CHALLENGING TRANSITION TO GREENER INFRASTRUCTURE IN 2015
New rules regulating the permitted level of sulphur in bunker fuel are set to increase fuel costs by 40-50%. The new rules, coming into force on 1 January 2015, represent a considerable challenge for DFDS and the rest of the ferry industry in Northern Europe.

In line with our environmental policy, we support initiatives to make our world greener – as long as it happens in a sensible way and on a level playing field versus our competition, including other transport modes.

From the outset, we took on the responsibility of adapting our business to the new rules and contributing to making society greener. We are, however, responsible for protecting the interests of all our stakeholders and have, therefore, worked actively to achieve some mitigation or financial support concerning the transition to the new rules – so far without any success.

What is important now is that the rules are implemented as announced without any last minute concessions that would change the level playing field. Ferry operators, like DFDS and others, who in good faith have made substantial investments should be rewarded (over the course of time) for acting responsibly to contribute to a greener infrastructure.

Our strategy for overcoming the challenge of the new rules has three elements: Installation of scrubbers on up to 20 ships at a cost of DKK 750m, preparing customers for the transition to a higher shipping cost and analysing requirements for consolidation of routes.

For DFDS, and all other ferry operators, the new rules will entail a substantial negative financial impact. Prices to customers will increase, shifting some volumes from sea to land. We foresee that several ferry routes in Northern Europe will close and jobs will be lost across the ferry industry. Another potential negative impact is increased road congestion. The resulting economic impact is, of course, not a desirable scenario for our shareholders either.

To adapt and facilitate the transition to a greener infrastructure, we successfully initiated testing of scrubber technology in 2009, and became a front-runner by successfully operating a scrubber onboard one of our ro-ro freight ships. Today, DFDS is considered by many experts to be the leading shipping company when it comes to applying the scrubber technology.

On another positive note, we have expanded the section on community work in the report. Supporting local communities within our network is an important way for DFDS to give back to society. The activities also involve voluntary work by our employees, for example when serving homeless people in Oslo and Copenhagen a Christmas lunch on board our passenger ships.

Enjoy the report!

NIELS SMEDEGAARD, PRESIDENT & CEO

Our approach to corporate responsibility
DFDS is responsible for a large number of employees and their working conditions, and for health and safety at work. We are a vital part of Europe’s infrastructure as we operate the largest ferry route network in Northern Europe and provide transport and logistics solutions across Europe. We are responsible for passenger safety, for customers’ freight and for the environmental impact of our activities. We are also responsible for creating a return on shareholders’ investment in DFDS – and much more.

We manage our corporate responsibilities through the implementation of policies and standards. In several areas, specific targets are set for CR actions – for example, reducing emissions – and this year we are introducing customer satisfaction targets.

In addition to policies, DFDS lives by an ethical code of conduct, which acts as a supplement to the standards of behaviour to which we aspire, as defined in The DFDS Way.

Our CR strategy
Our CR strategy aims to create and protect value for all stakeholders, thereby underpinning DFDS’ position as a preferred supplier and employer.

Identifying stakeholders and understanding their needs and requirements are important priorities in the strategy. Stakeholders and their expectations are listed on pages 36–37. CR perspectives are embedded in the organisation through internal initiatives and action plans, but also through actively involving stakeholders in relevant working processes.

The strategy also involves communication of our goals and actions to stakeholders and ongoing improvements to our CR reporting.

Managing CR
The CR strategy, and overall goals and policies, are set by the CR Committee, which reports to Executive Management. The Committee is composed of managers with direct responsibility for implementing CR in business areas and Group functions. Niels Smedegaard, CEO, has overall responsibility for the CR Committee.

The Committee meets at least once every three months. The intention is that external stakeholders are invited to participate in at least two meetings per year. Twice a year, the chair of the Committee will report to Executive Management, and once a year to the Board of Directors. An important task
for the CR Committee is to promote the decentralisation of CR to business areas and Group functions. One Executive Management meeting per year is focused on opportunities and issues related to CR.

The CR Committee is responsible for developing the scope and content of DFDS’ CR report, including assessing whether the company should sign up to, for example, the UN Global Compact, and whether the report should be audited by external parties. Our processes for collating and quantifying CR data are still being developed and we foresee the scope of our reporting, including external auditing, will increase over the coming years.

**Working with stakeholders:**
Value creation through CR requires the involvement of stakeholders. We define stakeholders as any individual or organisation that DFDS affects or that affects DFDS. This includes stakeholders without ‘voices’, such as the environment and future generations.

Pages 36–37 list DFDS’ stakeholders, processes for dialogue and collaboration, what is expected of us, and our actions and plans.

**About this report**
The information and data in this report on corporate responsibility concerns DFDS’ activities in Northern Europe, including the operation of ships, port terminals and offices, including the head office in Copenhagen. CO2 data is based on documentation of bunker consumption and energy and CO2 data from the Logistics business area and offices. The report does not include joint venture activities or partner organisations’ activities. The information in this report meets the amended requirements of the Annual Accounts Act of 2009 and is subject to internal data management systems and audits. The data covers the period from January to December 2013. The report has not been externally and independently evaluated. The report has been drawn up in accordance with the principles for content and quality outlined in the Global Reporting Initiative (GRI)’s Sustainable Development Reporting Guidelines (version 3.1).
The table shows our stakeholders, how we cooperate, and progress on CR related activities

