



# ESG Review 2021

*We target a female gender ratio of 30%. Our new colleague from HSF is one of our many talented women.*



# Our purpose



By moving freight and passengers reliably and efficiently, we provide vital services for trade and travel in and around Europe



Sustainable trade and travel is our future

# We move for all to grow



We care about people – the safety and wellbeing of our passengers and colleagues as well as a culture of diversity and inclusion



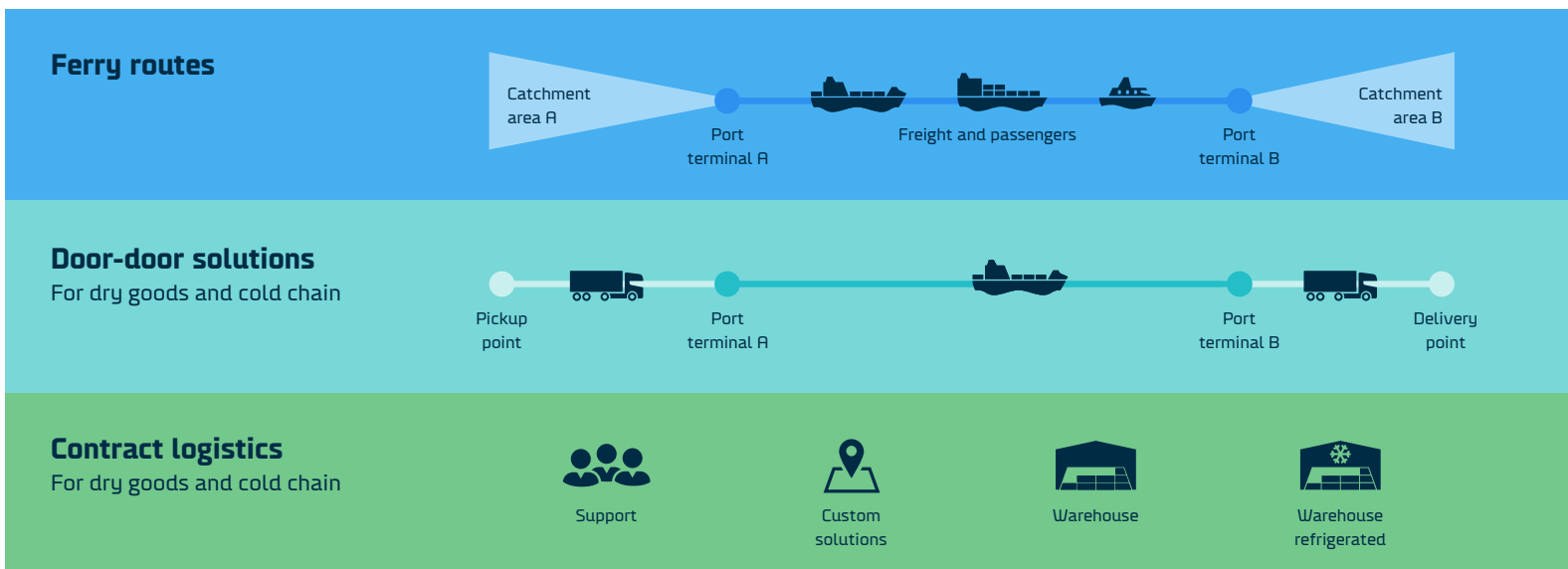
We grow by partnering and innovating with our customers

# Consolidated ESG statement

Being a transport and logistics provider, we are conscious of the footprint we have – both in terms of the environment but also relating to our employees and the people we impact through our value chain. We are structuring our work in an ESG framework that helps us address and focus on the most material topics.

In 2020, we completed our specific, targeted, and actionable Climate Action Plan and emphasised organisational sustainability, including Health & Safety, Diversity & Inclusion, and our Code of Conduct.

In 2021, we introduced our ESG framework. This framework is our way of structuring issues we have already worked on for years. By setting specific ESG goals, we make it clear that doing business today is about more than just giving shareholders a return on their investment. Ambitious goals are a key part of running a sustainable business.



# Green transport corridors of tomorrow

The transition from fossil to sustainable fuels to create green transport corridors has begun. The Denmark-UK corridor could be our first green corridor driven by customer demand and fuel availability. Our goal is to provide emission-free ferry and logistics services for products

– for example butter and meat – destined for consumers in the UK. In partnership with our stakeholders, we are working on overcoming the challenges of a green corridor. Read more by clicking on the four topics below.



Fuel type

Green ferries & trucks

Fuel availability

Biodiversity





# Setting a new course


## **While continuing to provide reliable and efficient services to customers**

A new era is in the making as the climate changes and social elements of the ESG (Environment Social Governance) agenda move corporate citizenship to the top of our strategic agenda as an integral part of our business strategy.


How we contribute to society and to the collective good has become a focus point in our actions and in our dialogue with stakeholders.

The EU's taxonomy for sustainable activities marks a clear political signal to invest money and efforts in becoming a green company. Customers are looking for ways to make supply chains and passenger travel sustainable. Many investors now focus on ESG results as much as on financial results, and young generations want to work for companies with green and inclusive agendas.

We welcome this new reality, while acknowledging the magnitude of the transformation DFDS is embarking on to become a truly green and inclusive company.



**Torben Carlsen**  
President & CEO



**Claus V. Hemmingsen**  
Chair of Board of Directors





## Reinvention and new solutions are called for

A freight ferry loaded with goods weighs around 80,000 tons. No batteries are today durable enough to move such a ferry across the North Sea. Sustainable fuels such as methanol, hydrogen, or ammonia can do the job but first the supporting infrastructure, which we today take for granted, must be transformed. This will inevitably take many years.

The good thing is that the roadmap to sustainability is becoming clearer. It is also clear that we must partner with suppliers and customers to reinvent business processes and develop new ways of working together.

One of the tasks in the roadmap is the production of sustainable fuels in the quantities required to facilitate trade and passenger travel. Sustainable fuel technologies still need to mature, and buyers of sustainable fuels, such as DFDS, have yet to make final decisions on fuel types. To do our part to kick-start the sustainable fuel sector, we are taking an active role and are partnering up with potential fuel providers. This will include making firm commitments to buy sustainable fuel when it becomes available. Furthermore, we are engaging with customers to assess where the demand for – and the impact of – sustainable solutions is greatest and how cost impacts can be shared or mitigated.

## Caring employer

Expectations concerning the way we treat each other at work and outside work are evolving.

The Covid-19 pandemic and supply chain bottlenecks have reaffirmed the significance of our colleagues' knowledge and expertise as well as their ability to solve problems as they arise.

Diversity, inclusion, sexual and other forms of harassment, equal pay and opportunities, are human rights issues that we as a corporate citizen are acting on and must be held accountable for. The well-being of employees is our responsibility.

Our Caring Employer strategy and activities are focused on these fundamental issues and we are making progress in this respect.

## Business performance and strategy

We maintain a relentless focus on business development and financial performance. In 2021, EBITDA increased 25% to DKK 3.4bn before special items and a total dividend of DKK 8.00 per share is planned for payment in 2022. We expect to continue to grow earnings in 2022 with an outlook range for EBITDA of DKK 3.9-4.4bn before special items.

Our freight ferry and logistics activities performed above the initial outlook during 2021. A highlight of the year was the improved performance of the Mediterranean business unit. Passenger earnings remained on level with 2020 as Covid-19 continued to disrupt passenger travel markets.

Global supply chain bottlenecks spread to intra-European freight flows in 2021, especially freight flows linked to the UK. We adapted to the market change, but the sudden cost volatility introduced to our markets after decades of cost stability did initially impact margins negatively.

Growth is a key part of our strategy. We opened new ferry routes in 2021 and we introduced duty-free sales; we expanded our customs services, and we scaled up our cold chain logistics offering significantly through the acquisition of HSF Logistics Group. In addition, we continuously strive to provide more and better services for our customers.

We expect to continue to grow our freight activities both organically and by acquisitions in the coming years. Our passenger travel activities are expected to begin their recovery to former strength in 2022 as Covid-19 subsides, with full impact expected in 2023.

