

# Corporate Social Responsibility Report 2016

BANK**NORDIK**

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## Corporate Social Responsibility Report

Corporate social responsibility remains an integral part of BankNordik's strategy and efforts to create value for all stakeholders. In addition to long-term economic value creation through responsible business conduct; through the benefits that our products bring the customer; and through our skillsets and expertise in banking, the Group aims to create social value through community involvement. It is our assertion that CSR initiatives will yield the best results if there is a natural connection between such activities and the Group's business strategy and core competences. Therefore, our initiatives are strategically rooted in the Group's vision, strategy, and values.

Given the Group's historically strong commitment to community involvement and the desire to make a positive difference for our customers and employees, BankNordik's approach is centred on these three pillars:

- Customers
- Employees
- Local community

It is important that the Group's CSR-initiatives are to-the-point effective and relevant for our role as a financial institution in the North Atlantic region. This translates into measurable aspects that take into consideration the social and cultural structures embedded within the communities where BankNordik is present.

## Engaging in long-term customer relationships

The Group's core values and vision evolve around the aspiration to retain our existing customers for the long term and to attract new customers by being proactive, competent, and fully committed. We find it natural that the Group's corporate responsibility efforts are in conjunction with our customer-centred approach to further strengthen confidence in our way of conducting business. As such, the customer is one of the main three pillars of our CSR-programme.

### **Financial advice that everyone understands**

BankNordik's promise to its customers is to provide individualised consultation that makes it easier to take the right financial decisions. Delivering on this promise requires a high level of competence and we therefore strive to continuously train and certify our advisors to be able to provide comprehensible, tailored advice that will allow our customers to take control of their own finances.

### **Encouraging healthy finances**

BankNordik promotes responsible financial behaviour and decision-making because we know that healthy personal finances are important to an individual's well-being. And when our customers take responsibility for their own finances it benefits both parties. This motivation is extended through the Group's communication channels and forms a specific part of the Bank's social media strategy to produce valuable information and know-how that is comprehensible to all our customers and followers. Click to see our [Faroese](#), [Danish](#), and [Greenlandic](#) Facebook pages.

In early 2017, BankNordik launched a new banking advisory service aimed at young people between the ages of 18 and 28. Dedicated attention to our younger customers adds value by establishing a solid financial basis for their adult life while simultaneously building trust and long-term customer loyalty. The product offering is tailored to meet the specific needs of this customer segment, and our trained advisors have an insight and understanding of the financial challenges our customers face during this stage of their lives. Learn more about our youth program [here](#) (Danish) or [here](#) (Faroese).

**Customers as a source of learning**

The Group regularly conducts surveys that cover different customer segments. These surveys are carried out for the purpose of engaging with our customers, gaining critical insights into the market's perception of BankNordik, and tracking customer satisfaction. Likewise, the Group monitors customer surveys on service and satisfaction carried out by third parties, and we make an effort to address areas of possible subpar performance. On the user review platform Trustpilot, our customers frequently review BankNordik, which gives us the opportunity to directly engage with customers on their banking experiences. See BankNordik's reviews on Trustpilot [here](#) (Danish).

## Employee development and satisfaction

Our employees are our strongest asset and it is essential for us to attract and develop a qualified workforce in order to strengthen the Group's competitiveness. We recognise the importance of building a working environment that aligns to the need of the individual and for our employees to maintain a healthy work-life balance. In addition, the Group continuously seeks to arrange employee development programmes, social events, and other initiatives that contribute to strengthening our corporate culture and nurturing better business performance.

**Satisfied employees do great work**

An important part of this process is to preserve a high level of overall job satisfaction amongst our employees. In 2016, BankNordik introduced a new annual employee engagement survey, which encourages respondents to provide feedback on a series of organisational parameters. The survey provides meaningful insights into the strength of our corporate culture, and builds an understanding and connection to company values and goals, and areas within the organisation that should be prioritised in the future. The survey was carried out by an independent third party and BankNordik scored 3.9 on a scale of 1 (lowest) to 5 (highest). This is considered a satisfactory result, which will form a basis of comparison for next years' survey.

**Upholding a diverse gender balance**

The Group's main consideration in relation to the composition of management positions is to ensure staffing by people who possess the best qualifications within their respective fields. It is therefore paramount to uphold an open and inclusive workplace culture to fully utilise the entire talent pool and support a diverse workforce in the pursuit of better business performance. As such, each of BankNordik's employees, regardless of gender, is encouraged to leverage his or her skills and freely seek career advancements with equal opportunities. In an industry where gender balance is a general challenge, we are pleased that 40% of the Group's leadership positions were held by women at year-end 2016, which is consistent with our ambition to not underrepresent either gender by a wider margin than 40% vs. 60%.

**A skilled workforce represents the fuel that drives the engine of business**

At the BankNordik Group, we understand that employee development is critical to continued successful business results. Therefore, we constantly work to develop our human resources and improve the future prospects of our employees. Each year, BankNordik invests in trainee programmes, enrolls employees in academic business courses, and arranges on-site training and team-building activities. In addition to strengthening the skills and creating a more dynamic workforce, our experience shows that these development efforts have a positive effect on the employee retention rate.