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Who are they?</th>
<th>How do we work together?</th>
<th>What do they expect of us?</th>
<th>Progress in 2013</th>
<th>Plans for 2014/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freight customers • Passengers</td>
<td>• Freight forwarders and hauliers • Producers of heavy industrial goods • Food producers • Producers of consumer goods • Retailers • Individuals, families and groups • Coach operators and travel agencies</td>
<td>• Customer satisfaction surveys, including online • Service calls and contact by letter before departure • Ongoing relationship, including meetings and follow-up with customers • Town hall customer meetings • Via freight and ticket booking agents</td>
<td>• Reliability and safety • High frequency and capacity • Easy to work with and travel with • Timely information about changes • Informed employees who solve problems • Proposals for Improvements • Ongoing adaptation of on-board facilities to meet customer requirements • Clear understanding of customer requirements</td>
<td>• Continued roll-out of Customer Focus Initiative launched • Regular customer satisfaction surveys • New passenger sales &amp; marketing organisation in UK • Continuous improvement of online booking interface • Sales training of over 200 sales managers</td>
<td>• Continuation of Customer Focus Initiative • Upgrading of InfoBridge, freight booking and information system • Upgrading of the passenger areas on passenger ships during docking • Continued sales training • Cargo Care, further development of damage prevention • New CRM system • Further roll-out of new booking system for passengers</td>
</tr>
<tr>
<td>Employees • Trade unions</td>
<td>• 6,000 employees, on shore and at sea (year-end 2013) • Trade unions • Sailors’ unions • The International Labour Organization (ILO)</td>
<td>• Daily management • Annual performance and development reviews • Weekly newsletter for employees • Employee survey every two years (Bearing) • Regular meetings and courses • Zoom (management development programme) • Town hall meetings</td>
<td>• Healthy and safe working environment • Reasonable terms and conditions of employment • Rewarding extra effort • Career development paths • Option of on-the-job learning • Ethical and consistent management and working conditions • Diversity</td>
<td>• Diversity study undertaken • Diversity policy development • New development programme for specialists • Boot camps for managers</td>
<td>• Promoting safety culture through ongoing training • Introduction of HR system across the whole Group • Diversity programme • Focus on talent management</td>
</tr>
<tr>
<td>Public-sector and government agencies (on land and at sea)</td>
<td>• The International Maritime Organization (IMO) • European Maritime Safety Agency (EMSR) • Organisations that investigate accidents at sea • Working environment agencies • Maritime and coastguard agencies • Environmental agencies • Local authorities • Customs &amp; Excise, Immigration departments • Port authorities • Highways agencies • National tourism bodies</td>
<td>• Meetings with industry associations • Processes for compliance with regulations • Campaigning • Investigation of incidents • Meetings with national governments and ministers • Promoting tourism in regions/countries</td>
<td>• Compliance and risk reduction • Information on security and Immigration control • Accessibility • High quality in occupational safety and health • Continuous reduction of environmental impacts including emissions, introduction of fuels with low sulphur content, improvement of anti-fouling paint, responsible scrapping and waste processing</td>
<td>• Installation of three sulphur scrubbers • Development of systematic management of safety processes</td>
<td>• Installation of additional sulphur scrubbers • Implementation of system for managing security-related processes</td>
</tr>
</tbody>
</table>
The table shows our stakeholders, how we cooperate, and progress on CR related activities.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Who are they?</th>
<th>How do we work together?</th>
<th>What do they expect of us?</th>
<th>Progress in 2013</th>
<th>Plans for 2014/2015</th>
</tr>
</thead>
</table>
| **Finance**  | • Shareholders including main shareholder, the Lauritzen Foundation  
• Investors  
• Financial Institutions  
• Insurance companies and brokers  
| • Quarterly reports  
• Company announcements  
• Public conference calls  
• Investor meetings  
• International ‘roadshows’  
• Regular dialogue with analysts  
• Regular dialogue with banks  
• Online updates  
• Regular dialogue with insurance brokers/companies, company visits  
| • Transparent, consistent and accurate reporting  
• Access to management  
• Responsibility and reliability  
• Security and active risk management  
| • Investor meetings in Denmark and abroad  
• Increased free float of the DFDS share  
• New distribution policy adopted  
| • Greater frequency of International ‘roadshows’  
• Initiation of share buy-back programme  |
| **Industry organisations** | • PSS (Ports Skills & Safety)  
• PSA (Passenger Shipping Association)  
• The European Community Shipowners’ Association (ECSA)  
• INTERFERRY  
• Local shipowners’ associations  
• Classification societies  
| • PSS meetings and management involvement  
• Meetings of PSS’s Ferry Section  
• PSA meetings on safety, health, hygiene, the environment and welfare  
• Other informal and formal meetings with competitors and trade associations  
• Lobbying/campaigns  
| • Reduction of emissions, including the introduction of fuels with low sulphur content for ships  
• Continuous improvement of work on health and safety  
| • Installation of three sulphur scrubbers  
• Improved safety performance  
• Tracking of CO2 emissions extended to logistics activities and offices  
| |  |
| **Suppliers** | • Catering suppliers  
• Bunker suppliers  
• Hauliers, rail operators, container shippers  
• Suppliers of spare parts and equipment for ships  
• Shipyards  
• Manufacturers of transport equipment  
• Other suppliers  
| • Ongoing dialogue  
• Audit of major haulage companies and other providers of carrier services  
• Monitoring programme for smaller haulage companies  
| • Accessibility and accountability  
• Safety-management systems  
• Risk assessments  
• Reduction of emissions  
• Optimal value, including non-financial factors  
| • Development of vessel sharing agreements  
• E-auction tools applied  
• ERFx system applied  
• Category management developed  
| • Implementation of a new procurement system  
• Contract database  |
| **Local communities in which we operate** | • Neighbours to ports, terminals and routes, warehouses, offices and other facilities  
• Society in general in local communities  
| • Contact and dialogue via local employees  
• Newsletters and notification of changes  
• Charity, sponsorships  
| • Employment opportunities  
• Responsible operations/good neighbour relations  
• Noise reduction measures  
| • High Five programme  
• Christmas lunch for homeless people in Copenhagen and Oslo  
| • Further develop community with sponsorship in Denmark  |
| **Media, NGOs and others** | • Media  
• NGOs (national/international)  
• International organisations  
• The Lauritzen Foundation  
| • Ongoing dialogue  
• Membership of organisations  
• Co-operation with specialist organisations, e.g. Carbon Trust  
• Various publications and commitments  
| • Accessibility  
• Transparent, consistent and accurate information  
• Environmental management and performance, including emissions and responsible scrapping of ships  
| • DFDS Connect, social media website started  
• Continuous media dialogue  
• Environmental Initiatives (see above)  
| • Further development of social media strategy  
• Environmental Initiatives (see above)  |
SAFETY AND SECURITY

THE SAFETY OF PEOPLE IS OF PARAMOUNT IMPORTANCE TO DFDS

SAFETY AND SECURITY – SEA

Highlights
• One fatality recorded in 2013
• Several fires on board ships
• Continuous improvement of safety and incident reporting
• Design and implementation of a global platform to facilitate Operational Safety Performance in the Fleet

The safety of people is of paramount importance to DFDS. Procedures and International safety guidelines. In our logistics business, we are guided by industrial and highways regulations as standard.

The ISM code aims to ensure that all relevant standards are respected, and that safety contingency plans work. This applies to safety equipment, safe ship construction, management procedures, training of crews, drills, document control, and formal safety monitoring, structured management reviews and auditing principles.

The ISM code also requires a designated person ashore to ensure safe operations and a link between the shore-based management and the captain and crew on board. Safety and security audits are held on all ships in the fleet at least once a year. Findings are detailed, analyzed, measured and shared to promote best practice and continuously promote a strong safety culture on board.

Our approach
Part of DFDS’ customer service is to ensure systematic implementation and monitoring of safety standards. Safety processes build on continuous improvement and sharing of best practices. In our approach to managing health and safety (H&S), employees, passengers, freight customers and regulators are key stakeholders.

Corporate safety and security objectives and requirements are determined by national and international regulations. Under the International Safety Management (ISM) Code, the International Ship and Port Facility Security Code (ISPS) and the Maritime Labor Convention (MLC), all maritime safety measures and security factors must be reported for all ships on an ongoing basis, and all ships must report any incidents on board. This can be done anonymously under a ‘no blame’ policy according to Company Procedures and International safety guidelines. In our logistics business, we are guided by industrial and highways regulations as standard.

Operational Safety Performance is part of “THE DFDS WAY”, where the implementation and roll-out of global systems support the DFDS Operating Model in striving for continuous improvements and applying best standards across flags.

DFDS’ Health, Safety and Environment Policy, which is reviewed annually by Management, strives to deliver improvement through active demonstration of commitment and leadership at all levels in the shipping and logistics businesses. This means practising what we preach, where all managers behave in a way that demonstrates safety and accountability.

Operational Safety Performance is part of “THE DFDS WAY”, where the implementation and roll-out of global systems support the DFDS Operating Model in striving for continuous improvements and applying best standards across flags.

Our security management is governed by the International Ship and Port Facility Security (ISPS) Code, which helps protect against terrorist attacks and other disruptions. Shipping and logistics are subject to security inspections on a regular basis. Audits are held in conjunction with safety audits. The fleet regularly takes part in exercises with different countries’ emergency services, in order to train staff, exchange experiences and ensure the ships are prepared for any eventuality.

We monitor the ships’ performance on external surveys, accidents, incidents and near-misses, and review the outcomes of regular audits on a monthly basis. This approach involves clear targets for shipping safety at business unit level.

Our Marine Standards experts, People
& Ships VPs and CEO meet to formally review the ships’ safety related performance monthly. Core to this process is to review all safety and operational related data collected from ships in readiness for inspection by maritime authorities, and such reviews are published to all ships and key shore-based managers.

We engage on safety and security with relevant national and International stakeholders, National Maritime and Port Authorities, the Danish Shipowners’ Association, British Chamber of Shipping, Nautical Institute, UK Passenger Shipping Association, International Chamber of Shipping’s Passenger Ship Panel and the Nordic Committee for Passenger Ship Safety (“Nordkompass”). DFDS employees attend H&S meetings of Work Councils and work with suppliers to identify safety opportunities.

Training for situations requiring first aid is also maintained. For example, each year, hundreds of officers and all crew are trained to various levels in paramedic care and basic or advanced first aid. On all passenger and cargo ships, extensive drills are conducted each week based on around 15 different scenarios such as marine evacuation. As we have had three fires on board our ships in 2013, crew training is highly important to maintain a high safety vigilance.

Important events in 2013

All ships are surveyed and certified according to International, EU and national legislation, including internal audits and inspections on safety and security according to statutory instruments and company procedures.

In April 2013 all former LD Lines ships on French flag changed their Safety Management Systems to the common platform of DFDS.

During an interim implementation period, all systems were implemented on board and DFDS RIS was fully certified and granted a French Document of Compliance in December 2013.

