

SUSTAINABILITY REPORT



"We will connect Greenland to a sustainable future."

– Royal Arctic Line Sustainability Strategy 2022-2025

2023

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



Foreword

Even though reporting is currently receiving a lot of attention, we are focused not only on reporting, but also on the actions behind it. Reporting serves to enhance our focus and actions, as we take firm strides to complete a double materiality analysis. Together with the automation of data extraction, this will reinforce the documentation of the outcomes we wish to achieve. Although reporting may seem extensive and frequently takes precedence in sustainability discussions, we see it as a tool to strengthen the company's ability to report on the outcomes achieved through our efforts.

Structure, learning and data are at the heart of our sustainability programme. Our structure is based on ESG principles, whereby we continue to develop the competences of our employees. In 2023, 51 employees from ports, a ship, Denmark and Nuuk attended a climate course. In 2024, we will intensify the training with a Sustainability & ESG programme for an additional five of our key employees.

ESG reporting

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.

Our sustainability strategy is based on three principles:

Clear responsibility for climate and environmental impact is about being aware of and taking responsibility for the footprint left by our core business operations. The company will be at the forefront with new technological know-how to reduce its environmental footprint.

Responsibility for the whole person relates to how Royal Arctic Line can play a very important role in Greenland's development by actively engaging in supporting opportunities for education and work, and also in supporting families by offering a good and secure workplace that gives our employees opportunities for both professional and personal growth.

Responsible management concerns creating a framework for a good and secure workplace, with transparency and credibility as the bearing principles. It is vital to ensure good and effective communication at all stages and to operate a business based on good governance and compliance.

We hope that you, as the reader of this sustainability report, find its content relevant and that you gain an insight into the company's sustainability initiatives.

If you would like to give feedback on what you have read in the report and enter into a dialogue with us, our contact details are included at the end of the report.

We hope that all our readers enjoy reading the report.

Nuuk, 13 March 2024



Niels Clemensen
CEO



Business model

The company is wholly owned by the Government of Greenland and thereby by the people of Greenland.

The shipping company is a lifeline for Greenland's society

The Government of Greenland has granted Royal Arctic Line A/S an exclusive concession for all sea transport of freight to, from and within Greenland. This exclusive right entails a legal obligation to ensure the supply of goods to Greenland. The terms and conditions concerning frequency of port calls, capacity and security of supply are stipulated in the concession.

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”

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 wholly owned by Royal Arctic Line A/S.



Klaus Holsting

10

Cargo ships

1

Passenger ship



742

Employees



51

Trainees



Operates

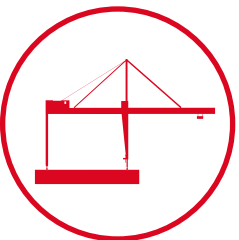
13

port terminals

Has

65

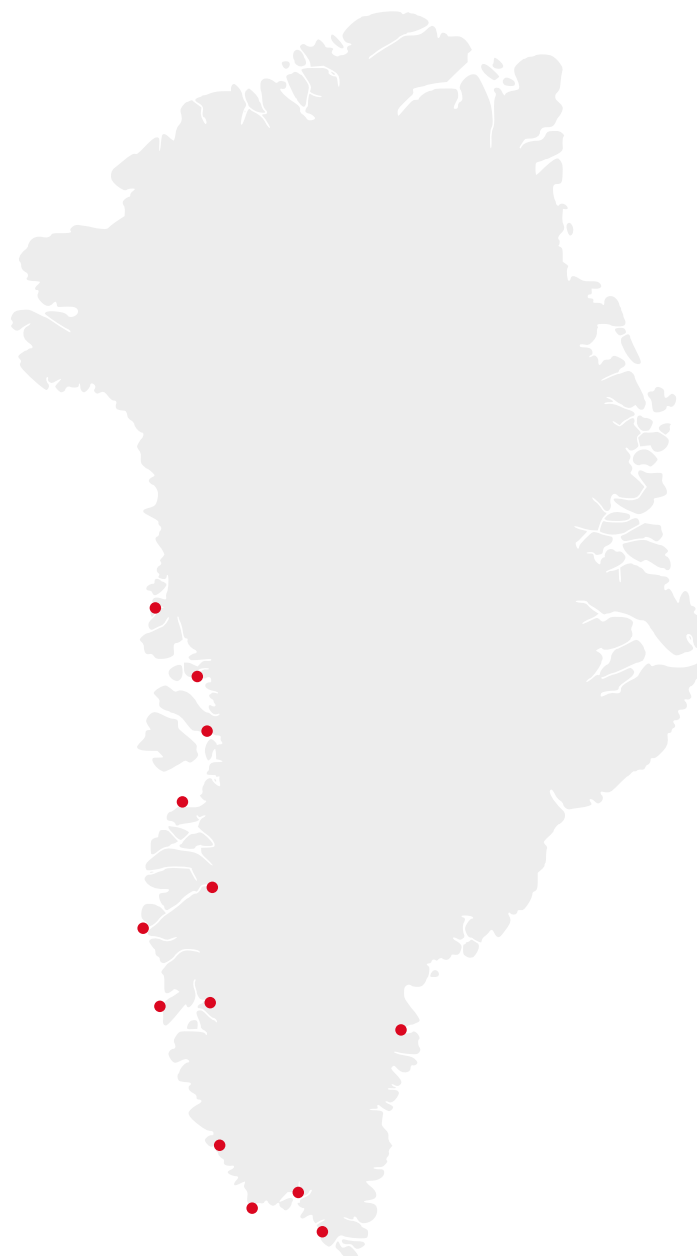
ports of call
(settlements and towns)



Call at

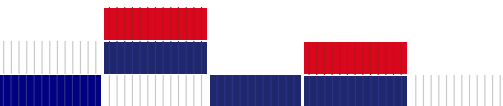
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Stakeholder relations

The people of Greenland
The company's sole shareholder
Employees
Customer relations (private and business customers)
Business partners
Suppliers
Banks
The local community



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

Ports of call outside Greenland

Aarhus
Helsingborg
Tórshavn
Reykjavík
Reyðarfjörður

Stakeholder relations

Royal Arctic Line's stakeholder relations first and foremost concern the people of Greenland, the company's sole shareholder, employees, customers, business partners, suppliers, banks and the local community.

The goal in 2023 was to regularly revisit the materiality analysis with input from various stakeholder groups. A quantitative stakeholder analysis was carried out among the local population in Nuuk, in connection with Culture Night 2023. The analysis provided insight into what it was considered important for the company to engage with from the sustainability agenda. The general public's interest in sustainability issues contributes to the company's materiality analysis and focus areas.

In 2024, we will continue to hold network meetings concerning sustainability and ESG, together with other Greenland companies.

We will continue to work on our impact and materiality analysis on the basis of the company's ongoing work with the value chain, based on a sustainability directive methodology. This impact and materiality assessment forms the basis for the company's double materiality analysis and gap analysis, expected to be completed in 2024.



Klaus Holsting

Sustainability at Royal Arctic Line

Royal Arctic Line has had a sustainability strategy since September 2022. The sustainability strategy is closely integrated with the business strategy, which clearly highlights the company's focus on sustainable initiatives. The sustainability strategy is followed up with a sustainability programme covering selected ESG focus areas.

The aim of the company's sustainability strategy is to contribute to a positive, sustainable future, first of all for Greenland, but also globally. The aim is also to comply with EU regulations, standards and directives and to reap the business benefits of the initiatives.

The company had planned to draw up a sustainability policy in 2023. At present, however, it is considered sufficient to work with the company's sustainability strategy as the guiding force. This should be viewed in the light of a business strategy that is expected to be completed in the first half of 2024. A sustainability policy or ESG policy will be an integral element of this strategy.

Sustainability governance

Overall responsibility for Royal Arctic Line's sustainability work is assigned to the company's Deputy CEO, who regularly involves the other members of the Executive Board and the Board of Directors in the company's sustainability work. The sustainability work is also anchored in the Sustainability, ESG and Compliance Department (the Sustainability Department), which, with two full-time employees on a day-to-day basis, is responsible for creating the development framework, through the management and implementation of the company's sustainability strategy and programme.

In cooperation with the finance department, there is collaboration on the development of the ESG framework for reporting on the company's activities and progress. A structured "On the way to a CSRD project" (the Corporate Social Reporting Directive) has been initiated, with the involvement of a number of Greenland companies, facilitated by external consultants.

This will strengthen our preparation work and ensure effective implementation of the new standards. This project will continue until summer 2024.

In 2023, the organisation of a sustainability board was postponed due to prioritisation of other activities.

Materiality

Our sustainability reporting is based on Royal Arctic Line's assessment of the ESG factors on which the shipping company has the greatest impact. These are the conditions that are most decisive for our strategy, business model, value chain and stakeholders, and the activities that have the greatest impact on climate and environmental conditions, social conditions and corporate governance.

It is crucial that material information includes both the positive and negative developments within our activities. The areas selected must contribute to the report providing a true and fair view of our social responsibility and sustainability initiatives:

Climate & environmental impact:

Certification within EEXI, CII and SEEMP.

Social conditions and employee conditions:

Human rights, working environment (well-being and safety), employee development, learning and training, inclusion and diversity, and local community involvement.

Responsible business conduct:

Anti-corruption, complaints mechanism, policies and procedures, as well as due diligence practices, GDPR, data ethics, and information and cyber security.

Selected topics from our Sustainability Programme

Focus areas, results and goals

ESG principles	Achieved goals and initiatives in 2023	Goals and objectives in 2024
E Clear responsibility for climate & environmental impact	Implement CO ₂ measurement as the basis for our 2023 greenhouse gas accounts	
	<ul style="list-style-type: none">Greenhouse gas accounts, Scope 1 and 2Preparation for ETS (Emissions Trading System)New sailing schedule	<ul style="list-style-type: none">Greenhouse gas accounts, Scope 3Implementation of ETSImplementation of a new route network in order to get a new arrival time in Nuuk and to sail more nautical miles more slowly, which can reduce carbon emissions for the Atlantic ship

ESG principles	Achieved goals and initiatives in 2023	Goals and objectives in 2024
S Responsibility for the whole person	Support and ensure the strengthening of family life and development opportunities for the individual in Greenland	
	<ul style="list-style-type: none">Ten adult apprentices completed an education programme (from unskilled to skilled)	<ul style="list-style-type: none">Inclusion in the labour market: Identification of actions
	Promote occupational health and safety	
	<ul style="list-style-type: none">Building up 13 health and safety organisations in the company's ports	<ul style="list-style-type: none">Increased knowledge of occupational health and safety on ships, in ports and in administration
	Strategic competence development programmes	
	<ul style="list-style-type: none">Development of competence gap analysis tools	<ul style="list-style-type: none">Further develop and implement the competence gap analysis to create personal development plans; strengthen succession planning and talent development with the aim of identifying talent for management and specialist roles; and complete standardised training programmes for managers and specialists
	Boost educational opportunities	
	<ul style="list-style-type: none">Special focus on unskilled young people and commitment to education at all levels from lower secondary school to adult education	<ul style="list-style-type: none">Continue the close cooperation with schools and educational institutions
	Assume active responsibility for developing and promoting education in Greenland	
	<ul style="list-style-type: none">51 current trainees, in addition to 16 who have completed their training, ensuring that vacant trainee positions are filled and a capacity analysis conducted, as the basis for the goals for trainee positions in 2024	<ul style="list-style-type: none">89 current trainees, while the company's training coordinator will initiate recruitment and attracting trainees in spring 2024
	Support and strengthen the company's cohesion in an inclusive culture	
	<ul style="list-style-type: none">Our approach to diversity and inclusion is summarised in a new Equal Opportunities PolicyDevelopment and implementation of principles to avoid bias in the recruitment processAutomation of gender diversity data extraction	<ul style="list-style-type: none">Rollout of the Equal Opportunities Policy and Maternity and Paternity Leave PolicyImplementation of principles to avoid bias in the recruitment processContinue automation of gender diversity data extraction with the company's other systems
	Community involvement	
	<ul style="list-style-type: none">Support for the main sponsorship of the production of a documentary about Inuit and Dene games, as well as involvement in this year's Culture Night in various towns. Continued support for the Ivalu and Minik Foundation and Katuaq, as well as providing freight sponsorships	<ul style="list-style-type: none">Allocate funds and support for events and projects of particular relevance to Greenland, with increased focus on socially vulnerable and education-related activities. The aim is to have decentralised Sponsorship Committees in each of the shipping company's ports along the entire coast of Greenland, to ensure broader coverage beyond the larger towns

Focus areas, results and goals

ESG principles	Achieved goals and initiatives in 2023	Goals and objectives in 2024
G Responsible governance	Lead the way with the new regulatory reporting framework	
	<ul style="list-style-type: none">Preparation for upcoming new legislation and new directives	<ul style="list-style-type: none">Joint process towards CSRD with other Greenland companies
	Digitalisation with a focus on information security and cyber security	
	<ul style="list-style-type: none">Development and implementation of training modules within IT securityAwareness campaigns	<ul style="list-style-type: none">Investigate the possibility of adding Greenlandic as a language option in our training systemsEmployees' level of knowledge is measured by positive development
	Strengthen governance and further develop the company's compliance	
	<ul style="list-style-type: none">Corporate Policy ProgrammeFraud management programmeAnti-corruptionData ethicsCompliance due diligence programme	<ul style="list-style-type: none">Preparation of new mandatory policies and soft law policiesImplementation of document management systemDue diligence for Corporate Policy ProgrammeImplement a systematic approach to identifying and categorising risk factors, so as to fully understand the company's risk of fraud threatsDevelop specific actions for each high riskPerform continuous monitoring to assess the effectiveness of the control environment and report to the Executive BoardAnti-corruption training in due diligenceEmployee involvement, action plans, communication and awareness campaignsInvolve relevant employees in the preparation of a Data Ethics PolicyEmployee involvement, action plans, communication and awareness campaigns:<ul style="list-style-type: none">Digital accountability and data ethicsWhistleblower schemeRisk assessment and mapping of the company's GDPR practicesTraining of employees (IT security, GDPR, anti-corruption and competition law)

“ Two things we actually learned are that sustainability is anchored in the business by adjusting strategic planning and actions that are adapted to the company's operational activities, and that the initiatives out in the shipping company have their own life and are difficult to coordinate as an overall entity.”