## Moving ahead in 2022

To reflect how business and ESG are melting together in our decision-making and strategic ambitions, our 2021 annual report for the first time integrates financial and ESG reporting.

The annual report features as an example a 'green transport corridor' to show that real changes are achievable in the not too distant future if we all join forces.

We look forward to moving ahead on sustainability, diversity & inclusion, as well as business performance in 2022.

We end this letter with a heartfelt thank you to all our colleagues in DFDS for your hard work and contributions in a 2021 that turned out to be another challenging year. We also thank all our external stakeholders, not least our customers, for your collaboration and support in 2021.

*The good thing is that the roadmap to sustainability is becoming clearer.*

# EU sustainable taxonomy

The EU Taxonomy Climate Delegated Act (the taxonomy) aims to support sustainable investment by making it clearer which economic activities most contribute to meeting the EU's environmental objectives.

The taxonomy aims to provide companies, investors, and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. It should create security for investors, protect private investors from greenwashing, help companies to become more climate-friendly, mitigate market fragmentation, and help shift investments where they are most needed.

In short, the taxonomy is a classification and reporting system that identifies sustainable economic activities. This reporting against the taxonomy is a first for DFDS and is in accordance with the requirements for 2021.

In 2021 the taxonomy-eligible share of our revenue was 94%. The taxonomy-eligible share of operational expenses (opex) was 81% whereas the capital expenses (capex) was 65%.

All eligible activities fall within a range of transportation activities, and the majority within freight services by road and sea. This corresponds with our operational divisions Logistics and Ferry.

DFDS taxonomy reporting for 2021		Revenue	Opex	Capex
<b>Percent of activities which is eligible within the EU taxonomy</b>				
6.2	Freight rail transport	10%	11%	0%
6.6	Freight transport services by road	35%	37%	22%
6.10	Sea and coastal freight water transport, vessels for port operations and auxiliary activities	50%	33%	37%
6.12	Retrofitting of sea and coastal freight and passenger transport	0%	0%	6%
<b>Subtotal</b>		<b>94%</b>	<b>81%</b>	<b>65%</b>
<b>Percent of activities which is non-eligible within the EU taxonomy</b>		6%	19%	35%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>

## Accounting policies – EU taxonomy

The taxonomy has specified objectives of climate change mitigation and adaptation to be contained in the reporting for 2021. The total revenue, opex, and capex must be divided into the activities defined by the taxonomy.

Further environmental reporting will become mandatory in 2022 and subsequent years. As the reporting practice develops and expands DFDS will review and update its reporting of taxonomy-eligible KPIs and related accounting policies accordingly. This may also impact the taxonomy-aligned KPIs reported for 2021.

The taxonomy KPIs have been calculated as followed:

- Taxonomy revenue KPI = Eligible revenue / Total revenue
- Taxonomy opex KPI = Eligible opex / Total opex
- Taxonomy capex KPI = Eligible capex (additions) / Total capex (additions)

We have determined the taxonomy-eligible economic activities (the numerator for the taxonomy KPIs) by the following process:

1. Identifying economic activities and processes across the business of the DFDS Group.

2. Evaluating whether the identified economic activities in the DFDS Group are covered by the economic activity descriptions included in the taxonomy.

Activities in DFDS Group determined as taxonomy-eligible economic activities (additional activities are expected to be added in 2022):

- 6.2. Freight rail transport
- 6.6. Freight transport services by road
- 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities
- 6.12. Retrofitting of sea and coastal freight and passenger water transport

The denominator for the taxonomy KPIs has been determined as followed:

- Total revenue is aligned with note 2.2 Revenue.
- Total opex is aligned with the cost definition in the income statement note 2.3 Costs and 2.4 Employee costs excluding administration.
- Total capex is defined as additions to tangible and intangible assets reported in note 3.1.1 Non-current intangible assets, note 3.1.2 Non-current tangible

## Green transport corridors of tomorrow

# Fuel type - from fossil to sustainable fuels

It all starts with sustainable energy sources, such as wind or solar power. Already today, sustainable energy goes directly into the energy system as electricity, for example for use by electric cars and trucks.

For ferries there are currently four possible sustainable fuels or energy sources that could be suitable: ammonia, methanol, and hydrogen as well as batteries for short-sea ferries.

The three fuels have different attributes regarding storage and energy efficiency. Ammonia is toxic but can be stored, in a manageable way regarding temperature and pressure, as a liquid in tanks, while hydrogen can be stored as a gas in high-pressure tanks or as a liquid at  $-252.8^{\circ}\text{C}$ . Methanol can be stored at ambient temperatures.

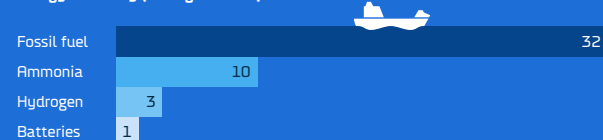
The less energy dense a fuel is, the higher the quantity required to produce energy equivalent to fossil fuel.

A final important factor is the long-term expected fuel price which will depend on cost of renewable electricity, scale of the production, and availability of required feedstock for methanol.

No decisions have been taken yet, but ammonia's attributes makes it a likely choice for ferries with longer crossing times.

The next step is to build ferries with sustainable fuel engines.

Energy efficiency (sailing distance)



Fuel type

Green ferries & trucks

Fuel availability

Biodiversity



# Environment

In an industry with a large carbon footprint, we are committed to finding solutions that will eventually transform how our industry operates. Vessels crossing seas can be the cause of oil spills and discharges, and our trucks impact air quality.

We aim to be a responsible neighbour who reduces pollution, waste, and noise in the communities in which we operate.

We continue our efforts to protect ocean life and biodiversity by supporting research and education that focuses on the marine environment. Our projects include monitoring and protecting whales and dolphins with ORCA, long-term measurement of the ecological health of marine plankton with the Continuous Plankton Recorder Survey and monitoring and researching cetacean and seabirds with MARINELife.

## CO2 emissions

**Our approach**  
97% of our scope 1 and scope 2 CO2e emissions come from our vessels (87% if scope 3 is included), making it a natural starting point in our green transition.

However, the challenge is twofold: Vessels and vehicles are designed and built for fossil fuel, and green fuel alternatives do not currently exist at the scale we as a business require.

Environment						
CO2e emissions	Unit	Target 2023	2021	2020	2019	2018
Scope 1 emissions (CO2e) <sup>1</sup>	1,000 tonnes		2,544	2,014	2,253	1,871
Scope 2 emissions (CO2e) <sup>1</sup>	1,000 tonnes		6.9	6.0	7.3	8.5
Scope 3 emissions (CO2e) <sup>1</sup>	1,000 tonnes		909	-	-	-
Total CO2e emissions <sup>1</sup>	1,000 tonnes		3,460	2,020	2,260	1,879
Energy consumption						
Marine fuel	1,000 tonnes		771,738	619,867	699,115	654,795
Diesel	1,000 litre		25,447	24,767	19,420	-
Biofuels (HVO)	1,000 litre		1,236	1,150	573	-
Electricity	MWh		36,092	31,099	36,680	36,633
Total energy consumption	TJ		33.9	26.9	30.0	24.9
Energy efficiency						
		12.4 (2023)				
CO2 emissions per GT mile (Own fleet)	gCO2	9.6 (2030)	13.0	13.4	13.9	-
CO2 emissions per GT mile (Route network)	gCO2		13.6	13.5	14.1	14.4
Fuel consumption per nautical mile (Route network)	g/GT/Nm		4.4	4.3	4.4	4.5
Electricity and heating consumption per land-based FTE	MWh	5.9	7.0	6.3	7.4	7.9
Oil spills						
Spills (> 1 barrel)	Cases	0 (Annually)	0	1	0	0

In the short term, we focus on improving and upgrading our existing fleet and reducing CO2 emissions from our buildings and operations in general. We have identified actions such as fleet replacement and environmental upgrading, optimising the vessels' hydro-dynamic performance to reduce friction in the water and improving decision support systems to help crews and shore-side support teams operate in a more fuel-efficient way, as well as continuous improvements to energy consumption. We also actively develop and test new means of propulsion and energy generation.