On 20 August 2013, the ILD Maritime Labour Convention came into force in all ratifying countries. DFDS manages ships in several of these countries. The new convention applies minimum standards on an international level in terms of crew welfare, Food and Hygiene Safety and safety related issues. All ships in the DFDS fleet flying flags of ratifying countries were certified in due course, and well before 20 August 2013. For the rest of the fleet, managed in countries that have not ratified the MLC convention, no exceptions are made and they comply to identical principles as the ships of the ratifying countries.

In April 2013, a fire broke out in a car transporter on the car deck onboard VICTORIA SERURVYS. The fire was caused by an electrical malfunction in a second-hand car onboard the car transporter. The fire was quickly extinguished by the ship’s drencher system, and no injuries were incurred.

In November 2013, a fire broke out in cargo on the weather deck on board BRITANNIA SERURVYS. The fire was caused by leaking aviation fuel ignited by sparks from shifting cargo due to extreme weather conditions with significant wave height, above 10 metres. The fire was brought under control and eventually extinguished by the ship’s crew during 10 hours of fire fighting. No injuries were sustained.

In December 2013, a fire in a cabin on board KING SERURVYS occurred. The cause of the fire is under investigation as either arson or an extreme reckless act by a passenger. The fire was extinguished due a quick response by the ship’s crew. Two passengers and four crew members were evacuated by helicopter due to smoke inhalation.

In 2013, the Lost Time Injury Frequency (LTIF) was 7.0, up from 3.5 in 2012. The increase is due to more crew-related accidents on board the French flagged ships.

Near-misses on average per ship were recorded at 64.5, up from 38.5 in 2012. The increase reflects a continued higher level of awareness on safety issues. The number of near-misses reported is expected to keep on rising in the coming years based on our continuous focus to improve.

Future steps / commitments 2014/15

• Finalize roll out of global platform to facilitate Operational Safety Performance across entire fleet
• Reduce the number of crew accidents on board French flagged ships
• Maintain progress towards zero lost time accidents across the rest of the fleet
• Continue improvement in active safety related performance
• Report group-wide safety data in 2014

HEALTH & SAFETY – LAND

Highlights

• No fatalities and no events with a ‘high severity’ rating recorded in 2013
• Zero penalties and zero fines imposed by regulators
• Safety performance improved compared to 2012 on a like-for-like basis
• Group-wide network of safety data responders providing monthly safety performance KPI data; allots trend monitoring and Injury event causal analysis
• E-learning safety modules has been piloted in the UK with potential for application across the Group
• Regular, periodic engagement with Port Skills & Safety Ltd.
**DFDS’ Safety Management System**

Safety management continues to be operated by the local management teams of each individual operating entity to maintain flexibility and proportionality of response based on risk. Thus, more safety controls are operated for higher risk activity (port terminals) than lower risk activity (offices), e.g. formalised inspection regimes only operated on higher risk sites.

The national and international safety legislation applicable across the DFDS Group has a common basis in EU Legislation allowing an internal safety management standard to be developed for application within the DFDS Group’s ‘Dry’ activities based on a UK model of safety management. The system is detailed in a Safety Framework Document, a guidance document providing a model for safety management throughout ‘dry’ activity (port terminals [freight and passenger operations], warehouses and offices). Internal auditing has been performed on a risk-prioritised basis using the Safety Framework Document to assess compliance; the audit programme will continue in 2014, again, on a risk-prioritised basis.

A basic risk survey was completed in 2013 to form the basis of a more formalised audit programme for 2014. Risk rating factors included annual safety performance, previous audit history and the risk profile (e.g. higher-risk port terminal, lower-risk office activity). The audit programme commenced in the last quarter 2013 and will be continued into 2014.

**Reporting**

The network of ‘data responders’ covering 55 operational sites continued to develop in 2013 with the addition of a port terminal in Gothenburg and additional Channel ports (Newhaven, Portsmouth, Le Havre and Dieppe). The safety performance of newcomers to the DFDS Group is monitored but only included in Group safety performance statistics at the start of each full reporting year. Thus, safety performance for a Swedish transport company, Karlshamn Express Group, acquired during 2013 has not been included in 2013 safety statistics but will be included from 1 January 2014 along with the relocation of a finance service centre from Belfast to Poznan.

Due to the wide variance across operational entities/sites, the reporting system is both simple so as to not overburden small low-risk units, and yet sophisticated enough to allow the reporting of injury accident detail allowing generation of causal analysis. Causal analysis is used to inform managers of trends for actioning and to feed into managers’ safety action plans’ to ensure the proactive management of safety.

Safety performance data is collated into a monthly report made available to management. The reporting system has been developed to seek increased causal understanding by the identification of ‘unsafe acts’ and ‘unsafe conditions’. Data on non-injury ‘accident potential’, near-misses and hazard observations, is part of this development. The modified reporting system will begin from January 2014.

Manual handling, slip/trip and tug-driving have been identified as major causes of injury accidents (both lost-time and minor) in 2013 (as in 2012). As these causes are largely within the control of the individual, the main thrust of safety performance improvement in 2013 was the development of an overall safety culture within the workforce to grow the concept of personal responsibility for safety. Safety culture development is complementary to the overall culture of The DFDS Way, which among other things promotes continuous improvement and sharing of best practices. Increased awareness has led to changes

---

1 Definition: Lost-Time Injury Accident Frequency Rate (LTA-AFR) is the frequency of lost work days per one million man-hours (exposure hours). A lost work-day is time lost from an injury which results in an individual being unable to return to work on a scheduled work shift on the day following the injury.
in attitudes and behaviour which have manifested themselves in improved safety performance in 2013.

Safety performance

The DFDS Group of 2013 is different from that of 2012; addition of a port terminal in Gothenburg and additional Channel ports (Neuhaven, Portsmouth, Le Havre and Dieppe) complicate a direct performance comparison, year-on-year.

The key safety performance indicator used is ‘Lost-Time Injury Accident Frequency Rate’ which provides a single ‘headline’ statistic to allow direct safety performance comparison (i) across all DFDS ‘Dry’ activity and (ii) between DFDS ‘Wet’ and ‘Dry’ activity and also (iii) with external organisations (benchmarking).


The Accident Frequency Rate (AFR) chart uses 2012 safety performance data as a baseline for performance comparison/improvement target setting. The 2013 Group AFR of 7.1 closely matches the 2012 AFR of 6.86 despite the significant changes to the Group. The 2012 reference baseline will continue to be referenced in 2014, along with a 15% improvement target.

Importantly, injury severity was greatly reduced across the expanded Group in 2013. ‘Reportable’ injuries fell from 74% to 52% and average lost-days-per-injury-accident fell from 22 days to 12 days with 30 out of 47 (64%) reporting operational entities logging ‘no injuries’ at all (representing 28% of average headcount).

The Accident Frequency Rate (AFR) chart uses 2012 safety performance data as a baseline for performance comparison/improvement target setting. The 2013 Group AFR of 7.1 closely matches the 2012 AFR of 6.86 despite the significant changes to the Group. The 2012 reference baseline will continue to be referenced in 2014, along with a 15% improvement target.

Importantly, injury severity was greatly reduced across the expanded Group in 2013. ‘Reportable’ injuries fell from 74% to 52% and average lost-days-per-injury-accident fell from 22 days to 12 days with 30 out of 47 (64%) reporting operational entities logging ‘no injuries’ at all (representing 28% of average headcount).

Data on minor injury accidents is also collated centrally whilst detail of Accident Potential (non-injury events, i.e. near-misses and hazardous observations) is maintained within individual operational entities. The Group reporting system has been modified to collate general data on accident potential in 2014.

The main causes of injury accidents are manual handling and slip/trip; these two causes combined account for 45% of all injury accidents. Injuries caused by both manual handling and slip/trip (and hand-tool usage and tug driving) are largely due to human factors (individual mistakes and errors) by individuals, who have a large element of personal responsibility for safety.

Thus, whilst improved performance shows that safety culture has improved, this has to be continued in 2014 to reduce the number of injury accidents, i.e. a general improvement of personal safety attitudes and behaviours, rather than improvement to the ‘hardware’ of existing safety management systems/practices being required. This will be addressed in 2014 by the continued provision of specialist safety training and increased auditing.

Safety training in 2013

A ‘Safety Workshop’ was held early in 2013 (6th March, at Immingham Terminal, UK) for the network of safety data responders to assist in developing the homogeneity of the safety management system across the Group. It also aimed to develop data responders into the role of ‘site safety champions’ as part of the overall development of safety culture within the DFDS Group.

