will be signing up to SBTi, as mentioned previously, it is a requirement that there is an overview of the climate impact from the supply chain, which can be ensured through a Supplier Code of Conduct and the contracts with the individual suppliers.



DATA AND REPORTING METHOD

This chapter contains an overview of ESG key figures, and we will explain the background to accounting methods and choice of ESG key figures.

Framework used to form the basis of the ESG key figures

Reporting is based on international standards, including the ambition to sign up to the objectives set out in the Science Based Targets initiative (SBTi). A well-known and comparable framework has been used as a method for working with sustainability and data quality for an ESG report. These are also described in the section on sustainability frameworks, see page 22.

International standards, frameworks and principles used

- Danish Ship Finance standard
- ESG primary figures and key figures in the annual report from the Danish Finance Society/CFA Society Denmark, FSR Danish Auditors and Nasdaq Copenhagen
- Greenhouse Gas Protocol (GHG Protocol)
- Poseidon Principles
- Science Based Targets initiative (SBTi)
- Task Force on Climate-Related Financial Disclosures (TCFD)

For risk management of the company's initiatives in connection with the minimisation of negative impact on climate and the environment, the starting point chosen is the TCFD.

The company's ESG data has been selected on the basis of its materiality and is in accordance with the latest reporting guidelines issued by the Danish Finance Society/CFA Society Denmark and FSR Danish Auditors.

Royal Arctic Line is working to include more of the key figures recommended by these professional bodies when the maturity of the data and the improved data quality allow it.

As an example, and even though this is an important topic, the company does not report on Scopes 1 and 3 in this report, and this is due primarily to a lack of data. The development process with the CO₂ accounts is a process that is moving from a manual internal pressure test to an internal beta version in 2023. The goal is an automatic process with baseline in the 2024 climate accounts.

In 2023, the aim is to further develop the establishment of internal processes for the collection, control and documentation of the underlying calculations of key figures.

Accounting policies for development data, key figures for ESG reporting

An accounting policy that is in the early development stage in the field of ESG reporting has been applied. A description of the accounting policies used for specific key figures is stated in the relevant notes in a three-year summary. The ESG notes provide an explanation, definition and description of the calculation method for the relevant key figures. The notes also include a justification of the relevance of the key figure. Significant accounting estimates have been made, as there is currently uncertainty associated

with data relating to CO₂e emissions for the GHG Protocol's Scope 2 reporting. The latest reporting guidelines of the Danish Finance Society and FSR Danish Auditors have been limited to not including the key figure "Customer Retention Ratio", as the company has not currently identified this key figure as an important data point due to the company's business model. ESG data will be compiled for the full accounting period, unless otherwise stated.

Materiality

Our sustainability reporting is based on Royal Arctic Line's assessment of which ESG factors are most material to the shipping company. This means those conditions that are most crucial to our business model, stakeholders, strategy and the activities that have the greatest climate and environmental impact.

It is crucial that material information includes both the positive and negative developments in our operations. The areas selected must contribute to the account providing a true and fair view of our social responsibility and sustainability.

ESG key figures

In the process leading towards an ESG report, we have expanded our previous reporting of key figures, which currently covers several relevant aspects of ESG. These additional items are referred to as development data key figures.