The major and long-term transition towards zero-emission transport requires our industry to replace today's fossil-fuel dependent fleets with a new generation of vessels and vehicles that run on sustainable fuels created entirely from renewable energy.

By 2050, our target is that we have replaced fossil fuels with zero-emission fuels like ammonia, hydrogen, or methanol. Storing, handling, and using these new fuels differs vastly from how fossil fuel works. Finding feasible alternatives to fossil fuels calls for cross-sector collaboration and an appetite for experiments. Numerous

1) CO2e includes GHG emissions from all 6 greenhouse gases: carbon dioxide (CO2); methane (CH4); nitrous oxide (N2O); hydrofluorocarbons; perfluorocarbons; and sulphur hexafluoride (SF6)

complex uncertainties still hold back the commercial viability of renewable fuels. Their demand depends on price differentials between black and green energy, availability, bunker infrastructure, and public incentives and regulations. Closing the price gap between fossil and renewable fuels will be critical to driving zero-emission vessels' adoption, construction, and use.

To find green fuel alternatives, we partner with other companies and organisations who share our need and desire to transform the transport industry into one that runs on sustainable fuel. We openly share information about which sustainable fuels we are investigating and the volumes we estimate to be required to fuel a business of our size. We are contributing to the development of a hydrogen factory in Copenhagen and a green ammonia production facility in Esbjerg to better understand the production of green fuels and contribute to their availability. With projects like those, we aim to lessen the price gap between black and green fuels, sustain our commercial competitiveness, and provide customers with green transport options that reduce their Scope 3 emissions.

### Our performance

In 2021, we included scope 3 emissions to the GHG inventory, and our emissions of CO<sub>2</sub>e were estimated to be 3,460,000 tonnes. 2,551,000 tonnes are from scope 1 and scope 2 emissions. This is an increase of 26% in absolute values compared to 2020 but only 13% compared to 2019. Sustainable fuel availability is currently limited and will continue to be so for years to come. This means that our absolute emissions will increase as we grow the business.

The effect of our climate initiatives is visible when we look at the efficiency of our own vessels and the full route

network. We have reduced CO<sub>2</sub> emissions per GT mile for owned vessels with 6.3% since 2019. For the full network, including chartered vessels, the reduction is 3.5% during the same period. The realised and planned reductions align with our Climate Action Plan of a 45% reduction in CO<sub>2</sub> per GT mile in 2030 from a 2008 baseline.

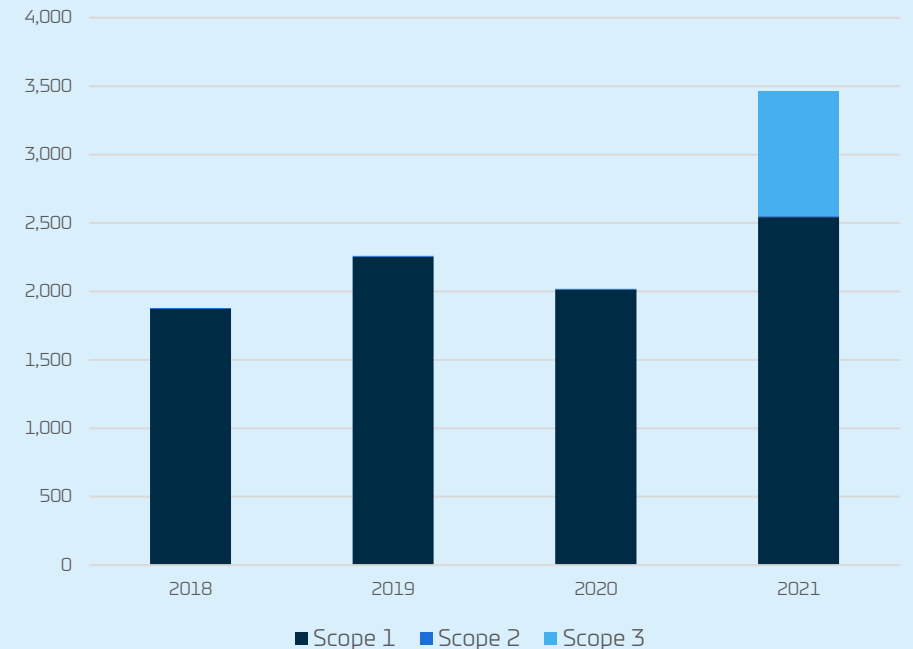
We have a long tradition of continuously improving our fuel efficiency and relative CO<sub>2</sub> emissions resulting in a 25.6% reduction from 2008 to 2021 for own vessels.

The scope 3 emission analysis indicates that 64% of our scope 3 CO<sub>2</sub>e emissions are related to the upstream production of the fuel used in our own fleet – both vessels and trucks. 26% is related to third party suppliers within transport – both on water, road, and rail. On total this means that 90% of our scope 3 emissions relates directly to our services of transport solutions. The last 10% comes from purchased goods and services, capital goods and waste.

### 2021 highlights

**Ferry:** We continued to update and upgrade our fleet with new tonnage, operational and technical improvements, and innovative anti-fouling treatments to reduce resistance on several vessels. We installed route planning and propulsion control technology on three ferries to improve fuel performance, applied anti-fouling hull paint to ten ferries to reduce friction in the water and fuel consumption, and installed LED lighting on freight decks on three ferries. We also installed a new injection system to optimise engine combustion on five ferries to save fuel (PMI VIT) and expanded the organisation handling initiatives to upgrade our existing fleet.

## Absolute CO<sub>2</sub>e emissions CO<sub>2</sub>e (1,000 tonnes)



We continued improving air quality with scrubbers, cutting sulphur levels through our pioneering work with air cleaning systems. We were one of the first shipping companies to deploy scrubbers on our ferries, installing the first system in 2009 on Ficaria Seaways. In 2021, we completed the installation of scrubber systems onboard Aura Seaways, bringing the total of vessels in DFDS with installed scrubbers to 38.

Our Ballast Water Management Programme continued this year with the installation of ballast water treatment systems on eight vessels. The system prevents the spread of potentially invasive aquatic species using ballast water on ships operating across different regions. This is done mechanically, using a combination of filtration and UV radiation to render the organisms non-viable.

**Logistics:** We upgraded our road fleet by investing in trucks with the highest possible Euro class engines to reduce exhaust emissions and ensure optimal safety and efficiency. In 2021, we purchased 181 Euro 6 standard Volvo trucks for our operations, maintaining the level of 98% Euro 5 or 6-certified trucks in our fleet of 571 trucks. These vehicles effectively reduce harmful gas emissions, and are fuel-efficient.

Across the Logistics Division, we reduce emissions by improving fuel efficiency. We train drivers in Eco-driving, optimised route planning, and expanded our use of biodiesel (HVO). At the Gothenburg Ro-Ro Terminal in, we use biofuel in all vehicles and trucks.

We have initiated innovative partnerships with customers and truck manufacturers to test fuel additives in a research set-up to confirm that this will increase fuel efficiency and

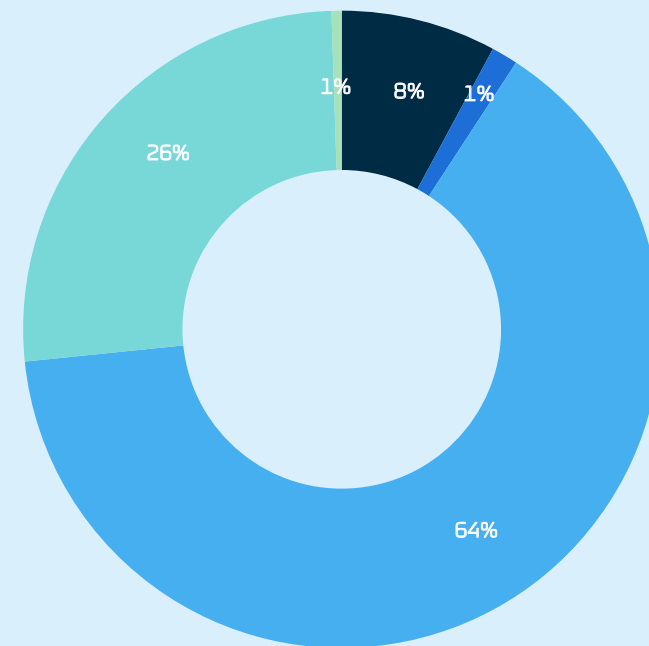
reduce emission per kilometre. If the test results are positive, we plan to scale the test to a section of the fleet. We purchased our first 125 electric trucks this year for deployment in 2022-2023.