A two-day insurance conference was held in October 2013 hosted by Tyser Insurance Brokers and the TT Club; this referenced the functional overlap/ integration between the two functions of safety and insurance, with several attendees being both safety

<table>
<thead>
<tr>
<th>SAFETY PERFORMANCE LTRs 2013</th>
<th>DFDS Element</th>
<th>2012 Actual LTRs (Jan-Dec)</th>
<th>Headcount, dry (Ann. Av.)</th>
<th>Man Hours (est.)</th>
<th>Annualised AFR</th>
<th>‘less is more’ Ideal is zero</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics Division</td>
<td>22</td>
<td>878</td>
<td>1,777,072</td>
<td>12.38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(17)</td>
<td>(857)</td>
<td>(1,727,712)</td>
<td>(9.84)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shipping Division</td>
<td>26</td>
<td>2078</td>
<td>4,201,824</td>
<td>6.19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(22)</td>
<td>(1,578)</td>
<td>(3,181,248)</td>
<td>(6.03)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DFDS Group</td>
<td>48</td>
<td>5338</td>
<td>6,756,112</td>
<td>7.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(39)</td>
<td>(2,821)</td>
<td>(5,687,136)</td>
<td>(6.86)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Lost-Time Injury Accident Frequency Rate
2 DFDS Group consists of (i) Logistics Division, (ii) Seaways Division and (iii) Group Services (Headquarters function & FSC)

<table>
<thead>
<tr>
<th>INJURY SEVERITY (LOST-DAYS) 2013</th>
<th>DFDS Element</th>
<th>LTRs</th>
<th>Actual Lost-Days</th>
<th>Average Lost-Days per LTR</th>
<th>% Reduction in Average Lost-Days Per LTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics Division</td>
<td>22</td>
<td>250</td>
<td>11.36</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>(17)</td>
<td>(344)</td>
<td>(20)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shipping Division</td>
<td>26</td>
<td>333</td>
<td>12.81</td>
<td>47%</td>
<td></td>
</tr>
<tr>
<td>(22)</td>
<td>(528)</td>
<td>(24)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DFDS Group</td>
<td>48</td>
<td>583</td>
<td>12.14</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>(39)</td>
<td>(872)</td>
<td>(22)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* 33% reduction in total lost-day tally
Managing Safety training. This is high quality, externally approved, specialist safety training.

In 2013, the Immingham Seaways Terminal delivered 4-day IOSH Managing Safety courses to 51 managers and 1-day IOSH Working Safety courses to 230 personnel. This training programme will continue in 2014 until all personnel have received the requisite type of training.

Specialised IMDG (International Maritime Dangerous Goods Code) code training is also provided in-house.

Next steps/commitments 2014
• Reporting to be extended to capture accident potential for causal analysis
• Risk-prioritised auditing programme to continue
• Roll-out programme for on-line training modules
• Support Improvement actions at individual sites based on causal analysis
• 15% improvement target from 2013 performance level has been set for 2014

<table>
<thead>
<tr>
<th>Cause</th>
<th>LTRs (48 Total)</th>
<th>Minors (118 Tot.)</th>
<th>Combined (166 Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>'E' Manual Handling</td>
<td>12 (25%)</td>
<td>29 (25%)</td>
<td>41 (25%)</td>
</tr>
<tr>
<td>'F' Slip/Trip</td>
<td>10 (21%)</td>
<td>23 (19%)</td>
<td>33 (20%)</td>
</tr>
<tr>
<td>'T' Tug Driving</td>
<td>12 (25%)</td>
<td>10 (8%)</td>
<td>22 (13%)</td>
</tr>
<tr>
<td>'D' Struck something fixed/stationary</td>
<td>0 (--)</td>
<td>16 (14%)</td>
<td>16 (10%)</td>
</tr>
<tr>
<td>'B' Struck by a moving/falling object</td>
<td>3 (6%)</td>
<td>12 (10%)</td>
<td>15 (9%)</td>
</tr>
<tr>
<td>'O' Other</td>
<td>4 (8%)</td>
<td>10 (8%)</td>
<td>14 (8%)</td>
</tr>
<tr>
<td>'C' Fall from height</td>
<td>4 (8%)</td>
<td>3 (3%)</td>
<td>7 (4%)</td>
</tr>
<tr>
<td>'C' Struck by a moving vehicle</td>
<td>3 (6%)</td>
<td>4 (3%)</td>
<td>7 (4%)</td>
</tr>
<tr>
<td>'N' Handtool</td>
<td>0 (--)</td>
<td>5 (4%)</td>
<td>5 (3%)</td>
</tr>
<tr>
<td>'R' Contact with moving machinery</td>
<td>0 (--)</td>
<td>4 (3%)</td>
<td>4 (2%)</td>
</tr>
<tr>
<td>'H' Trapped by collapse/overturn</td>
<td>0 (--)</td>
<td>1 (1%)</td>
<td>1 (1%)</td>
</tr>
<tr>
<td>'M' Injured by an animal</td>
<td>0 (--)</td>
<td>1 (1%)</td>
<td>1 (1%)</td>
</tr>
</tbody>
</table>

Safety Culture Development as Part of the DFDS Way

<table>
<thead>
<tr>
<th>The DFDS Way operating model</th>
<th>Safety Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Driven</td>
<td>Customers want to use reputable organisations; this requires good Health &amp; Safety practices and records</td>
</tr>
<tr>
<td>Continuous Improvement</td>
<td>SMS (Safety Management System) drive is to zero injury accidents and healthy workforce</td>
</tr>
<tr>
<td>Best Practice</td>
<td>Performance comparison identifies good practice for promoting best practice between business areas within the Group</td>
</tr>
<tr>
<td>Leveraging Scale</td>
<td>Group-wide SMS creates supportive network of safety advisors replacing isolated individuals</td>
</tr>
<tr>
<td>Performance Culture</td>
<td>Safety culture requires individuals to change their existing attitudes and behaviours; DFDS is becoming a learning organisation</td>
</tr>
</tbody>
</table>
PEOPLE

OUR PEOPLE ARE ESSENTIAL IN BUILDING AND SUSTAINING OUR SUCCESS

Highlights
- 6,000 employees in 20 countries
- New Employee Engagement Survey – Bearing
- Sales Training completed for over 200 sales managers
- New analysis of diversity

HR in DFDS
DFDS’ results and our employees’ competences and commitment are tightly connected – we cannot have one without the other. Our employees are therefore the essence of The DFDS Way. It is vital for DFDS’ continued development to be a preferred employer that attracts and retains employees in all kinds of jobs, in all the countries where we have activities.

The purpose of the HR activities we conduct in DFDS is to support the business in making the right decisions when it comes to recruitment, employee & management development, talent spotting, performance management, compensation & benefit and organisational efficiency. In this manner, HR contributes to the continued growth and development of DFDS.

Diversity
In February 2013 we announced our policy for Diversity & Inclusion. Our value proposition is:

We will lead an international and competent workforce that consistently understands our customers’ needs. A workforce that shows passion and thrives in an environment with inclusive behaviours

DFDS will at all times seek to ensure we have the right candidate for a position regardless of gender, age, religion or ethnicity.

Our target for female representation on our board of directors, excluding employee elected members, is a minimum of 33% which is achieved with current composition. We are planning to further increase the number of women in senior management positions during the next couple of years.

As a direct continuation of our Diversity & Inclusion policy, we employed a HR Intern to analyze gender diversity in DFDS. The project consisted of data collection, in-depth interviews with both women and men in DFDS as well as focus group sessions, all aimed at gaining a better understanding of what drives our female employees in DFDS. Project objectives were to address the issue of a relatively small number of females in DFDS’ management group; to present an overview of the current status of gender diversity among DFDS’ employees with emphasis on our target group ‘Women in DFDS’; and to suggest how DFDS should work with gender diversity in the future in order to reach our goals on diversity.

Some of the findings from the project are that, when we employ directly into a management position, it is more likely to be a male than a female; male employees with shorter seniority are more likely to reach higher management levels than female employees; the number of male employees with long seniority (>15 years) is much higher than female employees. In 2014, we will act on the findings to move closer to our goal of employing a diverse workforce.