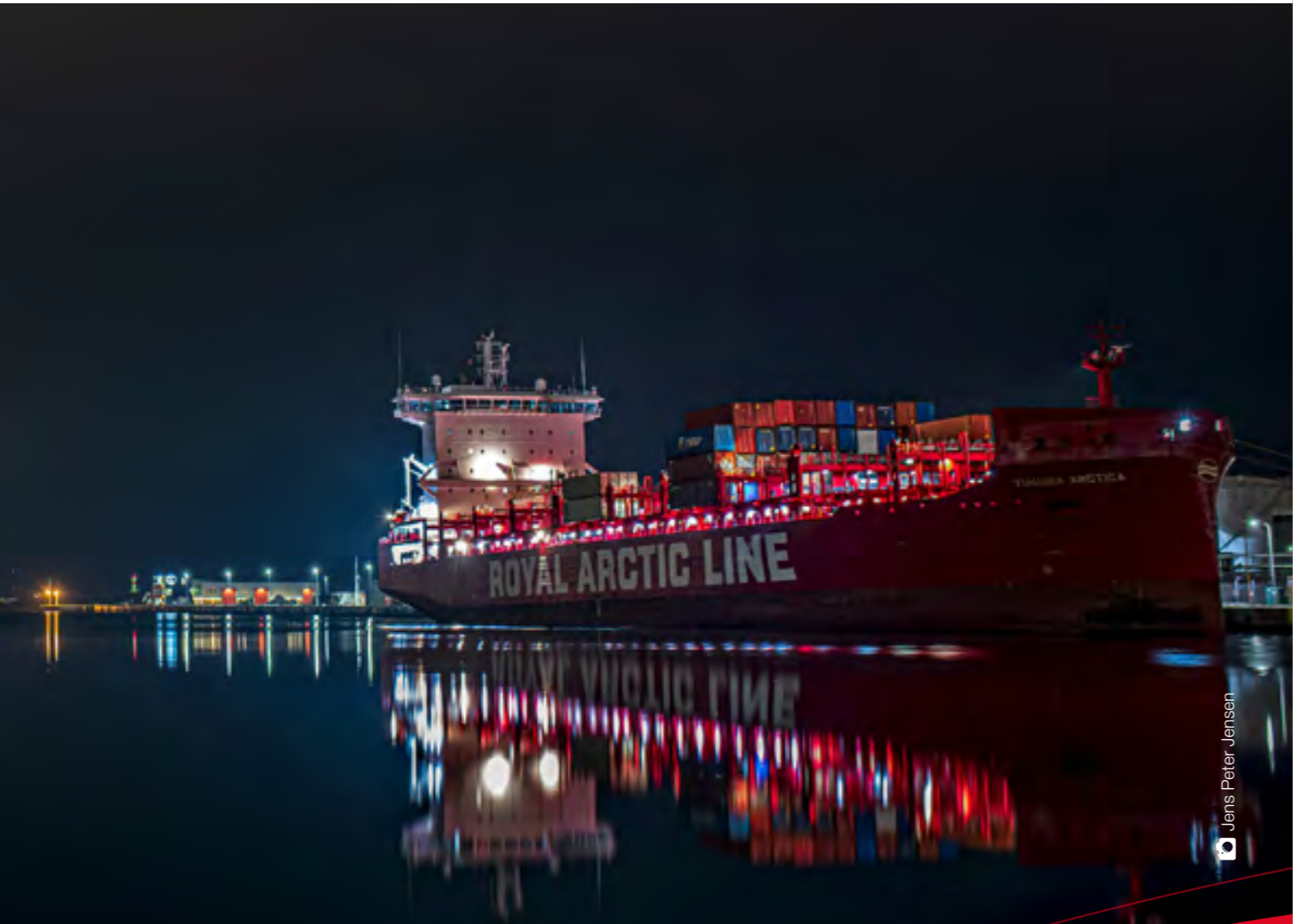
ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
(E) Climate and environmental data					
Climate and environmental data, key figures					
Ships' fuel consumption					
MGO	E.1	Tonnes	8.792	9.484	8.283
HFO LS	E.2	Tonnes	6.351	7.270	14.233
HFO HS	E.3	Tonnes	11.030	10.583	6.143
Other climate and environmental data					
Kilo fuel/nautical mile	E.4	Kg/nautical mile	62,50	64,34	58,89
Nautical miles sailed	E.5	Nautical miles	397.842	424.897	486.683
Cubic metres carried, licensed	E.6	Cubic metres	1.010.801	991.842	945.895
Cubic metres carried incl. project cargo	E.6	Cubic metres	1.059.120	1.034.682	983.532
Cubic metres carried, total	E.6	Cubic metres	1.125.257	1.067.320	986.943
Development data, key figures in climate and environmental data					
Development in other climate and environmental data					
Electrically powered mobile cranes	E.7	Hours	400	-	-
Greenhouse gas (GHG) CO ₂ emissions					
CO ₂ e, scope 1	E.8	Tonnes	-	-	-
CO ₂ e, scope 2	E.9	Tonnes	1.240.276	-	-
CO ₂ e, scope 3	E.10	Tonnes	-	-	-
Onshore energy consumption					
Electricity consumption	E.11	kWh	11.769.570	-	-
District heating consumption	E.12	kWh	1.083.429	-	-
Renewable energy share	E.13	%	-	-	-
Water consumption	E.14	m ³	12.894	-	-
Other emissions					
SO _x	E.15	kg	4.369	-	-
NO _x	E.15	kg	1.500	-	-
Waste volumes, ships					
Plastic	E.16	Cubic metres	335	-	-
Food waste	E.16	Cubic metres	376	-	-
Household waste	E.16	Cubic metres	2,33	-	-
Operational waste	E.16	Cubic metres	223	-	-

Explanation
Hyphen (-) means that it has not been possible derive a figure from the data. Or that the calculation method has been changed on the grounds of comparability.

ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
(S) Social data					
Social data, key figures					
Full-time workforce	S.1	FTE	787	849	794
Trainees	S.2	FTE	42	55	57
Sick leave	S.3	Days/FTE	3,15	2,44	4,90 ⁽¹⁾
Development data, key figures in social data					
Diversity					
Gender diversity	S.4	%	32.95	-	-
Gender pay ratio	S.5	Times	1,09	-	-
Gender composition of management					
Gender diversity for other management levels	S.6	%	28,71	26,76	25
Gender diversity for other management levels, executive level	S.7	%	42,86 ⁽²⁾	33,33	33,33
Employees and employee satisfaction					
Employee turnover ratio	S.8	%	14	-	-
MTU at sea and onshore					
Response rate/engagement	S.9	%	70	76 ⁽³⁾	72 ⁽⁴⁾
Well-being/job satisfaction	S.9	Points	75	75	75
At sea					
Response rate/engagement	S.9	%	48	63	51
Well-being/job satisfaction	S.9	Points	65	72	66
Onshore					
Response rate/engagement	S.9	%	84	83	81
Well-being/job satisfaction	S.9	Points	79	77	77
Accident prevention					
Near-miss incidents on ships	S.10	Persons	98	110	80
Near-miss incidents at ports	S.11	Persons	7	10	5
Lost Time Accidents (LTA) on ships	S.12	Persons	5	9	4

Explanation
Hyphen (-) means that it has not been possible derive a figure from the data. Or that the calculation method has been changed on the grounds of comparability.

Fodnote
(1) The calculation method for sickness absence does not include seafaring personnel, so the figure cannot be compared with the figures in 2021-2022.
(2) Senior management was expanded from three members to seven in 2022, which is why the previous figures cannot be compared.
(3) In 2021, there was no overall MTU response rate for sea and onshore in the 2021 CSR Report, but the response rate reported for onshore was 83 %.
(4) In 2021, a new initiative was launched in which the MTU was divided between the professional groups at sea and onshore. The figures in 2020 therefore solely reflect an overall picture of the entire company.



ESG key figures	ESG note	Unit	2022/ Baseline	2021	2020
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(G) Governance data					
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Governance data, key figures					
Gender diversity, board	G.1	%	50	50	50
Development data, key figures in government conditions					
Board meeting attendance rate	G.2	%	94,7	-	-
CEO pay ratio	G.3	Times	6,7	-	-
Corporate Policy Programme Policies and Due Diligence					
Anti-corruption policy	G.4	Yes/No ⁽⁵⁾	Ja	-	-
Business Code of Conduct	G.4	Yes/No	Nej	-	-
Supplier Code of Conduct	G.4	Yes/No	Nej	-	-
Human rights policy	G.4	Yes/No	Ja	-	-
Equal opportunities policy	G.4	Yes/No	Ja	-	-
Compliance Due Diligence Programme					
Anti-corruption training of employees	G.5	Number passed	-	-	-
Training of employees in competition law	G.6	Number passed	6	44	-
GDPR training	G.7	Number passed	8	53	-

Explanation
Hyphen (-) means that it has not been possible derive a figure from the data. Or that the calculation method has been changed on the grounds of comparability.

Fodnote
(5) Unit: Yes/No means prepared or due diligence during the course of the year.

Information on notes

The purpose of our ESG notes is consistency in accounting policies, which is why the calculation method for the relevant key figures is explained, defined and described. The reason for the relevance of the key figure is also stated.