Our focus on circularity is increasing as the circular economy offers many opportunities for logistics companies. There is an opportunity to develop new roles and business models and it can be part of how we innovate together with customers and partners in 2022 and beyond. The mindset is not new to DFDS as we already strive to fill trailers to minimise empty running, including securing back-loads.

**Scope 3 included in reporting:** We have included scope 3 in our emissions reporting from 2021. This is an important step in gaining an overview of our carbon footprint through our value chain. As our products are transportation and other services and not physical products, there are no significant downstream emissions within our value chain. Within the upstream value chain emissions related to fuel- and energy-related activities, transportation and distribution, and purchased goods and services are those material to our business. In 2022, we will dive further into our Scope 3 categories to identify how to reduce our emissions within these areas.

**Emission accounting:** We continue to improve our internal emission accounting procedures by aligning data from different operational systems. They are all contributing to our climate action plan reporting and are key elements in our common reporting standard. This might have a minor impact on previously recorded performance, but it is improving our ability to measure results, assess and identify areas for improvement and delivery of customer emissions data.

## Scope 3 emissions Split on categories



- Purchased goods and services
- Capital goods
- Fuel- and energy-related activities (not included in scope 1 & 2)
- Upstream transportation and distribution
- Waste generated in operations

## Energy mix

### Our approach

We use different types of energy sources to fuel our operations. These include marine oils, regular diesel, HVO, green and regular electricity, shore power, batteries, and solar panels. We always try to save, reduce, or avoid energy consumption when possible as we transform from a company that mainly runs on fossil fuel to one that runs on sustainable fuel. We are also applying circularity principles to better utilize resources and reduce the energy needed for a given asset.

When investigating which sustainable fuels we need to run a business of our size and complexity, we find that there will not be one fuel to fit all our routes, vessels, vehicles or purposes. Over time we will see a development in our energy mix – reducing the fossil/traditional fuels and increasing sustainable fuels. We are currently looking into methanol, ammonia, and/or hydrogen for our fleet and including renewable energy in our portfolio of energy sources – either by way of own production (for instance, with solar panels), power purchase agreements, and green electricity certificates.

### Our performance

As the DFDS business continues to grow, so does our energy consumption. Marine fuel and diesel are still the majority energy source by far. But as shore power solutions and electric trucks are added to the operation, we will see an increase in the use of electricity. The use of biofuel/HVO has doubled since 2019 and we expect that it will continue to increase in coming years.

### 2021 highlights

The shore power facility in Copenhagen was inaugurated in October, making it possible for the ferries on the OFC route to shut down engines in both Copenhagen and Oslo where we have been using shore power since 2019.

We added solar panels to several warehouses, for instance, in Peterborough. The solar array here will offset 11 tonnes of carbon in its first year and generate more than 25% of the electricity needed to run the warehouse. Once the returns are proven, we will assess viability and apply solar panels to other relevant sites. Energy efficiency is a primary concern when we contract or build new buildings. The new DFDS headquarters that opens in February 2022 will get 25-30% of the energy needed to run it from the solar panels on its roof.

## Water & Waste

We continuously assess our general resource consumption – including water consumption and waste generation – to initiate measures that limit our environmental impact. Our employees can also help make a difference, and we nudge them to make informed decisions on water use and waste disposal through clear local guidelines. We are working on establishing targets for water use and waste disposal by gathering data that will make us better able to create a baseline and measure use and procedures across locations.

## Accounting policies – Environment

### CO<sub>2</sub>e emissions

**Scope 1 emissions (CO<sub>2</sub>e):** All direct emission sources where DFDS has operational control as defined by the Green House Gas Protocol. This includes all use of fossil fuels for stationary combustion or transportation, in owned, leased or rented assets. It also includes process emissions (e.g. chemical processes, industrial gases, direct methane emissions)

**Scope 2 emissions (CO<sub>2</sub>e<sup>1</sup>):** All indirect emissions related to purchased energy; electricity or heating/cooling where DFDS has operational control as defined by the Greenhouse Gas Protocol

**Scope 3 emissions (CO<sub>2</sub>e):** Emissions related to procured goods and services and fuel- and energy-related emissions not included in scope 1 or scope 2 as defined by the Green House Gas Protocol. The emission categories are selected based on a materiality assessment of all 15 categories within GHG accounting standard for scope 3

**Total CO<sub>2</sub>e emissions:** Complete GHG inventory – includes both scope 1, scope 2 and scope 3

### Energy consumption

**Marine fuel:** Total consumption of heavy fuel oil (HFO) and marine gas oil (MGO) per nautical mile for ferries in operation

**Diesel:** Total consumption of diesel for trucks, terminal, company cars and other vehicles

**Biofuels (HVO):** Total consumption of biofuels for trucks and terminal equipment

**Electricity:** Total consumption of electricity in locations where DFDS has financial control of the utility. Shorepower is included in the total

**Total energy consumption:** Energy consumed from scope 1 and 2 energy sources. Includes both land-based energy consumption and vessels' energy consumption

### Energy efficiency

**CO<sub>2</sub> emissions per GT mile (Own fleet):** Emissions measured as gCO<sub>2</sub> per gross tonnage nautical mile for owned ferries in operation

**CO<sub>2</sub> emissions per GT mile (Route network):** Emissions measured as gCO<sub>2</sub> per gross tonnage nautical mile for ferries operating the route network

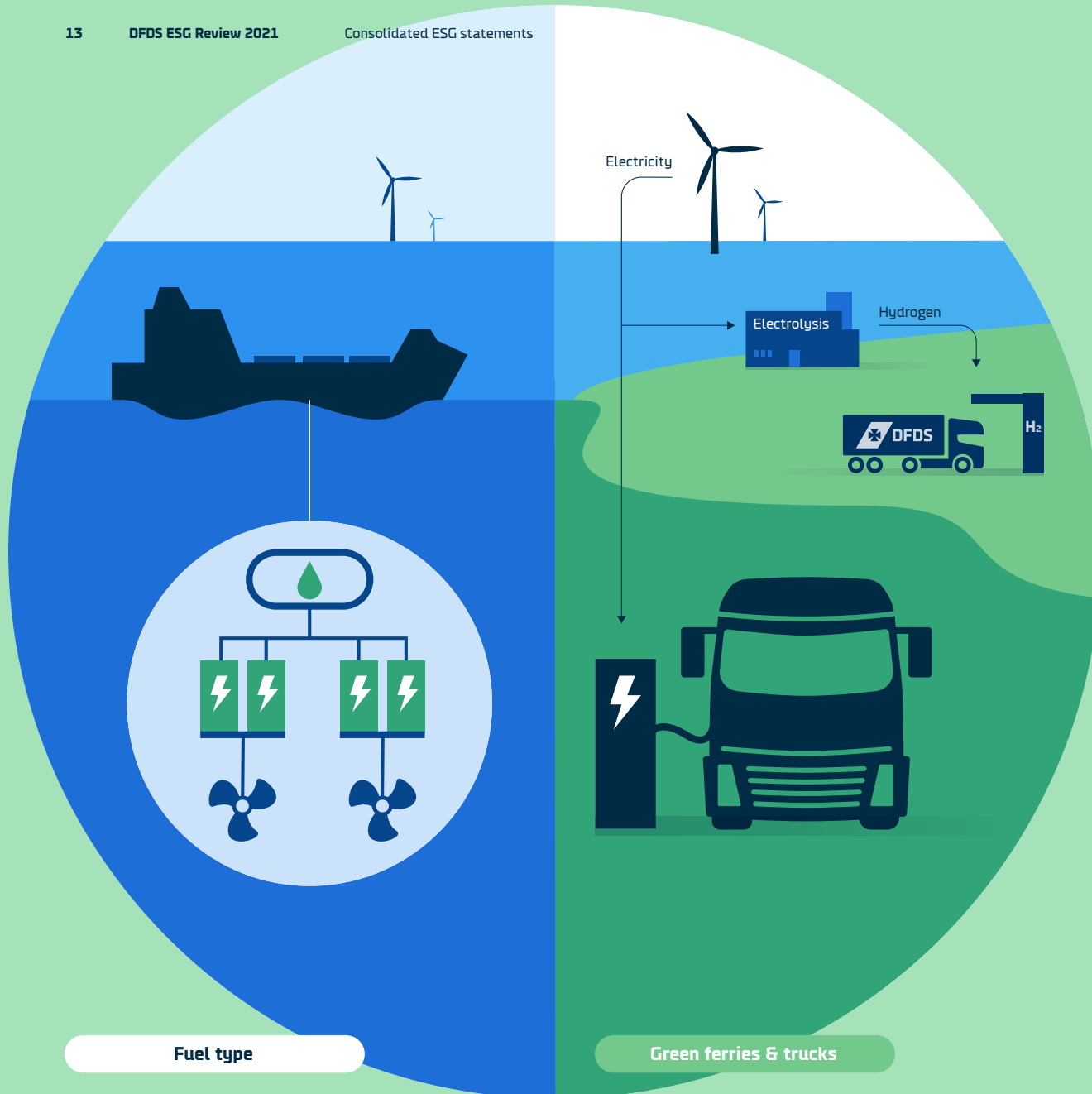
**Fuel consumption per nautical mile:** Total consumption of heavy fuel oil (HFO) and marine gas oil (MGO) per nautical mile for ferries in operation