Employee Engagement Survey
In November, we launched our Employee Engagement Survey – Bearing – with access for all DFDS employees to participate. Bearing is important to analyse where we are doing well and where we can improve in order to continuously improve as an organization. The response rate was 76%, which was a slight increase from 2011.

On an overall level, the survey showed that DFDS is a good place to work. This is reflected by a score of 5.3 out of 7 for staff satisfaction and motivation, although slightly lower than in 2011. Naturally, we would always like to register increasing satisfaction, but scores are impacted by the level of challenges in a given period. The recession in Europe in 2012 and 2013 was challenging for DFDS and many operational adjustments have been made in this period. In this perspective, a score above five is acceptable.

Our primary concerns are directed at the few areas scoring below five. These are the areas where improvement is required and the report is useful in pinpointing where our resources should be spent.
Talent and capability development
During the year our employees continued to perform at a high level. We are committed to helping our people perform at their best and achieve their full potential through ongoing training and development. People review and agree on development objectives during their annual appraisal with their manager. We continue to develop and strengthen our internal training programmes, such as ZOOM (leadership programme) and FOCUS (specialist programme).

Continued growth of our leadership pipeline and focus on succession planning are important for DFDS’ future development. Hence, one of our priorities for 2014 is to design and implement an Internal programme for our High Potentials. The participants for this programme are talented employees with a potential to grow, eventually, into senior management positions. As a natural derivation of this, we aim to conduct a more structured approach to the centralization of training, where we offer a more comprehensive and tailored approach to training. Thus, we will primarily be done at local destinations, including both sales representatives and managers. Furthermore, centralized training will be offered twice a year (February and October) to new employees.

In 2013 we hired the second batch of Shipping & Logistics trainees. We now have 11 trainees in our pool, who all are located in DFDS businesses across the group. We will continue to hire young trainees into the company. DFDS is now also approved as a place of education for Danish waiters and makers of Danish open sandwiches.

Employment policies and employee relations
Our employment policies are developed to reflect local, legal, cultural and employment requirements. We aim to be recognized as an employer of choice and therefore seek to maintain high standards and good employee relations wherever we operate.

In addition, an important area of focus is to meet and comply with internationally recognised human rights. A policy to support DFDS’ commitment not to violate such rights is under preparation.

In 2013, with one exception, no fines, lawsuits or breaches of rules were registered in the HR area.

Local communities
Our UK Apprentice Scheme (Seafarers) has turned out to be an extremely positive project, as apart from generating a high level of interest in the local community, it received national news coverage of the shipping community. The scheme is seen by industry experts as ‘setting the standards’ in seafarer training and making a real attempt to regenerate the British Merchant Navy. Out of the six original candidates, four are on track to complete their EDH (Efficient Deck Hand) Tickets in January 2014.

Further to this, a major ‘side benefit’ is an improvement in morale, and increased engagement and commitment from our existing workforce on board as they recognise the Apprenticeship Scheme as a firm example of DFDS “walking the walk” – when we talk about our commitment to both the British Flag and British Seafarers. It has considerably enhanced DFDS’ profile in the local community, leading to a substantial increase in the number of applications for our Seasonal Catering Crew for 2014 as many people had read in the newspaper that DFDS is a good place to work.

And it doesn’t stop here. In January 2014, the scheme will be expanded to include Engine Rating Apprentices and at the end of 2014 another two-year programme for an additional six deck apprentices will be initiated. The result of these initiatives is that for every retirement over the coming years, a newly qualified Riple Bodied Seafarer Deck or Engine hand will be waiting in the wings.

When we seek to attract new entrants, we cannot promise a job for life in DFDS. We say: come to DFDS and we can start you on the path of a Career for Life. Having gained any one of our Ratings, apprentices can, if they have the right competence and aptitude, become a Captain or Chief Engineer within a space of 15 years. This is made possible through the long-standing Rating to Officer conversion courses that are available in Nautical Colleges around the UK.

Looking ahead, in 2014 we intend to explore the development of a Europe-wide DFDS Apprenticeship scheme – aiming to attract bright young people into all areas of our business at the very ground level.
At DFDS we value close contact and co-operation with the communities of which we are a part. We aim to support people and activities in various ways by engaging and contributing on many levels to the communities we are associated with.

**Inspiration from the Lauritzen Foundation**
In our community work, we are inspired by our major shareholder, the Lauritzen Foundation, that contributes funds back to society every year. Support is given to both cultural and social activities, including one of Denmark’s most prestigious acting awards. Social initiatives include helping people in need in developing countries, and in 2013 special assistance was granted to Philippine employees of DFDS and J. Lauritzen whose families had suffered, and are still suffering, as a result of a devastating storm in November 2013. DFDS likewise supported Philippine colleagues whose families were in acute need with immediate cash support and leave to go home and help their families.

In total, the Lauritzen Foundation annually donates around DKK 25m.

**Employee welfare**
In partnership with a Danish union, we have established a joint foundation that contributes funds back to society every year. Support is given to both cultural and social activities, including one of Denmark’s most prestigious acting awards. Social initiatives include helping people in need in developing countries, and in 2013 special assistance was granted to Philippine employees of DFDS and J. Lauritzen whose families had suffered, and are still suffering, as a result of a devastating storm in November 2013. DFDS likewise supported Philippine colleagues whose families were in acute need with immediate cash support and leave to go home and help their families.

Job creation for young criminals
DFDS is engaged in a special project that aims to employ young people with criminal records in normal jobs. We co-operate with the High Five project, which organises these partnerships, and at any given time we employ about 10 young people on our ships and in our main office through this co-operation. The aim is to help these young people back to a normal life, and there has been a very high success rate of about 80% for those employed by DFDS. As our shipping operations constitute a working environment that fits well with the High Five programme, we have taken a leading role: Henrik Holck, EVP of DFDS' People & Ships Division, has stepped in as chairman of High Five.

As a result of these and other social initiatives, DFDS has been awarded a seat on the Danish government’s advisory committee for corporate social responsibility, where we can share our experiences and contribute to developing social initiatives.

We also implement social initiatives at local or regional level, including:

- Taking a leading role in a joint UK project to create apprenticeships targeting a career at sea for young people. This has contributed to the creation of new training programmes and jobs in the area around Dover where unemployment is high and job prospects for young people are bleak. This initiative has been acclaimed both by unions and the public. Six apprentices are currently being trained and the project will continue in the years to come
- Serving free Christmas lunches for homeless people onboard our passenger ships in Oslo and Copenhagen, in close co-operation with other charitable organisations
- A project to offer travel worth DKK 60,000 to a national charity fundraising day in Denmark for projects in Asia and Africa. In partnership with a Danish radio station, the travel offers were sold on the radio for DKK 245,000, which was added to the national funding result
- Sponsoring local events such as DFDS' Seaways’ annual free transport of a Christmas tree from Norway to the UK, where it is placed in Trafalgar Square in London
- Sponsoring local sports events throughout the company
- Arranging an event for Children in Need from the Ijmuiden region, in collaboration with the Dutch aid organisation, on our ship Princess Seaways in Ijmuiden
- DFDS’ Channel business area sponsored the Polish Festival in London

Many other local initiatives including co-operation with local people who want support or help for local initiatives such as concerts, meetings or charity projects where a trailer is needed as a stage, complimentary transport or funding. In addition to the company’s activities, many employees throughout the group undertake their own initiatives to raise funds for charity such as:

- The crew on King Seaways collected money for victims of the typhoon in the Philippines
- Newcastle employees donated toys to a hospital
- Blankets donated to the Philippines
- A DFDS team in Cuxhaven helped raise EUR 5,000 in a charity dodge-ball tournament to support local children in need
- Comic Relief
- Children in Need
- Movember (Men’s Cancer Charity)
- Christmas Jumper day will be help to raise money for the Royal Lifeboat Society in Dover.
ENVIRONMENT

Highlights
• On track to reduce bunker consumption by 5% in 2017
• Strategy and plans for transition to fuel with lower sulphur content in 2015 are in place
• Consolidated measurement of non-ship related CO2 emissions initiated
• Non-ship related CO2 emissions amount to less than 10% of total emissions

Our approach
DFDS’ environmental work is governed by our environmental policies, which have been drawn up by the company’s management and approved by the Board of Directors.