ESG notes: (E) Climate and environmental data key figures			
ESG-note	Key figure / Unit	Explanation and definition of the key figure	Reason for the key figure:
E.1	MGO / Tonnes	Sarfaq Ittuk, Nanoq Arctica, Siuana Arctica, Maleraq Arctica, Ivalo Arctica, Minik Arctica, Arpaarti Arctica and Tilioq Arctica use MGO (Marine Gas Oil) as fuel. MGO is also used extensively in other ships' auxiliary machinery for the production of electricity on board. MGO is diesel oil intended for ships.	Fuel used by the ships constitutes the biggest source of emissions in the company in percentage terms.
		Calculation: Monthly measurement of the fluid level, which converted into volume thus comprises consumption measured converted into tonnes.	
E.2	HFO LS / Tonnes	Irena, Mary and Malik Arctica primarily sail on HFO LS (low-sulphur oil). Since these ships have not installed scrubbers, they must use oil that complies with the limit value of 0.5 %.	Fuel used by the ships constitutes the biggest source of emissions in the company in percentage terms.
		Calculation: Monthly measurement of the fluid level, which converted into volume thus comprises consumption measured converted into tonnes.	
E.3	HFO HS / Tonnes	Tukuma Arctica, which has scrubbers installed, can sail on HFO HS and can treat the flue gas to minimise its emissions to below the requirement of 0.5 % sulphur.	HFO is monitored with regard to the environmental consequences, both in the form of emissions and any leaks of HFO. Fuel used by the ships constitutes the biggest source of emissions in the company in percentage terms.
		Calculation: Monthly measurement of the fluid level, which converted into volume thus comprises consumption measured converted into tonnes	
E.4	Kg fuel/ nautical mile / Kg/nautical mile	Expression of actual use measured in kg of fuel per nautical mile sailed.	Year-on-year comparison of efficiency.
		Calculation: kg/nm – Number of tonnes of fuel consumed in relation to total number of nautical miles sailed.	
E.5	Nautical miles sailed / Nautical miles	Expression of the ships' activities during the year. This refers to ships in operation. When a ship is chartered, it is not included in the calculation. Sailing from a shipyard and sailing to scrapping are also not included.	Year-on-year comparison of the sum of nautical miles. The distance is an expression that is important for the operation of the shipping company. It is the starting point for many other calculations and key figures that describe the shipping company's activity.
		Calculation: Sum of monthly reporting of actual distance sailed.	
E.6	Cubic metres carried / Cubic metre	In previous years, only the part of the cargo that fell within the part of operations carried out under the concession contract was reported. In 2022, total freight including project cargo and cargo carried outside the concession routes (between Iceland, the Faroe Islands, Denmark and Sweden) will also be reported.	The volume of cargo carried forms the basis of the shipping company's business. It is also an indicator of capacity utilisation.
		Calculation: The figures are extracted from Royal Arctic Line's freight report system.	
E.7	Extended scope with incomplete ESG reporting notes.		
	Electrically powered mobile cranes / Hours	Since the start in 2017, each crane has run for 10,000 hours on diesel (two cranes in Nuuk) and each crane has run for 1,000 hours on electricity. The figure is divided over the five years that the cranes have been used, and the starting point is therefore 2,000 hours on diesel and 200 hours on electricity. I.e. the two cranes ran on electricity for 400 hours in 2022.	The key figure can help to show whether it is possible to run on electricity in the operation instead of diesel, as this will reduce diesel consumption.
		Calculation: The figures are defined by reading how many hours the cranes have been running on diesel and electricity respectively during the first years of operation.	
E.8	Extended scope with incomplete ESG reporting notes.		
	CO ₂ e, Scope 1 / Metric tonnes / CO ₂ e	Scope 1 emissions are direct emissions resulting from the company's own consumption of fuels and materials. The climate accounts are under development, and it is expected that it will be possible to report on this by 2024 at the latest.	Refer to footnote 1.
		Calculation: Refer to footnote 1.	
E.9	Extended scope with incomplete ESG reporting notes.		
	CO ₂ e, Scope 2 / Metric tonnes / CO ₂ e	Scope 2 emissions are indirect emissions resulting from the energy used to produce electricity, district heating and district cooling, which the company has purchased from a third party for its own use.	Refer to footnote 1.
		Calculation: In Greenland, this is calculated on the basis of the information provided by Nukissiorfiit for CO ₂ emissions in connection with electricity and heating production at the individual locations for 2021. In Denmark, the Scope 2 emissions are calculated based on consumption multiplied by the information in the preliminary environmental declaration for 2022 from Energinet, as well as the district heating declaration from the utility company.	