**Electricity & heating consumption per land-based FTE:** Indirect energy consumption (scope 2) in operational activities for offices, warehouses and terminals, divided by average FTEs on land

### Oil spills

**Spills (> 1 barrel):** Incidents of oil spills larger than one barrel from ferries in operation





Green transport corridors of tomorrow

## Green ferries and trucks

Battery-driven electric trucks are already now being marketed by manufacturers. The driving range is still below fossil trucks but expected to steadily increase in the coming years. Hydrogen trucks are being tested and could be better suited for long haul trucks than electric trucks.

The first generation of smaller ammonia fuelled ship engines are expected to be available from manufacturers in 2023, and larger ammonia engines are expected to be available from 2025. Several fuel cell technologies are being developed and expected to become more attractive than engines available today but will not be powerful enough for ships for years to come.

Battery-only powered ships are likely to be suited for short-sea ferries with crossing times of a couple of hours. Another possibility is to combine batteries with onboard electricity generation for a new

generation of ships designed for being upgraded throughout their operational life.

Investments in first-generation technologies are inherently risky as more efficient technologies will emerge. To manage this risk, we are for example partnering with truck manufacturers. As a first step, we ordered 125 electric trucks in 2021 for delivery in 2022 and 2023.

An infrastructure of charging stations for trucks and fuel distribution to ferries must be established in parallel with the investments in sustainable assets. In addition, to validate that we are using green energy, a digital setup is required to register and report energy footprint data throughout the green transport corridor.

The great challenge of gaining access to sustainable fuels is becoming ever more clear to both DFDS and to the industry.

Fuel type

Green ferries & trucks

Fuel availability

Biodiversity

# Social

Our company is nothing without our people. They make our wheels go round and are vital to DFDS' growth and the successful execution of our strategies. We strive for a safe, healthy, diverse, and inclusive work environment that allows people to thrive and contribute. We support our employees' physical and mental health and encourage them to find opportunities to give back and do good in the societies where they live and work.

We measure our social performance using several parameters in labour practices & human rights, diversity & inclusion, occupational health & safety, business ethics, employee engagement and community engagement. These parameters enable us to track our progress and respond to risks and opportunities related to talent attraction, employee retention, and business development.

## Labour practices & Human rights

### Our approach

DFDS ensures that human rights are respected amongst employees and throughout the value chain, as well as with third-party workers, hauliers, and seafarers. We have been a signatory to the United Nations Global Compact since 2015 and as defined in the UN Guiding Principles on Business & Human Rights, we respect human rights and have implemented them in our policies and procedures.

Our procurement team strives to minimise the risk of us negatively affecting human rights and the environment

## Social

Representation of women		Target 2023	2021	2020	2019	2018
Total workforce	%	30	24	23	25	23
At sea	%	30	17	15	18	15
On land	%	30	29	27	29	29
Senior management	%	30	17	16	19	10
Managers	%	30	14	13	18	-
Employees	%	30	27	26	26	-
<b>Safety at sea</b>						
Lost-time injury frequency (LTIF)	Incidents/ mill. hours	3.5	4.3	4.1	4.5	5.0
<b>Safety on land</b>						
Lost-time injury frequency (LTIF)	Incidents/ mill. hours	5	7.4	5.9	6.7	3.8
<b>Fatalities</b>						
- Colleagues	Fatalities	0 (Annually)	1	0	0	0
- Contractors	Fatalities	0 (Annually)	0	2	1	1

across our supply chain. Our Supplier Code of Conduct incorporates the IMPA ACT Supplier Code of Conduct, based on the UN Global Compact and its Guiding Principles on Business and Human Rights.

The Supplier Code of Conduct asks all DFDS suppliers to conform to the code and conform to all applicable laws, rules and regulations where our suppliers operate. They must also have policies and procedures to respect human rights (including labour rights), address significant environmental impacts, and counter corruption. In 2021, we made an agreement with an external partner providing tools to support a structured and transparent way when assessing supplier risks related to e.g., Human Rights,

Business Ethics and Environment. Increased transparency will enable us to focus on suppliers with highest risk. Our Code of Conduct is our internal guideline for how we as employees act responsibly, treat each other with respect, and soundly respond to ethical issues. It is directly linked to the UN Global Compact's ten principles and covers topics like human rights, diversity & inclusion, anti-harassment and discrimination, environmental protection, and anti-corruption. All employees can report breaches to our CoC through our anonymous whistleblower line. We take all violations seriously, investigate every report and learn from them to prevent future cases.

### Our performance

In 2021 we started the development of our Labour Code of Conduct (LCoC) which will be implemented in the beginning of 2022. Our LCoC describes expected minimum requirements regarding our employees' human rights at work, in line with our Human Rights commitment. When there is a difference between national law and this Labour Code of Conduct, we seek to apply the higher standard to the extent possible.

## Diversity & Inclusion

### Our approach

DFDS works to promote and change the face of our industry, historically with a majority of men, through a dedicated and structured approach to diversity and inclusion. We are committed to ensuring equal opportunities and avoiding discrimination based on race, religion, gender, disabilities, or age. The monitoring and measures implemented to improve diversity in DFDS cover all layers of management.

One of our primary priorities on the diversity agenda has been to increase the number of women in the organisation. We aim to be 30% women in our organisation by 2023. In 2022 we will evaluate the target from a sea based perspective and consider if a vessel by vessel approach will be a suitable approach going forward.

### Our performance

In 2021 the female ratio increased across all KPIs compared to 2021. On land we saw an increase from 27% to 29% and at sea we moved from 15% to 17% females. On manager and senior management level we have also seen a slight increase, but we are still a bit behind compared to 2019 where we had the largest share of female managers. From a

board perspective we have maintained a minimum 33% female representation between the shareholder elected directors. Here by we have obtained equal representation in accordance with authority guidelines.

When analysing the gender distribution on land we see that there is a high level of variance between office and non-office workers. In offices, the female gender ratio was 44%, and 29% for managers, while the non-office ratio was 7%, with 2% female managers.

In 2022 we will also see the impact of the HSF Logistics Group acquisition. On a like-for-like comparison the female representation will drop to from 29% to 25% for all land based employees but only from 27% to 26% when looking at manager positions. This is an expected impact of mergers within an industry where there typically is an over-representation of males in most companies.

