

# Corporate Social Responsibility Report 2019



**BANK NORDIK**

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# Corporate Social Responsibility Report

Dear reader,

For more than a century, we have guided personal and business customers alike through both good times and bad, and therefore we are very conscious of our role and responsibility in contributing to a healthy and sustainable development of the communities we serve.

Our work on social responsibility and sustainability is rooted in a fundamental belief that running an efficient and responsible business is the key catalyst for us to create value for customers, employees, shareholders, and local communities. Our approach builds on the principle that corporate social responsibility activities should go hand-in-hand with the Group's commercial strategy, forming an integrated part of our overall goal to create value for all of our stakeholders. We believe that this balanced approach to working on social responsibility and sustainability is essential to our future success as a modern business.

As a natural extension of our existing corporate social responsibility efforts, we pledged to support the UN's 17 Sustainable Development Goals (SDGs). Previously, our initiatives have been aimed at supporting these three goals: quality education (no. 4), decent work and economic growth (no. 8) and sustainable cities and communities (no. 11).

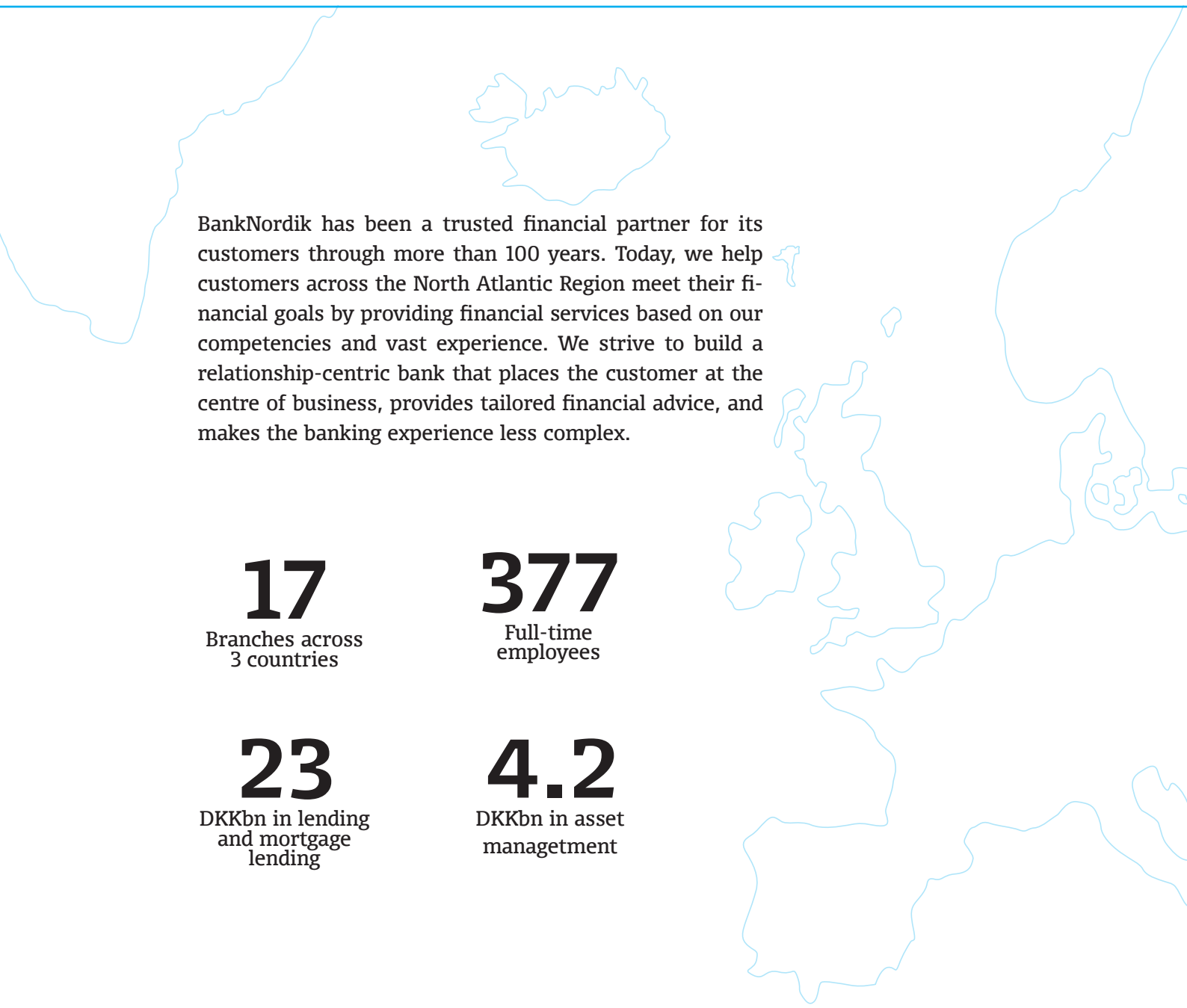
As part of our determination to increase the BankNordik Group's sustainability efforts in 2019, we decided to expand our efforts to include the following SDGs: gender equality (no. 5) and climate action (no. 13). In the future, we will also be strengthening our focus on measuring and documenting our progress within these areas.

This report provides an insight into our work on corporate responsibility and sustainability, which prioritises topics and issues relevant to the local communities in which we operate. Ultimately, the Group's goal is to help create social opportunities and prosperity wherever we do business.

Árni Ellefsen  
Chief Executive Officer  
BankNordik



# Our Business



BankNordik has been a trusted financial partner for its customers through more than 100 years. Today, we help customers across the North Atlantic Region meet their financial goals by providing financial services based on our competencies and vast experience. We strive to build a relationship-centric bank that places the customer at the centre of business, provides tailored financial advice, and makes the banking experience less complex.

**17**

Branches across  
3 countries

**377**

Full-time  
employees

**23**

DKKbn in lending  
and mortgage  
lending

**4.2**

DKKbn in asset  
management

# Our key stakeholders

## Customers, employees, and local community

In addition to economic value creation through responsible business conduct, we aim to make a positive difference for our customers, employees, and the local communities in which we operate. Our corporate sustainability approach thus rests on the following three pillars, and we have organised our reporting on the Groups corporate social responsibility initiatives in accordance with these:

### Customers



### Employees



### Local community



# UN's Sustainable Development Goals

As a natural part of our efforts to contribute to a better and more sustainable future, we support the UN Sustainable Development Goals. We specifically focus on five of the 17 SDGs: goals no. 4 (quality education), 5 (gender equality), 8 (decent work and economic growth), 11 (sustainable cities and communities) and 13 (climate action).

In the following reporting, our CSR initiatives will be marked with the corresponding SDG(s) where applicable.