ESG notes: (E) Climate and environmental data key figures			
ESG-note	Key figure / Unit	Explanation and definition of the key figure	Reason for the key figure:
E.10	Extended scope with incomplete ESG reporting notes.		
	CO ₂ e, Scope 3 / Metric tonnes / CO ₂ e	Scope 3 emissions are the company's indirect emissions, which are divided into 15 categories. The climate accounts are under development, and it is expected that it will be possible to report on this by 2024 at the latest.	Refer to footnote 1.
		Calculation: Refer to footnote 1.	
E.11	Extended scope with incomplete ESG reporting notes.		
	Energy consumption / kWh	The electricity consumed is purchased from local utility companies. The calculation includes consumption for offices and ports operated by Royal Arctic Line.	The key figure shows how energy-intensive a company is. High energy consumption can be a risk parameter, as access to ample energy and, not least, ample renewable energy can be a challenge at some of the locations where Royal Arctic Line operates.
		Calculation: Calculation based on the monthly statements from the utility companies. Refer to footnote 1.	Refer to footnote 1.
E.12	Extended scope with incomplete ESG reporting notes.		
	District heating consumption / kWh	The district heating consumed is purchased from local utility companies. The calculation includes consumption for offices and ports operated by Royal Arctic Line. Refer to footnote 1.	To see how energy-intensive a company is. High energy consumption can be a risk parameter, as access to ample energy and not least sufficient renewable energy will be a challenge in the foreseeable future.
		Calculation: Calculation based on the monthly statements from the utility companies. There are two meters in Aalborg, where this calculation is based on expected consumption, as the final statement from the utility company has not been received. Consumption is expected to match the expected consumption.	Refer to footnote 1.
E.13	Extended scope with incomplete ESG reporting notes.		
	Renewable energy share / %	At present it is not possible to state how much of total energy consumed comes from renewable sources. The calculation as a % is dependent on data from suppliers.	Access to renewable energy is an important precondition for being able to maintain the same activity in the future without affecting the climate.
		Calculation: (renewable energy/total energy consumption) *100.	Refer to footnote 1.
E.14	Extended scope with incomplete ESG reporting notes.		
	Water consumption / m ³	The sum of all water purchased from utility companies.	In many parts of the world, (clean) water is a very limited resource. Water consumption must therefore be kept to a minimum. In Greenland, there is plenty of water in most places. Water must, however, be treated with chlorine and UV light to achieve drinking water quality, which is resource consumption that should be limited. In some places in Greenland, there are reverse osmosis plants for the extraction of drinking water, which is a highly energy-intensive process.
		Calculation: Calculation based on the monthly statements from the utility companies. Refer to footnote 1.	Refer to footnote 1.
E.15	Extended scope with incomplete ESG reporting notes.		
	Other emissions SO _x , NO _x / Kg	These emissions were first included in 2022, as in 2022 there was focus on these key figures, unlike in previous years.	The company reports on SO _x and NO _x , as they are part of the standards the company follows, including the Poseidon Principles.
		Calculation: Key figures have been obtained through Det Norske Veritas (DNV).	
E.16	Extended scope with incomplete ESG reporting notes.		
	Waste volumes, ships / Cubic metres	Waste volumes are limited to the company's ships and include plastic, food waste, household waste and operational waste.	To reduce waste and thereby also resource consumption.
		Calculation: Estimated volume delivered to municipal waste management service, from filled containers. Breakdown is in accordance with MARPOL.	

FODNOTE 1: Please refer to the publication: “ESG key figures in the annual report”, published by the Danish Finance Society/CFA Society Denmark, FSR Danish Auditors and Nasdaq Copenhagen, January 2022.

Information on notes

The purpose of our ESG notes is consistency in accounting policies, which is why the calculation method for the relevant key figures is explained, defined and described. The reason for the relevance of the key figure is also stated.