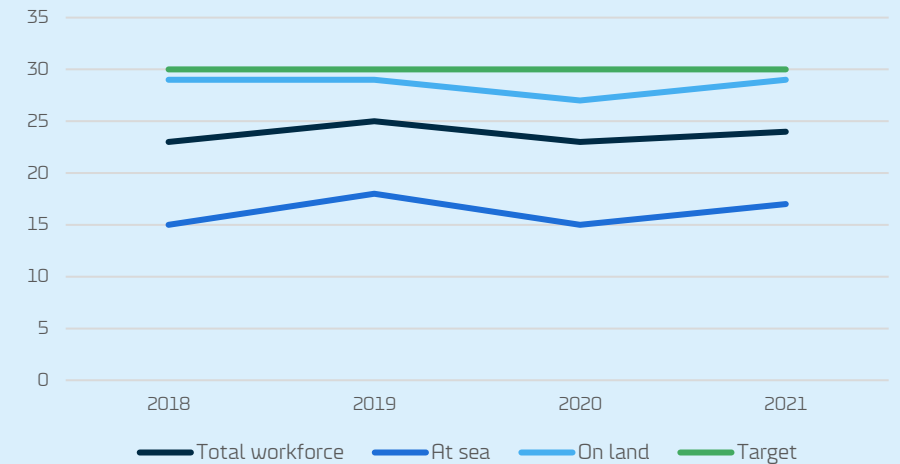
In the coming years we will continue to work with increasing both awareness and our performance within Diversity & Inclusion.

### 2021 highlights

We monitor the development of female representation in DFDS closely in internal monthly reports within our Divisions and Business Units. All managers began structured and ongoing diversity and inclusion training this year. We introduced a D&I toolbox to all employees covering themes like sexual harassment prevention, bias identification, fair recruitment practices, how to phrase job ads to be more inclusive, and stressing that we encourage applicants from any background or persuasion to apply.

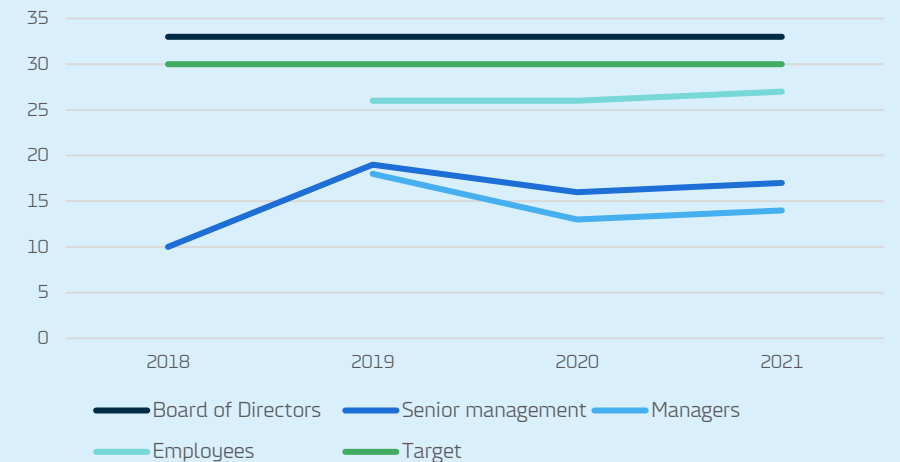
## Female ratio

### Workforce



## Female ratio

### Organisational levels



A new talent mentor programme was launched to develop a diverse talent pipeline for future management positions. D&I was the focal point of a case during DFDS' selection of participants for Horizon, our 12-month talent development programme.

Manager training on how to handle harassment and bullying was developed in 2021 and will be implemented in 2022.

## Health & Safety

### Our approach

DFDS is responsible for many people and their working conditions. Their safety and wellbeing always come first and require us to focus on sustaining a culture that keeps us safe in the workplace, mentally and physically. We aim to ensure that robust safety processes, equipment, tools, and training are fully integrated into the way we work.

At sea we use SERTICA on all DFDS vessels to manage and measure our H&S performance. It is a system widely used by companies worldwide to optimise internal processes concerning maintenance, procurement, HSQE, performance and to make decisions based on data.

At land we operate within our Safety First programme - a group-wide initiative to improve the knowledge of and procedures regarding safety. The local H&S organisations are implementing and integrating Safety First into their existing procedures and processes ensuring that everyone is moving in the same direction.

### Our performance

The primary indicator for Health & Safety on both land and sea is LTIF (Lost-Time-Injury Frequency) this is measured

and followed up upon centrally in the central organisations: Marine Standard and & Land-based Health & Safety. Larger locations with a high-risk Health & Safety profile will have additional KPIs that are monitored and managed by the local safety organisations.

Unfortunately, we have seen an increase of LTIF on both land and sea. A contributing factor is our increased focus and follow-up on reporting. But still our performance is not satisfying, and we are committed to reducing the number and severity of accidents going forward. With the new land-based Health & Safety organisation in place we will begin to look at evaluate if differentiated target setting for warehouse, terminals and office would be meaningful. In 2021 we sadly saw a tragic fatal accident on board on of our freight ferries in the Port of Sète. A Turkish seafarer died from his injuries. The accident was thoroughly investigated, and learnings led to an immediate strengthening of the local Health & Safety organization by allocating resources to improve local procedures and align these across rest of the country.

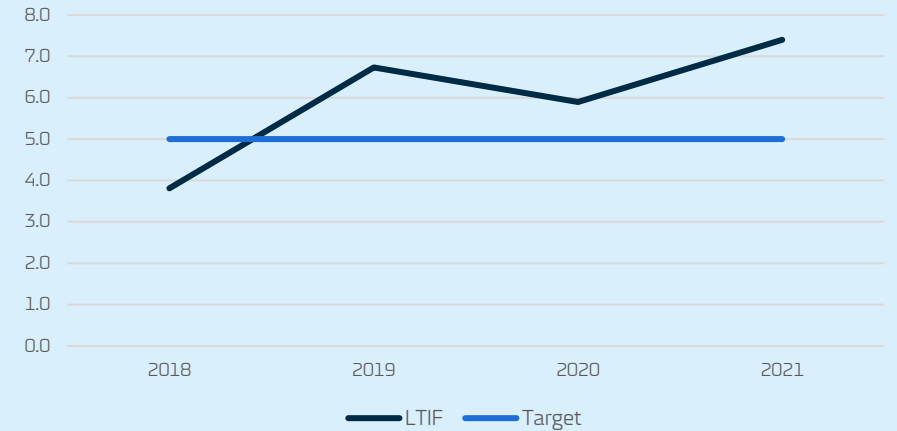
### 2021 highlights

We strengthened our land-based Health & Safety with a global function to raise awareness and enforce additional preventive actions to reduce our health & safety risks. The global Director for land-side Health & Safety is responsible for establishing, maintaining, and advocating global safety standards and reporting in close collaboration with the many sites in our network. This includes reassessing and further development of our Safety First programme.

Focus on mental wellbeing is an ongoing activity that aims to help and inspire our leaders and employees. We have introduced and maintained several initiatives to support our

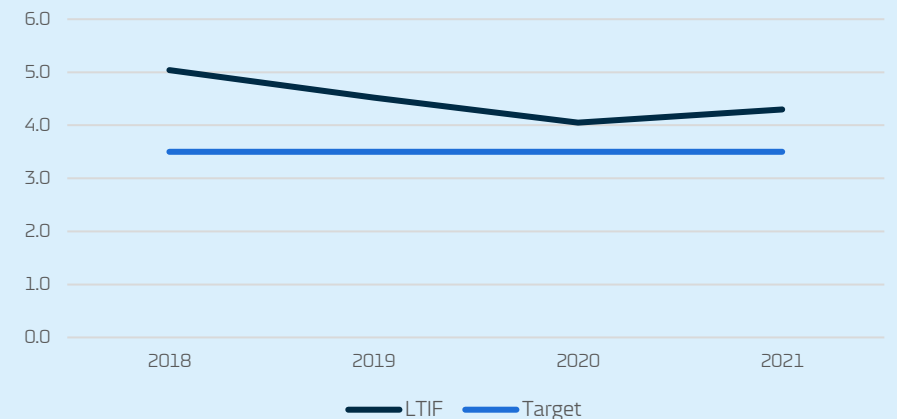
## Health & Safety

### Land



## Health & Safety

### Sea





employees' mental health this year. One example is DFDS UK and Ireland's partnership with Mental Health First Aid England, which allows colleagues to become trained Mental Health First Aiders, teaching the groundwork for helping individuals who are on the verge of a crisis or need to talk. We now have over 50 trained colleagues across all UK & Ireland sites, with more courses on the way.