Risk

The company faces increased requirements for sustainable goals, actions and reporting. This makes human competence development and resource allocation necessary. There are also expectations of Royal Arctic Line's work with sustainability and ESG, both internally and externally.

Risk management in relation to CSRD reporting and sustainability initiatives is a relatively new discipline in the company. The aim is to make this an integral aspect of sustainability initiatives.

Risks must be continuously identified and prevented. Our Corporate Policy Programme, corporate due diligence programme and a fraud management initiative support this.

In addition, there is an increasing risk of both greenwashing and greenhushing in sustainability communication and ESG reporting. The company's communication must not be misleading, and the company must be able to use data to document and substantiate its efforts and results.

In 2024, the company's Corporate Policy Programme will support fraud management by ensuring the preparation of policies and guidelines. In addition, the company's compliance training in, among other things, anti-corruption and GDPR will be repeated.

Topic	Risks	Actions taken
Climate & environmental impact	<ul style="list-style-type: none">Carbon emissions	<ul style="list-style-type: none">New sailing schedule to fulfil CII rating and reduce carbon emissions
Human rights	<ul style="list-style-type: none">Working conditions (unfair or hazardous working conditions)Training and competence developmentAccess to a complaints mechanism	<ul style="list-style-type: none">Establishment of 13 health and safety organisations to ensure fair and safe working conditionsInstruction of trainees and adult apprenticesWhistleblower scheme on the company's website and internal communication channels
Social conditions and employee conditions	<ul style="list-style-type: none">The lack of qualified manpower in Greenland imposes an increasing expectation to be a very active part of competence development and education in society in general	<ul style="list-style-type: none">Strategic competence development programmes focusing on competence gap analysis tools that support employee development interviews, talent development and succession planning
Anti-corruption	<ul style="list-style-type: none">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	<ul style="list-style-type: none">Access to a complaints mechanismFraud management programmeTraining in anti-corruption and communication campaigns
Diversity and inclusion	<ul style="list-style-type: none">Gender composition of management and gender diversity of the under-represented gender, women	<ul style="list-style-type: none">Implementation of the Equal Opportunities, Maternity and Recruitment Policy

Events during the year that affected the company's sustainability efforts

The company's financial results for 2022 resulted in savings for all departments in 2023. At the same time, organisational changes and the internal rotation of key persons delayed certain processes and actions under sustainability initiatives.

In recent years, the company has worked with the framework Science Based Targets initiative (SBTi) and Taskforce on Climate Related Financial Disclosures (TCFD) to risk manage the company's initiatives to minimise negative climate impacts. The aim of this work was for the company to adhere to these frameworks and follow their goals and recommendations. However, affiliation with SBTi and TCFD has been put on standby due to prioritisation of financial and human resources in 2023.

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. In order to move from one group to another, actions must be taken for the parameters that contribute to defining a ship's classification. Currently, all the shipping company's relevant ships are on Rate E with the objective of moving towards C.

In 2023, the shipping company gained approval of a new schedule, which entails changes to the Atlantic route. This change means that for *Tukuma Arctica*, the number of nautical miles sailed has increased. This is a change that will have a positive effect on the ship's CII rating.



(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.

The company will be at the forefront with new technological know-how to reduce its environmental footprint. 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.

We will be able to present greenhouse gas accounts for Scope 1 + 2 as the basis for our ESG reporting in 2024.

We have added the objective of optimisation through better utilisation of freight capacity, which will contribute to the sustainability strategy’s principle:

“Clear responsibility for climate & environmental impact”

- Implement CO₂ measurement as the basis for our greenhouse gas accounts 2023
- Support new technologies in future investments in collaboration with other partners
- Optimisation through better utilisation of freight capacity

to mitigate climate and environmental impacts. 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 supporting development initiatives on the climate and environmental agenda. In Greenland, there is a growing debate concerning the potential to produce alternative fuels, including Power2X. Production of alternative fuels in Greenland would improve the company’s opportunities to reduce greenhouse gas emissions.

Greenland and the Arctic are often associated with untouched, clean nature, which producers and destinations in Greenland use actively in their marketing. Activities that have a negative impact on climate and the environment therefore entail a responsibility to proactively minimise this impact.

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

Our climate and environmental ambition

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

Our ambition is to minimise the negative impact and maximise the positive impact.

We adhere to applicable national and international laws and regulations, which are reflected in the company’s Climate and Environmental Policy, as well as our Safety and Environmental Protection Policy.

The focus on climate and environmental impacts 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 negative reputation and impeded access to financing. Compliance with statutory standards can be 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 2023, the company worked to revise its sailing schedule, to get a new arrival time in Nuuk and also to have more nautical miles that are sailed more slowly.

A focus point in the company is the preparation of greenhouse gas accounts that will give the company an insight into where it may be most appropriate to optimise its sustainability efforts. This can contribute to a better competitive position, also for the company’s customers, as they also have to report on carbon emissions in their value chain.

From an international perspective, we are a small shipping company. The shipping company therefore does not consider it appropriate to explore and develop its own new technologies

Ships' fuel consumption

“ Fuel used by ships constitutes the biggest source of emissions in the company in percentage terms.

Due to changes in legislation as of 1 January 2020, ships may only emit 0.5 % sulphur. Most of the shipping company’s ships have 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. Regarding HFO HS, there is awareness of the environmental consequences, in the form of both emissions and the serious environmental consequences that any HFO emissions might have. A ban on HFO HS in the Arctic has therefore been adopted and enters into force on 1 July 2024. The draft Executive Order proposes that a temporary exemption may be granted to Danish and Greenlandic ships up to and including 30 June 2029, an option that Royal Arctic Line will currently make use of.


Until the ban on HFO HS comes into force, HFO HS will continue to be used. The decision was made on the basis of a wish to shield customers from the rate adjustment associated with a switch from HFO HS to HFO LS.

During the winter season, the shipping company’s available ship capacity should preferably be chartered out to operators outside Greenland. In 2023, *Malik Arctica* was therefore deployed under time charter contracts to West Africa, Cape Verde and the Canary Islands, as well as the German Polar Institute, the Alfred Wegner Institute (AWI) in Antarctica.

The ship’s fuel consumption and nautical miles sailed under these time charters are not included in the calculation below.

In spring 2023, *Mary Arctica* was sold to Silver Line. The container ship is now called *Silver Mary* and has been chartered until the end of 2023, so that *Silver Mary*’s fuel consumption is included in this year’s consumption.

In 2023, the ships’ fuel consumption was generally close to the previous year’s level. The reason is that the sailing patterns were relatively identical.

ESG key figures 	ESG note	Unit	2023	2022/Baseline	2021	2020
(E) Climate and environmental conditions						
Climate and environmental conditions, key figures						
Ships' fuel consumption						
MGO	E.1	Tons	8.949	8.792	9.484	8.283
HFO LS	E.2	Tons	6.231	6.351	7.270	14.233
HFO HS	E.3	Tons	11.501	11.030	10.583	6.143


ESG key figures: (E) Climate and environmental conditions, see page 50 and notes on page 56.

Other climate and environmental conditions

Kg fuel/nautical mile

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

In 2022, 62.5 kg fuel/nautical mile were used, compared to 63.50 in 2023. The increase may be due to the fact that, due to weather and operational conditions, the shipping company’s ships had to sail faster on certain stretches, in order to achieve scheduled arrival times. In 2024, around the same kg fuel/nautical mile activity level is expected. It may be slightly lower, however, as the Atlantic route has been adjusted with the addition of an extra call at Ittoqqortoormiit and Qaanaaq.

Kg fuel/nautical mile [E.4](#) 



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. Nautical miles sailed is the starting point for many other calculations and key figures that describe the shipping company's activity. In 2022, 397,842 nautical miles were sailed, compared to 328,420 in 2023. The decrease in nautical miles sailed is due to the fact that *Minik Arctica* was laid up throughout 2023. *Mary Arctica* was sold in May 2023, but was chartered-in up to mid-November. The nautical miles sailed by *Silver Mary* (formerly *Mary Arctica*) are only included for the chartered period.

Nautical miles sailed [E.5](#) 

Freight volumes

As an extension of fuel consumption and distance travelled, it is natural to look at what volume of cargo is being carried. The volume of freight carried is the basis for the shipping company's earnings. It is also an indicator of capacity utilisation. Since volume, rather than weight, is the limiting factor on the routes operated by Royal Arctic Line, we report in cubic metres.

In recent years, we have sought to optimise freight capacity through better capacity utilisation, and by moving more and more oversized goods from high season to low season, resulting in a better flow in the supply chain and a smaller bottleneck when the closed towns are accessible again after the winter. This also means that we avoid having to charter extra tonnage.


In addition, it has been sought to increase measures to use Non Operating Reefer (NOR) containers through an official price known to all customers. This means that this option is not reserved for Royal Arctic Line itself and freight forwarders, but that this opportunity now exists for our entire value chain.

In 2023, we were in dialogue with customers about making more purchases of fruit and vegetables in Iceland, rather than Denmark, due to the shorter transit time from Iceland to Greenland, but also to free up capacity between Scandinavia/Germany and Iceland, which can then be sold to other customers in this market. We can see increasing interest from retail customers along the coast, who sell to the settlements. Yet there is potential to move more customers to purchasing via Iceland, although the limiting factor is the pricing of freight rates out of Iceland, as the price is politically determined.

Once again in 2023, we saw increasing sales of available ship capacity on the route between Iceland and Scandinavia (non-concession goods). This is reflected 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, concession. In 2022, the figure is 1,125,257 cubic metres carried in total, and in 2023, there was an increase of 1,164,471 cubic metres carried in total.

The increased success in this market throughout the high season enabled us to make full use of our capacity on our northbound route.

A change to the Atlantic route's schedule in 2024 means that freight volumes to the Faroe Islands will lapse, as northbound calls at Tórshavn are discontinued. However, market shares can be gained on a new leg out of Bremerhaven, which is a new focus area. In addition, the volumes for 2024 are expected to remain unchanged from 2023 as a consequence of an expected stagnation or decline in activity in Greenland.

Cubic metres carried, concession and Cubic metres carried in total [E.6](#) 