The framework for environmental work and reporting is driven and managed by DFDS’ CR Committee, which is chaired by the company’s Director of Environment & Sustainability. Day-to-day environmental initiatives are primarily driven by the Technical organisation and by the Environment & Sustainability department. Both departments are part of the People & Ships organisation.

The work is also driven by local initiatives and individual departments and employees according to The DFDS Way’s goals of continuous improvement and sharing of “Best Practices”.

DFDS’ environmental report covers initiatives both at sea and on shore.

At sea
The work to reduce fuel consumption and therefore CO2 emissions at sea consists of three main focus areas:

A: The interface between ship and shore
This involves sailing plans, arrival and departure times, coordination between ship and shore on arrival and departure, load planning and stevedoring, etc. The aim is to ensure that the ship spends as little time as possible in port with a view to spending as much time as possible at sea so that speed can be lowered and fuel consumption reduced.

B: Technical optimisation
Technical optimisation covers e-navigation, including IT programmes, which plan optimal sailings on the basis of detailed information about the ship and route plus continuous information about current, water depth, wave direction and height, wind, optimisation of the ship’s trim, etc. It also includes the optimisation of engines, use of more energy-optimised propellers and rudders, cleaning the bottoms of ships and saving energy consumption on board. This covers hundreds of initiatives for pumps, heating, lighting, etc.

C: Behaviour on board
Individual employees and teams can significantly influence energy consumption through their behaviour on board. There has already been a significant change in attitude, resulting in every individual having a target of contributing to a reduction in energy consumption to a greater degree.

Laws and regulations
Shipping’s environmental work is controlled by International, national and regional conventions and environmental legislation which are continuously being approved and implemented for shipping. For DFDS, this particularly involves conventions and legislation introduced by the United Nations’ International Maritime Organization, the EU and governments of individual countries. The majority of the regulations which are of significance for shipping’s efforts to limit pollution from ships are part of the so-called MARPOL Convention.

The MARPOL Convention regulates the use of environmentally hazardous substances, the handling and discharge into the marine environment of potentially environmentally damaging substances (for example ordinary waste water, water containing oil or ballast water), plus emission of potentially environmentally damaging substances such as CO2, NOx and sulphur dioxide into the atmosphere from ships’ engines.

Furthermore, the so-called AFS Convention controls the use of anti-fouling bottom paints on ships.

The routines and processes required in order to comply with these regulations are described and documented in the company’s IMU (International Maritime Union) safety control system, a complete, updated edition of which is available on all ships and which is maintained and updated by the Marine Standards Department.

The company and the individual ships are continuously audited, both by the authorities and internally, in order to ensure that the regulations and necessary routines are known and complied with.

Rshore
Legislation regulating land-based activities is mainly national, parts of which are derived from EU directives.

Environmental efforts ashore are partly initiated by a department for Environment & Sustainability in the People & Ships Division. There are also initiatives implemented by local management.

Rshore, we are obliged to comply with legislation regarding climate change, for example Carbon Reduction Commitment (CRC) in the United Kingdom – a government scheme to improve the energy efficiency of medium-sized and large energy consumers. We work in a targeted manner to improve the energy efficiency of buildings, facilities and equipment in ports and terminals.

As part of our customer service, the logistics activities in Ghent, Gothenburg, Belfast and Hamburg are ISO 14001 and/or ISO 9001 certified. DFDS Seaways PLC is ISO 9001 certified.

Environmental risks
The most important commercial risk factors are changes to environmental
Legislation on the sulphur content of bunkers

The introduction in 2015 of IMO and EU rules limiting acceptable fuels to those containing 0.1% sulphur within the specific control area of the Baltic Sea, North Sea and the English Channel represents a special risk.

DFDS is following an innovative course to meet this challenge and will install a number of scrubbers on up to 20 ships. The expected investment is approximately DKK 750m in the period 2013–2017. The scrubber removes sulphur dioxide and, to some extent, particulate matters from ships’ exhaust gases. In the course of the summer of 2013, scrubbers were installed on three freight ships and scrubber installation is planned for a further seven ships during 2014. Work is being done in parallel to these initiatives at both national and international level to clarify the outstanding points in legislation regarding the certification and use of scrubbers.

Despite the good results on FICARIA SEAWAYS, where the first scrubber was installed in 2009, a range of factors place limits on the use of scrubbers, including the size and weight of the scrubbers, the complexity of the installation and the effect on stability such installations may have and age of the ship. There is ongoing dialogue with the EU regarding financial support for these substantial environmental investments. Alternative fuels are also being considered. Liquid natural gas (LNG) may be suitable for certain new ships, but the supply chain, price and practical implementation require further investigation and development.

Requirement for cleaning of ballast water

In December 2013, the IMO approved new regulations for the cleaning of ballast water to safeguard against the spread of invasive species via ballast water. The convention is expected to be ratified in the course of 2014, after which the rules will come into force 12 months later. We therefore expect these to come into force in the autumn of 2015. Like the new sulphur regulations, the ballast water convention will involve significantly increased expenditure for shipping, including for DFDS, over the next few years.

The final rules on ballast water management are likely to include some exemption options. To what extent DFDS’ tonnage can qualify for exemptions is uncertain and a worst case scenario thus includes installing ballast water management systems on the entire fleet.

CO₂

Rules regarding obligatory reporting on CO₂ emissions for ships, the so-called MRV regulation (Measuring, Reporting and Verificating), are being drawn up under the auspices of the EU. Even though discussions about which ships will be subject to the rules are continuing, we expect all DFDS ships to be covered by this reporting requirement from 2018. DFDS actively participates in various working groups covering the final wording of the rules and reporting formats.

PROGRESS IN 2013

CO₂ intensity

Measuring a company’s total CO₂ emissions is a difficult process, not least for a company as complex as DFDS. We have begun exploring a suitable system which is capable of measuring CO₂ from activities as diverse as ships, port terminals, warehouses, cargo carrying equipment and offices.

The main source of DFDS’ CO₂ emissions is the ships’ consumption of fuel (bunkers). The total absolute consumption changes over time, in line with changes in the fleet. In order to be able to monitor the trend on a transparent and objective basis, consumption is therefore measured in grams per gross ton (GT) per nautical mile (g/GT/nm).

In 2012, the DFDS Group’s total CO₂ emissions were approximately 1.9 million tons, of which approximately 92% came from the ships. The total figure for 2013, including non-ship emissions, is not yet compiled.

On 1 October 2013, France introduced a legal requirement to state CO₂ emissions when selling transport services. DFDS has of course implemented systems so that these requirements are
fulfilled, both for our shipping and our logistics activities.

It is, however, a concern that national authorities introduce their own regulations in this area, when work is being done on corresponding regulations at EU level, for example the MRV regulations mentioned previously. The MRV regulation will determine the measuring and reporting methods for all shipping activities in the EU and is expected to be approved so that 2018 becomes the first reporting year.

In the spring of 2013, CROWN SEAWAYS became the first ship in the DFDS fleet to be issued with the International Energy Efficiency Certificate by DNV.

**Target for reduction in CO2 emissions**

DFDS' target of reducing the ships' CO2 emissions in the period 2007–2012 by 10% was achieved in 2012. A new target of a further 5% reduction for the period 2013–2017 has now been set. In this context, it is a paradox that the measures which are required to comply with the forthcoming SDx emissions requirements will have a direct negative effect on a ship’s CO2 footprint emissions.

In 2013, we have made progress on setting a specific target for CO2 emissions from activities other than ships. This work is expected to be completed in 2014.

**Environmental improvements to ships’ activities**

In 2013, average bunkers consumption in g/CT/Nm was 1.9% lower than in 2012 adjusted for the addition of ships from LD Lines in Q4 2012.

In 2013, the Port of Gothenburg approved ships equipped with scrubbers to be treated equally to ships fuelled by MCO alone. This implies that ships installed with scrubbers are now also entitled to environmental discounts on port fees. Four of DFDS’ ships, which already have scrubbers installed, will therefore benefit from this in 2014.

Many initiatives have been implemented or extended in the course of 2013, including:

- Installing energy-optimised propellers and rudders on a range of ships
- Frequency control and optimising ventilation on ships
- Energy-saving lighting

**Improvements to activities ashore**

Ashore, port and terminal facilities and distribution hubs are also being made more energy-efficient, including through the establishment of Energy Management Teams (EMTs).