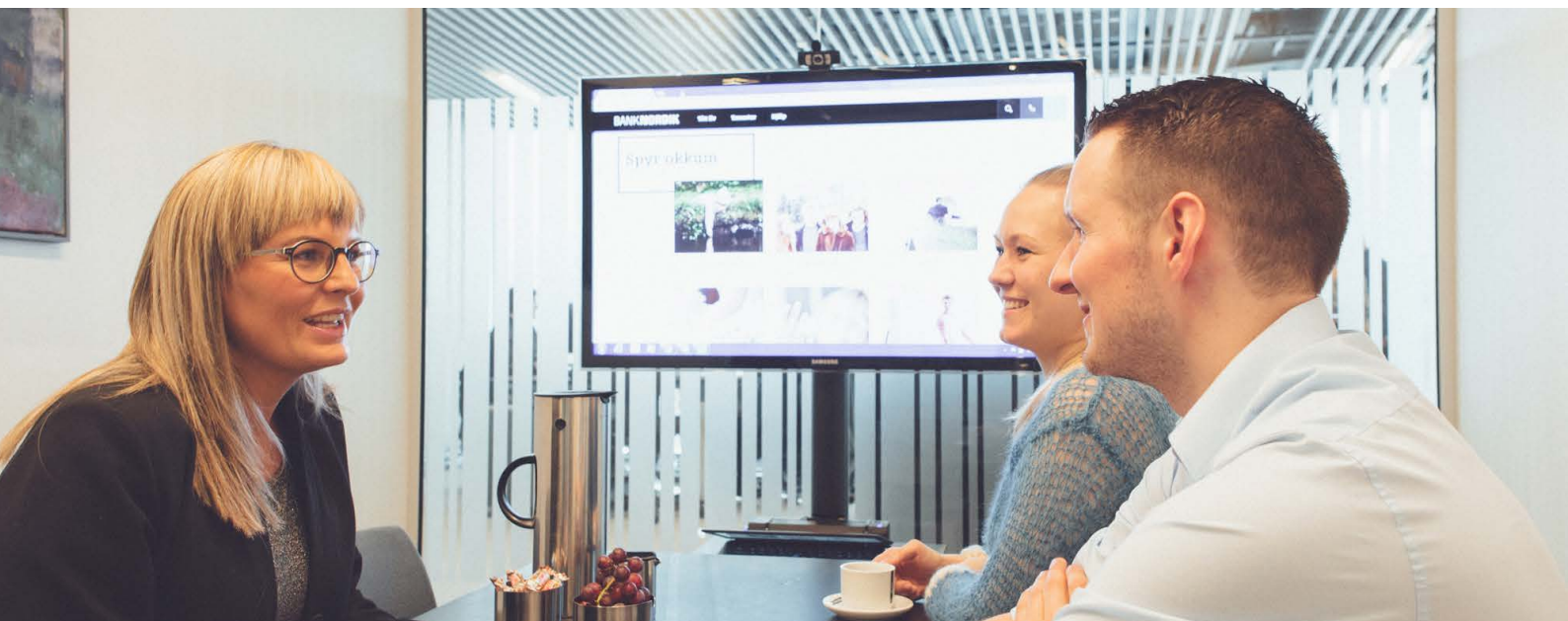


# Customers

There are thousands of reasons why our customers are at the core of our corporate responsibility agenda. Finance matters to the well-being of individuals and we work hard to be their trusted partner.

The key customer focus of the group is to deliver a best in class experience, where the needs of the individual customer is carefully assessed. This includes the assurance of the customer's full comprehension, allowing him/her to make an informed decision. These actions have become evident in our 2019 customer satisfaction survey.

Other areas of focus include a unique way for BankNordik to offer financing to new and innovative business in Greenland and the Faroes with InnovFin, as well as our reduced rate loans that support our customers in making greener choices.

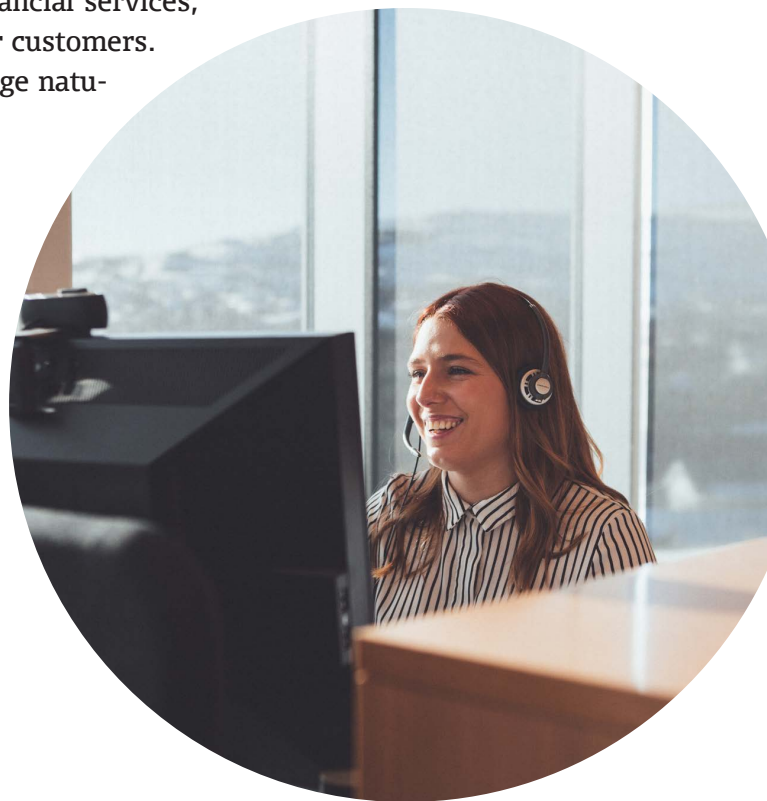




## Customers

# Building better customer experiences

Building strong long-term customer relationships is at the core of our business. Although consumer behaviour is changing quickly as a result of the digital transformation, we believe that nurturing and strengthening the quality of the relationship with our customers remains key to our continued business success. This means that we need to understand and listen to our customers' needs in addition to providing advice and easy access to financial services, if we are to continue creating value for our customers. Our responsibility efforts therefore converge naturally with our customer-centric approach.





## New customer philosophy to help increase satisfaction

As a natural extension of our customer-focused strategy, we have launched a new strategy concerning our approach to advising. We call this our customer philosophy, and it will serve as a defining factor in all future customer initiatives, and in the customer experience, we provide. If we are to offer the best possible service and give our customers a sense of ease financially, we feel obliged to take all aspects of their personal finances into account.

The aim of our customer philosophy is to ensure that we, as an organisation, continuously base our advice and efforts on the needs of our customers, so that we find the best possible solution for each individual customer. We believe that both customer satisfaction and our own development will benefit if we concentrate our efforts on creating a market-leading customer experiences and by insisting on providing our customers with responsible, tailored advice that takes into account of all aspects of their personal finances.

This new standard for our advisory services will result in concrete changes in a number of areas.

## **New customer-centric targets**

Targets used to measure the performance of advisors will change during the course of 2020. In the future, staff will be assessed in areas that support our customer focus and our aim to be the best at attracting and retaining customers. Moving forward, we will measure performance based on customer satisfaction, earnings, and tailored advice.

## **Employee training**

All advisors will complete an internal training programme designed to bring this customer philosophy to life in our everyday business. This includes the continuation of our efforts to provide the best possible customer experience, by advising in a plain and simple language without the use of banking-jargon. The training will leave staff with concrete tools for daily use in advising customers.

## Customers

# Rising customer satisfaction

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At BankNordik, we use customer satisfaction as an indicator of how well we manage to live up to our customers' expectations. While we generally enjoy high ratings in both the Faroe Islands and Greenland, personal customer satisfaction in the Danish market has faced challenges in recent years.

We have therefore continued our efforts to establish more personal customer relationships by reaching out to our customers and listening to their needs. We are very pleased to see that our work to improve customer experience resulted in an increased satisfaction rating for the Group in 2019.