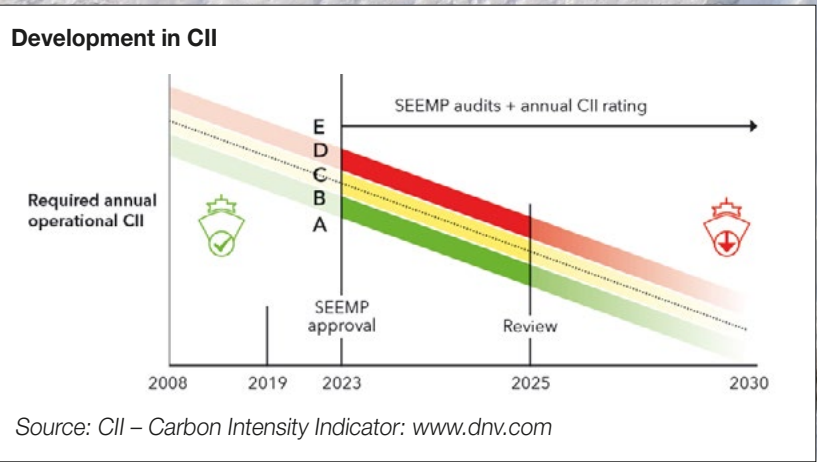
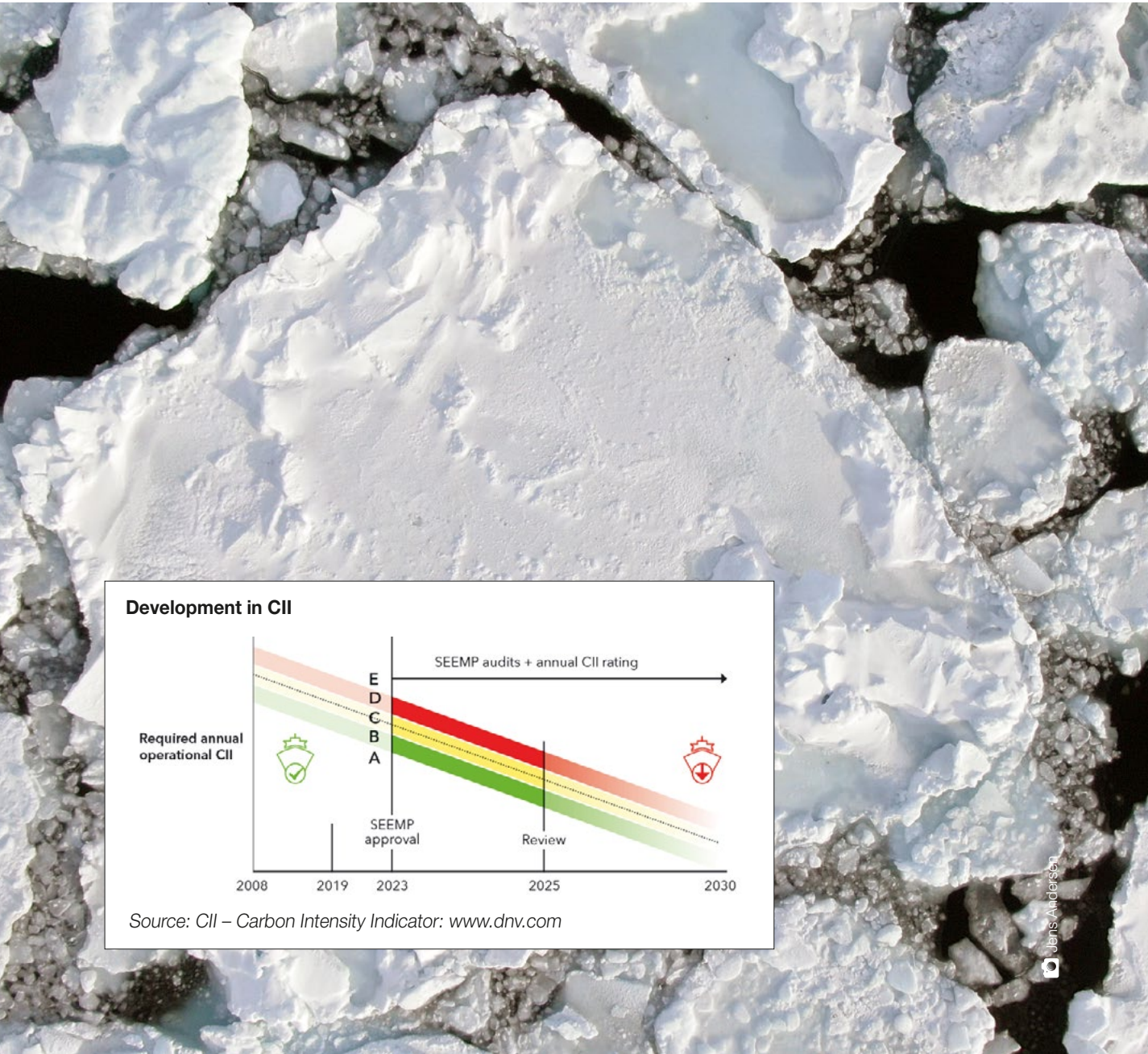
Development in other climate and environmental conditions

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.

Currently, all of the company's relevant ships are in class E with the goal of moving towards class C by 2025.

In order to operationally improve the CII rating, the shipping company, together with Eimskip A/S, has rescheduled its Atlantic route, which means that the Atlantic ships *Tukuma Arctica*, *Dettifoss* and *Brúarfoss* can their reduce speed and thereby their oil consumption over the longer distance. Measures influencing the ships' CII rating.



ETS

As from January 2024, the EU has introduced a requirement for the registration of carbon emissions in connection with shipping to/from EU ports.

To create an incentive to reduce emissions, carbon allowances must be purchased as payment for consumption. In other words, the higher the emissions (= consumption of bunkers), the greater the need to purchase allowances. This takes place through the Emissions Trading System (ETS), which was established in 2005 for trading of carbon allowances.

This is the first tax of its kind to be imposed on the company and that is directly related to the company's carbon emissions. Since our customers are required to cover this tax, this once again emphasises the importance of reducing the company's carbon emissions.



Development – electrically powered mobile cranes

Royal Arctic Line operates two mobile cranes at the Nuuk terminal and is committed to increasing the use of electricity as a primary energy source. These cranes will service the shipping company's ships that bring supplies to and from Nuuk.

The company's ambition and goal is to establish a clear procedure for the transition to electrical operation in cooperation with Sikuki Nuuk Harbour A/S. The company then plans to operate two electric cranes for the Atlantic calls and to combine one electric and one diesel crane for the Nordfeeder routes, while continuing to use two diesel cranes on the Sydfeeder routes.

This transition to electrical operation entails the development of guidelines and procedures for connecting the port cranes to electrical power and protecting the 10 kV cables for the mobile cranes running on electrical power.

In 2023, an information meeting was held by an external specialist with the employees working with the cranes, to ensure correct handling of 10 kV plugs.

Despite ongoing development of procedures for electrical connection and protection of supply cables, the use of electrical operation fell to 77.7 hours, from 400 hours in the previous year. This was primarily due to a lack of clarity about the procedure for electrical operation and the low regularity of the Atlantic ships, which meant that time pressures made it necessary to run on diesel, rather than electricity, to ensure that the ships could sail on time.

Electrically powered mobile cranes [E.7](#)

Development – greenhouse gas (GHG Protocol) carbon emissions

In 2023, Royal Arctic Line made dedicated efforts to present greenhouse gas accounts. In 2023, elements of the greenhouse gas accounts were automated, e.g. by creating automated purchase orders for Scope 2 consumption from Nukissiorfiit (Greenland Energy). The purpose of the automation is that, going forward, there will be uniform registration in the accounting system for further processing. The work on Scope 3 is expected to be completed in connection with the submission of the greenhouse gas accounts for 2024.

In 2023, Scope 1 and Scope 2 were calculated on the basis of registrations in the accounting system and support systems.

In addition to Scope 3 registrations, the goal in 2024 is to incorporate them into the accounting system so that emission data is in parallel with financial data.

Due to a lack of calculation in 2022, the Scope 1 figures cannot be compared with the calculated emissions in 2023. However, a larger amount of bunkers was consumed than for the previous year. This was due to delays, breakdowns, etc. which meant that the ships had to sail faster to make up for the lost time. The ships consume exponentially more bunkers when sailing faster, which is particularly noticeable for the Atlantic and feeder ships. A new schedule was drawn up in 2024, which is expected to result in lower bunker consumption.

For 2023, revised emission factors have been received from the utility company, Nukissiorfiit, for both electricity- and heat-based emissions in Greenland's ports. Similarly, the operation of the terminal in Aalborg has been transferred to the Port of Aalborg, which has also resulted in a decrease in consumption and emissions.

The work on the double materiality analysis has not yet been completed. This forms the basis for identifying areas of the value chain where it is necessary to retrieve data that will not be captured by Scope 3 registrations. This may include the acquisition of assets, etc.

In 2024, work will take place on monthly deliveries for ESG reporting. This will facilitate monthly reporting of ESG key figures. The aim is for these figures to be published monthly, together with the financial figures.

CO₂e, scope 1 [E.8](#)
CO₂e, scope 2 [E.9](#)
CO₂e, scope 3 [E.10](#)
Electricity consumption [E.11](#)
District heating consumption [E.12](#)
Renewable energy share [E.13](#)
Water consumption [E.14](#)

Development – other emissions, SOx and NOx

Emissions of SOx and NOx have an impact on both health and the environment.

In 2022, SOx emissions amounted to 556.72 tonnes and in 2023, emissions were 238.86 tonnes. Emissions of NOx in 2022 totalled 1,686.23 tonnes and in 2023 emissions were 1,835.58 tonnes. The 2022 figures are calculated and stated in kilogrammes. In future, these will be stated in tonnes.

The shipping company is at an early stage in terms of the calculation of SOx and NOx and is not yet able to analyse the figures resulting from a combination of different fuel types.

In 2023, the reporting was standardised, so that we now have comprehensive digitalised reporting. Changes have been made to the Atlantic route and extra calls at Qaanaaq and Ittoqqortoormiit have been added, so that an increase in total emissions is expected in 2024.

Work is underway to find fuel additives that will make it possible to reduce SOx and NOx emissions.

SOx [E.15](#)
NOx [E.16](#)

Waste volumes on ships

On ships, waste is divided into the categories of plastic, food waste, household waste and operational waste.

In 2023, efforts were made to calculate the amount of waste oil delivered, which in 2023 amounted to 998.27 cubic metres. Waste volumes on ships is an important key figure, as this provides a starting point for setting goals to reduce waste volumes and thereby also the consumption of resources.

The ships' waste volumes are estimated based on whether a waste container is full or half full. The development in the figures from 2022 to 2023 is significant and the data quality is assumed to be too uncertain to support meaningful comparison of the figures from 2022 to 2023. The conclusion is that the first action area for 2024 should be the development of a method for more accurate data collection.

Plastic, food waste, household waste
and operational waste [E.16](#)



Waste volumes onshore

Once again this year, Royal Arctic Line participated in the Saligaatsoq clean-up day, which is organised every year by CSR Greenland. This time it was a particularly great success, as 12 of our 13 ports participated in the event.



Collaboration on new technology

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

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

In 2023, there was dialogue with the company's oil supplier about the possibility of using additives in the ships' fuel to reduce the ships' carbon emissions. The dialogue is at an advanced stage and testing of these additives is expected to be started up during 2024.

New technology can also contribute solutions that enhance job satisfaction.

In connection with the employee well-being survey in 2022, and through dialogue at ship management meetings, seafarers' access to the internet was identified as a special action area. The existing quality and stability was not considered satisfactory to be able to maintain contact with friends and family, and this had an impact on staff retention rates.

In order to offer better internet on board, in autumn 2023 two Starlink systems were purchased for testing on *Tukuma Arctica* and *Malik Arctica*, respectively. The positive experience gained means that Starlink is now expected to be installed on most of the shipping company's ships, except for one, with One Web ensuring an improved internet connection for the crews.

(S) Responsibility for the whole person

“ 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 can play a vital role in Greenland's development by actively supporting the population's opportunities for education and work. This includes strengthening families by offering a secure and good workplace with opportunities for and a focus on both professional and human development.

Royal Arctic Line works with six objectives, all of which must contribute to the sustainability strategy's principle of :

- “Responsibility for the whole person”
- Support and satisfy the strengthening of family life and development opportunities for the individual in Greenland
 - Promote occupational health and safety

- Strategic competence development programmes
- Boost educational opportunities
- Take active responsibility for developing and promoting education in Greenland
- Support and strengthen the company's cohesion in an inclusive culture

Our social ambition

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

Social and employee conditions are closely linked to human rights. This relationship is based on the principles of equity, respect and dignity. 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.

A major challenge and risk for Greenland's business community is the shortage of manpower. This makes it necessary to invest in the workforce of the future. A lack of qualified manpower can impact productivity and efficiency, and thereby the achievement of strategic objectives.

By driving targeted initiatives to improve employees' well-being and reduce sickness absence, the aim is to generate well-being and job satisfaction among employees, which can be measured in employee satisfaction surveys, employee turnover rates and sickness absence statistics.

By offering decent jobs with full and productive employment, Royal Arctic Line has a positive impact on society, which can help promote sustainable economic growth.

Educational and competence development activities help to strengthen the individual's core performance, with a direct link to the achievement of the company's strategic objectives. The aim is to develop our employees and ensure the development of our own managers and specialists.

Human rights

Royal Arctic Line respects and complies with the UN and EU human rights conventions and the ILO's labour convention. We show respect for human rights in everything we do.

In 2023, the company integrated the Human Rights Policy into the company's other policies, which are prepared and updated on an ongoing basis to ensure that they are in accordance with the human rights and labour conventions.

A separate Human Rights Policy has been drawn up, which states 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 Business Code of Conduct and the company's Supplier Code of Conduct, in which compliance expectations will be stipulated.



Strengthening human rights in our policies and practices

The company's Human Rights Policy must be made visible to employees through a campaign to ensure that they are aware of the policy and what the policy means for each employee.

Human and labour rights are also included in the company's personnel handbook, which is expected to be completed in 2024.

In addition, the Human Rights Policy must be made available to external stakeholders, to ensure that they are familiar with the company's position in this area. Human and labour rights, particularly in our value chain, will also be in focus in connection with the preparation of reporting practices under the Corporate Sustainability Reporting Directive (CSRD).

Respect for human rights

Right to fair and favourable working conditions

We work constantly to safeguard internal processes and regulations, and we aim to improve working conditions for our employees 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 in which health, well-being and occupational health and safety are always the right choice.

Achieved in 2023

- Employee involvement in the company's Well-being Programme
- Organisation of 13 health and safety organisations in our ports

What we will achieve in 2024

- Continue to focus on the company's Well-being Programme
- Work/life balance concept with development of tools for planning of working hours and for overtime management
- Implementation of updated Personnel Policy and personnel handbook

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 society's positive development.

We take active responsibility for raising the level of education in Greenland by significantly increasing the number of trainee places in 2024 compared to previous years.

Achieved in 2023

- 51 current trainees, in addition to 16 who have completed their education

What we will achieve in 2024

- The aim is to have 89 trainees

Access to complaints mechanisms

We want a secure workplace environment, and employees must be familiar with the company's whistleblower scheme, which was launched in December 2021. The scheme can be accessed on the company's intranet, the maritime personnel and ship management system (MPS) and the company's website.

This will ensure that the company's employees and external stakeholders have the opportunity to report any irregularities that might occur, within the framework of the whistleblower scheme.