ESG-notes: (S) Social data, key figures			
ESG-note	Key figure / Unit	Explanation and definition of the key figure	Reason for the key figure:
S.1	Full-Time Workforce / Full-Time Equivalents (FTEs)	<p>FTEs are calculated to make it possible to measure the full-time workforce required to run the company. This requires both the statutory statement of the average number of employees (FTEs) (i.e. full-time employees + compensated overtime + converted hourly employees) plus temporary employees/deputies converted into full-time equivalents.</p> <p>Calculation: The FTE figure is for the entire organisation without the Board of Directors.</p> <p>FTE CREW RAL FTE CREW AUL FTE Trainees CREW FTE FUNC FTE Trainees Onshore FTE HOURLY</p> <p>a.+ b. + c. is based on the total number of days registered (hire+day off) divided by the days in the month. The annual average is reported. d. is based on the employment situation per month and the annual average is reported. e. is formed on the basis of affiliations per month and the annual average is reported. f. is based on the total cost per month (salaries) and the annual average is reported.</p>	Refer to footnote 1.
S.2	Trainees / Full-Time Equivalents (FTEs)	<p>Explanation and definition of the key figure: Onshore trainees are counted in the number of persons, and are not converted into FTE with a deduction of the period spent in school, as the trainees are still attached to Royal Arctic Line and receive trainee pay. Maritime trainees have the same calculation method as other maritime employee FTEs.</p> <p>Calculation:</p> <p>FTE Trainees CREW FTE Trainees Onshore</p> <p>a. is based on the total number of days registered (hire+day off) divided by the days in the month. The annual average is reported. b. is based on the employment situation per month and the annual average is reported.</p>	Royal Arctic Line focuses on the training and competence development of our employees at all levels, and also of trainees and apprentices. We have a particular wish to strengthen and play an active role in the level of education in Greenland, in order to support a positive development of society.
S.3	Sickness absence / Days/FTE	<p>Total sickness absence for trainees cannot be reported at present, as trainees are also absent during time spent in school. The company does not have the total number of absences from their schools. These figures are omitted from total sick leave. d. Sickness absence due to Covid-19 is not included in total sick leave, as the crewing department does not have these figures at present. The calculation principles for sickness absence include seafarers, which is why the figure cannot be compared with the figure in 2020.</p> <p>Calculation: (Number of sick days for all own FTEs during the period)/(Total FTEs).</p> <p>a. Sickness absence CREW b. Sickness absence SALARIED + HOURLY c. Trainees SALARIED + HOURLY d. Covid-19</p> <p>a. + b. The sum for sickness absence is only calculated on the basis of own illness; a child's first day of illness is not included as sickness absence in this context. c. Unfortunately, total sickness absence for trainees cannot be reported, as trainees are also absent during time spent at school, and we do not have the total numbers from their schools. These figures are therefore omitted from total sick leave. d. Absence due to Covid-19 is not included in total sick leave, as the crewing department does not have these figures.</p>	If the company has a disproportionately high number of sick days per FTE, this may indicate lower employee satisfaction and/or health and safety issues. A negative trend in sickness absence over time may also indicate a deterioration in working conditions.
S.4	Gender diversity / %	<p>Figures used to calculate gender diversity are based on salaried employees, including managers and directors. The FTE figure is adapted accordingly to include this group only. The base data does not currently allow gender diversity to be calculated for hourly-paid employees. It has not been possible to extract a figure from the data for 2020 and 2021.</p> <p>Calculation: Gender diversity = ((Female FTEs + Female Temporary Workers)/(Full-Time Workforce)) * 100.</p>	Refer to footnote 1.
S.5	Gender Pay Ratio / times	<p>The gender pay ratio is only calculated on the basis of salaried employees. Employees employed at sea (CREW), hourly-paid employees and trainees are each employed under a separate agreement and are not included. The salary for these groups is determined via an agreement, and the agreements do not draw a distinction based on an employee's gender. Refer to footnote 1.</p> <p>Calculation: Gender pay ratio = Median male salary/Median female salary.</p>	Refer to footnote 1.