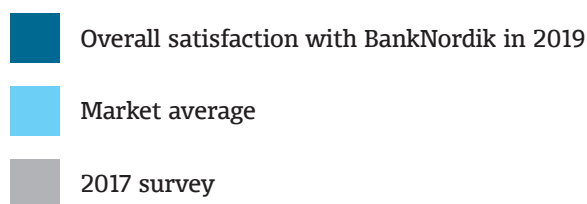
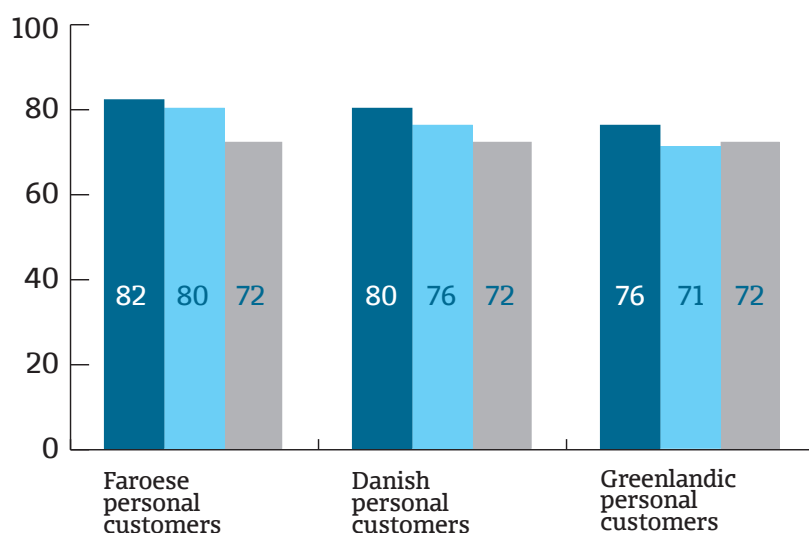
Surveys by third-party research firms, customer satisfaction surveys, and our own Net Promoter Score (NPS) system show a general improvement in customer satisfaction. Actually, the Group's NPS score improved by 11 points on a scale from -100 to +100 from 2018 to 2019.

BankNordik also receives daily reviews from customers on the online platform Trustpilot. These can be viewed [here](#). A survey conducted by the research institute Voxmeter concerning the imagescore of Danish banks, found that BankNordik's rating improved significantly from 2018 to 2019. In fact, BankNordik showed the highest increase in customer satisfaction of all 20 banks included in the survey.

Similarly, our own customer satisfaction survey carried out in 2019 shows improvements in all three markets.



## Customer satisfaction



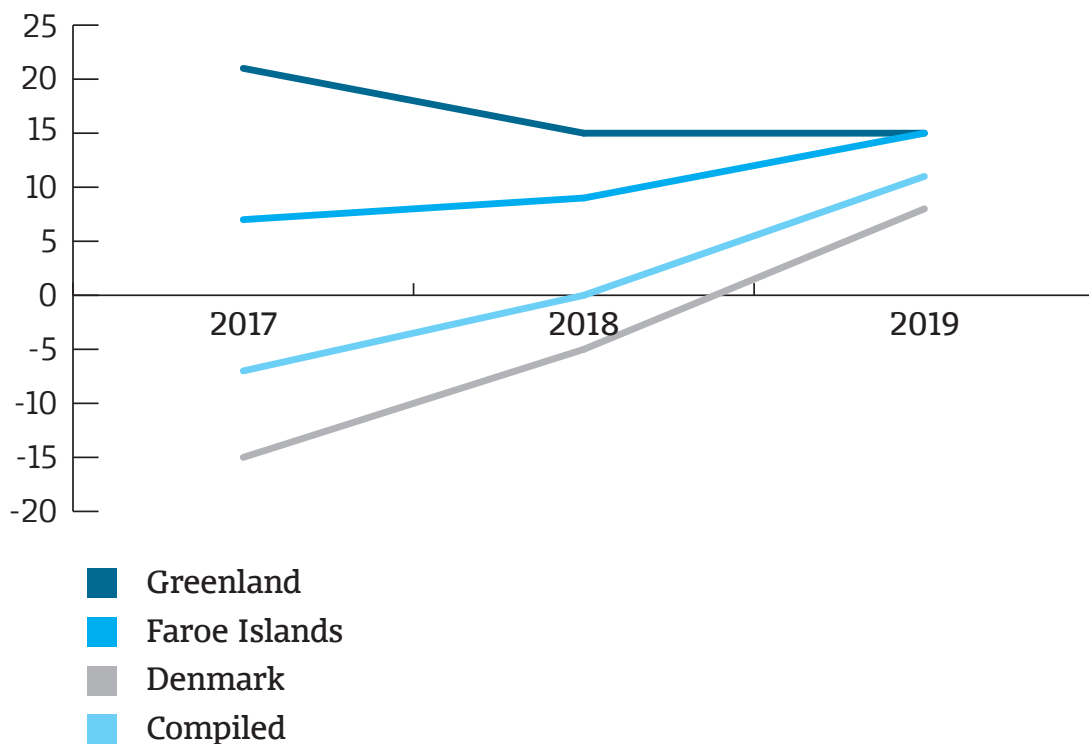
The customers have expressed their satisfaction with BankNordik by answering questions on a scale from 1 to 10. The answers are subsequently converted into a 0 – 100 measurement scale, where 0 is completely dissatisfied and 100 is completely satisfied.

It is reassuring to note that our commitment to strengthening relationships and improving the customer experience is resulting in more favourable customer feedback and ratings. This only encourages us to continue our efforts to create better customer experiences.

Our aim for 2020 was to have more satisfied personal customers than our competitors, and our latest survey shows that we have reached this initial goal. The survey also provides valuable insight into what our customers regard as important as well areas of improvement for 2020.

The survey shows that personal advice is the most important factor when it comes to customer satisfaction.

## NPS scores from 2017-2019



## Customers

# Continuing the effort to eradicate bank-gibberish

In 2018, BankNordik set out on the mission to eradicate the use of bank jargon, or bank-gibberish, in our communication with customers. Over the past couple of years, we have worked actively to make all of our communication easier to understand. We have focused particularly on our website and information from our advisors, but also documents and letters are in the process of being reviewed to ensure that we use plain and simple language.

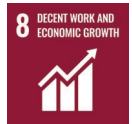
The aim is to create an environment where customers feel comfortable asking questions and thus enabling them to fully understand their finances and how the choices they make when will affect their lives and finances. We have taken a creative approach by adding a “gibberish button” to our website so that visitors can report anything they do not understand. We will then rewrite the reported text whenever possible, ensuring that we communicate as clearly as possible.

The button won a Creative Circle Award in the Digital / Technology Driven Promo E Activation category in 2019. These awards recognise work considered to be among the very best in its class. Ultimately, our aim is to make it easier for ordinary people to understand their financial situation when meeting bank staff or reading through loan documents. Customers who fully grasp their financial situation will be more confident, more satisfied, and more able to make the right choices for them.



## Customers

# New financing opportunity for innovative businesses



Innovation is crucial for economic growth and development. This fact makes us even more delighted to be the first bank in Greenland and the Faroe Islands to sign an agreement with the European Investment Fund (EIF), enabling us to provide financing on more favourable terms to innovative businesses with plans to start up original or sustainable production, processes, or products.

Under this agreement, we can offer businesses competitive loans backed by a guarantee from the EU's InnovFin programme, which aims to improve access to financing for small and medium-sized enterprises in Europe. Healthy, innovative businesses can therefore now more easily secure financing for exciting new projects through BankNordik.

The partnership with the EIF means that BankNordik can provide loans at up to DKK 300 million in total, with InnovFin guaranteeing 50% of each loan. BankNordik will screen all applications to ensure that applicants meet InnovFin's criteria.





“We’re delighted to be working with the EIF,” says BankNordik’s CEO, Árni Ellefsen. “It’s great news for our business customers and gives us even more scope to provide financing on good terms for innovative and sustainable projects while maintaining a sound credit policy.”

BankNordik will award financing for projects expected to contribute to the applicant’s continued growth. Standard credit assessments will form part of the application process for loans with an InnovFin guarantee, as is the custom for all loan applications.



In 2019 BankNordik  
financed sustainable  
and innovative projects for

**DKK 136  
million**

through the InnovFin  
programme

## Customers

# Our contribution to the green transition



At BankNordik, we want to support the transition to renewable energy, by offering financial products and solutions that promote greener choices.