Achieved in 2023

- Secured access to the whistleblower scheme for external stakeholders

What we will achieve in 2024

- Awareness of the Whistleblower Policy must be disseminated among both employees and external partners

Employees and employee satisfaction

Our full-time workforce (FtE)

The full-time workforce in 2023 was 742 people, down from 813 in 2022. This decrease is primarily related to redundancies due to efficiency improvements among salaried employees, changes in work planning for hourly-paid employees, and the consequences of the sale of *Mary Arctica* and divestment of the freight forwarding business.

Going forward, it is expected that the number of salaried employees will remain stable at the 2023 level. For most ports, no changes are generally expected in the number of hours worked by hourly-paid employees, with the exception of a few ports, where an increase is expected due to operational changes. The HR department, together with the respective department managers, will continue to focus on the planning of working hours and overtime management, which is expected to reduce overtime by approximately 10 % in 2024.

Full-time workforce [S.1](#) 


Our ETR

Royal Arctic Line's ETR includes employees who leave the company, either voluntarily or involuntarily. Retirement is included in the involuntary category. Only salaried employees and maritime personnel are included. The voluntary employee turnover rate is particularly interesting, as it shows how attentive we are to retaining our employees, and their knowledge and expertise.

The company has seen an expected positive development in the figures from 2022 (14 %) to 2023 (6.9 %) for salaried employees. This positive development is primarily due to the company's restructuring of its sailing schedule to Greenland. In 2022, the shipping company initiated a necessary restructuring, with associated redundancies. In 2023, we succeeded in minimising the extent of further restructuring measures, as reflected in the ETR. For maritime personnel, we now have an ETR baseline, which was measured at 26.07 % in 2023.

This is assessed to be high. As there are significant differences in ETR between the onshore and sea-based organisation, maritime personnel must be measured separately, to facilitate separate analysis. The high ETR is partly due to the sale of *Mary Arctica*. The company has focused on strategic optimisation through the sale of its freight forwarding business and *Mary Arctica*, as a step to further strengthen our core business and contribute to a more sustainable future for the company.

The focus in 2024 will be on continuing to implement and improve our tools for analysis of potential losses, which will strengthen our ability to identify and address key ETR improvement areas.

Employee turnover rate for salaried and maritime employees [S.8](#) 

Employee turnover rate

The employee turnover rate (ETR) can indicate whether there is a loss of knowledge and experience (high ETR) or that there is no renewal from the addition of new competences and perspectives (low ETR). In addition, ETR is used as an indicator of employee well-being and safety.

The company can also analyse the data for insights into whether potential is being lost to competitors, for example, in relation to the competence base, and how many people are leaving the company for natural reasons or by giving notice.

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

Employee satisfaction survey (MTU)

Royal Arctic Line conducts an annual employee satisfaction survey (MTU), which among other things serves to gauge job satisfaction and motivation. Following up on the results of these measurements is crucial and can identify actions and initiatives to improve the working environment, and enhance engagement and job satisfaction. The company's surveys are always carried out by a third party, to ensure anonymity.

Our ambition is to conduct an MTU every year, with a large survey in even years and a smaller survey or pulse measurements in uneven years. This releases more time for follow-up work with the departments. In 2023, a pulse measurement was conducted as part of this strategy.

MTU in 2022 was intended for all departments, with the introduction of new tools such as MTU-Arctica. This focus continued in 2023, with ongoing follow-up work in the


departments. To ensure capacity for well-being work, the next major MTU is planned for 2024, based on the Well-being Programme in 2023.

Employee well-being results are difficult to compare from 2022 to 2023, due to the variation in the scope of the survey. In the 2023 pulse measurement, only engagement was measured, with a total response rate for sea and onshore of 59 %, divided between 51 % at sea and 63 % onshore. A pulse measurement is generally expected to give a lower result, as our experience shows that employees normally engage more with a large survey. The figures can therefore be viewed as a relatively high response rate, which indicates positive employee engagement, particularly on the maritime side, as the pulse measurement figure is higher than from last year's well-being survey, where the response rate for engagement was 48 %.

The goal in 2024 is to measure job satisfaction against the level from 2022. A higher response rate is required for maritime personnel. The action areas will focus on well-being, sickness absence and working hours through the Well-being Programme.

Action areas and opportunities to promote well-being and job satisfaction include focus areas identified via the Well-being Programme. Risks include that day-to-day operational tasks command the employees' focus, which can affect the follow-up work from the Well-being Programme.

For Royal Arctic Line, focus on well-being is important for motivation, productivity and good service for customers and partners within and outside Greenland.

MTU at sea and onshore [S.9](#) 

Sickness absence

At Royal Arctic Line, we prioritise an open dialogue-based approach to sickness absence, where we consider the individual employee, the community and the company's interests.


We recognise legitimate sickness absence, but also promote a rapid return to work after illness. Our Sickness Absence Policy and principles aim to strengthen well-being, continuity and quality in our company.

An abnormally high sickness absence rate measured as the number of sick days per FtE may indicate dissatisfaction among employees and/or problems with well-being, health and/or occupational safety.

An increasing sickness absence trend can also indicate a deterioration in working conditions.

In 2023, the company updated its Sickness Absence Policy with a focus on sickness absence management. We have implemented revised guidelines and included well-being interviews between all departments and the HR department, and held workshops with managers, ship management and port managers on new sickness absence guidelines. Sickness absence in 2023 (3.16 days per FtE) remained at the 2022 level (3.15 days per FtE).

The Well-being Programme initiative focused on sickness absence and was launched in autumn 2023. We expect to see the effect of this in 2024. Our goal for 2024 is lower sickness absence than in 2023.

Sickness absence [S.3](#) 

Well-being programme

Use the support you have available

Stress can affect anyone, whatever their gender, position, age and background. It is a natural reaction to challenges that can lead to stress in different situations.

It is important to identify, talk about and manage stress in a healthy way.

One day in October, customer support employee Najannguaq Møller was hit by stress.

It was peak season, the department was affected by illness and holidays, and Najannguaq could feel the pressure.

I came to work in the morning as I usually did. Suddenly, I felt unwell, like I was being smothered, I started to have double vision, and I felt pressure on my chest.

After going to see the doctor, Najannguaq found out that she was suffering from stress. She was on sick leave for two weeks, and the sick leave was later extended by one week.

For Najannguaq's immediate manager, acting commercial director John Aage Nielsen, it came as a surprise that his employee had been hit by stress.

I didn't notice any signs of this, not even in WILO, but accumulated stress can be hard to see coming. It picks up over a long period. I gave her an important message when she first went on sick leave. I asked her to let go and turn off notifications from work, so she could relax properly. During her sick leave, John Aage stayed in contact with Najannguaq and checked in on her recovery. Together, they agreed to attend a well-being interview at HR, where Najannguaq was offered help from a stress coach, among other things.

After my three weeks' sick leave, I was very satisfied with the understanding shown for my situation. I'm still struggling with fatigue and sensitivity to noise, so I've been given the opportunity to work half-time or less, depending on how I feel.

Najannguaq is pleased with the support she has received from her employer, and especially with the framework set for her return to work. She also appreciates the support she gets from a colleague.

A colleague from another department offered to drive me in at seven in the morning, so I could spend the first hour in the office in peace and quiet. That one hour means a lot to me, as I still have to take it easy. The colleague also drives me when I leave for home after half a day at work and has said that I can just call when I need help with this. In addition, our Claims department has offered to help me if I need to talk to a psychologist."

John Aage Nielsen explains that as a manager he has learned that some signals can be so insignificant that they go unnoticed, and that there is nothing shameful about either a manager or an employee being affected by stress.

We take our employees' 'stress temperature' on an ongoing basis and keep the door open for people who want to discuss challenges with their workload. It's also important to have dialogue, dialogue and more dialogue. There's no shame in staying at home; and there's no shame in letting go. When you're burned out, you need time to heal and get the spark back again.

Having experienced the impact of stress on her physical and mental health, Najannguaq has learned a lot about how to prevent stress.

Listen to yourself, even when you're busy. Be careful not to exceed your own limits. If you feel that something is different, your body may be trying to tell you something. Go for long walks and get some fresh air, let go of everything and everyone, and rest. And use the support you have available, says Najannguaq.



Occupational health and safety

It is important for Royal Arctic Line to constantly improve and promote our occupational health and safety, and also to ensure good conditions and development opportunities for our employees, in order to strengthen 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 improve the work/life balance, for example by changing working hours or by giving employees the opportunity to move to a workplace closer to their family, while still filling the same job role.

This means that we have employees who would normally be attached to head office functions, but 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 time off, recreation and spending time with friends and family, before returning to work to create good results for the company.

In 2024, there will be increased focus on the planning of working hours and overtime management, which will help to create a better work/life balance.

Accident prevention

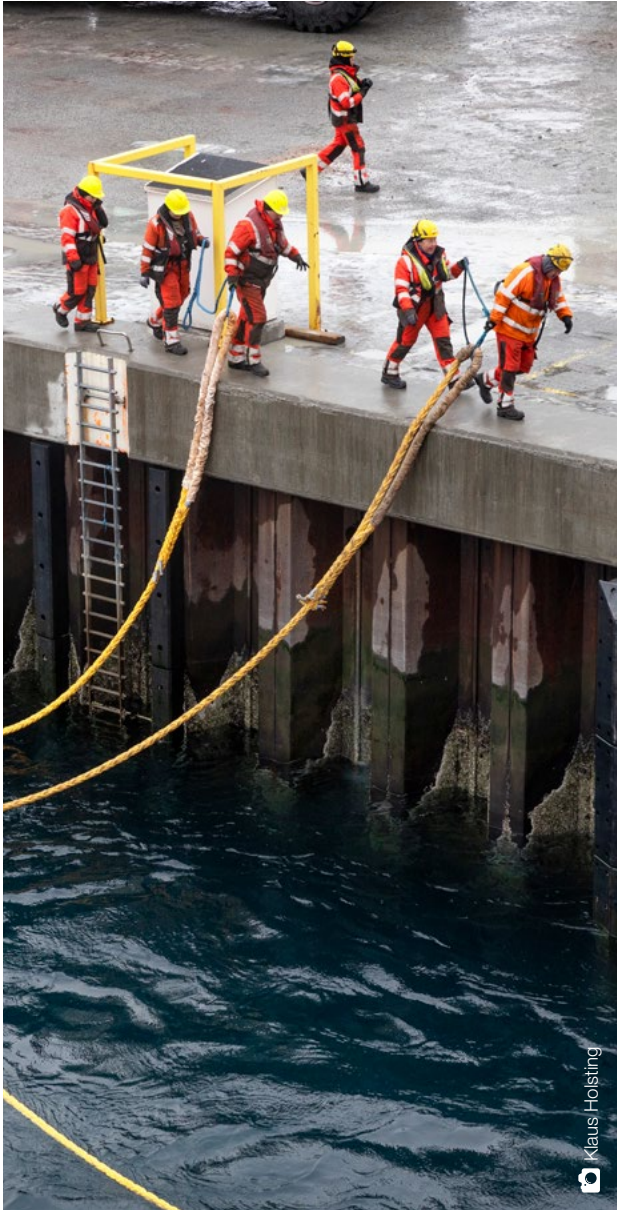
At Royal Arctic Line, safety and accident prevention are very important and are summarised in our principle.

“ Business first – Safety Always.

We believe that with well-planned preventive efforts, all accidents can be avoided. Our responsibility for the well-being and safety of our employees is anchored in our culture. 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 the day-to-day occupational health and safety work, to ensure a sense of shared responsibility when it comes to achieving a good working environment.

Royal Arctic Line's focus on improved occupational health and safety has broader economic consequences, particularly for supplies to Greenland. A decline in productivity due to occupational injuries could have a negative impact on society. This is why our efforts are not only for the benefit of our employees and the company, but also for the whole of Greenland.



Near-misses on ships and in ports

The shipping company has a near-miss reporting procedure at port terminals, warehouses, during ship operations and on ships. At port terminals, warehouses and during ship operations, near-misses are defined as events that could potentially result in personal injury or occupational accidents.

Personal injuries at work are of shorter duration, i.e. from the first day of illness or longer sickness absence. Both major and minor occupational injuries are registered as occupational injuries.

On ships, near-misses are defined as unforeseen events that did not result in an accident, illness or injury, but had the potential to do so. A minimum of one near-miss observation per month per ship should be reported. On ships, reporting near-misses helps to retain focus on "unsafe conditions" on board, so that faulty conditions can be proactively managed before they develop into accidents.

Reporting near-misses is essential to identifying potential hazards and preventing occupational injuries. Our reporting processes ensure knowledge sharing across the company and are an important element of our accident prevention measures.

Our work to increase safety

In 2023, our 13 health and safety organisations at the ports worked to ensure that near-miss incidents and accidents did not recur. Through quarterly meetings and training, we improved the understanding of what a near-miss incident is, with the aim of creating a culture in which it is safe to report these incidents as part of the ongoing work to prevent potential accidents.

On the shipping company's ships, there was focus on the reporting rate as an indicator of proper observance on board. The purpose is to ensure continuous improvement of safety and the working environment.

The ports' goal for 2023 was more than seven reports, which was achieved, with 26 reported near-miss incidents.