## Accounting policies – Social

### Representation of women

*Total workforce:* Percentage of women in FTE workforce

*At sea:* Percentage of women of number of employees at sea

*On land:* Percentage of women of number of employees on land

*Senior Management:* Percentage of women of total number of senior management positions defined as EVPs and VPs

*Managers:* Percentage of women of number of management positions, excluding senior management, defined as positions with responsibility for at least one employee

*Employees:* Percentage of women of number of employees, excluding senior management and managers

### Safety at sea

*Lost-time injury frequency (LTIF):* Number of registered work-related accidents disabling a seafarer to work for more than 24 hours per one million exposure hours

### Safety on land

*Lost-time injury frequency (LTIF):* Number of registered work-related accidents disabling a land-based employee work for more than 24 hours per one million exposure hours

### Fatalities

*Colleagues:* Number of fatalities among employees caused by work-related accidents

*Contractors:* Number of fatalities among third-party contractors caused by work-related accidents while operating for DFDS



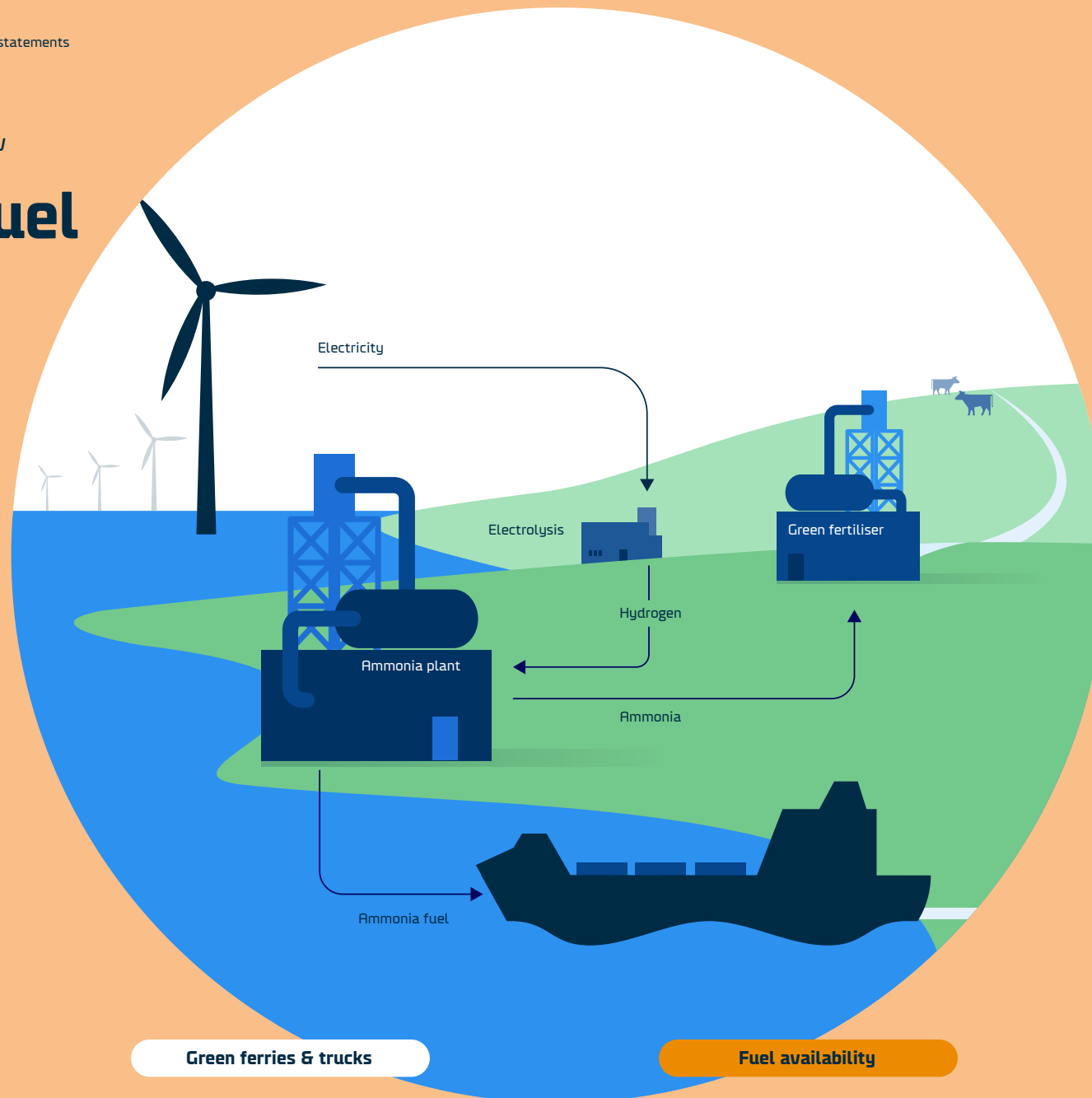
Green transport corridors of tomorrow

# Sustainable fuel availability

Before ferries can sail over longer distances on renewable electricity, for example from wind mills, it needs to be converted to liquid fuel as either ammonia, hydrogen, or methanol, which then can be stored in tanks onboard.

To produce the quantities of energy required by ferries, we need to significantly increase the production of sustainable energy. Secondly, the future providers of renewable fuels need to invest and build plants to produce the fuels – ideally in locations close to ports. Thirdly, the fuel distribution from plant to ferry needs to be developed.

To kickstart the transition to green fuels, we must partner with each other as huge investments are required by all stakeholders.



The price of sustainable fuels is today 3-4 times higher than fossil fuels and less energy efficient as well. Scale and a much larger supply of renewable electricity are therefore required in sustainable fuel production to lower pricing to reasonable levels.

Producers supplying fertiliser to farms in the green transport corridor envisaged between Denmark and the UK, can also add to demand, and thereby scale, as they use ammonia in their production.

Fuel type

Green ferries & trucks

Fuel availability

Biodiversity

# Governance

DFDS is committed to conducting business in a responsible, ethical, and transparent manner and meeting stakeholders' expectations of high business integrity standards. Our approach to business integrity is embedded in our corporate values, policies, and procedures. We believe in transparency and voluntarily disclose and verify ESG (environmental, social and governance) data to customers and stakeholders like CDP, Sustainalytics, and others.

In 2021, we incorporated our sustainability priorities in an ESG framework for a more targeted and integrated approach. We have thorough processes to help us reduce our environmental footprint and continuously strengthen our position as a caring employer. We assess risks, analyse, and investigate relevant initiatives and adjust our actions as needed to stay on track with our commitments.

## Business Ethics

### Our approach

Providing maritime transport and logistics services means we are in close contact with people throughout our network. It also implies that our activities can have an impact on human rights. It is a priority for us to pay attention to respecting these rights through clear policies designed to influence and determine all major decisions, actions, and activities that take place within their boundaries, as we do not tolerate any form of discrimination or harassment. This includes protecting and safeguarding the conditions of those we work with.

Governance		Target 2023	2021	2020	2019	2018
Board representation of women (AGM elected members)	%	30	33	33	33	33
Independent directors (AGM elected members)	%		83	83	83	83
Board nationality - non Danish (AGM elected members)	%		17	17	17	0
Attendance at board meetings (all board members)	%		100	96	94	91
CEO Pay ratio	Ratio		35	27	29	36
Reported whistleblower cases	Cases		29	24	18	16

We consider corruption as unacceptable, but it is risk to our business. We mitigate this by having clear policies for employees and suppliers.