## Reduced-rate loans for home energy improvements

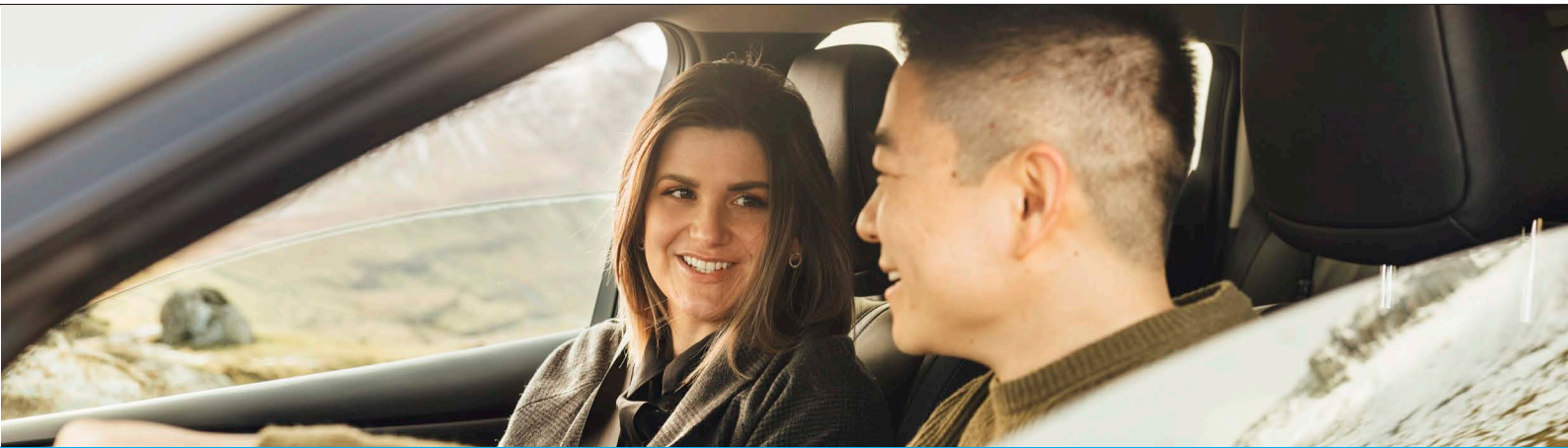
Investing in home energy improvements not only results in immediate financial savings, such as lower heating and water bills, but also more sustainable and energy-efficient buildings and often also a better indoor environment.

At BankNordik, we want to make it easier for customers to make greener choices, whether this means insulating their home, installing a new roof, fitting energy-efficient windows, or switching to solar panels, heat pumps, geothermal energy or other renewables.

We have therefore decided to offer our customers loan specifically targeted towards with an interest rate that is below our standard mortgage rate.

By offering customers favourable terms to borrow for home energy improvements, we hope to contribute to the transition to a more sustainable and climate-friendly housing stock.





## **Towards greener roads**

As a bank, one of our core services is helping customers finance car purchases. It is a well known fact that transportation is a significant contributor to our carbon footprint, which is why we have launched a new type of car loan with a favourable interest rate specifically for electric cars. This provides our customers with an added incentive to choose an electric car over the tradition petrol or diesel options. We hope that this will encourage more environmentally friendly choices and nudge the transition towards greener modes of transportation in the right direction.

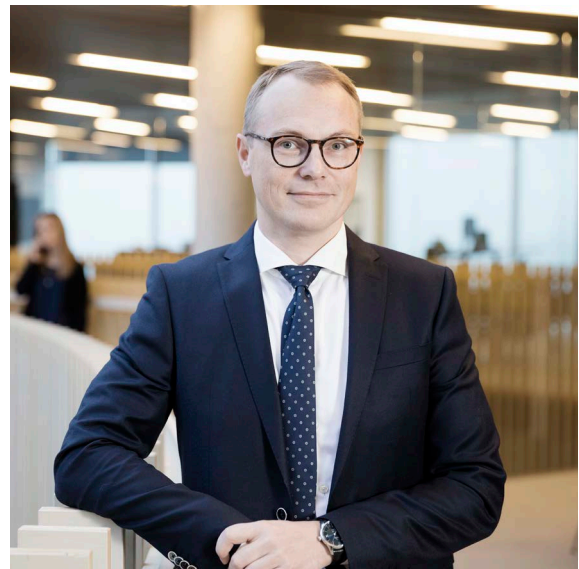
As an extension of this decision to help customers go green on the roads, the Group itself will only buy electric vehicles from now on, making this initiative part of the Group's own green transition as well.



## Installing charging points at our branches

In addition to the new loans, we decided to install electric charging points at all of our branches in the Faroese market in 2019. This allows customers to charge their electric cars free of charge whilst at the bank, once again supporting the shift from fossil fuel cars to electric ones.

“We’re keen to help move society in a more sustainable direction, so we’re trying to make it more attractive for our customers to make green choices,” says BankNordik’s Chief Finance and Credit Officer, Rune Nørregaard.





# Employees

For BankNordik to remain agile and adaptive in response to a changing and ever more competitive business landscape, a qualified, motivated and happy workforce is the most important ingredient.

This is why we at BankNordik want to promote a motivating and encouraging working environment focusing on team efforts, but also allowing each individual employee to develop and realise his/her greatest potential.

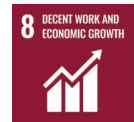
Other key areas of focus include the promotion of gender equality within the groups management positions, as well as our continued care and education of trainees as well as employees.

In 2019 our focus on employer care culminated in the Faroes where employees from all three markets gathered for a magnificent weekend.



## Employees

# A developing and motivating working environment



Our employees are our greatest asset, and it is essential for us to attract and develop talented people if we are to strengthen the Group's competitiveness. We recognise the importance of creating a working environment that aligns with the needs of the individual and enables our employees to maintain a healthy work-life balance. In addition, the Group arranges employee development programmes, social events, and other initiatives on a regular basis that help strengthen our corporate culture and business performance.

We have an obligation to promote a culture where our employees always behave responsibly towards customers, colleagues, the bank, and the wider community. We also believe that diversity is an advantage both personally and professionally, and that our workplace must reflect this.



## Fostering an inclusive culture

It is the Group's main consideration to ensure that the most qualified candidate is chosen, when filling management positions. In order to ensure the full utilization of the talent pool already present within the company it is paramount to uphold the equal opportunities of all employees. To support a diverse workforce we encourage all employees, regardless of gender, to leverage their skills and freely seek career advancements with equal opportunities.

## Women in management positions

In an industry where the gender balance is a general challenge, a total of 42% of management positions in the Group were held by women at the end of 2019, up from 31% a year earlier. We will continue to measure the share of women in management positions, and our ambition is for neither gender to make up less than 40% of the management positions.



## Employees

# Our employees and corporate culture



At BankNordik, we believe that a collaborative environment, good leadership, and strong company values are pivotal when it comes to promoting employee satisfaction and value for all stakeholders.

In order to attract and retain a highly motivated and skilled workforce, we strive to nurture an open and collaborative culture and create a high level of overall job motivation and satisfaction amongst employees.