22 occupational injuries were registered in 2023, compared to 20 occupational injuries in 2022. The additional two registered occupational injuries in 2023 may be due to the increased focus leading people to report minor injuries rather than concealing them. Registering an occupational injury ensures that our employees have the opportunity to receive compensation for any disability resulting from the injury that may not appear until later in their lives.

This insight can contribute to more injuries being reported. In addition, people have become better and more aware of safety and occupational accidents. This may be the explanation for the increase in reporting of minor personal injuries of shorter duration.

The ambition is zero occupational injuries at port terminals and warehouses, which requires a constant focus on the prevention of occupational accidents based on near-miss reports. A total of 93 near-misses were reported on the ships, with the target of a minimum of 100 reports for the ships. The process of phasing ships in and out, as well as the laying up of ships, means that the year-on-year figures cannot be compared directly in statistical terms. However, this positive development does indicate increasing awareness of health and safety issues among all our employees.

“ An accident is usually completely 'unique'. It therefore makes good sense to focus on accident potential rather than introducing targeted procedures to avoid a specific accident that, under the given circumstances, is unlikely to happen again.

Intensification of near-miss reporting and safety awareness

By 2024, we aim to increase the number of near-miss reports, with the goal of collecting more than 40 reports from all 13 ports in Greenland, and more than 100 reports from the company's ships.

We plan to launch a campaign to promote safe near-miss reporting and a better understanding of near-miss incidents among all employees. Our focus will also be on gaining a deeper insight into the accidents that occur via a more thorough review of the incidents by the ship's safety organisation and in our 13 working environment organisations at the ports.

We are aware of the significant risks of occupational injuries, especially due to manual work with large machinery under considerable work pressure. An effective way of minimising these risks is through clear guidelines for the work and dialogue, together with a focus on preventing stress and sickness absence. Occupational accidents on ships can have consequences such as sickness absence, administration of sick pay and the need to train new personnel. Lost Time Accidents (LTA) is a key metric in this respect.

Near-misses on ships [S.10](#)
Near-misses at ports [S.11](#)



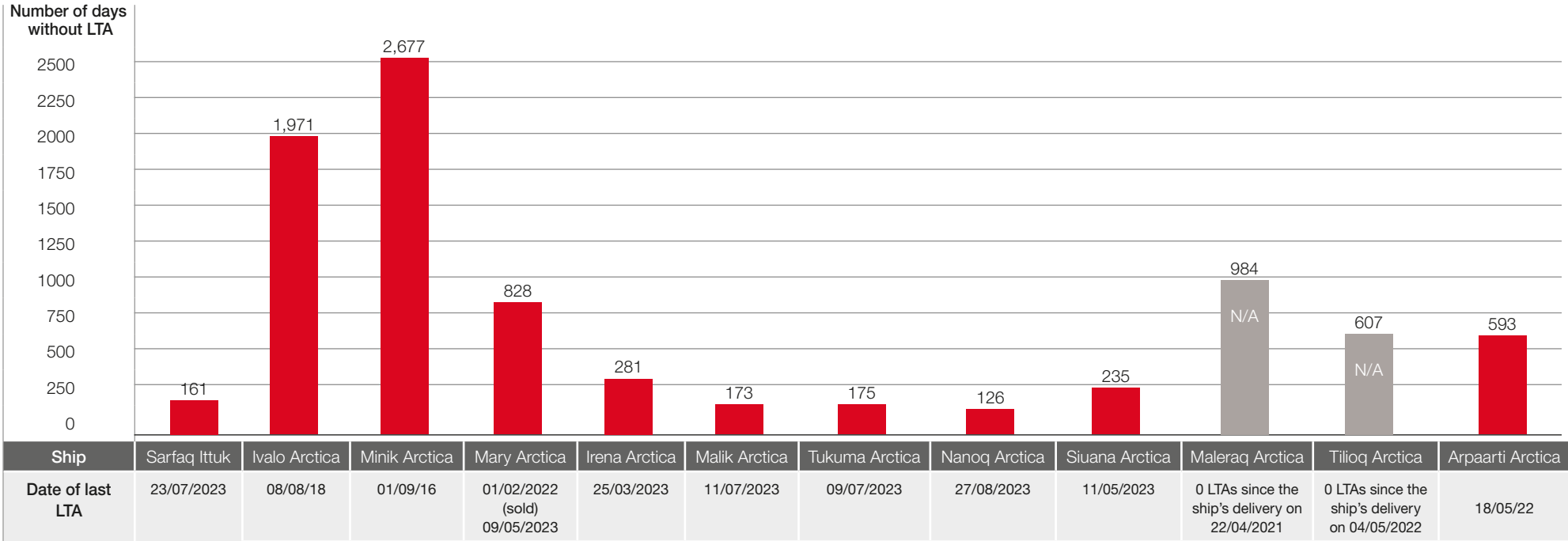
Lost Time Accidents (LTA)

LTA on ships is a critical safety metric that is defined as an accident that has resulted in incapacity for work for one day or more beyond the day of the injury. It is a legal requirement for shipping companies to report these incidents, which enables knowledge sharing and preventive actions across the fleet.

In 2023, a total of seven LTAs were registered for Royal Arctic Line’s ISM-certified ships (ships over 500 gross tonnes), which is an increase by two accidents compared to the previous year. These accidents concerned the ships *Irena Arctica*, *Siuana Arctica*, *Tukuma Arctica*, *Malik Arctica*, *Sarfaq Ittuk*, and *Nanoq Arctica*.

For 2024, the goal is to reduce the number of LTAs to less than seven, and preferably with no accidents. This key figure is an important goal in our continued work to improve safety and well-being on board our ships.

Lost time accidents (LTA) on ships [S.12](#)



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.



Competence development and training

To create Greenland's best workplace, it is vital that we provide a good framework for competence development and training, so that we can develop competent future managers and specialists. This is good for Greenland and also strengthens the company's core performance and our shared culture.

An important focus area is the administrative processes for the coordination of courses, which have been transferred back to the HR department.

We have given particular weight to improving the internal processes for holding statutory courses, besides publishing a detailed course catalogue.

Our training coordinator has focused on courses for hourly-paid employees in operations. Through a number of specialised courses such as crane courses, reach stacker courses, truck courses and many more, we have been able to uptrain some of our unskilled employees into skilled professionals.

This has not only improved the efficiency of ship operations and cargo handling, but also ensured better pay conditions for our employees.

A particular focus in 2023 was the courses on invisible disorders in the workplace, which has made our managers better prepared to manage all of our different employees.

Another significant activity was the development of competence gap analysis tools. These tools are designed to support performance appraisals, talent development and succession planning.

Going forward in 2024, our goal is to continue the development and implementation of competence gap analysis tools. We seek to develop tools that can define a development plan for each employee, use these plans for succession planning and talent development, develop methods to identify talent within specialist and managerial roles, and finalise standardised training programmes for the development of both managers and specialists.

Education for the benefit of all of Greenland

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 elsewhere.

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 raising our ambitions and commitment to education at all levels, from primary and lower secondary schools to adult education.



Collaboration with schools and educational institutions

Regular visits to ships and the port terminals are arranged for both children at kindergarten and school classes in the various towns in Greenland. Visits to ports and ships are coordinated by the respective port managers in the individual towns.

There is ongoing contact with both lower secondary school pupils and TNI (Greenland Business School), for example, where the students use Royal Arctic Line as a case study in their project work.

There are regular visits to Imarsionermik Ilinniarfik (Greenland's Maritime Centre) in both Paamiut and Nuuk, and a joint initiative has been agreed on for 2024, for the benefit of inexperienced ship's assistants.

Royal Arctic Line is represented at the annual training roadshow in Greenland, and in 2023 employees from the individual towns represented the company, as opposed to employees from the HR department in Nuuk. This makes contact with the shipping company more relatable for the participants, as they meet our colleagues in the individual towns directly and can see and hear what they are working with on an everyday basis.

There is close cooperation with Teknikimik Ilinniarfik (KTI) (Greenland Technical College) in Sisimiut in connection with the start-up of the marine engineering programme. Currently, one student from KTI in Sisimiut is attached to the shipping company.

The shipping company is also represented in educational networks and education roadshows in Denmark, where the aim is to improve access to Greenland's labour market for Greenlandic students in Denmark. The company is a member of the career fair's steering group and helps to shape the initiatives to motivate more students from Greenland to return home after their graduation.

In 2023, we gained

- 2 experienced ship's assistants
- 2 salaried skippers
- 6 terminal employees
- 2 office administration assistants
- 1 academy graduate in IT digitalisation and IT operations
- 1 academy graduate in finance and resource management
- 2 project collaborations



Trainees

“ To take active responsibility for developing and promoting education in Greenland.

Trainees are the workforce of the future in Greenland, and at Royal Arctic Line we prioritise being able to offer traineeships to as many people as possible. We are also happy to make an extra effort to ensure that our trainees complete their education.

In 2023, we focused on filling all vacant trainee positions within all three professional groups: hourly-paid employees, the maritime area and salaried employees. The target was 50 trainees and we are both proud and pleased that we achieved 51. There was also focus on the trainees' well-being and achievement of learning objectives through three-way interviews (Royal Arctic Line, the trainee and the college).

In 2024, the goal is to have 21 monthly-paid trainees (up from 10 in 2023), 44 hourly-paid trainees (up from 27 in 2023) and 24 maritime trainees (up from 14 in 2023), a total of 89 trainees.

Our focus area is a capacity analysis for traineeships, conducted to maximise the utilisation of these trainee positions and the number of adult apprenticeships. The company can now offer traineeships at all educational levels – from lower secondary school to higher education, with a particular focus on quality in relation to achieving learning outcomes during the traineeship.

The company's training coordinator will start recruiting trainees in spring 2024.

We do this because we take our responsibility as a government-owned company seriously and because we want to secure our future recruitment base.

Trainees [S.2](#) 

Royal Arctic Line offers the following education programmes

At sea

- Shipmaster
- Salaried skipper
- Marine engineer
- Ship mechanic
- Ship's cook
- Skilled ship's assistant (10-week completion course if a certificate of apprenticeship is held)
- Experienced ship's assistant
- Inexperienced ship's assistant

Onshore

- Academic education programme specialising in:
 - Human resources
 - Finance and resource management
 - International transport and logistics
 - Digitalisation and IT operations
- Computer engineering
- IT supporter
- Construction machinery mechanic
- Sheet metal worker
- TNI administration
- Terminal worker
- Collaboration with university students (project collaboration, bachelor project collaboration, thesis collaboration or similar)

Community involvement

Every year, sponsorship funds are allocated to activities within sport, culture and education. A sponsorship committee has been set up, comprising employees from different departments of the shipping company.

Each year, a main sponsorship is selected, whereby a larger amount is awarded for a single activity. In 2023, the sponsorship committee chose to award the main sponsorship to the production of a documentary film about Inuit and Dene games, which are traditional Arctic sports. The sponsorship committee wanted to contribute to the preservation of our cultural heritage and to increase interest in sports in Greenland.

Due to savings in 2023, it was not possible for the sponsorship committee to grant additional financial support and therefore applications received had to be rejected. The company continued to support the Ivalu and Minik Foundation and Katuaq, both within the ongoing annual framework agreement. In addition, nine freight sponsorships were granted.

In 2024, funds have once again been allocated to sponsorships, and the committee will continue to support events and projects that are relevant to Greenland, preferably with a greater focus on socially vulnerable people and education. 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.

Royal Arctic Line was actively involved in this year's Culture Night in Nuuk, Ilulissat, Qasigiannguit, Narsaq and Paamiut.

Our participation opened our doors to members of the general public, who had the opportunity to visit ships and take a closer look at containers, trucks and the employees' various work tasks. With around 1,800 visitors to our head office in Nuuk and around 1,000 guests on board the ship *Maleraq Arctica*, Culture Night was a successful event that strengthened the ties between Royal Arctic Line and the local community.

Diversity and inclusion

“ To support and strengthen the company’s cohesion in an inclusive culture.

In Royal Arctic Line, diversity and inclusion are a strength. More perspectives, and 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 a new employee is appointed, the combination of human and professional skills is balanced, giving departments the opportunity to accommodate greater diversity and inclusion of employees.



Equal Opportunities Policy

Our approach to diversity and inclusion is set out in an Equal Opportunities Policy that is expected to be rolled out in 2024.

Royal Arctic Line acknowledges its responsibility to ensure equal opportunities for advancement and employment for all potential candidates regardless of gender. The aim is for the gender composition at the different organisational levels to at least reflect the composition in the relevant recruitment base.

However, it must always be the specific qualifications, experience and the individual’s personal qualities that determine which candidate is hired for a given position.

The Board of Directors and the Executive Board must strive for at least a 40/60 gender distribution. This is also the goal for the other management levels. It is acknowledged, however, that the recruitment base within the maritime education programmes in particular can present challenges in achieving the goal within the near future.

Recruitment principles for diversity and avoidance of bias

The recruitment process was a focus area in 2023. Principles have been developed for how recruitment should be handled, with particular focus on avoiding bias in relation to background, gender and religion.

The aim is to ensure that no minority groups are excluded. After establishing these principles, the next step is to implement them in connection with the recruitment process. There is also a need to address inclusion in the labour market, including adult education programmes, especially for people who may have difficulty in obtaining a job.

Gender diversity

“ Data extraction from manual to automatic process.