ESG-notes: (S) Social data, key figures			
ESG-note	Key figure / Unit	Explanation and definition of the key figure	Reason for the key figure:
S.6	Gender diversity for other management levels (M/F) / %	<p>Encompasses senior management and employees in managerial positions with personnel responsibility and/or professional responsibility.</p> <p>Calculation: ((Female managers)/(All managers)) * 100. Calculated in FTEs.</p>	The company is in the process of developing HR tools for data-driven HR, and can now extract annual, comparable data on gender diversity. Refer to footnote 1.
S.7	Gender diversity for other management levels, director level (M/F) / %	<p>Senior management was expanded from three members to seven on 1 January 2022. The figures from previous years cannot therefore be compared.</p> <p>Calculation: Gender diversity for other management levels = ((Female managers)/(All managers)) * 100.</p>	Refer to footnote 1.
S.8	Employee Turnover Ratio / %	<p>The data is based on salaried employees. 5 % of those leaving are typically due to natural attrition or illness. While 2.5 % of those leaving are typically employees who choose to leave Royal Arctic Line of their own accord. The maximum ETR acceptable to the company is therefore 7.5 %. If the ETR is lower than 7.5 %, it will mean a stagnating business (no addition of new knowledge, new ways of doing things, and there may be a risk that the talent pool cannot pursue a career if there are no changes in management).</p> <p>Calculation (Onshore): ((Voluntary + Involuntary Departing FTEs)/FTEs) * 100.</p> <p>Calculation (Sea): ((Voluntary + Involuntary Departing in numbers)/FTEs) * 100.</p>	By means of analysis, the company can gain an insight into whether potential is being lost to competitors, for example, in relation to the competence base and how many are leaving the company for natural reasons or by giving notice, in order to be able to act in order to retain competent employees. Refer to footnote 1.
S.9	MTU at sea and onshore / % and points	<p>The employee satisfaction survey (MTU) is a status check on job satisfaction and well-being. In 2021, a new initiative was launched in which the MTU was divided between the professional groups at sea and onshore. The figures in 2020 therefore solely reflect an overall picture of the entire company. In 2021, there was no overall MTU response rate for sea and onshore in the 2021 CSR Report, but the response rate reported for onshore was 83 %.</p> <p>Calculation: The same calculation method was used for the three-year period 2022–2020. The survey is conducted via a third party and employee participation is anonymous. Response rate/engagement are reported as a percentage and well-being/job satisfaction in points.</p>	It is crucial for Royal Arctic Line to continue its work to maintain and increase employee well-being and job satisfaction.
S.10	Near-miss incidents on ships / Persons	<p>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.</p> <p>Calculation: Summary of reports received during the year.</p>	Near-miss incident reports must contribute to ongoing awareness of “unsafe conditions” on board the individual ships, so that proactive measures can be taken to address safety risks.
S.11	Extended scope with incomplete ESG reporting notes.		
	Near-miss incidents at ports / Persons	<p>Minor occupational that do not result in incapacity for work – we define this as a Near-miss incident onshore. Minor occupational injuries are defined as those resulting in short-term incapacity for work (up to one week). Major occupational injuries are defined as long-term sickness absence (more than one week).</p> <p>Calculation: Summary of reports received during the year.</p>	Near-miss incident reports must contribute to ongoing observation of events that could potentially have developed into a hazardous situation at port terminals, warehouses and during ship operations, and must ultimately contribute to ensuring that no occupational injuries occur.
S.12	Lost Time Accidents (LTA) on ships / Persons	<p>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.</p> <p>Calculation: Summary of reports received during the year.</p>	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 time.