Replacing the fleet of trucks with the more energy-efficient and environmentally-friendly EURO 5 trucks has been completed, so the entire fleet of own trucks now conforms to the EURO 5 standard. In the course of the year, a number of electric-powered vans have been acquired for local transport in Denmark. In addition, at Immingham the following measures have been adopted:

- Invested in Telematic systems for monitoring fuel consumption on the managed truck fleet
- Reduced the top speed to 85 km per hour for trucks
- Use of Telematic system information to decide which lorries are best at specific operations

These initiatives are expected to collectively reduce diesel consumption by approximately 5%.

Our fleet of trailers is also being upgraded continuously. The fleet of UK-based, extra-long, environmentally friendly trial trailers is being increased and, similarly, 100 extra “Huckepack” trailers have been acquired, which are particularly suitable for combined road and rail transport.

Electricity consumption is a key area for our terminals and warehouses, and significant measures have also been implemented here in 2013.

New low-energy lighting at our warehouses in Immingham is estimated to save 200 tons of CO2 per year. Improved refrigeration systems and low-energy lighting at our warehouses in Belfast and Larkhall have reduced consumption by approximately 10%.

A multi-year contract for the supply of “green” electricity has been entered into for the terminal in Viaardingen.

**Waste processing**

Waste is produced by most activities on board ships, in logistics centres, in ports and by our offices. We are developing particularly effective and environmentally friendly plans for the processing and removal of waste in partnership with an external company and in accordance with the regulations which apply in the countries in which we operate. A total of nine locations and ships were covered by this plan in the course of 2013 and the work to extend the system will continue in the years to come. In the locations and ships covered by this programme, the share of recycled materials rose from 22% in 2012 to 47% in 2013.

**Next steps/commitments 2014/15**

- Further development of the plan to reduce bunkers consumption by 5% over the next five years
- Continued focus on reducing energy consumption on board ships through local and central initiatives
- Investing in technical equipment for cleaning exhaust gases of sulphur, including further development of existing systems
- System for improved measuring of the company’s total CO2 emissions
CR CUSTOMERS

WE AIM TO BE RECOGNIZED AS OUR CUSTOMERS’ PREFERRED SUPPLIER

Highlights 2013
- Customer satisfaction a high strategic priority
- Group-wide Customer Focus Initiative rolled out to 28 locations
- DFDS served 8,000 freight customers and 5.6 million passengers
- DFDS again voted as ‘World’s leading ferry operator’

Our approach
DFDS’ aim is to be recognized as the preferred supplier in our dealings with our customers. To continuously achieve this goal, our actions are guided by the five principles of DFDS’ guiding star for customer focus.

These five principles are enshrined in the daily working life of all DFDS offices and set measurable targets to:
- Deliver superior reliability and schedules
- Constantly bring new solutions to customers
- Be easy to work with
- Deliver customer service by empowering people with can-do attitudes
- Ensure we provide fast communication when it matters.

In an increasingly integrated supply chain, our corporate responsibility (CR) principles and practices play a critical role in enabling our customers to serve their end customers in a cost-effective and resource efficient manner.

Designed to create a greater awareness of our customers’ needs, the five principles ensure our resources are targeted at delivering effective and timely solutions that make logistics a positive contributor to the success of the supply chain.

A key enabler in this process is for DFDS to fully understand our customers’ markets and develop solutions which will minimize the effect on the environment.

Safety, security and how effectively we use the natural resources that we rely on to move goods across Europe, are equally important to our customers. The ability to measure and report on our usage of natural resources and to have proactive targets to improve is therefore an increasingly important element of our service to customers.

Our freight customers (B2B)
DFDS Seaways’ networks operate across 30 routes. For the logistics industry, our main activity is shipping accompanied and unaccompanied trailers using our network of shipping routes to minimize road use. For industrial customers, we offer a comprehensive range of logistics services for a wide variety of companies including automotive, steel, forest produce, chemical and food companies. For these customers, DFDS’ services are an integrated part of their supply chain.

DFDS Logistics use a wide range of transport modes to deliver cost-effective environmentally friendly solutions to our customers.

Rail, road and sea based solutions are combined with terminal-based warehousing facilities to create a seamless supply chain linking our major industrial customers with their end customers.

Our ongoing investments in ships, warehousing, cargo carrying equipment, IT systems and training reflects our commitment to the future success of our customers.

ACTIONS IN 2013

The DFDS way of selling
To enable us to deliver on our commitments, DFDS launched an initiative across the business focused on sales training. Over 200 operations and sales staff participated in training designed to develop our ability to identify and add value to our customers’ businesses.

The central theme of this training is based on establishing the needs within our customer’s businesses and creating solutions to address these needs. This process calls for collective interaction with the customer and investing time to agree and construct proposals that add value to their business.

Spending more time with customers and creating awareness of the needs of their industry and business allows our staff to play an active part in developing effective and sustainable solutions.

CRM Sales Pipeline
Our CRM Sales Pipeline tool is designed to create greater visibility of our existing and new customers. To enhance this transparency further, we will invest in a new CRM system in 2014. Based around the principle of delivering value to the business, the focus is on creating awareness of the need and the action plan agreed to deliver solutions to meet these needs. The new system enables us to measure our activities more quickly with customers and ensure we can respond in an efficient and timely manner to changes in business flows.

Tracking tools
Giving customers full visibility of their goods whilst in transit was identified as a key requirement for many customers. DFDS have invested in new technology to give instant access to our vehicles on route and at our customers’ premises.

Based on an app and using the driver’s mobile phone, the system reports arrival time at each delivery and, using an in-built camera, we can download the signed proof of delivery documents to the customer immediately the goods are delivered.

The system saves administration time and improves the utilization of our vehicles through reduced waiting time and empty running as scheduling becomes more effective.

The system is flexible and can be used by both our own fleet and by our freight forwarding partners.

Specialist road trailers
During 2013 DFDS Logistics participated in the trials of 15.65 metre trailers in the UK. These trials were successful, showing that the additional capacity could result in a reduction of road journeys by 15%. This is a direct saving in road congestion and CO2, and also gives...
our customers a significant cost saving in their distribution costs.

Working with our major retail customers, we continue to grow our fleet of supercube trailers. Having the ability to deliver up to 50 pallets per site visit creates a significant reduction in congestion on busy sites and offers a reduction in road miles of up to 50%.

**CO2 measurement**

DFDS now offer customers a tool to measure CO2 usage on many routes and also a comparison with other transport modes. Customers can now measure the benefit of switching shipping routes or switching from road to rail and actively track the benefits over the year.

**Acknowledgement**

DFDS was voted "Logistics company of the year" by the Irish Exporters Association in 2013.

**Next steps/commitments 2014/2015**

- Expand cooperation with major customers on health and safety
- Launch of new website focused on ensuring both our drivers and subcontractors are fully conversant with our standards
- Explore opportunities to reduce carbon footprint by using bio fuel and/or food customers' waste food oils converted into road fuel
- Reduce miles from source to end customer in food logistics in partnership with major customers by mapping supply chains, including storage locations

**Our passengers (B2C)**

Passenger travel services are offered on 13 routes in DFDS’s route network. More than five million passengers travelled on those routes in 2013. Short crossings between France and the UK across the English Channel recorded the highest passenger volume, with 4.0m passengers. Similar to the English Channel, the passenger routes in the Baltic Sea mainly serve the demand for car transportation and attracted 206,000 passengers in 2013. Meanwhile, some 1.4m passengers were carried on the three overnight cruise ferry routes that connect the Netherlands, the UK, Denmark and Norway.

A key goal for DFDS is to offer its customers throughout Europe an experience that meets or exceeds their expectations. In order to reach that goal, a safe journey for all passengers is of utmost importance. Safety on board is of the highest priority. More information on regulations and initiatives is available in the “Safety and Security” section of this CR report, on pages 39–61. In addition to taking full responsibility for passenger safety, understanding customer needs is the cornerstone of the DFDS approach to meeting customer expectations.