The goal of automating gender diversity data extraction was achieved in 2023. For the company’s salaried employees (including managers and executives) gender diversity is by and large unchanged from 2022 (32.95 %) to 2023 (32.24 %). There was successful development of data extraction that includes maritime employees (including ship management), which shows an overall figure for 2023 at 22.04 % women in the company for the personnel groups mentioned.

The data basis does not currently support calculation of the gender diversity of hourly-paid employees. However, this optimisation is the next goal of our work to move from manual to automatic data extraction processes.

Gender diversity [S.4](#) 

Gender pay gap

The gender pay gap shows that in 2022 this ratio was 1.09, and in 2023 it was 1.13. This figure has increased slightly, which could be expected as there has been a slight decrease in gender diversity.


Gender pay gap [S.5](#) 



Gender diversity of the extended day-to-day management

The gender diversity of the extended day-to-day management includes the Executive Board, as well as salaried employees such as port managers, shipmasters and chief engineers who do not report directly to the company's Executive Board. The gender diversity of the extended day-to-day management is lower than our overall gender balance. The employee turnover rate for the extended day-to-day management is also low, with a decrease from 28.71 % in 2022 to 24.21 % in 2023.


This emphasises the importance of focusing on diversity and inclusion and indicates that the Equal Opportunities Policy and its preparation, and the action plans for its implementation, have been addressed at an important time.

Gender diversity of the extended day-to-day management [S.6](#) 

Gender diversity of other management levels at executive level

The objective of "Gender diversity of other management levels at executive level" is to guarantee a minimum representation of 40 % of each gender, an objective that the company fulfils. In 2023, the gender distribution was 50 %.

The change of CEO in autumn 2023 resulted in an Executive Board consisting of six members at the end of the year, of whom three women and three men.

Gender diversity of other management levels at executive level [S.7](#) 

Royal Arctic Line A/S	Unit	2023	2024	2025	2026	2027
Top management body						
Total number of members	Number	9				
Under-represented gender in %	%	44				
Target percentage	%					
Year of target achievement						
Other management levels						
Total number of members	Number	25				
Under-represented gender in %	%	36				
Target percentage	%	40				
Year of target achievement	Year	2027				

This table presents the gender composition of the company's highest management body, the Board of Directors and other management levels.

Gender diversity of the Board of Directors


Royal Arctic Line does not currently have a policy to increase the diversity of the company's management. The labour market structures in Greenland, where qualified manpower is a limited resource, contribute to a high level of diversity in terms of gender, age, nationality and educational background.

In addition, the company's HR processes are data-driven. This helps to increase objectivity in recruitment and promotion processes. Weight is given to a combination of personal qualities and professional qualifications in the recruitment process.


Gender diversity of other management levels

At the end of 2022, the proportion of the under-represented gender was 33 %. A number of initiatives, such as HR's review of job advertisements to eliminate gender bias, as part of the data-driven recruitment process, have contributed to the proportion reaching 36 % at the end of 2023, i.e. close to the

Members of the Board of Directors elected by the Annual General Meeting, the company's highest management body, still comprise three women and three men. A member of the Board of Directors was replaced at the Annual General Meeting in 2023. Employee-elected members consist of one woman and two men. These were elected in 2022 for a four-year period. The full Board of Directors consists of nine people, comprising four women and five men. The goal for diversity in the Board of Directors is that there should be at least 40 % of each gender. With the Board of Directors' 40/60 distribution for both the members elected by the Annual General Meeting and the full Board, the target figure of 44 % has thus been achieved.

Gender diversity of the Board of Directors [G.1](#) 

target of 40 %. In addition, an analysis has been initiated to shed light on gender diversity between different professional groups.

Gender diversity of other management levels [S.7](#) 

Royal Arctic Line Board of Directors



Paviaraq Heilmann
Chairman



Erik Jørgen Østergaard
Deputy chairman



Barbara Agersnap



Erik Sivertsen



Julia K. Olsen



Minannguaq Hilda
Zeeb

Royal Arctic Line's employee-elected members



Eyður Simonsen



Laust Lindskov
Vestergaard



Tina Lange Olsen

Gender composition of management

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

Inclusion in the labour market: Identification of actions

Diversity and inclusion give wider perspectives on attitudes and decisions, which makes a significant contribution to the company's success. By strengthening diversity and inclusion, and understanding differences within and outside Royal Arctic Line, the company is better equipped to accommodate differences.

An unequal gender distribution may indicate a risk of a more general lack of equity in the workplace, which can present challenges in attracting female talent, for example. There is, however, great potential in targeting various initiatives and campaigns to attract more women

to shipping, both at sea and onshore. There is a current focus on employee turnover rates at management level and among other employees. The goal is to identify more actions that over time can affect the gender composition at Royal Arctic Line.

Another focus area is people who may have difficulty entering the labour market. In 2024, we will therefore investigate which initiatives are needed to attract people who may otherwise have difficulty entering the labour market (e.g. adult education programmes).



(G) Responsible governance

“ Good governance and compliance are the basis for sound business.

Royal Arctic Line wants to create a workplace characterised by a secure environment with a strong foundation of transparency and credibility.

Our sustainability strategy is centred around three objectives, all of which support our sustainability principle of:

- “Responsible governance”
- 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



Our ambition for responsible governance

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

To strengthen and maintain the company's credibility, it is important that there is transparency in the company's approach to governance and compliance.

Policies and guidelines within the Corporate Policy Programme help to support anti-fraud management, as clear policies and guidelines set known frameworks for employees and the company's stakeholders.

Previously, policies and guidelines were department-specific, whereas there is now a coordinated approach with a focus on streamlined business practices, with a dedicated resource for coordination and follow-up. Strengthening responsible management at Royal Arctic Line leads to changed working procedures with increased internal requirements and new routines. This includes the implementation and ongoing formalisation of new policies, guidelines and working procedures within all areas.

Governance conditions


Governance conditions concern the conditions applying to the company's highest management body, the Board of Directors, and senior management, the company's Executive Board.

The reporting of attendance of Board meetings and the pay difference between the CEO and employees are key indicators of Royal Arctic Line's governance conditions. These key figures provide important insights into the company's governance commitment, social responsibility, sustainability and ethics.

Attendance of Board meetings

The purpose of reporting attendance of Board meetings is to gauge the level of activity of the company's Board members and is important as a reflection of the Board members' commitment and interest in the company's operations.

The G.2. key figure for attendance of Board meetings was first reported in 2022. In 2022, this figure was 94.7 %. In 2023, the attendance rate increased to 97.53 %. The figures indicate an active and engaged Board of Directors who, through their attendance, promote the company's interests.

Attendance of Board meetings [G.2](#) 

Pay gap between CEO and employees

The purpose of reporting the pay gap between the CEO and employees is to provide an insight into the company's social equity. This difference, expressed as how many times the CEO's remuneration can cover the employees' median salary, reflects the company's valuation of the CEO's responsibilities and workload in relation to the ordinary employee. In 2022, the figure was 6.7 times, and in 2023 it was 6.4 times. This was expected after the salary adjustment of the low pay groups in connection with the annual salary adjustment.

CEO pay ratio [G.3](#) 



Photo: S. Jensen

Digitalisation with a focus on information security and cyber security

A clear awareness of IT security is vital to protect Royal Arctic Line from digital threats. A strong awareness of IT security ensures that all employees can recognise and respond to potential security threats, protecting both our data and our operations.

How we work with information security and cyber security

As part of our Information Security Policy, we are committed to training our employees in IT security. Our aim is to strengthen employees' awareness of information security and cyber security, for the benefit of the company but also the employees' private affairs. This is expected to spread to the employees' families and thereby also to society at large.

Our goal for 2023 was to ensure that at least 90 % of our employees completed IT security training, and that at least 70 % completed this training successfully.

Development of training modules has been initiated within: phishing, physical data security, access awareness and password management.

Over 90 % of employees have completed at least one training module. The pass requirement has been removed and interactive elements are used instead, where employees receive feedback based on their answers. The aim is to increase employees' engagement with and understanding of IT security, rather than just passing the test.

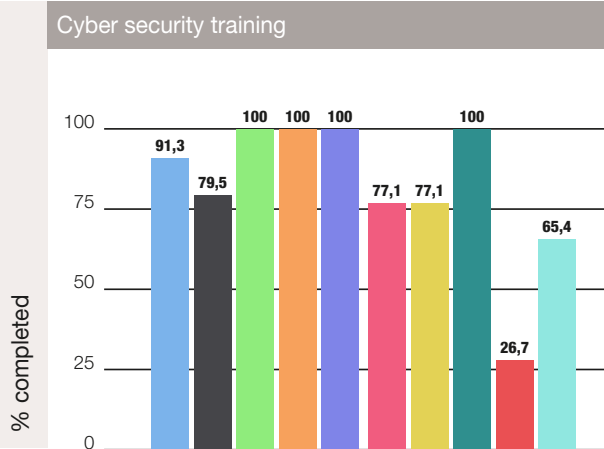
Royal Arctic Line's anti-phishing efforts have been strengthened with campaigns, and help tools such as a "suspicious email" button have been implemented in our general email application. The company has worked on implementing an IT contingency plan, including by conducting a simulated cyber attack together with the company's Board of Directors and Executive Board. The purpose was to test how the executive management should act and allocate areas of responsibility in connection with a cyber attack. The simulation led to an updating of the company's IT contingency plan.

There has been focus on the observations from the IT audit, and several measures have been taken to reduce the number of these observations. As several projects ran until the end of the year, we do not expect to see the full extent of these measures until 2024.

Our digitalisation goal with a focus on information security and cyber security

As a first step in optimising the training process, we will investigate the possibility of adding Greenlandic as a language option in our training systems, to ensure a high level of participation and understanding of the training material.

Going forward, the company will evaluate employees' safety level with a "Risk score" in our training sessions. This will measure the understanding and management of cyber security risks, helping the company to continuously adapt our training strategy. We expect that the basic measurement in 2024 will reflect a market level and that the employees' level of knowledge can be measured, showing positive development.



This table presents percentage completion by location.

Data ethics

To ensure that all of Royal Arctic Line's data is processed responsibly and in a reflective and respectful manner, data ethics must be incorporated into the company's data processing.

The concept of data ethics proved to be more comprehensive than initially assumed, so that the finalisation of the Data Ethics Policy continues in 2024, as the involvement of relevant employees with different professional backgrounds is required, since together they can contribute their knowledge and professional expertise to the policy's content. As a result, the policy and the derived guidelines can be more precise in relation to all the departments and specialist areas at Royal Arctic Line that work with data ethics issues.

To ensure that data is used to create opportunities for employees and better service for customers, it is important to always pay attention to the ethical aspect of data processing.

Focusing on data ethics will require changes to workflows. For example, questions about the necessity of data collection may have to be asked more frequently.



Corporate Policy Programme

The purpose of the company's Corporate Policy Programme is to ensure that we as a company comply with applicable legislation and international standards. This will ensure that our employees and stakeholders are aware of the framework within which we operate so as to achieve transparency in our business operations. Under our Corporate Policy Programme, policies and guidelines will be combined in an internal document management system. This will ensure an overview, easy access and ongoing updating of these documents.

Our policies and guidelines help to streamline decisions, actions and procedures in the company. Ensuring that these are known and visible will strengthen the company's decision-making processes. It can also help to ensure a better transfer of work tasks when personnel are replaced, 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.

In 2023, the focus was on the development of policies in compliance with legislation, resulting in significant policies being drawn up, existing policies being updated or a plan for their creation being drawn up. This also applies to other important documents under the Corporate Policy Programme, including the Business Code of Conduct, which was not prepared as expected in 2023. These policies have been communicated through internal communication channels.

Corporate Policy Programme [G.4](#) 

Anti-corruption

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

Royal Arctic Line is increasingly collaborating with other companies within and outside Greenland. This makes it important to focus on anti-corruption. The company wants to ensure that all of our activities comply with legislation and ethical principles, in order to protect the company and its employees from corruption, fraud and nepotism.

Royal Arctic Line's Anti-Corruption Policy shows zero tolerance for bribery, fraud and nepotism. This includes the obligation to comply with the legislation of all countries in which the company operates.

Any form of corruption may lead to sanctions and mistrust, which might damage Royal Arctic Line's reputation. We are dedicated to maintaining a high ethical standard in order to protect our company's existence and confidence in our activities.

It is vital that any corruption or attempted corruption are actively mitigated and counteracted.




Strengthened anti-corruption efforts in 2023

- Updated Anti-Corruption Policy
- Anti-corruption risk analysis
- Compliance training in anti-corruption completed with participation and score
- Communication campaign
- Preparation of a Supplier Code of Conduct

Anti-corruption training of employees

Royal Arctic Line has successfully completed its first online anti-corruption training. 94 % of the shore-based employees who were invited, equivalent to 125 people, and 73 % on the ships, equivalent to 45 crew members, completed the training with an overall average score of over 93 %. At the end of the year, training will continue on the ships, taking due account of crew rotation patterns. It is expected that crew members' participation will also exceed 80 %. The effect of the training and communication campaign will be evaluated once the training has been completed.

Anti-corruption training of employees [G.5](#) 

Continued focus on anti-corruption

By 2024, all employees in relevant positions must complete and pass the annual anti-corruption training. This will help support our commitment to maintaining a culture of integrity and accountability. Our goal also includes revisiting previous communication campaigns.