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Information on notes

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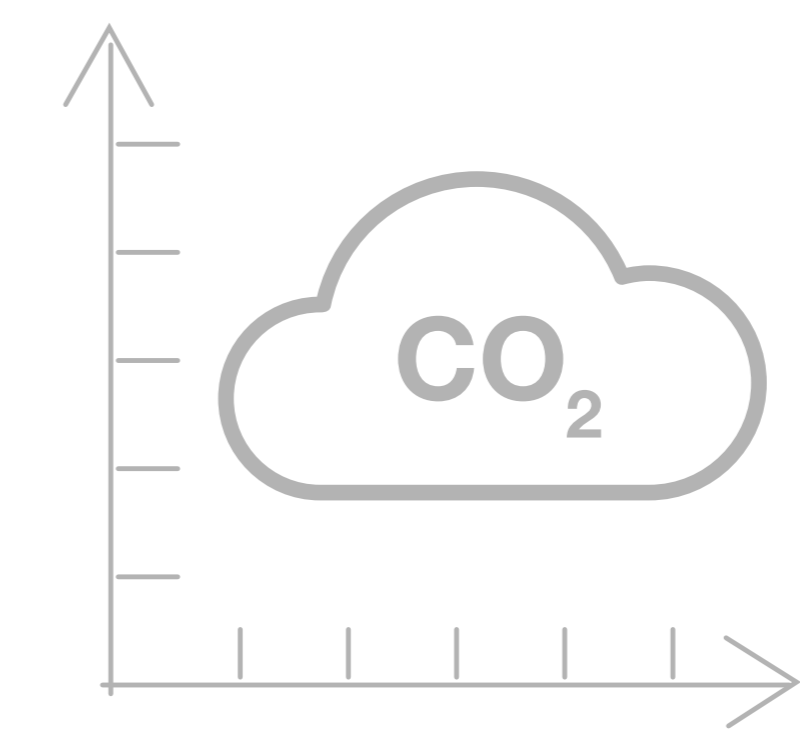
ESG-notes: (G) Management conditions key figures			
ESG-note	Key figure / Unit	Explanation and definition of the key figure	Reason for the key figure:
G.1	Gender Diversity, Board / %	Gender diversity of the Board of Directors elected by the annual general meeting as at the balance sheet date. Calculation: ((Female Board members elected by the annual general meeting)/(All Board members elected by the annual general meeting)) * 100.	Refer to footnote 1.
G.2	Board Meeting Attendance Rate / %	During the period 01/01/2022–31/12/2022 there was a change in the Board of Directors. The calculation is, however, based on the participation of active members of the Board. Employee-elected members are included, as this gives an overall picture of the level of activity of the Board of Directors as a whole. Calculation: Board Meeting Attendance Rate = ((ΣNumber of Board meetings attended) per Board member/(Number of Board meetings * Number of Board members)) * 100.	Refer to footnote 1.
G.3	CEO Pay Ratio / Times	Refer to footnote 1 Calculation: CEO Pay Ratio = CEO's compensation/Median employee pay.	Refer to footnote 1.
G.4	Policies and due diligence / Yes/no	The relevant policies have been drawn up, updated/revised and reviewed by the Board of Directors during the year. Calculation: Yes / No	Transparency and to stay ahead of legislation, and to comply with legal requirements. Reviewing the policies at a Board meeting during the year ensures that the Board of Directors is informed of the legal requirements for policies in the company, and that these policies are evaluated and updated in relation to any new requirements or other conditions that may affect the relevance of the policies.
G.5	Anti-corruption training / Number passed	Relevant employees must have passed the anti-corruption training course. In future, employees must undertake regular refresher courses; these will also be included in the calculation. Calculation: Number of relevant employees who have passed the anti-corruption training course during the year, measured against the number of relevant employees who have been assigned the training course.	This is a way of equipping employees to deal with issues relating to corruption in the broad sense. This will support the company's work with Fraud Management.
G.6	Training in competition law / Number passed	Relevant employees must have passed the training course in competition law. In future, employees must undertake regular refresher courses; these will also be included in the calculation. Calculation: Number of relevant employees who have passed the training course in competition law during the year.	This is a tool for ensuring that the relevant employees are aware of issues relating to competition in a broad sense. This will support the company's work with the Fraud Management Programme.
G.7	Training in GDPR / Number passed	Relevant employees must have passed the GDPR training course. In future, employees must undertake regular refresher courses; these will also be included in the calculation. Calculation: Number of relevant employees who have passed the GDPR training course during the year.	This is a tool to raise awareness of issues relating to GDPR in a broad sense. This will support the company's work with Fraud Management.

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Scope of the report

The report presents Royal Arctic Line's strategy and provides a snapshot of where the company stands. We explain how we work and discuss some of the challenges the company faces in connection with our sustainability efforts.

Our strategy has chosen three principles: (E) Clear responsibility for climate & environmental impact, (S) Responsibility for the whole person and (G) Responsible governance, for a three-year period that will contribute to the transfer to the next generation.




The sustainability report for Royal Arctic Line A/S is presented in accordance with the Danish Financial Statements Act governing reporting class D enterprises.

There is a report on Corporate Social Responsibility and on the gender composition of management, cf. Section 99a and Section 99b of the Danish Financial Statements Act, as implemented for Greenland by Royal Ordinance.

We welcome your comments, suggestions or questions about our report, strategy and results. Please feel free to send your input to: sesgc@ral.gl

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Cover photo: Jens Leegard Birk Christensen & Royal Arctic Line

The bottom of the page features two decorative red curved lines. A thick red line starts from the left edge, curves downwards and then upwards towards the right. A thinner red line follows a similar path, positioned slightly above the thicker one, also starting from the left and curving towards the right.