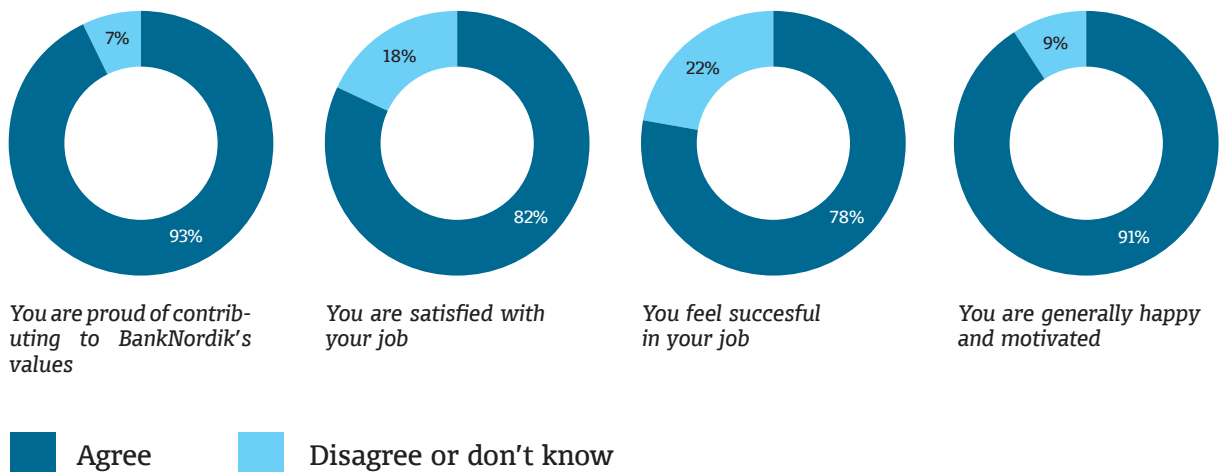


## Employee satisfaction

All employees in senior positions are subject to the same leadership training, and we expect all managers to act as role models and promote our core values and culture. How well we foster a rewarding workplace and an environment where people feel engaged and free to speak up, is reflected in our annual employee engagement survey, where employees are encouraged to provide feedback on a series of organisational parameters. The survey is carried out by an independent third party, and provides meaningful insights into the strengths of our corporate culture and values. In 2019, it showed a slight improvement in overall satisfaction compared to 2018, while also pointing to areas in need of attention.

We scored 4.20 on a scale of 1 (lowest) to 5 (highest) in 2019, up from 4.14 in 2018.

## Figures from the 2019 employee satisfaction survey





## Employee development

Employee development is vital for our business results, so we strive to promote a culture of continuous learning in order to support the development of our staff, and ensuring dedicated employees with skills fit for the future.

Each year, BankNordik invests in trainee programmes, enrolls employees on external business programmes, and arranges on-site training and teambuilding activities. In addition to strengthening skills and creating a more dynamic workforce, our experience show that, these development efforts have a positive effect on our employee retention rate.

**At the end of 2019, we had:**

**15**

bank and insurance trainees on a two-year programme at BankNordik covering a full range of banking and insurance products and services

**20**

employees on business programmes at academic institutions

## Employees

# Investing in trainee programmes and skill development



Financial institutions are generally hiring fewer trainees these days, but at BankNordik we continue to employ trainees and other young staff with great success. Early recruitment not only supports the candidates in their skill development and makes for highly engaged employees, but as a business, we benefit from these talented individuals' contributions to our further development. The Group has a high number of trainees employed, compared to the rest of the sector.

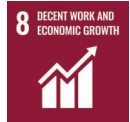
The trainees gain valuable practical experience as well as theoretical knowledge during the two-year programme. As a bank, we also have much to learn from them, as they often have a very different view of the world and our business. Two employees who originally began their careers as bank trainees were recently promoted to national-level management positions within the Group.

"We find that giving young people opportunities at an early stage makes them more motivated and more committed. Our experience is that a structured process for young recruits helps build bridges between strong talent and a strong business," explains BankNordik's Chief Operating Officer, Turið F. Arge.



## Employees

# Nurturing employee talent with NordikCompetence



In May, a team of 14 employees graduated from Nordik-Competence, our internal employee programme that combines employee development and innovation, in order to foster new ways of doing business.

The purpose of the programme is to get talented employees to generate creative new ideas and innovative solutions that can contribute to the continued development of our business and organisation.

In 2019, participants worked on ideas and projects in areas such as customer satisfaction, branding, process streamlining, and efficiency enhancements. Due to the high quality of the projects from the 2018/2019 programme, concepts from all projects are currently being developed for use in our business.

New teams are established with employees from different levels of the organisation on a regular basis.



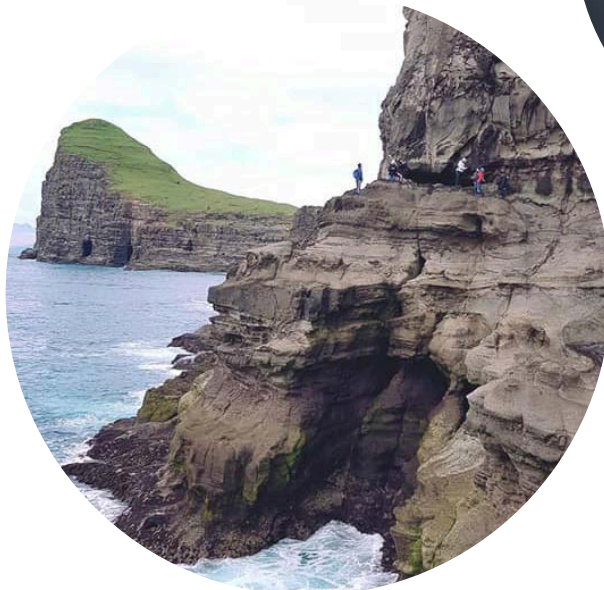
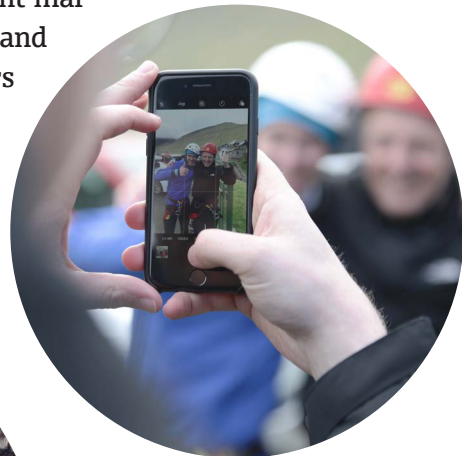
**Employees**

# Staff weekend boosts team spirit and collaboration



Once every three years, we bring the Group's entire staff together. In 2019, a total of 360 employees from the Group's Danish, Greenlandic and Faroese businesses met in the Faroes, where BankNordik has its headquarters and more than a century long history as a bank.

The aim is to give staff working in three different markets a chance to get to know each other better and so improve day-to-day teamwork across borders and departments. It also provides a great opportunity to learn more about the cultural and social differences between the Group's three markets.





# Local community

Engaging in and supporting local initiative has always been an integral part of the Group's business model. That is how we create real sustainable and shared value. This includes a continued focus on supporting both sports and cultural institutions, as well as providing young students with grants that support their studies.

Our Faroese roots are extremely valued, which shows in our support of Faroese art through the BankNordik Trust, as well as in the sponsorship of the 2019 marking of the Faroese flag first being hoisted in Denmark. Seven traditional wooden sailing ships made the journey to Denmark, and spend several days marking the event and promoting Faroese culture and history.

In 2019, we have also strengthened our initiatives concerning the financial education of children, the promotion of female investments, ensuring the access to a heart defibrillator near all our branches, as well as our continued focus on combating money laundering.