The focus will be on raising awareness of our Anti-Corruption Policy, the importance of employee training and the responsibility of the individual employee. The campaign aims to strengthen understanding and engagement across the shipping company. In addition, we will conduct a due diligence review of our Anti-Corruption Policy. This review will ensure that our policies remain in line with best practices and statutory requirements.

Compliance due diligence programme

“ In a modern company, due diligence is an important tool to ensure that we comply with legislation.

The compliance due diligence programme is an action area to ensure that Royal Arctic Line fulfils its obligations. The programme includes a whistleblower scheme, GDPR and employee training.

Whistleblower scheme

Royal Arctic Line's Whistleblower Policy and scheme are available via several channels, including the company's website. Here, employees, business partners and others can safely and confidentially report serious and critical circumstances in the company, based on a justified suspicion.

Reports are received by an external partner that continuously assesses the reports received. This may include economic conditions, pollution, the working environment, particularly offensive behaviour, etc. To ensure that the scheme works as intended and to gain some learning about the process of handling reports, three test reports were made in 2023, which were dealt with by the appointed contact group in the Executive Board and the appointed contact group in the Company's Board of Directors, respectively.

These test reports gave rise to minor adjustments that will be implemented in 2024. In addition to the three test reports, there were five reports to the whistleblower portal in 2023, one of which was within the framework of the scheme.

With five reports, it is assessed that knowledge of the scheme has been achieved in the business, but work will continue to spread awareness of the whistleblower scheme among the company's employees, including with a focus on the ports and ships. If there is reason to do so, further test reports will be made in 2024.

GDPR

The company's GDPR policies (Personal Data Policy for customers and business partners and Personal Data Policy on the handling of personal data concerning employees) were updated in 2023 and key employees attended a GDPR course. In spring 2024, the same course will be offered to the company's employees. In 2024, a programme will be launched to ensure that the company fulfils the GDPR requirements.

Employee training

Royal Arctic Line focuses on training our employees in order to strengthen the company's governance and compliance. Online training is offered in GDPR, anti-corruption and IT security.

Training in competition law was expected to be held in 2023, but this was not achieved due to the accumulation of experience with the training platform. The next step is a risk assessment of which job functions should complete the training in competition law. This is expected to concern around 50 employees, based on the training completed in 2021.

In connection with a new risk assessment of the company's job functions concerning GDPR, approximately 200 employees have been identified to complete GDPR training. This is significantly higher than the number who completed the last GDPR training in 2021.

Today, it is assessed that all employees who come into contact with personal data should be trained in GDPR. It was expected that the training would be held during 2023, but as it took longer than expected to gain the necessary experience with the training platform, the GDPR training was not started until the end of the year. No GDPR training was held in 2022.

Anti-corruption and IT training are described in the respective sections on Anti-corruption and Digitalisation, with a focus on information security and cyber security.

Training of employees in competition law [G.6](#)
GDPR training [G.7](#)



Suppliers and business partners

“ Dialogue with suppliers and business partners is essential for us all to be able to create value while working with sustainability.

Supplier Code of Conduct

Royal Arctic Line's Supplier Code of Conduct was drawn up at the end of 2023, in connection with the establishment of a procurement department. The Supplier Policy is still subject to preparation, but is expected to be completed in 2024.

The goal is for at least 70 % of the relevant suppliers to have signed the Supplier Code of Conduct. In addition, guidelines and process guides must be prepared to ensure that supplier management becomes a fixed routine.

Data and reporting method

This chapter presents an overview of ESG key figures, with an account of use of the frameworks, the background to the accounting method and choice of ESG key figures.

Frameworks used as the basis for the ESG key figures

The work on sustainability and data quality for ESG reporting is based on well-known and comparable frameworks. We have chosen to rely on selected international standards, frameworks and principles, as follows: Danmarks Skibskredit A/S standard, ESG key figures in the annual report from Finansforeningen/CFA Society Denmark, FSR – Danish Auditors, Nasdaq Copenhagen and the Greenhouse Gas Protocol (GHG Protocol).

Accounting policies for development data, key figures for ESG reporting

The accounting policies applied are in a development stage in the field of ESG reporting. A description of the accounting policies applied to specific key figures is stated in the relevant notes as a four-year summary. The ESG notes provide an explanation, definition and description of the calculation method applied to the relevant key figures. In 2024, a 5-year period will be reported.

Significant accounting estimates have been made as there is uncertainty associated with data related to this year's ESG statement. This is because data collection is in a transition phase from manual to automatic data extraction.

The latest reporting guidelines from CFA Society Denmark 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.

Choice of ESG key figures

The company's ESG data is selected on a materiality basis and is in accordance with the Danmarks Skibskredit A/S standard, ESG key figures in the annual report from Finansforeningen/CFA Society Denmark, FSR – Danish Auditors, Nasdaq Copenhagen and the Greenhouse Gas Protocol (GHG Protocol).

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. In addition, a materiality and impact analysis and double materiality are included in the preparations for the company's reporting under the Corporate Sustainability Reporting Directive (CSRD).

In 2023, the aim was to further develop the establishment of internal processes for the collection, control and documentation of the underlying calculations of key figures. This goal is retained 2024, with the expectation that the company can continue to work on the data basis for ESG reporting.



ESG key figures



In the process leading up to 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	2023	2022/Baseline	2021	2020	Comments on the data transition
(E) Climate and environmental conditions							
Climate and environmental conditions, key figures							
Ships' fuel consumption							
MGO	E.1	Tonnes	8.949	8.792	9.484	8.283	
HFO LS	E.2	Tonnes	6.231	6.351	7.270	14.233	
HFO HS	E.3	Tonnes	11.501	11.030	10.583	6.143	
Other climate and environmental conditions							
Kg fuel/nautical mile	E.4	Kg/nautical miles	63,50	62,50	64,34	58,89	
Nautical miles sailed	E.5	Nautical miles	329.700	397.842	424.897	486.683	
Cubic metres carried, concession	E.6	Cubic metres	1.006.597	1.000.801 ⁽¹⁾	991.842	945.895	⁽¹⁾ Correction in 2022 of "Cubic metres carried, concession". The figure 1,010,810 cbm, which should actually be around 10,000 cbm. The change is due to data clean-up.
Cubic metres carried, total	E.6	Cubic metres	1.164.471	1.125.257	1.067.320	986.943	
Development data, key figures for climate and environmental factors							
Development in other climate and environmental factors							
Electrically powered mobile cranes	E.7	Hours	77,7	400	-	-	
Greenhouse gas (GHG) carbon emissions							
CO ₂ e, scope 1	E.8	Tonnes	92.181,63	-	-	-	
CO ₂ e, scope 2	E.9	Tonnes	945,55	1240,276 ⁽²⁾	-	-	⁽²⁾ 1,240,265 tonnes corrected to 1,240,276 tonnes due to a printing error.
CO ₂ e, scope 3	E.10	Tonnes	-	-	-	-	
Onshore energy consumption							
Electricity consumption	E.11	kWh	8.051.403,51	11.769.570	-	-	
District heating consumption	E.12	kWh	987.320,46	1.083.429	-	-	
Renewable energy share	E.13	%	-	-	-	-	
Water consumption	E.14	Cubic metres	12.423,09	12.894	-	-	
Other emissions							
SOx	E.15	Tonnes	238,86	556,72 ⁽³⁾	-	-	Unit revised from "kilo" to "tonnes".
NOx	E.15	Tonnes	1835,58	1686,23 ⁽⁴⁾	-	-	⁽³⁾ Correction for 2022: from 4,369 kilogrammes to 557 tonnes. The change is due to data clean-up
							⁽⁴⁾ Correction to 2022: from 1,500 kilogrammes to 1,686 tonnes. The change is due to data clean-up.
Waste volumes, ships							
Plastic	E.16	Cubic metres	156,6	335	-	-	
Food waste	E.16	Cubic metres	189,7	376	-	-	
Household waste	E.16	Cubic metres	199,5	2,33	-	-	
Operational waste	E.16	Cubic metres	78,6	223	-	-	

ESG key figures

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In the process leading up to 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	2023	2022/Baseline	2021	2020	Comments on the data transition
(S) Social conditions							
Social conditions, key figures							
Full-time workforce	S.1	FTE	742	813 ⁽⁶⁾	849	794	⁽⁵⁾ Correction to 2022 from 787 to 813. Correction was made after a new calculation of hourly-paid employees. Maritime trainees are corrected for a high number of inexperienced ship's assistants. Junior masters are deducted from employees and count as trainees as they earn sailing time in order to obtain a maritime certificate.
Trainees	S.2	FTE	51	42	55	57	
Sickness absence	S.3	Days/FTE	3,16	3,15	2,44	4,90 ⁽⁶⁾	⁽⁶⁾ The calculation principles for sickness absence do not include seafarers, so that the figure cannot be compared with the figures for 2021-2022. "
Development data, key figures for social conditions							
Diversity							
Gender diversity	S.4	%	22,04	32,95 ⁽⁷⁾	-	-	⁽⁷⁾ The calculation principles for gender diversity do not include maritime personnel (including ship management), so that the figure cannot be compared with the figures for 2022-2023.
Gender pay ratio	S.5	Times	1,13	1,09	-	-	
Gender composition of management							
Gender diversity of the extended day-to-day management (8)	S.6	%	24,21	28,71	26,76	25	⁽⁸⁾ Correction of the name from 2022 "Gender diversity of other management levels" to 2023 "Gender diversity of the extended day-to-day management". This is of no significance for the comparative figure.
Gender diversity of other management levels	S.7	%	36	33	-	-	
"Gender diversity of other management levels Executive level "	S.7	%	50	42,86 ⁽⁹⁾	33,33	33,33	⁽⁹⁾ The Executive Board was increased from three to seven members in 2022. The figures from previous years cannot therefore be compared. After the replacement of the CEO in autumn 2023, the Executive Board consisted of six members at the end of 2023, of whom three are women and three are men. This means that the figures cannot be compared with previous statements."
Employees and employee satisfaction							
Employee turnover rate, salaried employees	S.8	%	6,69	14 ⁽¹⁰⁾	-	-	⁽¹⁰⁾ In 2022, it was not possible to extract data for maritime personnel, so that the baseline is salaried employees. As there are significant differences in ETR between the onshore and sea-based organisation, maritime personnel must be measured separately, to facilitate separate analysis.
Employee turnover rate, maritime employees	S.8	%	26,07	-	-	-	
MTU at sea and onshore							
Response rate/engagement	S.9	%	59	70	76 ⁽¹¹⁾	72 ⁽¹²⁾	⁽¹¹⁾ In 2021, no overall MTU response rate for sea and onshore was reported, but the response rate reported for onshore was 83 %. ⁽¹²⁾ In 2021, a new initiative was launched whereby 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.
Well-being/job satisfaction	S.9	Points	-	75	75	75	
At sea							
Response rate/engagement	S.9	%	51	48	63	51	
Well-being/job satisfaction	S.9	Points	-	65	72	66	
Onshore							
Response rate/engagement	S.9	%	63	84	83	81	
Well-being/job satisfaction	S.9	Points	-	79	77	77	
Accident prevention							
Near-miss incidents on ships	S.10	Number	93	98	110	80	Unit revised from "Persons" to "Number".
Near-miss incidents at ports	S.11	Number	26	7	10	5	
Lost Time Accidents (LTA) on ships	S.12	Number	7	6 ⁽¹³⁾	9	4	⁽¹³⁾ Correction for 2022 from 5 to 6. The change is due to data clean-up.

ESG key figures

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In the process leading up to 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	2023	2022/Baseline	2021	2020	Comments on the data transition.
(G) Governance conditions							
Governance conditions, key figures							
Gender diversity of the Board of Directors	G.1	%	44	50 ⁽¹⁴⁾	50	50	⁽¹⁴⁾ The calculation principles for the “Gender diversity of the Board of Directors” have not included employee-elected members, so that the figures for 2022-2023 are not comparable.
Attendance of Board meetings	G.2	%	97,53	94,7	-	-	
Development data, key figures for governance conditions							
CEO pay ratio	G.3	Times	6,4	6,7	-	-	
Corporate Policy Programme							
Anti-Corruption Policy	G.4	Yes/No	Yes	Yes	-	-	"Updated from ""Corporate Policy Programme policies and due diligence"" to “Corporate Policy Programme”". Unit = Yes/No means prepared or due diligence in the course of the year."
Business Code of Conduct	G.4	Yes/No	No	No	-	-	
Supplier Code of Conduct	G.4	Yes/No	Yes	No	-	-	
Human Rights Policy	G.4	Yes/No	Yes	Yes	-	-	
Equal Opportunities Policy	G.4	Yes/No	Yes	Yes	-	-	
Compliance due diligence programme							
Anti-corruption training of employees	G.5	Number passed	170	-	-	-	
Training of employees in competition law	G.6	Number passed	0	6	44	-	
GDPR training	G.7	Number passed	25	8	53	-	

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

******Some explanations, definitions, calculations and comparative figures for 2023 have been adjusted due to updated data and changed compilation methods. Concerning the basis for the ESG key figure, see the key figures section of this report.

Notes

The purpose of our ESG notes is consistency in accounting policies, so that the calculation method for the relevant key figures is explained, defined and described. The justification for the relevance of the key figure is described in the respective section, which describes the key figure.