For employees, our Code of Conducts guides behaviour towards suppliers for corruption to be avoided. We have a group-wide whistleblower scheme where employees can anonymously report breaches to our Code of Conduct. All reports are investigated thoroughly and sanctioned appropriately.

With suppliers, our procurement team strives to make sure all procurement is performed responsibly and transparently. Our Supplier Code of Conduct (SCOC) helps minimise the risk of us negatively affecting human rights and the environment across our supply chain.

The SCOC incorporates the IMPA ACT Supplier Code of Conduct, which is based on the UN Global Compact and its Guiding Principles on Business and Human Rights. We ask all DFDS suppliers to conform to this code and all applicable laws, rules, and regulations where our suppliers operate. They must also have policies and procedures to respect human rights (including labour rights), address significant environmental impacts and counter corruption. They must also have policies and procedures to respect human rights,

address substantial environmental impacts, and counter corruption.

Our Code of Conduct and the Supplier Code of Conduct are pieces of our comprehensive policy landscape. It is designed to influence, determine, and evaluate all major decisions, actions, and activities to which they are applicable. We continuously review and update them to make sure they stay relevant. Examples of other key policies are:

- Data Ethics Policy
- Diversity & Inclusion Policy
- Responsible Procurement Policy
- Climate & Environment Policy
- Anti-Slavery and Human Trafficking Statement
- Health & Safety Policy

### 2021 in focus

250 managers underwent e-learning on competition law, bribery, corruption and sanctions. The training aimed to make colleagues better prepared to spot and avoid accidentally becoming involved in illegal practices.

## Data Ethics

### Our approach

As a transport and logistics provider, we use data to maintain and improve customer experience and operational efficiency. We are committed to ensuring that employees, customers, and business partners can entrust us with their data. We are determined to handle data sustainably and with great care. We recognise that digital development entails responsibility and transparency. Our Data Ethics policy sets a vision for working with data ethically and is based on three principles: Security, Confidentiality and Integrity.

### 2021 in focus

We launched the Data Ethics policy appointing CTO Rune Keldsen as overall responsible for implementation and progress. The objective for 2022 is to make our three principles of data ethics operational.

## Board of Directors

### Our approach

Governance in DFDS is anchored with the Board of Directors and the Executive Management Team (EMT). The EMT secures executive ownership of the ESG agenda and involvement in setting sustainability priorities and driving implementation.

### 2021 in focus

With the implementation of the ESG framework there has been an ambition of increasing the transparency on KPIs relating to the Board of Directors and governance processes in general. This has resulted in three additional Governance KPIs addressing nationality and independence in the board and the number of whistleblower cases.



## Accounting policies – Governance

*Representation of women on Board of Directors:* Percentage of women of the total number of members of the Board of Directors, excluding staff appointed members

*Independent directors:* The ratio of shareholder elected directors that are deemed independent according to the Danish recommendations on good corporate governance

*Board nationality – non-Danish:* The ratio of shareholder elected directors with a non-Danish background

*Attendance at board meetings:* Percentage of total number of Board meetings attended. (Not gender specific)

*CEO Pay ratio:* Total CEO remuneration including granted LTI divided by average total remuneration for all employees in the company except EB

*Reported whistle-blower cases:* The number of cases reported through the DFDS whistle-blower line in the reporting year.



Green transport corridors of tomorrow

# Biodiversity in a green transport corridor

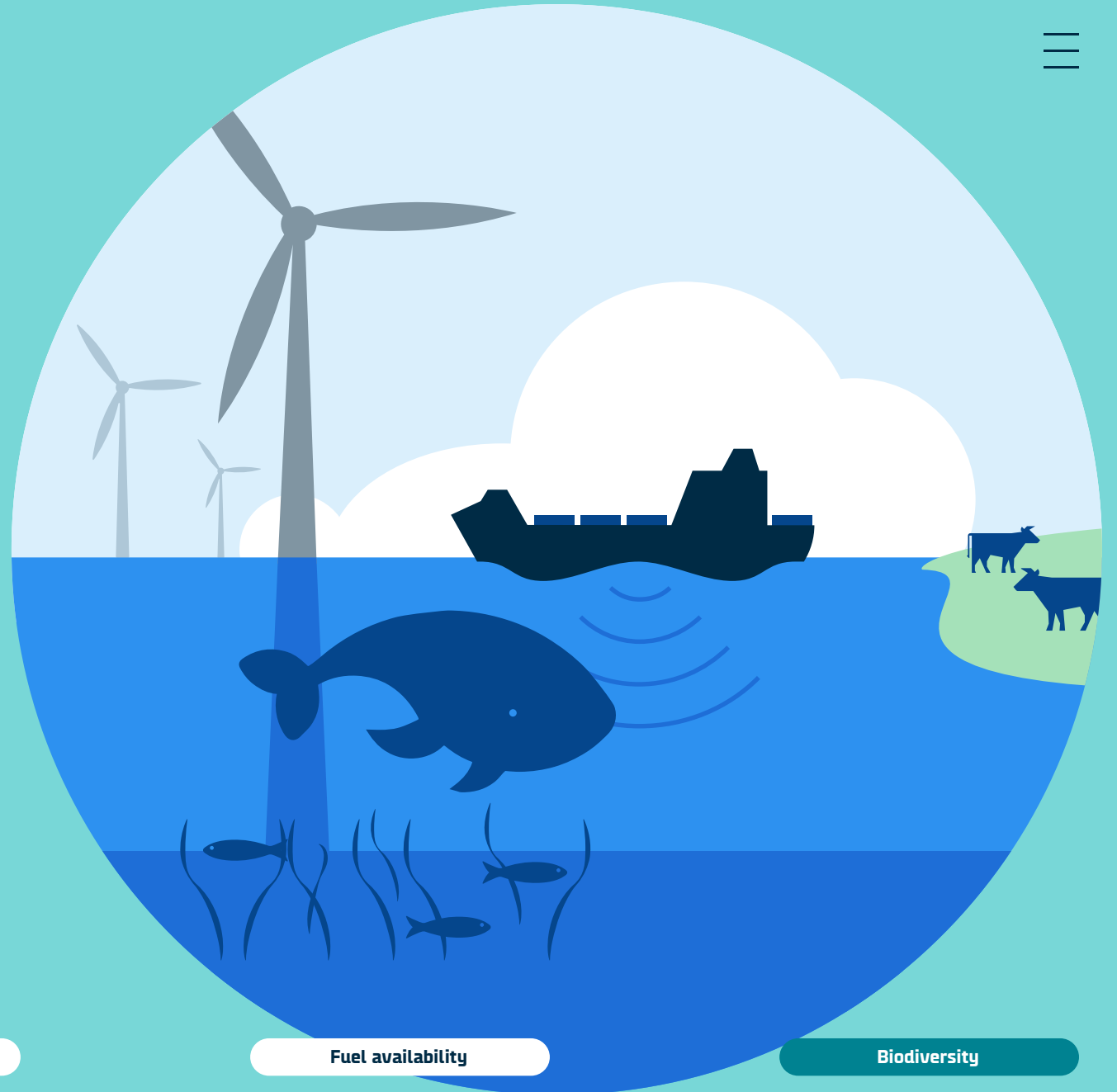
Awareness of the impact of our ferry and logistics activities on biodiversity is growing. A primary focus area for us is marine life.

Fossil ferries emit noise and vibrations into the water that impact marine life. As the new engine technologies are likely to be electric, new ferry designs could lessen this impact.

Above the water, the transition to sustainable fuels will also bring cleaner

air which in itself will be a positive impact on all forms of life.

Other opportunities to support biodiversity are emerging from the insights created by the partnership approach to the envisaged green corridor between Denmark and the UK. An example is related to the large quantities of green feed farmers need for their animals. This could be based on seaweed which could have ideal conditions to grow around offshore wind mills.



Fuel type

Green ferries & trucks

Fuel availability

Biodiversity



Addresses of DFDS' subsidiaries, locations and offices are available from [www.dfds.com](http://www.dfds.com)

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