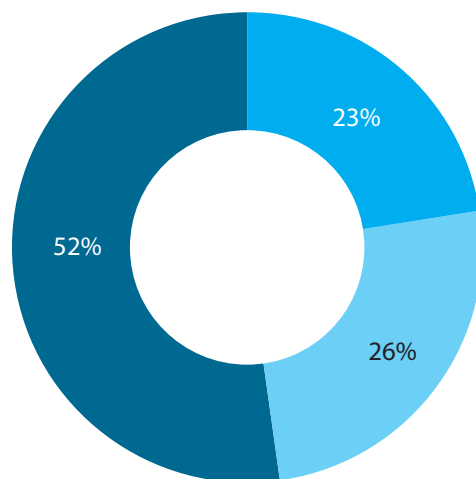





## Local community

# Contributions and local sponsorships



In recognition of the crucial role associations, sports institutions, and cultural activities play in a cohesive community, BankNordik has historically been a strong supporter of initiatives related to community development. BankNordik favours to support and sponsor initiatives that have a broader appeal, includes people of all ages, and that are beneficial to both parties. More importantly, the purpose must be aligned with our own values. In 2019, the Group contributed DKK 2.5m to local initiatives distributed as illustrated below.



-  Sports
-  Associations and charities
-  Culture, music, and art

## Local community

# Helping with students' social integration



As a financial services group with Faroese roots, it is only natural for us to want to support students from the islands during their studies. Traditionally, many have chosen to study in Denmark, where we also have a network of branches. We are therefore keen to advise and assist them during their time on the mainland.

## Information evening

We host an annual event in Copenhagen aimed at Faroese students considering moving back to the islands upon completing their studies. The aim is to compile all relevant information and expertise in one place, so that participants can obtain concrete advice and guidance on moving home, covering everything from tax to transporting their belongings.





## Sports club fosters sense of community

As part of our efforts to increase the integration of Faroese students, we have extended our sponsorship to include the Faroese sports club in Copenhagen, ÍF Føroyar. Home to football, handball, and gymnastics teams, this highly active club not only produces impressive results, but also plays an important role in many Faroese expats' social welfare in Denmark, thanks to the strong sense of community it provides.

"The agreement forms part of our continued efforts to help Faroese students thrive in Denmark, both financially and socially," says BankNordik's Chief Operating Officer, Turið F. Arge.

## Local community

# The BankNordik Trust



Throughout our history, we have acquired pieces from local artists, and these purchases have grown into a significant collection of historical works by prominent Faroese painters.

Many of these artworks have not been made available to the public for several years, and in order to safeguard this collection of more than 600 works of art, we established the independent BankNordik Trust in 2017. The Trust's objectives are to further develop the collection, arrange exhibitions, and lend out artworks, as well as to collaborate with public and private institutions in the promotion of Faroese art.

The Trust's board of directors is responsible for all of its operations, including generating revenue from exhibitions, lending out pieces, and attracting donations.

### The BankNordik Trust in figures





## Restoration of the Group's artworks

Aside from the works held by the BankNordik Trust, the Group itself owns a wide range of valuable and historical paintings by well-known local artists, which are displayed at the bank's branches for customers, staff, and other visitors to enjoy. We receive regular visits from art lovers from home and abroad wanting to explore our unique collection. Since these works are an important part of the Faroe Islands' art history and cultural heritage, we consider it very important to ensure that all of them are looked after appropriately. We are also having a number of pieces restored by a professional conservator. This includes repairing, stabilising, restretching, and retouching damaged paintings.

## Local community

# A different insight into Faroese history and culture



BankNordik was founded in the Faroe Islands more than a century ago, and now operates in Denmark and Greenland as well. Given our strong roots in the Faroese community's history and culture, we were delighted to be the lead sponsor of a series of events in Odense, Aarhus and Copenhagen to mark the centenary of the Faroese flag being hoisted in Denmark for the first time on 2 June 1919.

We were keen to use our role to raise awareness of the Faroe Islands' cultural heritage by giving customers and other interested parties in Denmark an opportunity to learn more about the islands' history and culture. As part of the celebrations, seven traditional wooden sailing ships made the journey from the Faroe Islands to Denmark, where they were opened to the public.

These vessels represent a revolutionary period in Faroese culture and commerce, and played a key role in the development of the islands over the past 150 years. They were a crucial catalyst in the progression from a peasant community to the modern society of the Faroe Islands today, where not only the longstanding fishing business thrives, but also gastronomic experiences, a vibrant music scene, well-known fashion designers, and of course the unique nature which draws more and more tourists to the North Atlantic.

The celebrations gave guests a fascinating opportunity to learn more about Faroese culture and history, which we hope will help strengthen and preserve the islands' legacy.



## Local community

# Installing defibrillators at our branches



We want to not only help our customers find financial peace of mind, but also ensure that they feel safe in and around our branches. In accordance with this objective, we have recently installed heart defibrillators at branches where one was not readily available in the close vicinity. The chances of a person surviving cardiac arrest increase considerably, when treated with a defibrillator immediately. These devices, also known as heart starters, have been installed at most of our branches in Denmark, Greenland, and the Faroe Islands. No first aid training is needed before using one.

The Group's insurance company has also been focusing on first aid and defibrillators, and has produced some short educational videos on first aid for social media, including one on how to use a defibrillator. With these devices in place, customers, staff, and the public can all feel safer in the areas in which we operate.



Local community

# Four Greenlandic students receive the BankNordik Grant



The BankNordik Grant is our financial aid programme for Greenlandic students enrolled in higher education. Twice a year, we award two students grants of DKK 25,000, making a total of DKK 100,000 in annual contributions. In 2019, we were able to contribute to the education of two students studying Development & International Relations at a Danish university, one student at nursing college, and one specialising in paediatric psychology.

The Greenlandic government has stated the raising the educational standards and skills levels as an imperative objective, in order to increase the nation's economic potential. At BankNordik, we strongly believe in the power of education for both the individual and society as a whole, and we are proud to support the education of Greenlandic students.

To be eligible for the grant, students must enrol in an academic or vocational educational programme either in Greenland or abroad. In return, the students are requested to contribute with content for BankNordik's website and social media.

"Our hope is that these grants make a difference to the individual student and so get more people to go into higher education," says BankNordik's Chief Operating Officer, Turið F. Arge. "A skilled labour force is very important for society as a whole, and we're keen to help out."





Local community

# Grant for new North Atlantic high-school programme



In August 2019, the students accepted to a new North Atlantic high school programme stepped into their first day of school. The programme allows young people from across the North Atlantic countries to participate in a diverse and different high school programme, which includes periods of study in the Faroe Islands, Denmark, Iceland, and Greenland. The three-year programme gives students a unique opportunity to experience four different Nordic countries and cultures.

At BankNordik, we want to encourage young people to earn an education. Not only does this provide better job opportunities, but a well-educated population benefits society as a whole. In order to support this objective, we awarded grants totalling to DKK 300,000 to one Greenlandic and two Faroese students who were accepted to the new high school programme. The aim of the grant is to support the student's completion of the programme, by contributing to the expenses of room, board, and transport to and from the four countries.



Local community

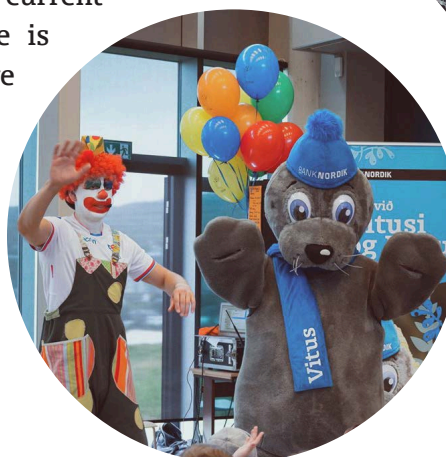
# Getting children into healthy financial habits



We know that financial problems can be a great source of stress and an immense personal challenge. At Bank-Nordik, we consider it part of our social responsibility to help give children an insight into the value of money and a fundamental understanding of good financial habits. As the use of cash diminishes with the introduction of new digital payment solutions, it is increasingly difficult for children to grasp the concept of money.