The Group hired 17 new bank and insurance trainees in 2016 that will undergo a two-year programme covering all areas of regular banking and insurance products and services. At year-end 2016, a total of 15 employees were enrolled in academic business programmes. Moreover, the Group's 45 managers are all currently

participating in a company-wide management course intended to enhance leadership skills and cultivate better team performance.

**NordikCompetence**

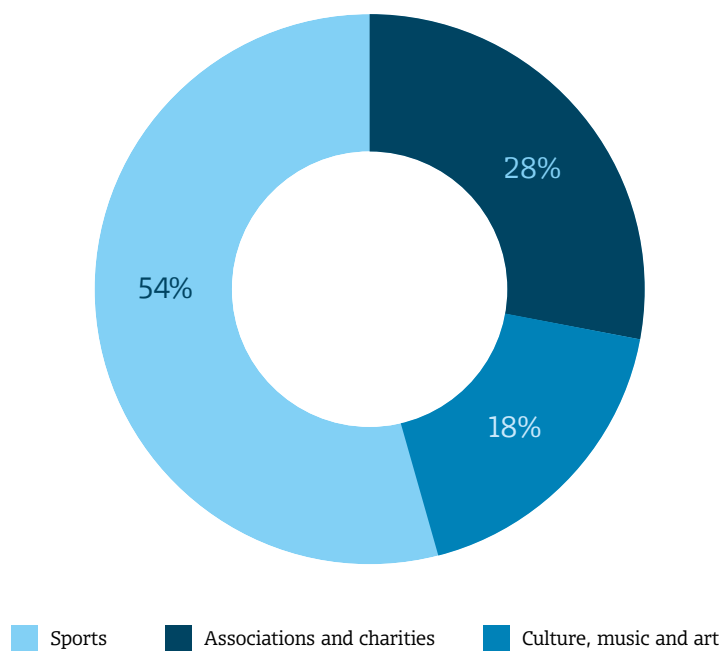
NordikCompetence is an internal employee programme that combines employee development and innovation to foster new ways of doing business. The program is created as a platform for talented employees to join forces and generate innovative solutions that could unlock value through efficiency enhancements or contributions to top-line growth. This could be everything from an improved customer experience to product enhancements or process streamlining. Each year, new teams are established and employees from different areas and levels of the organisation become involved in activities that speak to their interests for the purpose of generating new ideas that can be developed into real solutions.

## Community development

BankNordik has been strongly anchored in our local communities throughout its more than 100-year history, contributing to the social, cultural and economic development. With the expansion of the Group's operations in the Nordic region, we are as committed today to continue our strong local presence across the regions in which the Group operates. In 2016, most of our community activities were initiated in the Faroe Islands, while in 2017, BankNordik is planning to launch a series of new community projects in Greenland.

**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 prefers to support and sponsor initiatives that have a broad appeal, include people of all ages, and that are beneficial to both parties. More importantly, the purpose must be compatible with our own values. In 2016, the Group contributed DKK 3.6m to local initiatives distributed as illustrated below.





BankNordik is a proud sponsor of the U21 men's handball team, who in January 2017 qualified for the World Championships to be held in Algeria in July 2017. This is the first time a national team from the Faroe Islands has qualified for the World Championships endgame.



In January 2017, BankNordik entered into a partnership agreement with the Nordic House in the Faroe Islands. The partnership seeks to promote Nordic culture and art.



In April 2016, BankNordik hosted a start-up weekend at its headquarters in cooperation with the Entrepreneur Center. The event was tourism-focused and specifically targeted newcomers to the Faroe Islands.

**BankNordik establishes art trust**

Throughout its history, BankNordik has consistently acquired artwork created by local artists. Over time, the Group's acquisitions have grown to a significant collection of historical art pieces created by prominent Faroese painters. However, as the Bank's branch network has been reduced in recent decades in step with the adaption of new technology, our activities now occupy considerably fewer locations. As a consequence, the art collection, which was previously spread amongst a large branch network, has become less widespread and not as accessible to the public. For the sake of securing the part of the art collection, which has not been available to the public in recent years, BankNordik has established an independent trust – the BankNordik Trust – to take ownership of over 600 works of art. The Trust's objectives are as follows:

- Take ownership and develop the art collection
- Arrange exhibitions and lend out artworks
- Partner with public and private institutions to promote Faroese art
- Develop the Faroese art scene

In addition to entrusting the art collection, which has an estimated value of DKK 5m, BankNordik has committed DKK 1m to fund the Trust in the period up to 2020. The appointed board of directors is responsible for all of the Trust's operations, including for generating revenue from exhibits, lending out artworks, and through contributions.

## Policies and standards

Even though the BankNordik Group supports and abides by the intentions and principles of international initiatives and frameworks such as the UN Global Compact, the Group chooses not to formally comply with such standards due to our locally placed activities. For the same reason, the Group has not formally incorporated environmental or human rights policies as part of its CSR-program. These issues, nonetheless, remain an integral part of the Group's general business practices.