ESG notes: (E) Climate and environmental conditions, key figure		
ESG note	Key figure / Unit	Explanation and definition of the key figure:
E.1	MGO / Tonnes	<i>Sarfaq Ittuk, Nanoq Arctica, Siuana Arctica, Maleraq Arctica, Ivalo Arctica, Minik Arctica, Arpaarti Arctica and Tilloq Arctica</i> use MGO (Marine Gas Oil) as fuel. MGO is also used extensively for the shipping company's other ships' auxiliary machinery for the production of electricity on board. MGO is diesel oil intended for ships. Calculation: Monthly measurement of the fluid level, which converted into volume thus comprises consumption measured converted into tonnes.
E.2	HFO LS / Tonnes	<i>Irena Arctica, Malik Arctica and Silver Mary</i> sail on HFO LS (low-sulphur oil). Since these ships do not have scrubbers installed, they must use oil that complies with the limit value of 0.5 %. Calculation: Monthly measurement of the fluid level, which converted into volume thus comprises consumption measured converted into tonnes.
E.3	HFO HS / Tonnes	<i>Tukuma Arctica</i> , which has scrubbers installed, can sail on HFO HS and can treat the flue gas to minimise its emissions to below the 0.5 % sulphur requirement. 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. Calculation: kg/nm – Number of tonnes of fuel consumed as a ratio of 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 out, it is not included in the calculation. Sailing from a shipyard and sailing to scrapping are also not included. Calculation: Sum of monthly reporting of actual distance sailed.
E.6	Cubic metres carried / Cubic metres	In previous years, only the part of the cargo applying to operations under the concession agreement was reported. In 2022, total freight including project cargo and cargo carried outside the concession routes (between Iceland, the Faroe Islands, Denmark and Sweden) was also reported. Calculation: The figures are extracted from Royal Arctic Line's freight report system. *ESG key figure E.6. In the future, cubic metres including project cargo will include the volume of project cargo and all commercial sales. There will therefore be no difference between the two (E.6. Cubic metres carried in total and E.6. Cubic metres including project cargo), so as not to cover market share between Iceland, Scandinavia and Germany, as well as chartering of tonnage out to external parties. E.6 Cubic metres including project cargo is therefore not included in the 2023 reporting.
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 distributed over the five years that the cranes have been in operation and the starting point is 2,000 hours on diesel and 200 hours on electricity. In other words, the two cranes were operated on electricity for 400 hours in 2022. Calculation: The figures are defined by reading how many hours the cranes have run on diesel and electricity, respectively, during the years in which they were active.
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 fuel consumption. In 2023, emissions were calculated for bunker consumption on the ships and for fuel consumed by vehicles. Calculation: Reference footnote 1. *This note information was revised in 2023.
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. Calculation: In Greenland, this is calculated on the basis of the information provided by Nukissiorfiit (Greenland Energy) for carbon emissions in connection with electricity and heating production at the individual locations in 2023. * This note information was revised in 2023.

ESG notes: (E) Climate and environmental conditions, key figures		
ESG note	Key figure / Unit	Explanation and definition of 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. Data capture for Scope 3 is being developed and it is expected that it will be possible to report on this by 2024 at the latest. Calculation: Reference is made 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. Calculation: Calculation based on the monthly statements from the utility companies. Reference is made 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. Reference is made to footnote 1. Calculation: Calculation based on the monthly statements from the utility companies. * This note information was revised in 2023.
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. Calculation: (renewable energy/total energy consumption) *100.
E.14	Extended scope with incomplete ESG reporting notes. Water consumption / m³	The sum of all water purchased from utility companies. Calculation: Calculation based on the monthly statements from the utility companies. Reference is made to footnote 1.
E.15	Extended scope with incomplete ESG reporting notes. Other emissions SOx, NOx / Tonnes	These emissions were included for the first time in 2022. Calculation: Key figures have been obtained through Det Norske Veritas (DNV).
E.16	Extended scope with incomplete ESG reporting notes. Waste volumes, ships / Tonnes	Waste volumes are limited to the company's ships and include plastic, food waste, household waste and operational waste. Calculation: Estimated volume delivered to municipal waste management service, from filled containers. Breakdown is in accordance with MARPOL.

Notes

The purpose of our ESG notes is consistency in accounting policies, so that the calculation method for the relevant key figures is explained, defined and described. The justification for the relevance of the key figure is described in the respective section, which describes the key figure.

ESG notes: (S) Social conditions, key figures		
ESG note	Key figure / Unit	Explanation and definition of 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 + converted hired employees + 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>a. FtE CREW RAL b. FtE CREW AUL c. FtE trainees CREW d. FtE FUNC e. FtE Trainees Onshore f. FtE HOURLY</p> <p>a.+ b. is scanned on the basis of the total number of days registered (hire+day off) divided by the days in the month. The annual average is reported. c. is based on the total number of registered days (hire+days off) divided by the days of the month (inexperienced ship's assistants and junior masters count as trainees). d. is based on the employment situation per month and the annual average is reported. e. is based on affiliation 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>
S.2	Trainees / Full-time equivalents (FtEs)	<p>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>
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. The calculation principles for sickness absence include seafarers, so that the figure cannot be compared with the figure in 2020.</p> <p>Calculation: (Number of sickness absence 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</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, the total sickness absence for trainees cannot be stated, as trainees can also be absent from school. We do not have the total number from their schools. These figures are therefore omitted from total sickness absence.</p> <p>* This note information was revised in 2023. This does not affect comparability.</p>
S.4	Gender diversity / %	<p>Figures used to calculate gender diversity are based on salaried employees (including managers and executives). In 2023, data extraction was developed so that there is also an overall figure, i.e. both salaried employees and maritime employees (including ship management). The FtE figure is adapted accordingly to include this group only. The data basis does not currently allow gender diversity to be calculated for hourly-paid employees.</p> <p>Calculation: Gender diversity = ((Female FtEs + Female temporary workers)/(Full-time workforce)) * 100.</p> <p>*Explanation and definition of the key figure has been revised. The gender diversity calculation principles do not include maritime employees (including ship management), so that the figure cannot be compared with the figures for 2022-2023.</p>
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 a collective agreement, and the collective agreements do not make any distinction based on an employee's gender.</p> <p>Calculation: Gender pay ratio = Median male salary/Median female salary.</p>

ESG notes: (S) Social conditions, key figures		
ESG note	Key figure / Unit	Explanation and definition of the key figure:
S.6	Gender diversity of the extended day-to-day management / %	<p>The extended day-to-day management includes the Executive Board, as well as salaried employees such as port managers, shipmasters and chief engineers with personnel responsibility and/or professional responsibility who do not report directly to our Executive Board.</p> <p>Calculation: ((Female managers)/(All managers)) * 100. Calculated in FtEs.</p> <p>*Explanation and definition of the key figure for 2023 is specified as salaried employees, whereas in 2022 the definition was employees. This has no significance for the comparison figure.</p>
S.7	Gender diversity of other management levels / %	<p>Under Section 139 c(4) of the Danish Companies Act, the company's other management levels are defined as the two management bodies under the highest management body (the Board of Directors) as:</p> <ul style="list-style-type: none">• The first management level will normally include the Executive Board and the persons who are organisationally at the same management level as the Executive Board.• The second management level comprises people with personnel responsibility who report directly to the first management level. <p>The distribution of gender diversity is calculated as the number at the end of the year.</p> <p>Calculation: Gender diversity of other management levels = ((Female managers)/(All managers)) * 100.</p>
S.7	Gender diversity of other management levels, director level / %	<p>Senior management was expanded from three members to seven on 1 January 2022. The figures from 2021 and 2022 cannot therefore be compared. The replacement of the CEO in autumn 2023 resulted in an Executive Board consisting of six members, three women and three men, at the end of 2023. This means that the figures cannot be compared with previous statements.</p> <p>The distribution of gender diversity is calculated as the number at the end of the year.</p> <p>Calculation: Gender diversity of other management levels = ((Female managers)/(All managers)) * 100.</p> <p>* This note information was revised in 2023.</p>
S.8	Employee turnover rate / %	<p>The data is based on salaried employees and maritime employees. 5 % of those leaving are typically due to natural attrition or illness. 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 %, this will indicate 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 organisation and maritime personnel) = ((voluntary + involuntary departing FtEs)/FtEs) * 100.</p> <p>*Explanation, definition and calculation of the key figure were revised in 2023.</p>
S.9	MTU at sea and onshore / % and points	<p>The employee satisfaction survey (MTU) is a status check of engagement, job satisfaction and well-being. In 2023, it was decided that MTU surveys would be conducted every other year and that a pulse measurement would be conducted in the interim year. The pulse measurement is conducted via a third party and employee participation is anonymous. The response rate is reported as a percentage. Since the results of the pulse measurement cannot be compared with the MTU's results for well-being/job satisfaction, the figure is not stated.</p> <p>Calculation: The same calculation method was used for the three-year period from 2020 to 2022. The survey is conducted via a third party and employee participation is anonymous. The response rate/engagement is reported as a percentage.</p> <p>*Explanation, definition and calculation of the key figure were revised in 2023.</p>
S.10	Near-miss incidents on ships / Number	<p>Definition of unforeseen events that did not result in an accident, illness or injury, but had the potential to do so. A minimum of one near-miss observation per month per ship should be reported.</p> <p>Calculation: Summary of reports received during the year.</p> <p>*Explanation and definition of the key figure was revised in 2023. This does not affect comparability.</p>
S.11	Near-miss incidents at ports / Number	<p>Near-miss incidents at port terminals, warehouses and during ship operations are incidents that almost resulted in personal injury or an occupational accident. Personal injuries at work are of shorter duration, i.e. from the first day of illness or longer sickness absence. Both major and minor occupational injuries are registered as occupational injuries.</p> <p>Calculation: Summary of reports received during the year.</p> <p>*Explanation and definition of the key figure were revised in 2023, so that the 2022 and 2023 figures are not comparable.</p>
S.12	Lost time accidents (LTA) on ships / Number	<p>Defined as an accident that has resulted in incapacity for work for one day or more beyond the day of injury. Accidents should be minimised, but always investigated and reported. This is both for insurance reasons and to ensure that, if possible, preventive measures are taken to avoid recurrence, which requires insight into the circumstances of the accident – accidents that can be defined as LTAs are subject to mandatory reporting, cf. the Danish Maritime Safety Act (must be reported to the Danish Maritime Authority).</p> <p>Calculation: Summary of reports received during the year.</p> <p>*Explanation and definition of the key figure was revised in 2023. This does not affect comparability.</p>

Notes

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ESG notes: (G) Governance conditions, key figures		
ESG note	Key figure / Unit	Explanation and definition of the key figure:
G.1	Gender diversity, Board / %	Gender diversity of the Board of Directors elected by the Annual General Meeting as of the balance sheet date. Members elected by the employees are included in the statement. Calculation: ((Female Board members elected by the Annual General Meeting)/(All Board members elected by the Annual General Meeting)) * 100. *Explanation and definition of the key figure was revised in 2023. This is important for comparability.
G.2	Board meeting attendance rate / %	During the period 01/01/2023–31/12/2023 there was a change in the Board of Directors. The calculation is, however, based on the attendance of active members of the Board of Directors. Employee-elected members are included, as this gives an overall picture of the level of activity of the overall Board of Directors. Calculation: Board meeting attendance rate = ((ΣNumber of Board meetings attended) per Board member/(Number of Board meetings * Number of Board members)) * 100. *Explanation and definition of the key figure was revised in 2023. This is not important for comparability.
G.3	CEO pay ratio / Times	Reference is made to footnote 1. Calculation: CEO pay ratio = CEO's compensation/Median employee pay. *Organisational change in CEO position during the year has no significant impact on the 2023 figure.
G.4	Policies and due diligence / Yes / No	The relevant policies were drawn up, updated/revised and reviewed by the Board of Directors during the year. Calculation: Yes/No
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 passed the anti-corruption training course during the year. *Calculation method adjusted to better reflect the actual statement. Since the statements of passed employees for the other training courses also calculate the absolute number of passed employees, it will also be most correct to do this for the anti-corruption training course. This has no impact on comparative figures, as the anti-corruption training course was held for the first time in 2023.
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 passed the training course in competition law during the year.
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 passed the GDPR training course during the year.

Footnote 1: Refers to the publication: "ESG Key Figures in the Annual Report", published by Finansforeningen/CFA Society Denmark, FSR – Danish Auditors and Nasdaq Copenhagen, January 2022."

*Some explanations, definitions, calculations and comparative figures for 2023 have been adjusted due to updated data and changed compilation methods.

Concerning the basis for the ESG key figure, see the key figures section of this report.

Scope of the report

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

The report presents Royal Arctic Line's strategy and provides a snapshot of where the company stands and our plans going forward. We explain and discuss some of the challenges the company faces in connection with our work with sustainability initiatives. Our sustainability strategy is based on three principles: (E) Clear responsibility for climate & environmental impact, (S) Responsibility for the whole person and (G) Responsible governance in the years 2022-2025.

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

Report on Corporate Social Responsibility, cf. Section 99 a., as implemented for Greenland by Royal Ordinance.

The statutory report on the gender structure of management levels, cf. Section 99 b. of the Danish Financial Statements Act, is considered separately in the annual report and can be viewed on Royal Arctic Line's website: www.royalarcticline.com/about-us/the-royal-arctic-group/royal-arctic-line-in-figures. The report also includes an account on compliance with the provisions concerning data ethics and for the management diversity policy, cf. Sections 99 d. and 107 d. of the Danish Financial Statements Act.

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