## Teaching children about money

In order to support this challenge, we have developed new teaching materials to help children learn about money, value, and saving in a fun, easy, and child-friendly way. More specifically, we have developed classroom materials, songs, and videos, and invited children aged 6 to 7 to a special class, where they learn numeracy in an unconventional way suitable to their current education level. The initiative is part of our mission to improve customers' financial literacy, thus ensuring that they process the knowledge and understanding necessary to make informed financial decisions.





## Developing a wallet app for children

As we move towards a cashless society, many parents have called for a smart and easy way of providing children with an overview of their finances. BankNordik has therefore developed an app aimed specifically at children to make it easier for them to keep track of their savings, accounts, and pocket money.

The app cannot be used to transfer money or make payments, but offers tangible educational benefits, as children gain greater insight into their own spending and savings from an early age – along with a greater sense of involvement and responsibility.

“It’s important for children to have a basic understanding of money and spending, and the new app contributes to this by helping them monitor their finances from a young age,” says BankNordik’s Chief Operating Officer, Turið F. Arge.



**Local community**

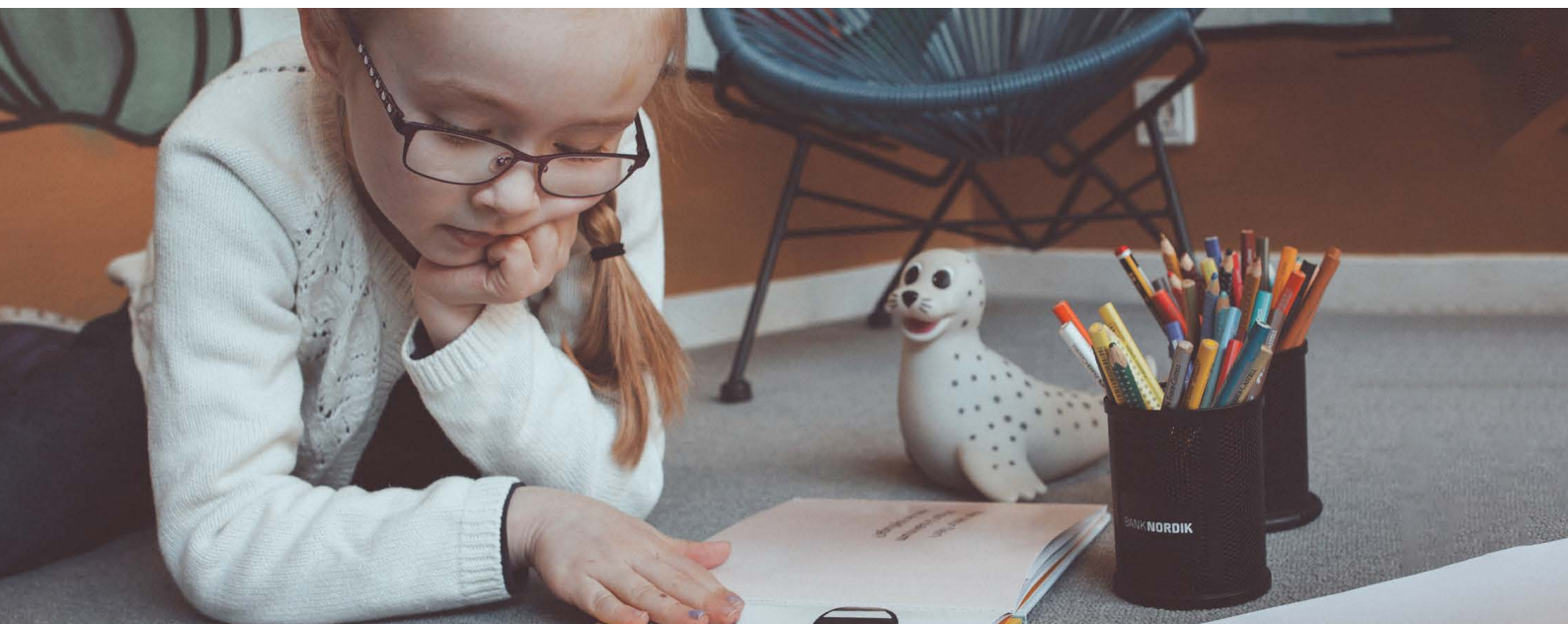
# Continued focus on easy access to children's literature



The Faroe Islands have around 51,000 inhabitants, while an estimated 25,000 people in Denmark speak Faroese. In the efforts to protect and develop the language among those living outside the islands themselves, we consider easy access to Faroese literature to be a vital component.

The cost of transporting children's books from the publishing company in the Faroe Islands to Denmark is high, sometimes exceeding the price of the books.

BankNordik and Smyril Line have been working with Faroese publisher BFL since 2016 to improve the availability of Faroese literature to the children of expats in Denmark. The agreement between the three parties ensures that children in Denmark can buy Faroese literature for the same price as the locals.



**Local community**

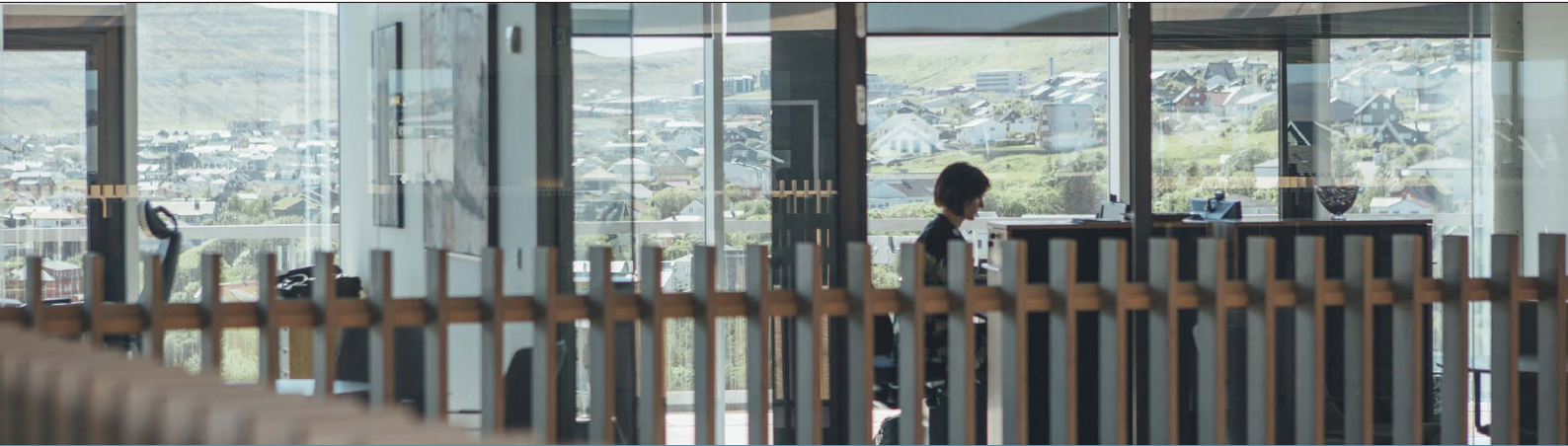
# Combating money laundering and other financial crime

At BankNordik, we are very aware that we, as a bank, are at risk of being targeted for money laundering, terrorist financing, and other illegal activities. We are extremely focused on complying with the law and preventing the bank from being misused for financial crime.

The threat level is constantly evolving, and we have a duty to work actively to reduce the risk of our products and services being used for criminal purposes. We believe that the cornerstone of our efforts in this regard can be found in responsible banking, anti-money laundering policies, as well as a series preventive procedures that are continuously aligned with current legislation.