A special Passenger Competence Centre (PCC) continues foster a customer-centric approach within our organizational structure. The purpose is to increase consistency of passenger operations and to show ‘one face to the customer’. The goals and tasks of the PCC include a unified level of customer service, making sure that all activities and services meet DFDS standards, conformity in marketing communication and an overall travel experience that meets the highest standards on all DFDS routes.

**Customer surveys and customer service projects**

Over the years at DFDS, we have developed a strong sense of our customers’ expectations through our ongoing and comprehensive Customer Satisfaction Surveys (CSS). These surveys give us a deeper understanding of our customers’ needs, and we transform those findings into day-to-day operations and services on board. The CSS offers customers the possibility to give feedback to DFDS and contribute to our ongoing process of assuring that their on board experience meets their expectations.

Over 61,000 customers have responded to our extensive questionnaire, resulting in extremely valuable input into how we best can invest our resources.

The upgrade of both ships on Copenhagen-Oslo is an investment of DKK 120m that was shaped by input from guests who have already sailed with us and guests that will be sailing with us in the years to come.

Two important initiatives were continued in 2013 to help us continue our commitment to customer service.

The Customer Focus Initiative (CFI) is a key initiative for DFDS. The project uses further research on customer values that is vital to retaining and improving a high level of satisfaction. CFI’s parameters cover many facilities and service areas on board our ships like restaurants, recreational facilities and entertainment on board. More information on CFI is available on page 12.

Our Compax Initiative focuses on DFDS passenger operations in the Baltic Sea. By looking for places where service can be improved throughout the entire voyage, from ticket purchase to disembarking, the Compax project team seeks to raise customer satisfaction on the Baltic routes.

**Data protection**

Our customer improvement projects require addressing customers’ needs through analysis of customer information. DFDS consistently respects data privacy and complies with the European Data Protection Directive (95/46/EC) as well as with the national data protection acts in the countries where we operate. Marketing communication is sent only to individuals who have explicitly agreed to accept it. DFDS further follows the mandates of the proposed “European General Data Protection Regulation” to ensure compliance with new regulation.

**Passenger rights**

DFDS follows the European Maritime Passenger Rights Regulations (1177/2010) that were put in place in December 2012. In accordance with the regulation, DFDS ensures that assistance is offered to disabled passengers and to those with reduced mobility. From booking to port facilities and, ultimately, their voyage on board a DFDS ship, passengers with special needs are supported and informed every step of the way. Other sections of the Regulations require that DFDS provide transparency in pricing across countries and the entitlement of passengers to certain rights in the event of delays or cancellations.
Communication with passengers
DFDS places a high priority on keeping passengers informed throughout their journey. Much of this communication takes place directly at check-in and on board the ships. However, a significant and increasing proportion of information is being transferred through different channels, including the internet. Developments range from service calls prior to departure to our increased social media presence that helps to fulfill our responsibility of keeping passengers fully informed. Our approach to social media is decentralized and country-specific and supported by an overarching DFDS social media guideline that ensures consistency across markets.

Social responsibility
DFDS continued our tradition of inviting homeless people in Copenhagen on board a ship for a free Christmas dinner. Over 320 guests joined us in Copenhagen. Along with those that came on board in Oslo, more than 500 people enjoyed a Christmas meal. All DFDS employees on hand donated their time to the cause.

Recognition
The DFDS approach towards meeting and exceeding customer expectations has been recognized with several awards. This recognition for superior customer service reflects our efforts to meet or even exceed our customers’ expectations.

‘Europe’s Leading Ferry Operator’ and ‘World’s Leading Ferry Operator’
DFDS added another chapter to its success story at the yearly World Travel Awards. Being ahead of its competitors in both the European and worldwide competition acknowledged our strong focus on superior customer service and a genuine experience on board our ships. For the seventh consecutive year, DFDS managed to win one of the prestigious World Travel Awards, known as the ‘Oscars’ of the travel industry. This is the second consecutive year that DFDS was awarded the trophy for both Europe and the whole world.

DFDS AT THE WORLD TRAVEL AWARDS
- Best passenger shipping company
Along with European and worldwide honours, DFDS received the Danish Travel Award as the best passenger shipping company operating between Denmark and foreign countries. This is the sixth time that DFDS received the award, underlining our commitment to customer satisfaction and our willingness to listen to the voice of the consumer.

Norwegian Customer Service Prize
DFDS won the ‘journey by boat’ category of the Norwegian Customer Service prize for the third year running. DFDS emerged as the winner following an extensive survey that included 90 of the biggest customer centres in Norway. DFDS’s commitment to finding customer-friendly solutions to ensure a positive experience for the customer was singled out for praise by the jury.

‘Good Hospitality’ and ‘Premier Collection’ - David Urquhart Travel, DFDS’ largest UK tour operator partner, awarded its ‘Good Hospitality’ and ‘Premier Collection’ prizes to the Amsterdam-Newcastle ferry route. DFDS scored very highly on the overall assessment of the journey, including key service dimensions like restaurant service and staff efficiency.

Future steps/commitments 2014/15
- The Customer Focus Initiative will be continued. Several workgroups are running pilot projects and those results will be used to make both short- and long-term improvements.
- The identified improvement potentials for on-board services from the Compax initiative will be integrated into day-to-day operations.
Suppliers

We cooperate with more than 1,000 suppliers in more than 13 countries

The Procurement organisation is located in Denmark, France, UK, and Lithuania.

Creating value for the company: Developments 2013
In 2013, Group Procurement welcomed new members to the team in order to ensure we could provide the necessary support to the business.

An important event in 2013 was the initiation of a group-wide project, Project 100. The objective is to achieve a DKK 100m improvement of DFDS’ EBIT by 2015 through more efficient procurement. In order to achieve this target, we have started to embrace procurement tools such as e-RFx and e-auctions.

The first e-auction involved suppliers of lubrication oil, of which large volumes are consumed by our ships. The preparation process for e-auctions, as well as other supplier negotiations, include exploration of new ways to enhance cooperation on procurement with the business units in line with our new procurement strategy finalised in 2013. This includes:

• Closer cooperation with business units: before entering into a tender a detailed analysis and documentation of the business unit’s supply requirements is made. This identifies the potential for substantial reductions in required volumes and number of articles to be purchased, as well as significant savings. This process also results in less waste being produced.
• Integration of the marine purchasing processes in the maintenance system SERTICA, thus achieving full integration with ships’ maintenance planning and the financial and controlling processes. This allows for more transparent and automated processes and more just-in-time deliveries, reducing the need for stocks on board and the amount of cash tied up in stocks.
• Consolidation of volumes across offices and business units to reduce the number of suppliers and improve commercial terms.

Responsible procurement
In accordance with The DFDS Way, collaboration and engagement are central to responsible procurement.

DFDS chooses suppliers who operate in a decent and respectful manner.

Our suppliers must accept to conform to the DFDS Supplier Code of Conduct and all applicable international conventions and national legislation in the country where production or services are performed. Specifically, our suppliers must respect the following:

• Laws relating to child labour, coercion or involuntary labour
• Rules regarding safety and the workplace
• ILO Declaration on Fundamental Principles and Rights at Work
• Rules relating to employee discrimination on grounds of race, religion, age, nationality, sexual orientation or gender
• Regulations on anti-corruption and anti-bribery, including all subcontractors and business partners
• Environmental regulations that apply in the country where the product is manufactured or the service performed.

For procurement related to shipping, our internal audit programme validates that a supplier is on the relevant maritime authority database as required under the EU Marine Equipment Directive 1996. A supplier will achieve the Wheelmark and be included in the database if it satisfies these criteria. DFDS follows the Global Ship Management System approach to validating that a supplier meets safety and environmental requirements, and that it has achieved its Wheelmark.

We try to protect our commercial value from being negatively affected by issues relating to security, product safety, quality, environmental protection and social responsibility.

Moving ahead
A major focus for Group Procurement in 2014 will be to continue the integration and collaboration process across the DFDS Group to ensure continuous improvement and adaptation of best practices in line with The DFDS Way.

Next steps/commitment 2014/15
• After two successful e-auctions in 2013, DFDS will continue to use e-auctions as an efficient tool for purchasing of products and services that are suited to this method.
• Continue to pursue our goal of improving DFDS’ EBIT by DKK 100m in 2015 through more efficient procurement processes.
• Focus on development and implementation of standard systems and processes.
• Implement contract database.
• Further development of procurement tools.