All of our employees are required to comply with these policies, which helps ensure that financial transactions, customer relationships, employment relationships, and contracts are evaluated prior to their fruition and consistently monitored here after. This reduces the opportunities for criminals to misuse the bank for illegal purposes, and contributes to the reduction of crime.





## Examples of measures to prevent illegal activities

- BankNordik will not open accounts or enter into business relationships, and will close or block existing accounts, if the bank cannot establish the customer's identity. Suspicious transactions and activities are always dealt with as quickly as possible, allowing the bank to inform relevant authorities and limit the extent of these activities.
- The Bank provides employees regular training to ensure that they are aware of their duty to report all suspicious activity. Customer-facing staff undergo training or testing in money laundering and terrorist financing every year, while other employees receive training every three years.

## Responsible investment

At BankNordik we sell personal and business customers investment products from fund managers with a focus on transparency, climate and social responsibility.

We choose managers who continuously monitor and screen individual companies and bond issuers to ensure that they meet the manager's standards for corporate social responsibility, human rights, workers' rights and environmental issues. Sustainability issues and UN's sustainable development goals are therefore a natural part of these managers' work.

## Local community

# Focus on women and investment



We know that women generally live longer than men do, but because women's average earnings are lower, many do not set sufficient aside for their retirement. Women are, furthermore, less likely to invest their money to ensure the growth of their wealth.

At BankNordik, we are keen to encourage women to take responsibility for their personal finances, as this supports economic equality. By building bridges between women and the financial sector, as well as through debate and media exposure, we hope to put economic equality more firmly on the agenda.

## Special investment event

As a natural extension of this investment focus, we encourage all of our customers, male and female, to gain a detailed overview of their finances. This includes setting up plans for their future financial security and considering whether investing their savings and pensions would be a suitable solution.

In June, we collaborated with the Faroese Female Managers Association to spread the message to women of the benefits associated with investing. This resulted in a presentation from our Chief Investment Officer on why women should invest, how to get started, and what to be aware of as a potential new investor. This event was a natural extension of our focus to raise awareness.



# Progress on UN Sustainable Development Goals

The Group has not formally incorporated environmental or human rights policies as part of its CSR-programme. These issues, nonetheless, remain an integral part of the Group's general business practices. We do, however, support the UN Sustainable Development goals and choose to focus our efforts on goals no. 4, 5, 8, 11 and 13. Our aim for 2020 is to not only continue the efforts from 2019, but also look into where we as a financial institution can offer further support.

The current status as well as the plans for our continued efforts are explained in the following, but this should be viewed not as the entirety of the Groups determinations. We plan to review and adopt our plans for supporting the SDGs continuously to ensure that our efforts always aligned with our overall objectives as well as the requirements of the communities in which we operate.







Our commitment to empower our workforce and the communities in which we operate through education is compatible with SDG no. 4 on quality education, specifically indicator 4.3 to ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university and 4.3.1 on participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex.

### Impact

- Contributing to and promoting higher education in local communities
- Supporting lifelong learning within our own company

### Status

- + Grants have been established for upper secondary educational programmes and higher education.
- + Supporting children of expats in acquiring Faroese language skills
- + 15 trainees and 20 employees at BankNordik enrolled in academic business programmes
- + Development of a learning concept for young children in elementary school focusing on teaching the basics of personal finance
- + Introduction of a mobile app for children
- + On a regular basis we invite students in primary school, upper secondary school and higher education for teaching sessions in various financial topics

### Plan

- Continue promoting increased educational attainment
- Continue to support schools in teaching children the basics of personal finance



Our commitments to ensure women’s equal opportunities are compatible with SDG no. 5 on gender equality, specifically indicator 5.5 to ensure women’s full and effective participation and equal opportunities for leadership at all levels of decisionmaking in political, economic and public life and 5.5.2 on the proportion of women in managerial positions.

### Impact

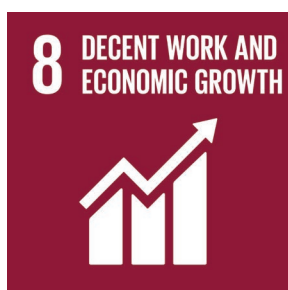
- Recognizing the importance of gender balance across the organisation
- Supporting an inclusive organisational culture
- Our ambition is for neither gender to make up less than 40% of the management positions.
- Promoting gender equality by focusing on relevant economic topics

### Status

- + Positive development in the number of women in leadership positions
- + Supporting women in attaining knowledge about investments
- + Increase focus on encouraging women to take on leadership positions in certain parts of the organisation

### Plan

- Continue focusing on the importance of equal gender representation in the Group’s leadership positions
- Raise our focus on promoting gender balance in general in all parts of the organisation
- Aim to ensure that female applicants always are represented in the pool of applicants for vacant positions
- Planning to increase focus on economic topics regarding gender inequality



Our commitments to developing our human resources for continued successful results and to drive growth through efficient allocation of capital is compatible with SDG no. 8 on decent work and economic growth, specifically indicator 8.3 to promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

### Impact

- Making sure capital is efficiently and sustainably allocated to drive economic growth
- Acting with integrity and competence to allow customers to realise their fullest financial potential
- Building up a skilled, motivated and happy workforce

### Status

- + High employee satisfaction
- + Healthy growth in financial volumes
- + 14 of the Group's employees graduated from our internal talent development programme
- + Supporting sustainable growth and innovation by offering businesses competitive loans backed by a guarantee from the EU's InnovFin programme
- ÷ Employment retention ratio not satisfactory
- ÷ Public appreciation of the role of financial institutions and the understanding of the underlying regulatory regime is low

### Plan

- Preserve pertinent and ethical credit policy guidelines and act accordingly
- Continue to improve Bank-Nordik's standing as an exemplary intermediary of capital
- Raise operational efficiency and create productive jobs
- Improve employee turnover



Our historical contribution to the social, cultural and economic development of the local community is compatible with SDG no. 11 on sustainable cities and communities, specifically indicator 11.3 to enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries, as well as indicator 11.4 to strengthen efforts to protect and safeguard the world’s cultural and natural heritage.

### Impact

- More than 100 years of commitment to the local community
- Creating shared value by being an active and engaging member of the communities we serve
- Financing local initiative and smaller businesses
- Putting the customer’s interests first for long-term prosperity and well-being
- Encouraging healthy finances and promoting responsible financial behaviour

### Status

- + Financially supporting hundreds of individuals and organisations within the fields of art, music, sports, charities, associations, etc.
- + Social media strategy to produce quality content that adds real value for customers
- + In order to increase safety in and around our branches, we have installed defibrillators at branches where there was not already one in the vicinity
- + Improved customer satisfaction rates
- + Need to improve customer experience within certain segments of the Group’s customer base

### Plan

- Continue contributing to strengthened social cohesion in the communities we operate in
- Planning to launch initiatives to reduce our environmental impact and motivate sustainable behaviour within our organisation
- Working hard to deliver improved bank experiences for all of our customers and to raise their loyalty and satisfaction



Our commitments to supporting the green transition by making it easier for customers to make sustainable choices are compatible with SDG no. 13 on combatting climate change and its impacts.

## Impact

- Committed to helping the transition towards a greener and more sustainable society
- Encouraging our customers making sustainable choices by developing green financial products

## Status

- + Installation of charging points for electric cars at our branches
- + Offering new financial products that make it easier for our customers to make greener choices
- + Minimizing the Group's carbon footprint by choosing eco-friendly company vehicles

## Plan

- Planning to monitor and measure our energy consumption
- Continue to support the transition towards a greener society by helping our customers make sustainable choices.
- Considering new green financial products for our customers